Asset Allocation Diversification – 20 Years of the Best and Worst

Everyone wants to be in the best-performing asset class every year. The thing is, few people are savvy enough to consistently choose the best. That's why diversification is key. This chart shows annual returns for eight broad-based asset classes, cash and a diversified portfolio ranked from best to worst. Notice how the "leadership" changes from year to year, and how competitively the diversified portfolio performed over 20 years (see the "annualized return" column).

BEST — ANNUAL RETURN — WORST

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	ANNUALIZED RETURN
Commodities 21.36%	REITs 34.35%	Commodities 16.23%	Bonds 5.24%	Large Cap Growth 37.21%	REITs 27.58%	Bonds 7.84%	REITs 20.14%	Small/Mid Cap 36.80%	REITs 27.15%	Large Cap Growth 5.67%	Small/Mid Cap 17.59%	Large Cap Growth 30.21%	Cash 1.86%	Large Cap Growth 36.39%	Large Cap Growth 38.49%	REITs 39.88%	Commodities 16.09%	Large Cap Growth 42.68%	Large Cap Growth 33.36%	Large Cap Growth 12.56%
International 13.54%	International 26.34%	Large Cap Growth 11.81%	Global Bonds 4.79%	Small/Mid Cap 34.39%	Small/Mid Cap 26.71%	REITs 7.28%	Small/Mid Cap 17.88%	Large Cap Growth 33.48%	Large Cap Value 13.45%	REITs 2.29%	Large Cap Value 17.34%	International 25.03%	Bonds 0.01%	REITs 28.07%	Small/Mid Cap 19.99%	Large Cap Growth 27.60%	Cash 1.50%	International 18.24%	Large Cap Value 14.37%	Small/Mid Cap 8.78%
REITs 8.29%	Large Cap Value 22.25%	International 11.17%	Cash 1.80%	International 31.78%	Commodities 16.83%	Global Bonds 5.64%	Large Cap Value 17.51%	Large Cap Value 32.53%	Large Cap Growth 13.05%	Bonds 0.55%	Commodities 11.77%	Small/Mid Cap 16.81%	Global Bonds -1.20%	Small/Mid Cap 27.77%	Diversified Portfolio 10.58%	Commodities 27.11%	Large Cap Value -7.54%	Small/Mid Cap 17.42%	Small/Mid Cap 12.00%	Large Cap Value 7.89%
Small/Mid Cap 8.11%	Small/Mid Cap 16.17%	Global Bonds 9.48%	Diversified Portfolio -27.54%	REITs 27.45%	Large Cap Growth 16.71%	Large Cap Growth 2.64%	International 17.32%	International 22.78%	Small/Mid Cap 7.07%	Cash 0.03%	REITs 9.28%	Large Cap Value 13.66%	Large Cap Growth -1.51%	Large Cap Value 26.54%	Global Bonds 9.20%	Large Cap Value 25.16%	Bonds -13.01%	Diversified Portfolio 12.81%	Diversified Portfolio 9.04%	REITs 6.53%
Diversified Portfolio 7.92%	Diversified Portfolio 15.02%	Bonds 6.97%	Commodities -35.65%	Diversified Portfolio 23.72%	Diversified Portfolio 15.73%	Large Cap Value 0.39%	Large Cap Growth 15.26%	Diversified Portfolio 13.41%	Bonds 5.97%	International -0.81%	Diversified Portfolio 8.72%	Diversified Portfolio 13.21%	REITs -4.10%	International 22.01%	International 7.82%	Small/Mid Cap 18.18%	Diversified Portfolio -13.61%	REITs 11.48%	Cash 5.45%	Diversified Portfolio 6.22%
Large Cap Value 7.05%	Large Cap Growth 9.07%	Cash 4.74%	Small/Mid Cap -36.79%	Large Cap Value 19.69%	Large Cap Value 15.51%	Cash 0.08%	Diversified Portfolio 12.02%	REITs 3.21%	Diversified Portfolio 5.32%	Small/Mid Cap -2.90%	Large Cap Growth 7.08%	REITs 9.27%	Diversified Portfolio -5.98%	Diversified Portfolio 20.33%	Bonds 7.51%	Diversified Portfolio 17.45%	International -14.45%	Large Cap Value 11.46%	Commodities 5.38%	International 4.81%
Large Cap Growth 5.26%	Global Bonds 6.64%	Diversified Portfolio 4.69%	Large Cap Value -36.85%	Commodities 18.91%	International 7.75%	Diversified Portfolio -0.16%	Global Bonds 4.32%	Cash 0.05%	Global Bonds 0.59%	Global Bonds -3.15%	Bonds 2.65%	Global Bonds 7.39%	Large Cap Value -8.27%	Bonds 8.72%	Large Cap Value 2.80%	International 11.26%	Global Bonds -16.25%	Global Bonds 5.72%	REITs 4.33%	Bonds 3.01%
Cash 3.00%	Cash 4.76%	Small/Mid Cap 1.38%	REITs -37.34%	Global Bonds 6.93%	Bonds 6.54%	Small/Mid Cap -2.51%	Bonds 4.21%	Bonds -2.02%	Cash 0.03%	Diversified Portfolio -3.33%	Global Bonds 2.09%	Bonds 3.54%	Small/Mid Cap -10.00%	Commodities 7.69%	Cash 0.58%	Cash 0.05%	Small/Mid Cap -18.37%	Bonds 5.53%	International 3.82%	Global Bonds 1.86%
Bonds 2.43%	Bonds 4.33%	Large Cap Value -0.17%	Large Cap Growth -38.44%	Bonds 5.93%	Global Bonds 5.54%	International -12.14%	Cash 0.07%	Global Bonds -2.60%	International -4.90%	Large Cap Value -3.83%	International 1.00%	Commodities 1.70%	Commodities -11.25%	Global Bonds 6.84%	Commodities -3.12%	Bonds -1.54%	REITs -25.10%	Cash 5.26%	Bonds 1.25%	Cash 1.63%
Global Bonds -4.49%	Commodities 2.07%	REITs -17.83%	International -43.38%	Cash 0.16%	Cash 0.13%	Commodities -13.32%	Commodities -1.06%	Commodities -9.52%	Commodities -17.01%	Commodities -24.66%	Cash 0.27%	Cash 0.84%	International -13.79%	Cash 2.25%	REITs -5.86%	Global Bonds -4.71%	Large Cap Growth -29.14%	Commodities -7.91%	Global Bonds -1.69%	Commodities -0.30%

MARKET SEGMENT	REPRESENTED BY	STANDARD DEVIATION
Cash	FTSE 3-month T-bill Index[1]	0.55
Bonds	Bloomberg US Aggregate Bond Index[2]	4.24
Global bonds	Bloomberg Global Aggregate Index (Unhedged)[3]	6.06
Diversified portfolio	Equal allocations of all segments disclosed herein, excluding cash	11.76
Large Cap Value stocks	Russell 1000® Value Index[4]	15.62
Commodities	Bloomberg Commodity Index[5]	16.10
Large Cap Growth stocks	Russell 1000® Growth Index[6]	16.14
International stocks	MSCI EAFE Index[7]	16.73
Small/Mid Cap stocks	Russell 2500™ Index[8]	19.01
REITs	FTSE NAREIT All REITs Total Return Index[9]	21.11

Source: FactSet SPAR. Returns are in USD, and net for MSCI EAFE and gross for all other asset classes. Annualized return and standard deviation (annualized) is for the 20-year period ending December 31, 2024. The diversified portfolio is rebalanced quarterly to maintain the equal allocations throughout the period. Standard deviation reflects a portfolio's total return volatility, which is based on a minimum of 36 monthly returns. The larger the portfolio's standard deviation, the greater the portfolio's volatility. Asset allocation and diversification do not guarantee a profit or protect against a loss.

IMPORTANT RISK CONSIDERATIONS

International: Investing in foreign and/or emerging market securities involves interest rate, currency exchange rate, economic, and political risks. These risks are magnified in emerging or developing markets as compared with domestic markets. **Small/Mid Cap stocks:** Investing in small and/or mid-sized companies involves more risk than that customarily associated with investing in more-established companies. **Bonds:** Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds will fluctuate and, when redeemed, may be worth more or less than their original cost. **Commodity:** Commodity-related investments can be more volatile than investments in equity securities or debt instruments and can be affected by changes in overall market movements, commodity index volatility, changes in interest rates, currency fluctuations, or factors affecting a particular industry or commodity, and demand/supply imbalances in the market for the commodity. Events that affect the financial services sector may have a significant adverse effect on the portfolio. **Real Estate:** Real estate-related investments can be volatile because of general, regional, and local economic conditions, fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulation and other governmental actions; increased operation expenses; lack of availability of mortgage funds; losses due to natural disasters; changes in property values and rental rates; overbuilding; losses due to casualty or condemnation, cash flows; the management skill and creditworthiness of the REIT manager, and other factors.

The historical performance of each index cited is provided to illustrate market trends; it does not represent the performance of a particular MFS® investment product. It is not possible to invest directly in an index. Index performance does not take into account fees and expenses. Past performance is no guarantee of future results. The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, consult an investment professional. For more information on any MFS product, including performance, please visit mfs.com.

See next page for important information.

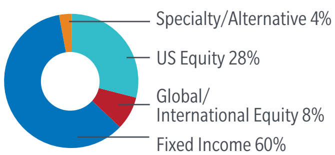
A Case for Asset Allocation Diversification

Looking to balance risk with potential returns?

Diversifying your assets can work if you and your financial advisor or investment professional also examine how much risk you're willing to take. Finding your comfort zone in the asset allocation pies below will help determine how your assets could be invested. See the table at right for MFS® portfolios to consider.

MFS® Conservative Allocation Fund

RISK 10, 11, 12, 13, 14



MFS® Growth Allocation Fund

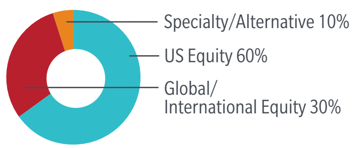
RISK 10, 11, 12, 13, 14

MFS® Moderate Allocation Fund

RISK 10, 11, 12, 13, 14

MFS® Aggressive Growth Allocation Fund

RISK 10, 11, 13, 14



Target allocations shown. The portfolios are actively managed and current allocations may be different.

Examples are for illustrative purposes only. Talk to your financial advisor or investment professional about diversification and your individual situation. It may be worth the time spent. All funds mentioned may not be available for sale by your investment professional's firm. The list of funds presented at right does not include all MFS funds.

The Specialty/Alternative class consists of funds with less traditional investment strategies, including REITs and commodities, that aim to provide diversification benefits when added into a portfolio consisting of stock and bond funds.

ASSET ALLOCATION STRATEGIES AND UNDERLYING FUNDS

MUTUAL FUND	CLASS I	CLASS R6	CLASS A	MORNINGSTAR CATEGORY
ASSET ALLOCATION STRATEGIES				
MFS® Conservative Allocation Fund	MACIX	MACQX	MACFX	Moderately Conservative Allocation
MFS® Moderate Allocation Fund	MMAIX	MAMPX	MAMAX	Moderate Allocation
MFS® Growth Allocation Fund	MGWIX	MAGQX	MAGWX	Moderately Aggressive Allocation
MFS® Aggressive Growth Allocation Fund	MIAGX	AGGPX	MAAGX	Aggressive Allocation
U.S. EQUITY				
MFS® Growth Fund	MFEIX	MFEKX	MFEGX	Large Growth
MFS® Mid Cap Growth Fund	OTCIX	OTCKX	OTCAX	Mid-Cap Growth
MFS® Mid Cap Value Fund	MCVIX	MVCKX	MVCAX	Mid-Cap Value
MFS® New Discovery Fund	MNDIX	MNDKX	MNDAX	Small Growth
MFS® New Discovery Value Fund[a]	NDVIX	NDVVX	NDVAX	Small Value
MFS® Research Fund	MRFIX	MFRKX	MFRFX	Large Blend
MFS® Value Fund	MEIIX	MEIKX	MEIAX	Large Value
GLOBAL/INTERNATIONAL EQUITY				
MFS® Emerging Markets Equity Fund	MEMIX	MEMJX	MEMAX	Diversified Emerging Markets
MFS® International Growth Fund	MQGIX	MGRDX	MGRAX	Foreign Large Growth
MFS® International New Discovery Fund[b]	MWNIX	MIDLX	MIDAX	Foreign Small/Mid Growth
MFS® International Intrinsic Value Fund[c]	MINIX	MINJX	MGIAX	Foreign Large Blend
MFS® Research International Fund	MRSIX	MRSKX	MRSAX	Foreign Large Blend
FIXED INCOME				
MFS® Emerging Markets Debt Fund	MEDIX	MEDHX	MEDAX	Emerging Markets Bond
MFS® Emerging Markets Debt Local Currency Fund	EMLIX	EMLNX	EMLAX	Emerging-Markets Local-Currency Bond
MFS® Global Opportunistic Bond Fund	MGBJX	MGBOX	MGBAX	Global Bond-USD Hedged
MFS® Government Securities Fund	MGSIX	MFGKX	MFGSX	Intermediate Government
MFS® High Income Fund	MHIIX	MHIKX	MHITX	High Yield Bond
MFS® Inflation-Adjusted Bond Fund	MIAIX	MIAKX	MIAAX	Inflation-Protected Bond
MFS® Limited Maturity Fund	MQLIX	MQLKX	MQLFX	Short-Term Bond
MFS® Total Return Bond Fund	MRBIX	MRBKX	MRBFX	Intermediate Core-Plus Bond
SPECIALTY/ALTERNATIVE				
MFS® Commodity Strategy Fund	MCSIX	MCSRX	MCSAX	Commodities Broad Basket
MFS® Global Real Estate Fund	MGLIX	MGLRX	MGLAX	Global Real Estate

[a] On August 14, 2019, the fund closed to new investors subject to certain exceptions. Please see the prospectus for additional information.

[b] Effective November 29, 2019 the fund closed to new investors subject to certain exceptions. Please see the prospectus for additional information.

[c] Effective May 29, 2015, the fund closed to new investors subject to certain exceptions. Please see the prospectus for additional information.

1 FTSE 3-month Treasury Bill Index tracks the daily performance of 3-month US Treasury bills. **2 Bloomberg U.S. Aggregate Bond Index** measures the US bond market. **3 Bloomberg Global Aggregate Index (Unhedged)** provides a broad-based measure of the global investment-grade fixed income markets. **4 Russell 1000® Value Index** measures US large-cap value stocks. **5 Bloomberg Commodity Index** is composed of futures contracts on physical commodities. **6 Russell 1000® Growth Index** measures US large-cap growth stocks. **7 MSCI EAFE Index** measures the non-US stock market. **8 Russell 2500™ Index** measures US small- and mid-cap stocks. **9 FTSE NAREIT All REITs Total Return Index** tracks the performance of commercial real estate across the US economy. It is not possible to invest directly in an index.

Important risk considerations: **10** The fund may not achieve its objective and/or you could lose money on your investment in the fund. **11 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. **12 Bond:** 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 Fund's share price may decline during rising rates. Funds that consist of debt instruments with longer durations are generally more sensitive to a rise in interest rates than those with shorter durations. At times, and particularly during periods of market turmoil, all or a large portion of segments of the market may not have an active trading market. As a result, it may be difficult to value these investments and it may not be possible to sell a particular investment or type of investment at any particular time or at an acceptable price. The price of an instrument trading at a negative interest rate responds to interest rate changes like other debt instruments; however, an instrument purchased at a negative interest rate is expected to produce a negative return if held to maturity. **13 International:** Investments in foreign markets can involve greater risk and volatility than US investments because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions. **14 Underlying Funds:** MFS' strategy of investing in underlying funds exposes the fund to the risks of the underlying funds. Each underlying fund pursues its own objective and strategies and may not achieve its objective. In addition, shareholders of the fund will indirectly bear the fees and expenses of the underlying funds. 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 your investment professional or view online at mfs.com. Please read it carefully.

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