

MFS® U.S. Inflation Adjusted Fixed Income (USD)



Goal

Outperform the Bloomberg U.S. Treasury Inflation Protected Securities Index over a full market cycle.

Investment team

Portfolio Managers

Geoffrey Schechter, CFA, CPA

- 31 years with MFS
- 35 years in industry

Erik Weisman, Ph.D.

- 22 years with MFS
- 26 years in industry

Institutional Portfolio Manager

Rob Hall

- 30 years with MFS
- 30 years in industry

Assets under management (USD)

MFS Investment Management® 626.1 billion

MFS® U.S. Inflation Adjusted Fixed Income Composite 1.6 billion

Philosophy

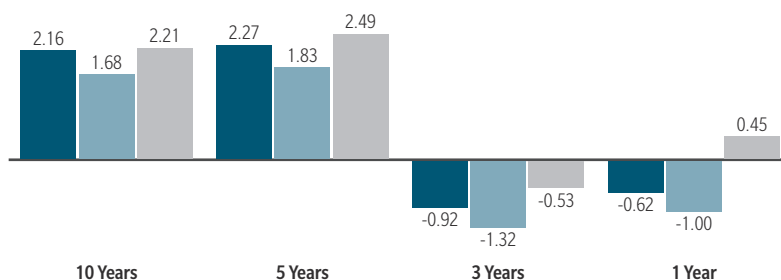
We believe:

- Inefficiencies exist in inflation-linked bond markets and are driven by a range of factors, including market supply/demand technicals, liquidity, and an investor bias toward shorter investment horizons
- Active managers of TIPS can add alpha by correctly identifying cyclical inflection points. The key is to use fundamental research to anticipate changes in the rate of growth and the rate of inflation before they are fully reflected in the pricing of nominal and real Treasuries.

Performance (%) total return

- MFS (gross of fees)
- MFS (net of fees)
- Bloomberg U.S. Treasury Inflation Protected Securities Index

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



	10 Years	5 Years	3 Years	1 Year
Gross vs. Bloomberg U.S. Treasury Inflation Protected Securities Index	-0.05	-0.22	-0.39	-1.07
Net vs. Bloomberg U.S. Treasury Inflation Protected Securities Index	-0.53	-0.66	-0.79	-1.45

Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
MFS (gross of fees)	3.57	-1.57	4.82	3.24	-1.19	8.85	11.08	5.19	-11.33	2.81	-0.11
MFS (net of fees)	3.04	-2.07	4.30	2.72	-1.68	8.32	10.56	4.73	-11.67	2.41	-0.20
Bloomberg U.S. Treasury Inflation Protected Securities Index	3.64	-1.44	4.68	3.01	-1.26	8.43	10.99	5.96	-11.85	3.90	-0.08

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)	6.98	7.50	3.59	-5.52	-0.62
MFS (net of fees)	6.46	7.00	3.15	-5.89	-1.00
Bloomberg U.S. Treasury Inflation Protected Securities Index	6.85	7.54	4.29	-6.06	0.45

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	Bloomberg UST Inflation Note Index
Fundamentals		
Yield to worst ¹	4.6%	4.6%
Average effective duration	7.0yrs	6.7yrs
Average spread duration	7.1yrs	6.7yrs
Average quality ^{2,c}	AA+	AA+
Diversification		
Number of Issues	46	—
Number of Issuers	20	—
Turnover		
Trailing 1 year turnover ³	33%	—
Risk/reward (10 year)		
	Gross/Net	
Standard deviation	5.10%/	5.04%
	5.09%	
Historical tracking error	0.51%/	—
	0.51%	
Beta	1.01/	—
	1.01	
Information ratio	-0.11/	—
	-1.04	
Alpha	-0.07%/	—
	-0.53%	

CREDIT QUALITY (%) ^c	
U.S. Government	91.0
Federal Agencies	0.9
AAA	1.3
AA	1.6
A	0.7
BBB	2.1
Other Not Rated	10.8
Cash & Cash Equivalents*	-8.4

SECTOR WEIGHTS (%)		
	MFS	Bloomberg UST Inflation Note Index
U.S. Treasuries	101.7	100.0
Municipals	2.2	—
Non-U.S. Sovereigns	2.1	—
Mortgage Backed	0.9	—
Commercial Mtg Backed	0.8	—
Collateralized Debt Obligations	0.4	—
Investment Grade Corporates	0.3	—
Cash & Cash Equivalents	2.3	—
Other [†]	-10.7	—

Derivatives, including futures and interest rate swaps, are categorized in the sector that MFS considers most closely aligned with the underlying asset.

PORTFOLIO STRUCTURE (%)	
Bonds	108.4
Cash & Cash Equivalents	2.3
Other [†]	-10.7

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

¹ 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.

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

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

^c 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.

[†] 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 debt instruments may decline in value as the result of, or perception of, declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall). Therefore, the portfolio's value may decline during rising rates.

■ Interest payments on inflation-adjusted debt instruments can be unpredictable and vary based on the level of inflation.

Benchmark and vendor disclosures

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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. Inflation Adjusted Fixed Income Composite

Benchmark: Bloomberg US Treasury Inflation Protected Notes (TIPS)

Creation Date: 01-Aug-2004

Inception Date: 01-Aug-2004

Composite Description: The MFS U.S. Inflation Adjusted Fixed Income Composite includes all discretionary portfolios managed to the MFS U.S. Inflation Adjusted Fixed Income strategy. The seeks total return that exceeds the rate of inflation over the long-term with an emphasis on current income, but also considering capital appreciation, through investing in inflation-adjusted securities issued by the U.S. Treasury, U.S. Government agencies and instrumentalities other than the U.S. Treasury, and by other entities such as U.S. and foreign corporations and foreign governments. Interest payments on inflation-adjusted debt instruments can be unpredictable and vary based on the level of inflation.

Institutional Separate Accounts Fee Schedule

Asset Breakpoints (USD)	Fee
For Assets Up To 50 MM	20 bp
For Assets From 50 MM To 100 MM	15 bp
For Assets Over 100 MM	10 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		SHORT EXPOSURE
High	31.68%	High	-17.77%
Median	3.63%	Median	-7.02%
Low	0.02%	Low	-0.03%

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^	Benchmark			Composite	Benchmark	Composite	Firm
2023	2.81	2.41	3.90	n/a	<6	7.14	7.17	\$1,648.3	\$575,589.7
2022	-11.33	-11.67	-11.85	n/a	<6	6.85	7.01	\$1,729.0	\$527,229.5
2021	5.19	4.73	5.96	n/a	<6	4.08	3.90	\$2,112.6	\$674,375.8
2020	11.08	10.56	10.99	n/a	<6	4.07	3.87	\$1,635.3	\$599,076.3
2019	8.85	8.32	8.43	n/a	<6	3.20	3.00	\$1,330.1	\$518,568.9
2018	-1.19	-1.68	-1.26	n/a	<6	3.14	3.10	\$1,219.9	\$426,543.5
2017	3.24	2.72	3.01	n/a	<6	3.60	3.51	\$1,340.1	\$491,012.9
2016	4.82	4.30	4.68	n/a	<6	4.21	4.14	\$1,332.6	\$425,539.8
2015	-1.57	-2.07	-1.44	n/a	<6	5.07	5.07	\$1,312.5	\$412,412.4
2014	3.57	3.04	3.64	n/a	<6	5.14	5.22	\$1,364.9	\$430,214.0

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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 ®.

Bloomberg US Treasury Inflation Protected Notes (TIPS) - measures the performance of inflation-protected securities issued by the U.S. Treasury.

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.

The composite asset minimum changed from 5MM USD to 20MM USD effective 1-Nov-2022.

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.



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