

# MFS® U.S. Taxable Municipal Fixed Income (USD)



## Goal

Seeks to outperform the benchmark over a full market cycle, with a similar level of volatility.

## Investment team

### Portfolio Managers

#### Jason Kosty

- 21 years with MFS
- 29 years in industry

#### Megan Poplowski

- 9 years with MFS
- 23 years in industry

#### Geoffrey Schechter, CFA, CPA

- 31 years with MFS
- 35 years in industry

### Institutional Portfolio Manager

#### Michael Adams, CFA

- 31 years with MFS
- 31 years in industry

## Assets under management (USD)

MFS Investment Management®	626.1 billion
MFS® U.S. Taxable Municipal Fixed Income Composite	187.7 million

## Philosophy

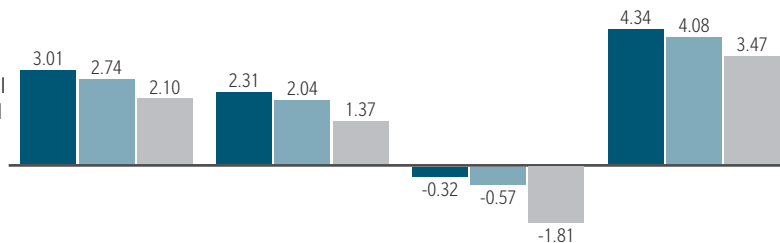
We believe:

- An integrated approach to research allows us to exploit inefficiencies in the municipal credit markets
- Active sector allocation and security selection are alpha generators over time
- The asymmetric nature of fixed income warrants an emphasis on downside risk management

## Performance (%) total return

- MFS (gross of fees)
- MFS (net of fees)
- 75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index

For periods of less than one-year returns are not annualized.



	Since Inception (01-Jul-18)	5 Years	3 Years	1 Year
Gross vs. 75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index	0.91	0.94	1.49	0.87
Net vs. 75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index	0.64	0.67	1.24	0.61

## Annual performance (%)

	2019	2020	2021	2022	2023	2024 YTD
MFS (gross of fees)	9.83	8.65	2.69	-13.49	8.28	0.78
MFS (net of fees)	9.50	8.35	2.43	-13.71	8.01	0.71
75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index	10.20	9.21	1.09	-15.79	8.24	-0.02

## MIFID II performance standard – 12-month rates of total return (%) as of the period ended

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
MFS (gross of fees)	8.44	4.37	-1.62	-3.52	4.34
MFS (net of fees)	8.12	4.10	-1.86	-3.76	4.08
75% Bloomberg Taxable Municipal Index / 25% Bloomberg Municipal Bond Index	7.18	5.48	-4.18	-4.50	3.47

Benchmark methodology; 25% Bloomberg Municipal Index and 75% Bloomberg Municipal Bond - Taxable. Rebalanced monthly.

**Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.** Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

See the GIPS Composite Report at the end of this presentation for performance methodology and other information.

The Markets in Financial Instruments Directive (MIFID) is the EU legislation that regulates firms who provide services to clients linked to financial instruments.

Source: Benchmark performance from SPAR, FactSet Research Systems Inc.

It is not possible to invest directly in an index. Index performance will differ from our actively managed strategies, which may involve a higher degree of risk.

Total gross of fee returns include both capital appreciation and reinvestment of income but exclude custody fees.

CHARACTERISTICS	MFS	75%BBGTaxUSMuni/ 25%BBG USMuni
<b>Fundamentals</b>		
Yield to worst <sup>1</sup>	5.7%	4.6%
Average effective duration	7.5yrs	7.2yrs
Average spread duration	7.9yrs	7.2yrs
Average quality <sup>2,c</sup>	A+	AA/AA-
<b>Diversification</b>		
Number of Issues	297	—
Number of Issuers	231	—
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	15%	—
<b>Risk/reward (5 year)</b>		
	<b>Gross/Net</b>	
Standard deviation	7.36%/	8.03%
	7.35%	
Historical tracking error	1.49%/	—
	1.49%	
Beta	0.90/	—
	0.90	
Information ratio	0.63/	—
	0.45	
Alpha	1.04%/	—
	0.78%	

CREDIT QUALITY (%) <sup>c</sup>	
U.S. Government	0.2
AAA	3.7
AA	33.4
A	42.9
BBB	15.4
BB	2.6
B	0.2
CCC and Below	0.6
Other Not Rated	6.7
Cash & Cash Equivalents*	-5.8

TOP 10 INDUSTRIES (%)	
Health/Hospitals	12.6
General Obligation/General Purpose	11.8
Universities/Colleges	8.9
Healthcare	7.2
Government	6.8
Single Family Hsg/State	6.6
State & Local Approp	6.0
Student Loans- Munis	5.3
Misc Rev/Other	4.4
General Obligation/Schools	4.3

PORTFOLIO STRUCTURE (%)	
Bonds	105.8
Cash & Cash Equivalents	0.8
Other <sup>†</sup>	-6.6

\* Short positions, unlike long positions, lose value if the underlying asset gains value.

<sup>1</sup> Weighted average yield-to-worst of all portfolio holdings excluding cash & derivatives. Yield-to-worst is the annual estimate of the portfolio yield considering factors such as call provisions, prepayments, and other features that may affect a bond's cash flow; and assumes no default. It is an estimated characteristic at a point in time and is not a measure of portfolio performance.

<sup>2</sup> The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

<sup>3</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>c</sup> For all securities other than those described below, ratings are assigned utilizing ratings from Moody's, Fitch, and Standard & Poor's and applying the following hierarchy: If all three agencies provide a rating, the consensus rating is assigned if applicable or the middle rating if not; if two of the three agencies rate a security, the lower of the two is assigned. If none of the 3 Rating Agencies above assign a rating, but the security is rated by DBRS Morningstar, then the DBRS Morningstar rating is assigned. If none of the 4 rating agencies listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA rating is assigned. Other Not Rated includes other fixed income securities not rated by any rating agency. Ratings are shown in the S&P and Fitch scale (e.g., AAA). All ratings are subject to change. The portfolio itself has not been rated by any rating agency. The credit quality of a particular security or group of securities does not ensure the stability or safety of an overall portfolio. The quality ratings of individual issues/issuers are provided to indicate the credit-worthiness of such issues/ issuer and generally range from AAA, Aaa, or AAA (highest) to D, C, or D (lowest) for S&P, Moody's, and Fitch respectively. The index rating methodology may differ.

<sup>†</sup> Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

MFS has not independently verified benchmark data provided by the vendor or the underlying methodology, which may be different than MFS.

The information presented is based on an account determined to be representative of the composite's strategy. The representative account's performance is available upon request.

Any mention of specific companies, securities and/or sectors are for information purposes only and should not be construed as investment advice or a recommendation of any nature.

### Important risk considerations

Investments in municipal instruments can be volatile and significantly affected by adverse tax or court rulings, legislative or political changes, market and economic conditions, issuer, industry-specific (including the credit quality of municipal insurers), and other conditions. Because many municipal instruments are issued to finance similar projects, conditions in certain industries can significantly affect the portfolio and the overall municipal market.

### Benchmark and vendor disclosures

Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg neither approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

## Global disclosures

Issued in the United States by MFS Institutional Advisors, Inc., a U.S.-based investment advisor and subsidiary of Massachusetts Financial Services Company ("MFS"). Issued in Canada by MFS Investment Management Canada Limited. MFS Institutional Advisors, Inc. provides certain sub-advisory services to all MFS Investment Management Canada Limited portfolios, including discretionary investment management for non-Canadian portfolios or components of portfolios. Pursuant to a sub-advisory agreement executed between MFS Institutional Advisors, Inc. and MFS Investment Management Canada Limited, MFS provides investment advice pursuant to statutory exemptions or regulatory relief, as applicable. Such advice is being rendered outside of Canada and certain members of the team may not be registered in any capacity with any Canadian securities regulatory authority. Note to UK and Switzerland readers: Issued in the UK and Switzerland by MFS International (U.K.) Limited ("MIL UK"), a private limited company registered in England and Wales with the company number 03062718, and authorised and regulated in the conduct of investment business by the UK Financial Conduct Authority. MIL UK, an indirect subsidiary of MFS®, has its registered office at One Carter Lane, London, EC4V 5ER. Note to Europe (ex UK and Switzerland) readers: Issued in Europe by MFS Investment Management (Lux) S.à r.l. (MFS Lux) – authorized under Luxembourg law as a management company for Funds domiciled in Luxembourg and which both provide products and investment services to institutional investors and is registered office is at S.a r.l. 4 Rue Albert Borschette, Luxembourg L-1246. Tel: 352 2826 12800. This material shall not be circulated or distributed to any person other than to professional investors (as permitted by local regulations) and should not be relied upon or distributed to persons where such reliance or distribution would be contrary to local regulation. Issued in Hong Kong by MFS International (Hong Kong) Limited ("MIL HK"), a private limited company licensed and regulated by the Hong Kong Securities and Futures Commission (the "SFC"). MIL HK is a wholly-owned, indirect subsidiary of Massachusetts Financial Services Company, a US based investment adviser and fund sponsor registered with the US Securities and Exchange Commission. MIL HK is approved to engage in dealing in securities and asset management regulated activities and may provide certain investment services to "professional investors" as defined in the Securities and Futures Ordinance ("SFO"). Issued in Singapore by MFS International Singapore Pte. Ltd., a private limited company registered in Singapore with the company number 201228809M, and further licensed and regulated by the Monetary Authority of Singapore. Issued in Japan: MFS Investment Management K.K., is registered as a Financial Instruments Business Operator, Kanto Local Finance Bureau (FIBO) No.312, a member of the Investment Trust Association, Japan and the Japan Investment Advisers Association. As fees to be borne by investors vary depending upon circumstances such as products, services, investment period and market conditions, the total amount nor the calculation methods cannot be disclosed in advance. All investments involve risks, including market fluctuation and investors may lose the principal amount invested. Investors should obtain and read the prospectus and/or document set forth in Article 37-3 of Financial Instruments and Exchange Act carefully before making the investments. For professional investors in Australia: MFS International Australia Pty Ltd ("MFS Australia") (ABN 68 607 579 537) holds an Australian financial services licence number 485343. MFS Australia is regulated by the Australian Securities and Investments Commission. For Professional Investors in China – MFS Financial Management Consulting (Shanghai) Co., Ltd. 2801-12, 28th Floor, 100 Century Avenue, Shanghai World Financial Center, Shanghai Pilot Free Trade Zone, 200120, China, a Chinese limited liability company registered to provide financial management consulting services. This material is directed at investment professionals for general information use only with no consideration given to the specific investment objective, financial situation and particular needs of any specific person. Any securities and/or sectors mentioned herein are for illustration purposes and should not be construed as a recommendation for investment. Investment involves risk. Past performance is not indicative of future performance. The information contained herein may not be copied, reproduced or redistributed without the express consent of MFS Investment Management ("MFS"). While the information is believed to be accurate, it may be subject to change without notice. MFS does not warrant or represent that it is free from errors or omissions or that the information is suitable for any particular person's intended use. Except in so far as any liability under any law cannot be excluded, MFS does not accept liability for any inaccuracy or for the investment decisions or any other actions taken by any person on the basis of the material included. MFS does not authorise distribution to retail investors. Unless otherwise indicated, logos, product and services names are trademarks of MFS and its affiliates and may be registered in certain countries. The GIPS Composite Report is attached to provide additional information about the strategy, composite, and performance methodology. The funds or other investment vehicles mentioned should not be construed as an offer or solicitation.



**Composite:** MFS U.S. Taxable Municipal Fixed Income Composite

**Custom Benchmark:** 75% Bloomberg Municipal Bond - Taxable/25% Bloomberg Municipal Bond Index

**Creation Date:** 03-Aug-2018

**Inception Date:** 01-Jul-2018

**Composite Description:** The MFS U.S. Taxable Municipal Fixed Income Composite includes all discretionary portfolios managed to the MFS U.S. Taxable Municipal Fixed Income strategy. The strategy seeks total return with an emphasis on current income, but also capital appreciation, by investing primarily in investment grade U.S. taxable and tax-exempt municipal securities. Investments in municipal instruments can be volatile and significantly affected by adverse tax or court rulings, legislative or political changes, market and economic conditions, issuer, industry-specific (including the credit quality of municipal insurers), and other conditions. Because many municipal instruments are issued to finance similar projects, conditions in certain industries can significantly affect the portfolio and the overall municipal market.

**Institutional Separate Accounts Fee Schedule**

Asset Breakpoints (USD)	Fee
For Assets Up To 50 MM	25 bp
For Assets From 50 MM To 100 MM	20 bp
For Assets Over 100 MM	17.50 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 20 MM USD. Accounts are included as of their second full month of performance.

**Derivative Exposure Disclosure**

Certain accounts in this composite utilize derivatives for hedging, investment exposure, implementation efficiency, and transaction cost mitigation purposes. Derivative exposures can be volatile, used to take long or short positions, involve leverage (which can magnify gains or losses), and involve counterparty and liquidity risk. The table below displays the high, median, and low month-end derivative exposures over the last three years, when available or since inception if the composite is less than three years old. Derivative exposure of the account is calculated as the gross equivalent exposure of total net assets. The derivative exposures, displayed below, are the average exposures of the accounts that held derivatives.

**LONG EXPOSURE**

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (USD million)	
	Gross of fees	Net of fees <sup>^</sup>	Benchmark			Composite	Benchmark	Composite	Firm
2023	8.28	8.01	8.24	n/a	<6	7.81	8.59	\$175.7	\$575,589.7
2022	-13.49	-13.71	-15.79	n/a	<6	7.33	8.23	\$126.4	\$527,229.5
2021	2.69	2.43	1.09	n/a	<6	5.80	6.13	\$155.4	\$674,375.8
2020	8.65	8.35	9.21	n/a	<6	n/a	n/a	\$138.9	\$599,076.3
2019	9.83	9.50	10.20	n/a	<6	n/a	n/a	\$118.4	\$518,568.9
2018**	2.53	2.38	1.63	n/a	<6	n/a	n/a	\$103.2	\$426,543.5

MFS Investment Management® claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MFS Investment Management has been independently verified for the periods 1-Jan-1988 through 31-Dec-2022. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Past performance is no guarantee of future results. Performance for periods less than one year are not annualized.

\*\* Indicates partial period.

Total Gross of fee returns in USD (includes both capital appreciation and reinvestment of income) are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody and other indirect expenses. Typical separate accounts utilize 4:00 PM (London Time) foreign exchange rates; retail products will use rates deemed most appropriate for daily NAV per share calculations. The possibility exists for performance dispersion between otherwise similarly managed accounts and also with the benchmark.

Net of fee returns presented in this table are gross of fee returns reduced by management fees and performance fees if applicable (actual fees). For certain accounts where the actual fees are unavailable, the maximum applicable annual institutional separate account fees were applied.

Total returns of the benchmark are provided for each period depicted, expressed in USD. Source of Benchmark Performance: FACTSET ®.

Custom Benchmark: Bloomberg Municipal Bond - Taxable - a market capitalization-weighted index that measures the performance of the taxable bond market. Bloomberg Municipal Bond Index - a market capitalization-weighted index that measures the performance of the tax-exempt bond market.

Custom Benchmark Methodology: The custom benchmark blend consists of 25% Bloomberg Municipal Bond Index and 75% Bloomberg Municipal Bond - Taxable. Rebalanced monthly.

Composite Dispersion is measured by the asset-weighted standard deviation of gross of fees account returns for all accounts in the composite for the full period. For composites containing less than six accounts for the full period, dispersion is deemed not meaningful and is not presented. The three-year annualized ex post standard deviation measures the variability of the gross of fees composite returns and the benchmark returns over the preceding 36-month period.

Prior to 1-Jul-2020, the maximum institutional separate account fee charged for this product was 30 bps.

Prior to 1-Sep-2021 the minimum asset level for inclusion was 5.0MM USD.

For purposes of GIPS compliance, the firm is defined as MFS Investment Management (MFS), which is comprised of Massachusetts Financial Services Company and MFS Institutional Advisors, Inc. (MFSI), each of which is a registered investment advisor, MFS Heritage Trust Company, a New Hampshire Trust company, and MFS Investment Management Canada Limited. Total firm assets include assets managed by Massachusetts Financial Services Company, MFSI, MFS Heritage Trust Company and MFS Investment Management Canada Limited as well as assets managed by Massachusetts Financial Services Company and MFSI in a sub-advisory capacity on behalf of affiliated investment advisors that may or may not be registered under the United States Investment Advisers Act of 1940, such as MFS International (U.K.), Ltd. (MIL UK) and MFS Investment Management K.K. (MIMKK), MFS International Singapore Pte. Ltd, MFS International Australia Pty Ltd, and MFS Investment Management Company (Lux) S.à r.l as well as assets managed by Massachusetts Financial Services Company and MFSI on behalf of unaffiliated investment advisors that are not registered under the United States Investment Advisers Act of 1940.

The firm's list of composite descriptions, list of pooled fund descriptions for limited distribution pooled funds, and list of broad distribution pooled funds are available upon request. Additionally, policies for valuing investment, calculating performance, and preparing GIPS Reports are available upon request. Source: "BLOOMBERG®" and the Bloomberg indices listed herein (the "Indices") are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by the distributor hereof (MFS). Bloomberg is not affiliated with Licensee, and Bloomberg does not approve, endorse, review, or recommend the financial products named herein (the "Products"). Bloomberg does not guarantee the timeliness, accuracy, or completeness of any data or information relating to the Products.



---

High	9.12%
Median	2.42%
Low	0.08%