Insightful Investor
for public use

MFS

ACTIVELY MANAGED MUTUAL FUNDS VS. PASSIVELY MANAGED ETFs

Some key differences for investors to consider

MFS® established America's first mutual fund, Massachusetts Investors Trust, in 1924. There are more than 7,600 mutual funds available in the United States today, with net assets of $13 trillion. The first exchange-traded fund (ETF) in the United States, called the SPDR 500, was launched in 1993. There are approximately 1,200 ETFs available today, with net assets totaling $1.3 trillion.[1]

	Actively managed mutual funds	Passively managed exchange-traded funds
Primary goal	To outperform its stated benchmark	To match designated index returns
Performance	Generally driven by management style and security selection	Dependent on the performance of the underlying index
Pricing	Net asset value (NAV) normally calculated once per day, after the market has closed No premium or discount associated with share prices (other than loads or redemption fees) Not subject to bid-ask spread;[2] executed share price determined only after the NAV is next calculated Shares purchased after the close of business reflected in the account the next business day	Price changes occur throughout the day May trade at a premium or discount to the NAV Subject to bid-ask spread,[2] a characteristic of any intraday, open market transaction Purchase and sell orders executed immediately (if submitted when the market is open and actively trading)
Fees	Incur annual operating expenses Possible sales charges/redemption fees Possible reductions in the sales charge on large purchases	Incur annual operating expenses (typically lower than actively managed mutual funds) Incur trading costs when purchased and when sold
Taxes	Dependent on portfolio turnover Earnings distributed to shareholders at year-end Can offset capital gains with losses, if any, carried forward	Dependent on portfolio turnover (generally lower than actively managed funds) Structure eliminates the year-end distribution of gains
Dividends	Can be automatically reinvested in additional shares of the fund	Typically paid out at the end of each quarter to the balance of the brokerage account in the form of cash
Reporting of holdings	Disclosed monthly and required twice per year	Disclosed daily
Other characteristics	Adaptable to changing market conditions Offer broader investment selection Facilitate dollar-cost averaging and other strategies that involve investing small amounts at frequent intervals Subject to strict regulation	More practical for investing larger amounts of capital infrequently because of trading commissions Cannot change holdings Cannot adjust sector or industry weightings Subject to strict regulation

Which fund type is best?

When opportunities arise, your financial advisor will help you evaluate your options and make the right decisions for your specific situation, needs and goals. Keep in mind that all investments, including mutual funds, carry a certain amount of risk including the possible loss of the principle amount invested.

[1] Source: Investment Company Institute, *2013 Investment Company Fact Book*

[2] In the open market, the bid-ask spread is the difference between the price buyers are willing to pay for a security and the price sellers are asking for it. It is a form of compensation for the dealer or other intermediary involved in the transaction.

This material should not be construed as a recommendation to buy or sell any of the securities discussed. You should consult with your investment professional regarding your personal situation prior to making any investment decisions.

MFS does not provide legal, tax or accounting advice. Clients of MFS should obtain their own independent tax and legal advice based on their particular circumstances.

The investments you choose should correspond to your financial needs, goals and risk tolerance. For assistance in determining your financial situation, please consult your investment professional.

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.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

MFS Fund Distributors, Inc.
Boston, MA

MFSP-AMFETF-FLY-12/13
17844.6