

MFS[®] Active Value ETF – MFSV

Product Profile

Objective

Seeks capital appreciation

Benchmark

Russell 1000[®] Value Index

Style

Large Cap Value

Vehicle

Active ETF

Portfolio management

Katie A. Cannan

Portfolio Manager

Nevin P. Chitkara

Portfolio Manager

Thomas Crowley

Portfolio Manager

Kate Mead, CFA

Institutional Portfolio
Manager

Expense ratio*

0.44%

Ticker symbol

MFSV

Goal

To outperform the Russell 1000[®] Value Index over a full market cycle

Philosophy

It has been demonstrated over time that valuation is one of the most important drivers of stock price performance. This underlying belief is fundamental to our disciplined valuation approach when evaluating all potential investment opportunities for the portfolio.

The tenets of our investment philosophy are as follows:

- We believe the durability of some businesses and the duration of high returns are often underappreciated.
- In our view, applying a disciplined valuation framework in all environments can be a critical source of downside risk mitigation and alpha generation.
- Looking to own durable businesses with relatively strong returns, bought at attractive valuations with a long-term horizon, can allow for compounding over time.

We leverage MFS' fundamental, bottom-up global research platform to identify high-quality companies that over the long term:

- have business durability
- exhibit strong financial characteristics
- are managed in a sustainable way and are effectively governed

Distinguishing Characteristics

Consistently focused on quality

- Emphasizes long-term franchise durability
- Maintains style purity across all market environments

Seeks strong risk-adjusted performance

- Combines downside risk management with upside market participation
- Aims for low turnover and low volatility

*Gross expense ratio is the fund's total operating expense ratio from the fund's most recent prospectus.

Rigorous valuation discipline

- Variety of metrics evaluated, but heavy emphasis on cash flow-based methodologies
- Absolute valuation focus

Consistent leverage of MFS' Integrated global research platform

- Unique, collaborative culture
- Fully integrated approach to researching companies, combining equity, fixed income and quantitative analysis
- Fundamental, bottom-up stock selection drives alpha

Investment Team (As of December 2024)

Name	Role	MFS Experience (years)	Industry Experience (years)
Katie A. Cannan	Portfolio Manager	11	17
Nevin P. Chitkara	Portfolio Manager	27	32
Thomas Crowley	Portfolio Manager	17	24
Kate Mead, CFA	Institutional Portfolio Manager	27	30

The Active Value ETF team includes Katie A. Cannan, Nevin P. Chitkara, Thomas Crowley and Katrina (Kate) Mead.

Nevin joined the firm as an equity research analyst in 1997, was named portfolio manager in 2005, and joined the team in 2006. Katie joined the firm as an equity research analyst in 2013 and joined the team in December 2019. Tom joined the firm in 2007 as an equity research analyst and joined the team in 2024. Kate joined the firm as an equity research analyst in 1997, was named an institutional portfolio manager in 2002, and joined the team in 2005.

Portfolio Managers Katie A. Cannan, Nevin P. Chitkara and Thomas Crowley participate in the research process and strategy discussions, and they maintain overall responsibility for portfolio construction, final buy and sell decisions, and risk management for Large Cap Value Equity portfolios.

Institutional Portfolio Manager (IPM) Kate Mead participates in the research process, strategy and portfolio construction discussions, and assesses portfolio risk.

Kate will also actively work with the MFS Capital Markets team on the creation and maintenance of the basket of portfolio securities (including custom baskets or cash-in-lieu requests) that the ETF will use as the basis for issuing and redeeming creation units. Kate will also facilitate the in-kind creation and redemption process on an ongoing basis, monitor and maintain portfolios in the intended portfolio weightings and assist with implementing large-flow transactions.

In addition, Investment Product Specialists Mike Nickolini and Gary Hampton work closely with the team to discuss portfolio strategy, performing portfolio analysis and help communicate investment strategy and positioning to clients, consultants and prospects.

Investment Process**Investment universe**

At its broadest, the team's investment universe can best be described as the Russell 1000® Index companies and their global, multinational peers. Seeking to invest in companies that have high-quality characteristics has been a key element of the investment approach since its inception. The assessment of a company's quality elements emphasizes the durability of its business franchise, the level of cash flow it generates over time, the strength of its balance sheet and a careful evaluation of the management team's capital allocation policies and decisions. As we believe these business quality characteristics tend to be enduring, aiming to identify these types of businesses is a natural first step in narrowing the broader universe down to companies that would be appropriate investment opportunities for the portfolio.

Within that larger universe of securities, only a portion of the companies have generally met all of the quality requirements and would represent the "realistic" investable universe, which has mostly comprised large-cap (greater than US\$5 billion market cap), US-based companies. From there, using a disciplined valuation

framework — focusing on an investment’s upside potential (looking out three to five years) and on how valuation may help in the process to provide downside support in the event that things go differently than anticipated — helps to further narrow the universe.

Idea generation and research

The process of getting from the broad universe of securities to a group that makes up the portfolio starts with idea generation. With a focus on teamwork and communication, the entire Value team, in addition to the fundamental research analysts, ESG analysts, quantitative analysts and other portfolio managers across the firm, actively participates in the idea-generation process.

The MFS global research platform is the foundation that supports all of the investment decisions made. It comprises a team of highly experienced research analysts, both equity and fixed income, who are based in MFS’ eight investment offices around the world. The analysts are organized into eight global sector teams that include capital goods, consumer cyclicals, consumer staples, energy, financial services, health care, technology, telecommunications and cable. These sector teams facilitate the sharing of information across geographies as well as asset classes, resulting in a highly collaborative, integrated model that leverages all of the research being done by MFS. Our platform enables all investment professionals to develop a comprehensive view of the securities under evaluation and we believe helps us to make better investment decisions. In each sector team, analysts are responsible for following companies within their specific industry coverage. The analysts develop and maintain their own models, engage with company management, consider ESG factors, interview competitors, suppliers and customers in order to form an opinion on each company. Within the global sector framework, they also incorporate relevant data points gathered by other analysts to complete the overall investment picture. Ultimately, this process leads to a “buy,” “hold” or “sell” rating for each company that they follow.

On an ongoing basis, the portfolio management team works very closely with the analysts throughout their research process, including accompanying them on company visits, working through their financial models and valuation framework. Interaction with the analyst teams, both formally and informally, results in highly collaborative discussions about which ideas are appropriate for inclusion within the portfolio based on the team’s key investment considerations: company quality and valuation. There are formal weekly meetings in which analysts and portfolio managers can exchange ideas and information. However, much of the

communication among the investment team takes place on an informal basis through face-to-face discussions, voicemail/email and an online notes system through which team members post reports and ratings for companies followed. Research analysts generate a large majority of the ideas that make their way into the portfolio. However, the portfolio management team is also a substantial contributor in identifying interesting investment candidates.

As a complement to our fundamental research efforts, the firm also has significant in-house quantitative research capabilities that have grown in scale and scope over the last decade. The quantitative team has developed proprietary models that weigh various factors, including valuation, earnings and price momentum and earnings quality, which have influenced stock price performance over time. An overall quantitative score (1–100) is generated daily for over 5,000 securities. The quantitative research has been helpful in generating new ideas, stimulating discussion around ideas currently owned and not owned, and is generally viewed as another resource for the portfolio management team to utilize in coordination with our fundamental, bottom-up process in evaluating potential investment ideas.

Finally, the team is able to leverage the significant investment experience of MFS’ other portfolio managers to round out its idea-generation process. Most of the lead portfolio managers started their careers at MFS as analysts and, as such, have a long investment history of working together — even among those managers outside of their respective discipline. In addition to the analysts, the Value team’s ability to leverage the investment knowledge of other portfolio management teams has been important for all MFS portfolios. When considering some nontraditional value areas of the market for inclusion in the portfolio (as valuation in these areas became more attractive), leveraging MFS’ institutional knowledge of these companies and industries enables the team to gain greater comfort with their historical track record and future opportunities in order to rapidly gain comfort in making investments in those opportunities.

Fundamental analysis and security selection

The investment approach has a dual emphasis on quality and valuation. As mentioned previously, the team’s assessment of a company’s quality characteristics is the first factor considered prior to making an investment decision, as these attributes tend to be enduring over time. Once an idea has met the team’s quality requirements, they work closely with the appropriate MFS analyst to comprehensively assess its valuation characteristics, as discussed below, before making a decision to add it to the portfolio/fund.

1) Quality assessment — Does the company possess the high-quality attributes we look for, including: durable franchise; solid/improving balance sheet; attractive free cash flow generation; and a management team that demonstrates good capital stewardship? What do its return characteristics look like, and are they improving going forward?

2) Valuation analysis — Is the stock inexpensive in terms of its price/free cash flow, price/book, price/earnings, price/sales, dividend yield or any other relevant measure of valuation? How do these valuations compare versus the company's history, its peers, the overall market and on an absolute basis? A strong emphasis is placed on cash flow and returns-based methodologies.

Portfolio construction

The team seeks to deliver a well-diversified portfolio. Industry and sector allocations are byproducts of our fundamental, bottom-up research process. Positions are sized within the portfolio based on the large-cap portfolio management team's assessment of the risk/reward potential of an investment idea, as well as the team's confidence level in the company's ability to execute on its future plans. The portfolio/fund may invest in large, established, non-US global companies that generally have an American depository receipt (ADR) security traded on a US-based exchange. The goal of the portfolio is to be fully invested, and cash is the result of transactions.

Buy and Sell Disciplines

Buy discipline

Once a stock is identified as meeting the team's high-quality characteristics, the portfolio management team would look to start a new position in the portfolio when the valuation of an investment candidate becomes more attractive relative to the current holdings. Additionally, changes to the investment thesis or outlook for a company can also be a catalyst to add a stock to the portfolio over time.

Sell discipline

A change in the relative valuation of an investment is the most common driver of transactions within the portfolio. Securities are also reviewed for potential sale when a security becomes expensive, when the team finds better relative alternative investments or when a breakdown occurs in the company's quality dimensions that affect the team's investment thesis for owning the security.

Risk Management

At MFS, the goal is not to minimize risk, but rather to understand its sources and effectively manage it. The risk management process strives to ensure that each strategy takes an appropriate level of risk that is disciplined and consistent with the investment philosophies of its mandate while also meeting long-term investment objectives. Risks to the long-term objectives of each strategy may come in the form of either systematic or security-specific factors. As a result, we take a collaborative approach to assess and manage portfolio risk. Our investment team works together to assess risk from both fundamental and quantitative viewpoints.

Global fundamental research analysts

Starting at the security level, our global research team is responsible for fundamental, bottom-up securities research. The team is situated in local markets around the world and organized by sector to facilitate collaboration globally and across asset classes. Through detailed analysis of issuer-specific attributes, as well as operational, financial, ESG and valuation risks, each team member identifies potential investments with attractive risk/reward relationships.

Equity portfolio management

Our equity portfolio managers consist of experienced investors who work closely with the global research team to choose their most attractive and appropriate investment ideas for their mandate. The portfolio management team is responsible for bottom-up security selection and portfolio construction, which includes sizing positions appropriately within the context of a portfolio and ensuring this process results in a portfolio which adheres to its stated investment philosophy and goals. In managing portfolio risk, equity portfolio managers work closely with fundamental analysts, ESG analysts, quantitative analysts and equity traders. This provides deep perspectives and risk management at the security and portfolio levels as well as insights into market liquidity.

Portfolio risk is analyzed on multiple levels:

Security level

On a day-to-day basis, risk analysis occurs at the security level through our fundamental and equity quantitative research efforts. The fundamental analysts assess the operational, financial and valuation risk characteristics of each issuer they follow and quantitative models use factors based on earnings momentum, price momentum, valuation and earnings quality. Careful consideration is also given not only to the evaluation of each security's appreciation potential, but also to the level of downside support the team could reasonably expect in the event

that things don't develop as anticipated. Each team engages in a comprehensive evaluation of the risk characteristics of all investment ideas as consideration for inclusion within their portion of the portfolio.

Portfolio level

The portfolio management team uses daily exposure reports and monthly attribution reports to review the portfolio's industry and sector weightings versus the benchmark to confirm that the portfolio's positioning is consistent with the team's investment convictions and theses that result from its bottom-up fundamental research. The Investment Management Committee (IMC) reviews the portfolio risk reports monthly to ensure that our investment policies are carried out by the team.

Semiannually, portfolio management team members meet with the CIO and the co-director of Quantitative Solutions/chief investment risk officer to review various portfolio characteristics and risks inherent within the strategy to ensure that they are consistent with the strategy. We have also recently developed a comprehensive annual portfolio evaluation that measures sustainability characteristics across a wide array of ESG metrics. These annual sustainability reviews are attended by the portfolio manager(s) of the strategy, at least one ESG-dedicated member of our investment team, and MFS' CIO.

Firm level

We have instituted a comprehensive approach to risk management that is a combination of disciplined internal controls and managerial oversight. Policies are dictated, first and foremost, by portfolio limits and regulatory restrictions. We have established an organizational structure, systems and processes, with appropriate segregation of duties and checks and balances to ensure that these practices are followed. Exception reporting and oversight by senior investment personnel, as well as independent bodies such as the dedicated portfolio compliance team of the MFS Compliance Department and global independent risk officer, are conducted on a regular basis. ▲

Important Risk Considerations

Exchange-Traded Funds (ETFs) trade like stocks, are subject to investment risk, and will fluctuate in market value. Shares of ETFs are bought and sold at market price, not NAV, and are not individually redeemed from the fund. The market price at the time of sale may be higher or lower than the fund's NAV, and any applicable brokerage commissions will reduce returns. There can be no guarantee that an active market for the funds will develop or be maintained.

The fund may not achieve its objective and/or you could lose money on your investment in the fund.

Stock: Stock markets and investments in individual stocks are volatile and can decline significantly in response to, or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, environmental, public health and other conditions.

Value: The portfolio's investments can continue to be undervalued for long periods of time, not realize their expected value and be more volatile than the stock market in general.

Please see the prospectus for further information on these and other risk considerations.

Before investing, consider the fund's investment objectives, risks, charges, and expenses. For a prospectus, or summary prospectus, containing this and other information, contact MFS or view online at [mfs.com](https://www.mfs.com). Please read it carefully.

MFS registered investment products are offered through MFS Fund Distributors, Inc., Member SIPC, 111 Huntington Avenue, Boston, MA 02199.

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