

MFS Institutional Advisors, Inc.

This brochure provides information about the qualifications and business practices of MFS Institutional Advisors, Inc. ("MFSI"). If you have any questions about the contents of the brochure, please contact us at +1.877.960.6077 or institutionalclientservice@mfs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Although MFSI is registered with the SEC as an investment adviser, such registration does not imply any level of skill or training.

Additional information about MFSI is available on the SEC's web site at www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. The CRD number for MFSI is 107144.

You may request the most recent version of this brochure by contacting us as provided above.

Firm Brochure

March 29, 2019

Item 2 – Material Changes

This Item 2 discusses only material changes made to this Form ADV, Part 2A (“Brochure”) since MFSI’s prior annual updating amendment to the Brochure, which was filed on March 30, 2018.

- Various updates have been made to the *Fees and Compensation* section (Item 5) of the Brochure.
- The *Methods of Analysis, Investment Strategies and Risk of Loss* section (Item 8) of the Brochure has been updated to reflect updates to the risk factors applicable to the various strategies listed in the *Fees and Compensation* section (Item 5).
- The *Disciplinary Information* section (Item 9) of the Brochure has been updated.
- Various updates have been made to the *Brokerage Practices* section (Item 12).

About this Brochure

This Brochure is not:

- *an offer or agreement to provide advisory services to any person*
- *an offer to sell interests (or a solicitation of an offer to purchase interests) in any vehicle*
- *a complete discussion of the features, risks or conflicts associated with any portfolio or vehicle*

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), MFSI will provide this Brochure to current and prospective clients of MFSI. MFSI also, in its discretion, may provide this Brochure to current or prospective investors in a pooled investment vehicle that MFSI advises, together with other relevant governing or disclosure documents, such as the pooled investment vehicle’s offering or private placement memorandum, prior to, or in connection with, such persons’ investment in the pooled investment vehicle. Additionally, this Brochure is available through the Investment Adviser Public Disclosure website of the Securities and Exchange Commission (“SEC”).

Although this publicly-available Brochure describes investment advisory services and products of MFSI, persons who receive this Brochure (whether or not from MFSI) should be aware that it is designed solely to provide information about MFSI as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in other relevant documents. More complete information about each separately managed account and pooled investment vehicle is included in the relevant separately managed account or pooled investment vehicle documents, certain of which will be provided to current and eligible prospective investors only by MFSI or a party authorized by MFSI. To the extent that there is any conflict between discussions herein and similar or related discussions in such documents, the relevant separately managed account or pooled investment vehicle governing or disclosure documents shall govern and control.

This is not an offer to sell securities of any type. No offer or solicitation for a separately managed account or pooled investment vehicle by us will be made before the delivery of the applicable documents to a potential investor. You should read the client documents carefully and consult with tax, legal and financial advisors before making any investment decision. You should also be aware that the provision of this Brochure to you does not create an adviser-client relationship between you and MFSI.

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Item 4 – Advisory Business

MFS Institutional Advisors, Inc. (“MFSI”), an investment adviser registered with the SEC, has been serving institutional investors and their consultants since 1986. MFSI is a wholly-owned subsidiary of Massachusetts Financial Services Company, d/b/a MFS Investment Management (“MFS”), which is also an investment adviser registered with the SEC. MFS is also the parent company of other companies that manage investments. In this Brochure, we refer to MFS and these other direct and indirect subsidiaries collectively as the “MFS Global Group.” MFS and its predecessor organizations have a history of money management dating from 1924 and the founding of the first U.S. mutual fund. MFS is an indirect, majority owned subsidiary of Sun Life Financial Inc. (“SLF”), a diversified financial services company. As of December 31, 2018, MFSI managed \$93,565,942,000 in discretionary client assets and \$24,650,048,000 in non-discretionary client assets. The MFS Global Group managed \$450,901,534,000 as of December 31, 2018.

All discussions of MFSI’s practices in this Brochure are qualified in their entirety with respect to each institutional portfolio by the applicable investment management agreement or offering and organizational materials (“Offering Documents”), respectively, governing such portfolio, including without limitation, all practices pertaining to the portfolio’s investments, strategies used in managing the portfolio, investment risks, fees and other costs associated with an investment in the portfolio, and conflicts of interest faced by MFSI and its affiliates in connection with the management of the portfolio.

MFSI primarily provides investment advisory services to institutional clients, particularly separate accounts. Clients may impose restrictions on investing in certain securities, derivatives or types of securities or derivatives. In addition, MFSI provides sub-advisory services to pooled investment vehicles. For information on the types of strategies MFSI manages, please see Item 8, *Methods of Analysis, Investment Strategies and Risk of Loss*.

MFSI may, on a non-discretionary basis, review and provide asset allocation guidance to certain institutional clients, including pension plans, sovereign wealth funds, endowments and foundations. MFSI may also provide similar asset allocation guidance to financial intermediaries. These services are typically provided to existing institutional clients and financial intermediaries without additional charge and without a contractual agreement. MFSI provides these services on a non-discretionary basis, which means that the institutional client or financial intermediary has the ultimate discretion to accept none, some or all of MFSI’s guidance. Additionally, MFSI’s guidance is based on information provided from the institutional client or financial intermediary, reflects advice given as of a particular point in time, and, when provided to a financial intermediary, is not intended to meet the needs of any particular financial intermediary client. MFSI and/or its affiliates receive revenue from their investment products and services. To the extent MFSI’s asset allocation guidance could be implemented using products or services provided by the MFS Global Group, and the recipient of the guidance invests in such products or services, the MFS Global Group may earn additional revenues. Therefore, MFSI has a potential conflict of interest to the extent its asset allocation guidance results in the inclusion of any MFS Global Group products or

services. The institutional client or financial intermediary has the ultimate discretion whether to use MFS Global Group products or services.

MFSI also provides advisory services through certain wrap fee programs (“Wrap Programs”) whose participants include individual as well as institutional investors. Finally, separate and apart from Wrap Programs, MFSI also provides non-discretionary, model portfolios to institutional clients, including other investment advisers.

Wrap Programs

Some Wrap Programs are offered as separately managed accounts (an “SMA Program”) while others are offered as model-delivery portfolios (a “Model-Delivery Program”). In an SMA Program MFSI has authority to make all investment decisions; whereas in a Model-Delivery Program, the sponsor has the ultimate authority to accept or reject MFSI’s recommendations.

The two types of Wrap Programs are described in more detail below and throughout the Brochure. Please see: Item 5, *Fees and Compensation*, for information concerning how MFSI is compensated for providing advisory services through a Wrap Program; Item 8, *Methods of Analysis, Investment Strategies and Risk of Loss*, for information regarding the differences between how MFSI manages Wrap Program portfolios and other portfolios; and Item 12, *Brokerage Practices*, for information on Wrap Program trading practices.

SMA Programs

SMA Program arrangements may be either “bundled” or “dual-contract.” In a bundled arrangement, a participant enters into an advisory agreement with the sponsor and the sponsor enters into a sub-advisory agreement with MFSI. Under a bundled SMA Program, MFSI is retained by the Wrap Program sponsor and participants select MFSI from among the investment advisers that the sponsor presents to them. Under a bundled SMA Program, the participant generally pays a bundled or wrap fee to the sponsor that covers services such as advisory, trading and custodial services and the sponsor directs a portion of that fee to MFSI for its services.

In a dual-contract SMA Program, a participant enters into an investment advisory agreement with MFSI and a separate agreement with the program sponsor. Under a dual-contract SMA Program, participants contract for MFSI’s advisory services directly with MFSI after selecting MFSI from among the investment advisers presented by the sponsor and the participant pays MFSI directly for its advisory services. Participants should consult their sponsor’s Wrap Fee Program Brochure for additional information about the services provided through their program by the sponsor and related fees and expenses associated with the program.

In bundled SMA Programs, the selection of MFSI’s strategy is generally based upon the compatibility, in the judgment of the sponsor and/or the participant, of MFSI’s style of investment management and performance with the participant’s investment objectives and risk tolerance. Additionally, the sponsor together with the program participant, and not MFSI, are generally responsible for determining that a

particular Wrap Program is appropriate for each particular participant. MFSI reserves the right, in its sole discretion, to reject for any reason any participant referred to it. Conversely, a participant may terminate its selection of MFSI as investment manager in a Wrap Program at any time, upon notice either to the sponsor of a bundled Wrap Program or, in the case of a dual-contract program, directly to MFSI.

Some participants in SMA Programs elect to impose restrictions upon MFSI's ability to recommend or implement investments. Such restrictions must be communicated to and accepted by MFSI as reasonable. Reasonable restrictions can include certain securities or certain types of securities, as well as reasonable sector-based restrictions, such as environmental, social and governance ("ESG") or socially responsible investing ("SRI") category restrictions. Participants typically select sector-based restrictions from among the sponsor's pre-established restricted categories. Sponsors do not usually provide MFSI with a list of the securities included in their restricted categories. Therefore, in order to apply such restrictions, MFSI utilizes a third-party vendor to provide information regarding securities that are included in a comparable restricted category. MFSI uses its sole discretion to select the vendor category that most closely approximates the sponsor's restricted category based on the information MFSI receives from the third-party vendor. Although MFSI believes the information provided by the vendor is reliable, MFSI does not independently verify the information or guarantee its accuracy. In some cases, MFSI may utilize a restricted security list from a sponsor to implement restrictions from participant's associated with that sponsor, rather than a third-party vendor. Because MFSI relies on third party information to identify securities in a restricted category, the securities MFSI applies as restricted for a given category could differ from those which the sponsor may have considered to be within that category (*i.e.*, MFSI's list of restricted securities for a category may be more or less restrictive). These restrictions affect MFSI's freedom of action and, consequently, may affect portfolio performance.

Model-Delivery Programs

In Model-Delivery Programs, MFSI is retained by the Wrap Program sponsor to provide research and portfolio recommendations, which take the form of a portfolio model related to a particular strategy and not tailored to any program participant. The sponsor retains full discretion to accept, modify or reject such recommendations and the sponsor (or a third party retained by the sponsor to perform services for the program, such as an overlay manager) is generally responsible for implementing the ultimate investment decisions. MFSI does not know the identity of, or any other pertinent information about, the program participants for whose portfolios the sponsor has elected to use MFSI's portfolio model. Additionally, as discussed above, MFSI does not have any contractual arrangement with program participants.

The sponsors of (and not any participant in) Model-Delivery Programs have the contractual relationship with MFSI. As with bundled SMA Programs, the participant generally pays a bundled or wrap fee that covers services such as advisory, trading and custodial services to the sponsor and a portion of that fee is directed to MFSI for its services. The sponsors, together with the program participants, are solely responsible for determinations as to whether the program and any MFSI model is appropriate for a participant.

Unlike in SMA Programs, reasonable participant-imposed restrictions are managed by the sponsor at the program level and MFSI is not required to take into account any participant's restrictions in designing or updating a model, nor is MFSI expected to implement any such restrictions or assist the sponsor in determining how to implement such restrictions. Nonetheless, as with SMA Programs, to the extent that a restriction impacts the securities recommended by MFSI to be included in portfolios following a model, a participant's decision to impose restrictions would affect the performance of a participant's portfolio as compared to participants who have not imposed such restrictions.

Lead Style Manager Services

MFSI serves as the lead style manager for a portfolio in the Merrill Lynch, Pierce Fenner & Smith Incorporated ("Merrill Lynch") CDP Investment Advisory program. As lead style manager, MFSI is responsible for identifying, when needed, appropriate style managers from a Merrill Lynch approved list of possible managers. MFSI proposes such a manager to Merrill Lynch and Merrill Lynch approves the proposed style managers. While MFSI is responsible for identifying an appropriate style manager any time a new manager is needed, the existing style manager will be maintained until such time as it is no longer on Merrill Lynch's approved list.

Item 5 – Fees and Compensation

MFSI's investment advisory fees are generally based upon a percentage of assets under management and are negotiable. The percentage typically depends upon the type of investment mandate. MFSI reserves the right, in its sole discretion, to negotiate and charge different types or rates of advisory fees for different portfolios. Advisory fees may vary due to, among other things, the inception date of a client's portfolio, the initial or potential size of the portfolio, the entirety of the client's and its affiliates' (if any) relationship with the members of the MFS Global Group, the client's commitment to investing for a specified period of time, the client's domicile and portfolio-specific requirements such as non-standard reporting obligations and compliance with laws not generally applicable to MFSI's activities. Accordingly, as agreed with a client, MFSI may charge a higher or lower fee than the standard fees set forth below. MFSI may manage a group of related portfolios for a client and may agree to aggregate assets in all related client portfolios for purposes of attaining fee breakpoints under any applicable fee schedule.

Fees and Expenses for Institutional Portfolios

MFSI's representative fee schedule for different mandates for institutional portfolios is as follows:

<u>Type of Mandate</u>	<u>Standard Investment Advisory Fee</u>
Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Core Fixed Income, Core Plus Fixed Income, U.S. Corporate BB Fixed Income, and U.S. Credit	0.30% to 0.20% of average month end assets
Blended Research Global Equity, Global Aggregate Core, Global Aggregate Core Plus, and Global Credit	0.35% to 0.25% of average month end assets
Global Equity, Global Growth, Global Research, Global Value, International Equity, International Growth, International Research, International Value, Mid Cap Growth Equity, and Mid Cap Value Equity	0.75% to 0.50% of average month end assets
International Concentrated Equity	0.80% to 0.55% of average month end assets
Global Concentrated Equity	0.85% to 0.55% of average month end assets
Research Equity, Large Cap Value and Core Equity	0.55% to 0.40% of average month end assets
Blended Research U.S. Small Cap Equity, Emerging Market Debt and Emerging Market Debt Local Currency	0.55% to 0.45% of average month end assets
Growth Equity and Large Cap Growth	0.60% to 0.45% of average month end assets

<u>Type of Mandate</u>	<u>Standard Investment Advisory Fee</u>
Utilities	0.65% to 0.35% of average month end assets
Global Real Estate	0.75% to 0.55% of average month end assets
Global Aggregate Opportunistic and Low Volatility Global Equity	0.40% to 0.30% of average month end assets
International Small-Mid Cap Equity	0.95% to 0.75% of average month end assets
Emerging Markets Equity	0.90% to 0.80% of average month end assets
Asia Pacific ex Japan and Technology Equity	0.75% to 0.65% of average month end assets
Latin American Equity	1.00% to 0.80% of average month end assets
Japan Equity	0.65% to 0.50% of average month end assets
Small Cap Growth Equity and Small Cap Value Equity	0.90% to 0.70% of average month end assets
Blended Research Global High Dividend Equity	0.60% to 0.50% of average month end assets
U.S. Core High Yield	0.45% to 0.35% of average month end assets
Global High Yield	0.50% to 0.40% of average month end assets
Municipal Fixed Income	0.30% to 0.20% of average month end assets
Limited Maturity Fixed Income	0.25% to 0.175% of average month end assets
Domestic Balanced	0.55% to 0.30% of average month end assets
Global Balanced	0.60% to 0.30% of average month end assets
European Research Equity, European Value and European Equity	0.70% to 0.50% of average month end assets

Fees are billed according to a client's investment management agreement, which will provide for whether fees are based on average daily- or month-end assets and whether they are payable quarterly or monthly in arrears. Upon written client instruction, MFSI may also deduct fees from a client's custodial account

and urges such clients to compare the account statements they receive from MFSI with those they receive from their custodian. See Item 15, *Custody*, for more information.

When agreed upon with a client, MFSI may also earn incentive compensation by charging performance-based fees. Performance-based fees are described in each applicable investment management agreement and will vary from client to client. However, as a general matter, performance-based compensation arrangements usually consist of two components: a negotiated base management fee calculated as a percentage of assets under management and the incentive portion of the compensation. The incentive portion of the compensation is typically calculated as a percentage of the advised portfolio's total return over a specified benchmark. In some cases, such incentive arrangements include a hurdle rate provision under which no incentive compensation will be charged unless total return meets or exceeds the hurdle rate over and above the specified benchmark. For some clients, the incentive component is subject to a "high-water mark," pursuant to which no incentive compensation will be paid until a prior loss has been recouped, subject to certain adjustments. In certain instances, incentive compensation is based on rolling periods and, depending on contractual terms, can be charged as frequently as quarterly after the completion of the initial account year. Clients who elect fee arrangements that include a performance component could, depending upon portfolio performance and the rate at which the asset-based component of their fees are charged, pay a total fee that is far in excess of the amount of asset-based fees charged to other portfolios managed by MFSI. Certain conflicts of interest exist for MFSI when charging a performance-based fee. These conflicts are described in more detail below in Item 6, *Performance Based Fees and Side by Side Management*.

In the event MFSI's services are terminated, its management fees are pro-rated to the extent that its services have been provided for less than the full quarter (or other billing period).

MFSI's clients typically bear certain expenses in addition to investment advisory fees, including custodial fees; brokerage and transaction costs (please see Item 12, *Brokerage Practices*, for more information); taxes; out-of-pocket costs for Employee Retirement Income Security Act of 1974, as amended ("ERISA")-mandated fidelity bonds (if applicable); fees for plan administrator/trustee-directed special projects or reports; fees for preparing financial statements and providing audit support; fees for preparing tax-related schedules and documents; or investor relations. MFSI receives no payment or remuneration from institutional clients with respect to such other expenses. No portion of such charges, fees or commissions shall be applied as an offset to reduce the amount of advisory fees owed by a client to MFSI.

Portfolio assets invested in registered investment companies or other pooled investment vehicles for which a member of the MFS Global Group does not act as investment adviser (including exchange-traded funds ("ETFs")) are included in calculating the value (and performance) of the portfolio for purposes of computing fees. The same assets are also subject to additional advisory and other fees and expenses (which may include, without limitation, brokerage fees and transaction costs, transfer agency fees, and custodial expenses), as set forth in the Offering Documents of those pooled investment vehicles. These additional fees are paid by the investment vehicle, but ultimately borne by investors, including MFSI clients. Clients, in effect, pay two sets of advisory fees for these investments—one to MFSI and another to the managers of each investment vehicle.

Although not MFSI's general practice, MFSI may purchase on behalf of an institutional portfolio shares of any of the registered investment companies for which MFS acts as an investment adviser (the "MFS Funds") or other pooled investment vehicles managed by another member of the MFS Global Group (together with the MFS Funds, the "MFS Global Funds"). In such cases, the client indirectly bears a ratable share of the operating expenses incurred by the MFS Global Fund, including without limitation, brokerage fees and transaction costs, transfer agency fees and custodial expenses. These expenses are described in greater detail in the Offering Documents for the relevant MFS Global Fund. If MFSI invests any institutional portfolio's assets in shares of an MFS Global Fund, however, the institutional portfolio will receive a credit to its portfolio equal to the amount of the management fee paid by the relevant MFS Global Fund(s) to MFS or its affiliates attributable to the client's investment in the MFS Global Fund, as discussed above.

Wrap Program Fees and Expenses

The frequency and method of billing or deducting advisory fees accrued by MFSI is determined by the applicable investment advisory agreement. In a dual-contract Wrap Program, the participant pays a management fee to MFSI pursuant to the investment advisory agreement between the participant and MFSI. For all other Wrap Programs, the program sponsor arranges for payment of MFSI's advisory fee pursuant to the investment advisory agreement between the sponsor and MFSI. MFSI's fees for advisory services are billed either in advance or in arrears, depending on the Wrap Program. In the event that MFSI's services are terminated, fees billed in arrears are pro-rated, and fees billed in advance are refunded to the extent that services have been provided for less than the full billing period. The representative advisory fee schedule charged by MFSI pursuant to an SMA Program, including a dual contract arrangement, is as follows: 0.42% to 0.75% of assets under management; in the case of a Model-Delivery Program, the representative fee schedule is as follows: 0.33% to 0.40% of assets managed by the sponsor using MFSI's model. For Model-Delivery Programs, MFSI is compensated for selling its model(s) to the sponsor and not for managing any particular portfolio and, as a result, will receive its entire advisory fee whether or not the sponsor invests any portion of its participants' assets in accordance with such advisory recommendations made by MFSI to the sponsor. MFSI's compensation for these services is negotiable.

Participants in Wrap Programs also bear certain expenses that are separate from and in addition to, advisory fees paid to MFSI by the participant or sponsor, as applicable. In a dual-contract Wrap Program, the participant pays a separate fee to the sponsor for custodial, execution and other program services pursuant to the program agreement with the sponsor. For all other Wrap Programs, a participant typically pays a combined fee to the sponsor that covers MFSI's advisory services, as well as services from the sponsor, including monitoring and evaluating MFSI's performance, executing some or all of participants' portfolio transactions and, if requested by participants, custodial services (in some instances, participants separately pay commissions on transactions). MFSI's (or a Wrap Program sponsor's) trading practices can impact the ultimate costs to a participant. See Item 12, *Brokerage Practices*, for more information.

Participants in Wrap Programs should also consider that depending on factors such as (i) the type or level of the wrap fee charged by the Wrap Program sponsor, (ii) the volume of portfolio activity in the participant's portfolio, and (iii) the value of the custodial and other services that are provided under the

arrangement, the wrap fee may or may not exceed the aggregate amount of MFSI's standard advisory fee plus the cost of such services if they were to be provided separately. Depending upon the amount of Wrap Program assets, however, a participant may be ineligible to enter into an agreement with MFSI outside the Wrap Program context. Wrap Program participants should consult with their sponsor for more information regarding the other fees and expenses they may pay in connection with MFSI's advisory services.

Item 6 – Performance Based Fees and Side by Side Management

As noted above, MFSI (and other members of the MFS Global Group) charge both performance-based fees and asset-based fees. An adviser has an incentive to favor portfolios paying performance-based fees over portfolios charged only asset-based fees because performance-based fees can generate greater management fees for an adviser to the extent performance meets or exceeds the thresholds specified in the arrangement. Performance-based fees also present an incentive for an adviser to take additional risk with regard to a portfolio's investments in hopes of generating higher performance fees.

The differing nature of performance-based fee arrangements (*e.g.*, benchmarks, high-water marks and hurdles) can also present similar conflicts of interest among portfolios that are charged performance-based fees. With respect to portfolios subject to a benchmark, hurdle rate or high-water mark provisions, MFSI may have an incentive to favor portfolios that are generally above their respective benchmarks, hurdle rates or high-water marks (and therefore required to pay performance-based fees) over those portfolios that are generally below their respective benchmarks, hurdle rates or high-water mark (and therefore are not required to pay performance-based fees until such portfolios next exceed the applicable benchmark, hurdle rate or high-water mark).

These conflicts are most apparent where two portfolios follow the same, or a similar, investment strategy but have differing compensation arrangements. The MFS Global Group's allocation policies (see Item 12, *Brokerage Practices*, below) address these conflicts of interest by prohibiting the MFS Global Group from unfairly favoring one portfolio over another on the basis of the rates or types of fees paid. These policies, which apply equally to portfolios that are charged solely asset-based fees and those that are charged performance-based fees, generally require allocations of investment opportunities on a *pro rata* basis, and allocations of executed trades in a manner MFSI believes is fair and equitable over time, as described in Item 12, *Brokerage Practices*, below.

Item 7 – Types of Clients

MFSI's clients are principally institutional investors, including pension and profit sharing plans, charitable organizations, corporations, sovereign wealth funds, insurance companies, other investment advisers, U.S. registered investment companies and other pooled investment vehicles. MFSI's standard minimum portfolio size for establishing an institutional portfolio is typically \$50 million of assets. MFSI may accept a portfolio below such minimum in its discretion when, for example, it seeks to promote a new mandate or a client with multiple portfolios above the required minimum is allowed to open another portfolio below the minimum size.

In addition, through Wrap Programs, MFSI's investment advice is made available to high-net-worth individuals and, in some cases, individuals who are not high-net-worth individuals. MFSI typically requests a minimum of \$100,000 of assets per participant for bundled SMA Programs and a minimum of \$25 million of assets per participant for dual contract SMA Programs. MFSI can, in its discretion, waive these minimums. Additionally, sponsors may impose higher investment minimums on participants, which would be described in the sponsor's Wrap Fee Program Brochure.

MFSI, in its sole discretion, reserves the right to decline any portfolio and reserves the right to close any portfolio that falls below the relevant minimum portfolio size or for any other reason. Client relationships are governed by investment advisory agreements that set forth the terms under which MFSI will provide its services.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

MFSI employs a variety of methods to evaluate securities, including fundamental analysis and quantitative analysis. Fundamental analysis focuses on individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions. Factors considered may include analysis of an issuer's earnings, cash flows, competitive position, and management ability. Quantitative analysis focuses on quantitative models that systematically evaluate an issuer's valuation, price and earnings momentum, earnings quality, and other factors. For certain mandates, MFSI also makes investment selection decisions based on a combination of both fundamental analysis of individual issuers and the use of quantitative models that systematically evaluate issuers.

MFS has signed the Principles for Responsible Investment ("PRI") for itself and its subsidiaries. As a subsidiary of MFS, where consistent with its fiduciary responsibilities, MFSI aspires to incorporate ESG issues into its investment analysis and decision-making processes, as well as its ownership policies and practices. MFSI also seeks to promote acceptance and implementation of the PRI within the investment industry and reports on progress in the effectiveness of such implementation. While MFSI follows the PRI where consistent with its fiduciary responsibilities, signing the PRI is not a legally binding commitment to do so, and MFSI may either take actions inconsistent with the PRI or fail to take such actions as would be consistent with the PRI if, in MFSI's judgment, it is in the best economic interests of its clients to do so. As such, MFSI will introduce ESG-driven restrictions into a client's portfolio only as directed by a client or to comply with applicable law. Please refer to Item 17, *Voting Client Securities*, for more information about MFSI's proxy voting practices.

MFSI may, from time to time, utilize advice or research provided by MFS International (U.K.) Limited ("MIL UK"), MFS Investment Management Company (Lux) S.à r.l. ("MFS Lux"), MFS Investment Management K.K. ("MIMKK"), MFS Investment Management Canada Limited ("MFS Canada"), MFS International Singapore Pte. Ltd. ("MFSI Singapore"), MFS International (Hong Kong) Limited ("MIL HK"), MFS do Brasil Desenvolvimento de Mercado Ltda ("MFS Brazil") and MFS International Australia Pty Ltd ("MFSI Australia"; collectively, the "Participating Affiliates"), each of which is a non-U.S. affiliate and is not registered under the Advisers Act, pursuant to an amended and restated written memorandum of understanding by and among MFSI, MFS, and the Participating Affiliates (the "MOU"). Under the MOU, certain employees of each Participating Affiliate may serve as associated persons of MFSI ("Participating Employees"). See Item 10, *Other Financial Industry Activities and Affiliations*, for more information on the Participating Affiliates.

MFSI utilizes various investment techniques to implement its investment strategies, including, but not limited to, long- and short-term purchases, short sales, margin transactions, options, and exchange-traded and over-the-counter ("OTC") derivatives or other methods to seek to achieve performance. MFSI may also use exchange-traded and OTC derivatives to manage currency or interest rate exposure (for instance through currency forwards or treasury futures, respectively). While MFSI may use derivatives for any investment purpose, MFSI uses derivatives primarily to increase or decrease exposure to a particular market, segment of the market, or security, or as an alternative to direct investments. MFSI will execute

only those derivative transactions for which it believes its investment professionals have sufficient knowledge and expertise to evaluate the transaction and risks.

All investments carry a risk of loss that will not always be commensurate with the return or return potential for the investment. Investments in the portfolios to which MFSI provides advisory services are not insured or guaranteed and carry the risk of loss, which clients must be prepared to bear. Investment strategies may be limited to certain types of securities (*e.g.*, equities), sectors or industries, geographic regions, etc., and may not be diversified. Investors and clients should understand that they could lose some or all of their investment (and, where derivatives or leverage is employed, losses can exceed the value of the portfolio) and should be prepared to bear the risk of such potential losses. The funds and portfolios managed, and models provided, by MFSI are not intended to provide a complete investment program and MFSI expects that assets invested in a fund or portfolio it manages, or in accordance with a model it provides, do not represent all of an investor's assets. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss. MFSI's analysis of a particular investment could prove incorrect. Further, markets can prove volatile in response to issuer- or industry-specific circumstances, as well as broader economic, political and regulatory conditions. Some of these conditions may prevent MFSI from executing a particular strategy successfully. For example, it is not always possible to access certain markets or to sell certain investments at a particular time or at an acceptable price, thereby impacting the liquidity of a given portfolio. Leverage and most types of derivatives create exposure in an amount exceeding the initial investment, which can increase volatility by magnifying gains or losses. The value of a client portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical and other considerations. A client portfolio will not always achieve its objective and/or could decrease in value.

Performance Differences Between Institutional and Wrap Program Portfolios

Wrap Program portfolios employ investment strategies that are broadly similar to those employed by portfolios advised by MFSI or other members of the MFS Global Group. Nevertheless, the performance results achieved by MFSI (or, for Model-Delivery Programs, the sponsor using MFSI's portfolio model(s) to manage a participant's portfolio) with respect to Wrap Program portfolios employing a particular investment strategy and investing in particular types of securities is likely to differ from the performance results achieved with respect to the portfolios advised by the MFS Global Group that employ a similar investment strategy for a variety of reasons including:

Investment and Trading Differences:

- The timing and manner of trading a Wrap Program may vary between the sponsor and MFSI, or between Wrap Program portfolios and other portfolios advised by the MFS Global Group. Even for SMA Programs, the manner in which trading decisions are executed may be impacted to a greater or lesser degree by the sponsor. See "Wrap Program Brokerage Arrangements, Order Execution and Allocation" in Item 12, *Brokerage Practices*.
- For Model-Delivery Programs, the sponsor, rather than MFSI, has ultimate discretion to make investment decisions and may choose to deviate from the MFSI portfolio model.

- Wrap Program portfolios typically are of a smaller size and can be more concentrated, holding fewer securities (either in the aggregate or within individual investment styles), or occasionally different securities, than other portfolios advised by the MFS Global Group.
- The more concentrated nature of Wrap Program portfolios can exacerbate the impact of the Portfolio Restrictions and Other Factors, discussed below, which can cause further deviations between the performance of Wrap Program portfolios and other portfolios advised by the MFS Global Group.
- Wrap Program portfolios are generally traded less frequently, potentially at different times and pursuant to differing triggers than the other portfolios advised by the MFS Global Group. Less frequent trading can increase the risk of loss or reduce opportunities for gains.

Portfolio Restrictions:

- Wrap Program portfolios can be subject to restrictions imposed by the participant, the sponsor or, in the case of multi-manager Wrap Program portfolios, overlay manager, such as limitations on the maximum percentage of an outstanding security under management by an investment manager and its affiliates. Wrap Program portfolios can also be subject to temporary or permanent restrictions on transactions in specific securities, such as a prohibition on participation in initial public offerings or, in many cases, ineligibility to hold, or a prohibition on holding, foreign securities other than in the form of American Depositary Receipts. These restrictions can differ from those applicable to other portfolios advised by the MFS Global Group.
- Wrap Program portfolios may be prohibited from purchasing or selling specific securities due to restrictions on MFSI related to its possession (or potential possession) of material non-public information. Wrap Program portfolios may also be prohibited from purchasing or selling specific securities due to restrictions on the sponsor related to its possession of material non-public information. The composition of the Wrap Program portfolio resulting from these prohibitions may result in the Wrap Program portfolio having different performance results than other portfolios advised by the MFS Global Group.

Other Factors. Performance of Wrap Program portfolios is also likely to differ from the performance results of institutional portfolios (including registered investment companies) due to any of the following:

- Changes over time in the number, types, availability and diversity of securities available;
- Economies of scale, regulations and other factors applicable to institutional portfolios or registered investment companies;
- Different fees and expenses (including trading expenses); and
- Unlike the portfolios advised by the MFS Global Group, Wrap Program portfolios can only hold U.S. dollar-denominated securities.

Material Risk Factors for Institutional Portfolios

While it is not always possible, and the discussion herein does not purport, to identify and describe all risks to which a portfolio may be subject, set forth below is a general description of certain material risk factors for portfolios to which MFSI provides advisory services. Unless otherwise specified, these risk factors apply to investments across a variety of asset classes, including those in which all of the mandates set forth in Item 5, *Fees and Compensation*, above, may invest. However, whether the risk factors set forth below are material to a specific client portfolio in any mandate will depend upon, among other things, the specific investment guidelines and restrictions applicable to that client portfolio. Additionally, a risk factor could still be a relevant or material risk to a particular mandate even if it is not listed below as a principal risk of such mandate. Investors in pooled investment vehicles advised by the MFS Global Group should note that the pooled investment vehicle (including an MFS Fund) will contain a more complete description of the risk factors to which the vehicle is subject in its Offering Documents and the discussion below is qualified in its entirety by reference to the relevant Offering Document(s). Investors should review these Offering Documents carefully and consider whether the risks to which the vehicle is subject are appropriate to the investor's circumstances. Depending upon the specific investment guidelines and restrictions applicable to any particular client portfolio in any mandate, these risk factors may or may not be material to that specific portfolio.

Asia Pacific Risk

The economies of countries in the Asia Pacific region are in all stages of development. Many of the economies of countries in the Asia Pacific region are considered emerging market economies. Companies in the Asia Pacific region can be subject to risks such as nationalization or other forms of government interference, and/or be heavily reliant on only a few industries or commodities. Many Asia Pacific economies are intertwined to varying degrees, so they could experience recessions at the same time or respond similarly to adverse events. Furthermore, many of the Asia Pacific economies can be characterized by significant fluctuations in inflation levels, undeveloped financial service sectors, frequent currency fluctuations, devaluations, or restrictions, political and social instability, and less efficient markets. The economies of many Asia Pacific countries are heavily dependent on international trade and can be adversely affected by trade barriers, exchange controls and other measures imposed or negotiated by the countries with which they trade. The Australia and New Zealand economies are dependent on the economies of Asian countries and on the price and demand for agricultural products and natural resources.

The sole mandate for which this represents a principal risk is Asia Pacific ex Japan.

Company-Specific Risk

Changes in the financial condition of a company or other issuer, changes in specific market, economic, industry, political, regulatory, geopolitical, and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical and other conditions can adversely affect the prices of investments. The prices of securities of smaller, less well-known issuers can be more volatile than the prices of securities of larger issuers or the market in general.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Blended Research U.S. Small Cap Equity, Blended Research Value Equity, Core Equity, Domestic Balanced, European Equity, European Research Equity, European Value, Global Balanced, Global Concentrated Equity, Global Growth, Global Real Estate, Global Value, Growth Equity, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Large Cap Growth, Large Cap Value, Latin American Equity, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Value Equity, Research Equity, Small Cap Growth Equity, Small Cap Value Equity, U.S. Core High Yield, U.S. Corporate BB Fixed Income, Technology Equity and Utilities.

Counterparty and Third Party Risk

Transactions involving a counterparty other than the issuer of the instrument, including clearing organizations, or a third party responsible for servicing the instrument or effecting the transaction, are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction. If a counterparty or third party fails to meet its contractual obligations, goes bankrupt or otherwise experiences a business interruption, the portfolio could miss investment opportunities, lose value on its investments or otherwise hold investments it would prefer to sell, resulting in losses for the portfolio.

Credit Risk

The price of a debt instrument depends, in part, on the issuer's or borrower's credit quality or ability to pay principal and interest when due. The price of a debt instrument is likely to fall if an issuer or borrower defaults on its obligation to pay principal or interest, if the instrument's credit rating is downgraded by a credit rating agency, or based on other changes in, or perceptions of, the financial condition of the issuer or borrower. For other types of debt instruments, including securitized instruments, the price of the debt instrument also depends on the credit quality and adequacy of the underlying assets or collateral as well as whether there is a security interest in the underlying assets or collateral. Enforcing rights, if any, against the underlying assets or collateral may be difficult.

Below investment grade quality debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly over short periods of time. Below investment grade quality debt instruments are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and principal. Below investment grade quality debt instruments tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality debt instruments. The market for below investment grade quality debt instruments can be less liquid, especially during periods of recession or general market decline.

The credit quality of, and the ability to pay principal and interest when due by, an issuer of a municipal instrument depends on the credit quality of the entity supporting the municipal instrument, how essential any services supported by the municipal instrument are, the sufficiency of any revenues or taxes that support the municipal instrument, and/or the willingness or ability of the appropriate government entity

to approve any appropriations necessary to support the municipal instrument. In addition, the price of a municipal instrument also depends on its credit quality and ability to meet the credit support obligations of any insurer or other entity providing credit support to a municipal instrument.

This represents a principal risk for the following mandates: Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global High Yield, Global Credit, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield, U.S. Corporate BB Fixed Income, U.S. Credit and Utilities.

Currency Risk

Changes in currency exchange rates can significantly impact the financial condition of a company or other issuer with exposure to multiple countries. In addition, a decline in the value of a foreign currency relative to the U.S. dollar reduces the value of the foreign currency and investments denominated in that currency. In addition, the use of foreign exchange contracts to reduce foreign currency exposure can eliminate some or all of the benefit of an increase in the value of a foreign currency versus the U.S. dollar. The value of foreign currencies relative to the U.S. dollar fluctuates in response to, among other factors, interest rate changes, intervention (or failure to intervene) by the U.S. or foreign governments, central banks, or supranational entities such as the International Monetary Fund, the imposition of currency controls, and other political or regulatory conditions in the U.S. or abroad. Foreign currency values can decrease significantly both in the short term and over the long term in response to these and other conditions.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Value Equity, Emerging Market Debt Local Currency, Emerging Market Debt, European Equity, European Research Equity, European Value, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Growth, Global High Yield, Global Real Estate, Global Value, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Latin American Equity, Low Volatility Global Equity and Utilities.

Cybersecurity Risk

Portfolios managed by MFSI may be exposed to cyber security risks through MFSI, its affiliates, other third parties (such as broker-dealers, other financial intermediaries, and Wrap Program sponsors), as well as through MFSI's service providers or service providers to the portfolios MFSI manages. With the increased use of technologies, such as the Internet and the dependence on computer systems to perform necessary business functions, firms are susceptible to operational and information or cyber security risks that could result in losses to a portfolio. Cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, unauthorized access to the firm's digital systems through system-wide hacking or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks can also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on a firm's systems or Web sites rendering them

unavailable to intended users. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on a firm's systems.

Cyber security failures or breaches involving such firms or the issuers of securities in which the portfolio invests could negatively impact the value of a portfolio's investments and cause disruptions and impact the firm's or a portfolio's operations, potentially resulting in financial losses, the inability of a portfolio to transact business and process transactions, the inability to calculate a portfolio's net asset value (if applicable), impediments to trading, destruction to equipment and systems, interference with quantitative models, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting counterparties with which a portfolio engages in transactions, governmental and other regulatory authorities, exchanges and other financial market operators, and other parties. Portfolios that are pooled vehicles may incur incremental costs to prevent cyber incidents in the future which could negatively impact the pooled vehicle and its investors.

While the MFS Global Group has established information security plans, business continuity plans and risk management systems that it believes are reasonably designed to prevent or reduce the impact of such cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been (or cannot be) adequately identified. Furthermore, MFSI cannot directly control any cyber security plans and systems put in place by other third parties including service providers, or by issuers in which portfolios managed by MFSI may invest.

Debt Market Risk

Debt markets can be volatile and can decline significantly in response to, or investor perceptions of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. These conditions can affect a single instrument, issuer, or borrower, a particular type of instrument, issuer, or borrower, a segment of the debt markets, or debt markets generally. Certain changes or events, such as political, social or economic developments, including increasing and negative interest rates; government or regulatory actions, including the imposition of tariffs or other protectionist actions and changes in fiscal, monetary or tax politics; natural disasters; terrorist attacks; war; and other geopolitical changes or events can have a dramatic adverse effect on debt markets and may lead to periods of high volatility and reduced liquidity in a debt market or segment of a debt market.

This represents a principal risk for the following mandates: Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Credit, Global High Yield, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield, U.S. Corporate BB Fixed Income, U.S. Credit, and Utilities.

Derivatives Risk

Where permitted by an investment management agreement and/or the Offering Documents, a portfolio pursuing any of the mandates set forth in Item 5, *Fees and Compensation* is permitted to trade derivatives, although not all will do so regularly. Derivatives can be highly volatile and involve risks in addition to, and potentially greater than, the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost, and can sometimes be unlimited. Derivatives can involve leverage. Derivatives can be complex instruments and can involve analysis and processing that differs from that required for other investment types used by a portfolio. If the value of a derivative does not change as expected relative to the value of the market or other indicator the derivative is intended to provide exposure to, the derivative may not have the effect intended. Derivatives can also reduce the opportunity for gains or result in losses by offsetting positive returns in other investments. Derivatives can be less liquid than other types of investments. Derivatives are also subject to the credit risk of the counterparty, as described in more detail above.

Emerging Markets Risk

Emerging markets investments, especially frontier market (*i.e.*, emerging markets that are early in their development) investments, can involve additional and greater risks than the risks associated with investment in developed foreign market securities. Emerging markets typically have less developed economies and markets, greater custody and operational risk, less developed legal, regulatory, and accounting systems, less trading volume, and more government involvement in the economy than developed countries. Emerging markets can also be subject to greater political, social, geopolitical, and economic instability. These factors can make emerging market investments more volatile and less liquid than investments in developed markets.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Value Equity, Emerging Market Debt Local Currency, Emerging Market Debt, European Equity, European Research Equity, European Value, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Growth, Global High Yield, Global Real Estate, Global Value, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Latin American Equity, Low Volatility Global Equity, and Utilities.

Equity Market Risk

Equity markets can be volatile and can decline significantly in response to, or investor perceptions of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. These conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the equity markets in general. Different parts of the market and different types of securities can react differently to these conditions. For example, the stocks of growth companies can react differently from the stocks of value companies, and the stocks of large cap companies can react differently from the stocks of small cap companies. Certain changes or events, such as political, social, or economic developments, including increasing or negative interest rates; government or regulatory actions, including

the imposition of tariffs or other protectionist actions and changes in fiscal, monetary or tax policies; natural disasters; terrorist attacks; war; and other geopolitical changes or events, can have a dramatic adverse effect on equity markets and may lead to periods of high volatility in an equity market or a segment of an equity market.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Blended Research U.S. Small Cap Equity, Blended Research Value Equity, Core Equity, Domestic Balanced, European Equity, European Research Equity, European Value, Global Balanced, Global Concentrated Equity, Global Growth, Global Real Estate, Global Value, Growth Equity, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Large Cap Growth, Large Cap Value, Latin American Equity, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Value Equity, Research Equity, Small Cap Growth Equity, Small Cap Value Equity, Technology Equity, and Utilities.

European Market Risk

In light of the fiscal conditions and concerns regarding sovereign credit worthiness of certain European countries, portfolios invested in the European region may be subject to an increased amount of volatility, liquidity, price and foreign exchange risk. The performance of such portfolios could deteriorate significantly should reform and austerity measures imposed by European governments to address the financial and economic problems negatively impact growth or if there are any adverse credit events in the European region (*e.g.*, downgrade of the sovereign credit rating of a European country or a European financial institution), resulting in significant loss. European countries can be significantly affected by the tight fiscal and monetary controls that the European Economic and Monetary Union (“EMU”) imposes on its members, the deficit and budget issues of several EMU members and the associated political uncertainties. The lack of clarity surrounding the UK’s future relationship with the European Union (“EU”) may lead to market volatility and widespread economic disruption with associated legal and political turbulence across the region.

This represents a principal risk for the following mandates: European Equity, European Research Equity and European Value.

Foreign Risk

Investments in securities of foreign issuers, securities of companies with significant foreign exposure, and investments in foreign currencies can involve additional risks relating to market, economic, industry, political, regulatory, geopolitical, and other conditions. Political, social, diplomatic and economic developments, U.S. and foreign government action such as the imposition of currency or capital blockages, controls or tariffs, economic and trade sanctions or embargoes, security suspensions, entering or exiting trade or other intergovernmental agreements, or the expropriation or nationalization of assets in a particular country, can cause dramatic declines in certain or all securities with exposure to that country and other countries. In the event of nationalization, expropriation or other confiscation, the portfolio could lose its entire foreign investment in a particular country. Economies and financial markets

are becoming more connected, which increases the likelihood that conditions in one country or region can adversely impact issuers in different countries or regions. Less stringent regulatory, accounting, and disclosure requirements for issuers and markets are more common in certain foreign countries. Enforcing legal rights can be difficult, costly, and slow in certain foreign countries, and can be particularly difficult against foreign governments. Changes in currency exchange rates can significantly impact the financial condition of a company or other issuer with exposure to multiple countries as well as affect the U.S. dollar value of foreign currency investments and investments denominated in foreign currencies. Additional risks of foreign investments include trading, settlement, custodial, and other operational risks, and withholding and other taxes. These factors can make foreign investments, especially those in emerging and frontier markets, more volatile and less liquid than U.S. investments. In addition, foreign markets can react differently to market, economic, industry, political, regulatory, geopolitical, and other conditions than the U.S. market.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Blended Research U.S. Small Cap Equity, Blended Research Value Equity, Core Equity, Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, European Equity, European Research Equity, European Value, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Growth, Global High Yield, Global Real Estate, Global Value, Growth Equity, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Large Cap Growth, Large Cap Value, Latin American Equity, Limited Maturity Fixed Income, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Value Equity, Research Equity, Small Cap Growth Equity, Small Cap Value Equity, Technology Equity, U.S. Core High Yield, U.S. Corporate BB Fixed Income, U.S. Credit and Utilities.

Frequent Trading Risk

MFSI can engage in active and frequent trading in pursuing a portfolio's principal investment strategies. Frequent trading increases transaction costs, which can reduce the portfolio's return. Frequent trading can also result in the realization of a higher percentage of short-term capital gains and a lower percentage of long-term capital gains as compared to a portfolio that trades less frequently. Because short-term capital gains are distributed as ordinary income, this would generally increase a taxable client's tax liability.

Focus Risk – Industry, Sector, Country and Region Focus

Issuers in a single industry, sector, country or region can react similarly to market, economic, political, regulatory, geopolitical, and other conditions. These conditions include business environment changes; economic factors such as fiscal, monetary, and tax policies; inflation and unemployment rates; and government and regulatory changes. A portfolio's performance will be affected by the conditions in the

industries, sectors, countries and regions to which the portfolio is exposed. The more concentrated a portfolio is in a certain industry, sector, country or region, the greater the risk.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Blended Research U.S. Small Cap Equity, Blended Research Value Equity, Core Equity, Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, European Equity, European Research Equity, European Value, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Growth, Global High Yield, Global Real Estate, Global Value, Growth Equity, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Large Cap Growth, Large Cap Value, Latin American Equity, Limited Maturity Fixed Income, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Value Equity, Research Equity, Small Cap Growth Equity, Small Cap Value Equity, U.S. Core High Yield, U.S. Corporate BB Fixed Income and U.S. Credit.

For Global Real Estate, please also see “Real Estate-Related Investment Risk”; for Municipal Fixed Income, please instead see “Focus Risk—National Municipal Mandates”; for Technology Equity, please instead see “Focus Risk—Country and Region Focus” and “Technology Concentration Risk”; and for Utilities, please instead see “Focus Risk—Country and Region Focus” and “Utilities Concentration Risk,” below.

Focus Risk – Country and Region Focus

Issuers in a single country or region can react similarly to market, currency, economic, political, regulatory, geopolitical and other conditions. These conditions include business environment changes; economic factors such as fiscal, monetary and tax policies; inflation and unemployment rates; and government and regulatory changes. A portfolio’s performance will be affected by the conditions in the countries or regions to which the portfolio is exposed.

This represents a principal risk for the following mandates: Technology Equity and Utilities.

Focus Risk – National Municipal Mandates

A portfolio’s performance will be closely tied to the issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions in the states, territories, and possessions of the U.S. in which the portfolio’s assets are invested. These conditions include constitutional or statutory limits on an issuer’s ability to raise revenues or increase taxes, anticipated or actual budget deficits or other financial difficulties, or changes in the credit quality of municipal issuers in such states, territories, and possessions. If a significant percentage of the portfolio’s assets is invested in a single state, territory, or possession, or a small number of states, territories, or possessions, these conditions will have a significant impact on the portfolio’s performance and the portfolio’s performance may be more volatile than the performance of more geographically-diversified portfolios.

The sole mandate for which this represents a principal risk is Municipal Fixed Income.

Growth Company Risk

The stocks of growth companies can be more sensitive to the companies' earnings and more volatile than the market in general.

This represents a principal risk for the following mandates: Blended Research Large Cap Growth Equity, Global Growth, Growth Equity, International Growth, Large Cap Growth, Mid Cap Growth Equity, Small Cap Growth Equity and Technology Equity.

Interest Rate Risk

The price of a debt instrument typically changes in response to interest rate changes. Interest rates can change in response to the supply and demand for credit, government monetary policy and action, inflation rates, and other factors. In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest. In addition, short-term and long-term interest rates and interest rates in different countries do not necessarily move in the same direction or by the same amount. An instrument's reaction to interest rate changes depends on the timing of its interest and principal payments and the current interest rate for each of those time periods. Instruments with floating interest rates can be less sensitive to interest rate changes. 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.

This represents a principal risk for the following mandates: Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Credit, Global High Yield, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield, U.S. Corporate BB Fixed Income, U.S. Credit and Utilities.

Investment Selection Risk (strategies that do not use quantitative models as part of principal investment strategy)

MFSI's investment analysis and its selection of investments will not always produce the intended results and/or can lead to an investment focus that results in the portfolio underperforming other portfolios with similar investment strategies and/or underperforming the markets in which the portfolio invests.

This represents a principal risk for the following mandates: Asia Pacific ex Japan, Blended Research Value Equity, Core Equity, Core Fixed Income, Core Plus Fixed Income, Emerging Market Debt Local Currency, Emerging Market Debt, European Equity, European Research Equity, European Value, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Concentrated Equity, Global Credit, Global Growth, Global High Yield, Global Real Estate, Global Value, Growth Equity, International Concentrated Equity, International Growth, International Small-Mid Cap Equity, International Value, Japan Equity, Large Cap Growth, Large Cap Value, Latin American Equity, Limited Maturity Fixed Income, Mid Cap Growth Equity, Mid Cap Value Equity, Municipal Fixed Income, Research Equity, Small Cap

Growth Equity, Small Cap Value Equity, Technology Equity, U.S. Core High Yield, U.S. Corporate BB Fixed Income, U.S. Credit and Utilities.

Investment Selection Risk (strategies that use quantitative models as part of principal investment strategy)

MFSI's investment analysis, its development and use of quantitative models, and its selection of investments will not always produce the intended results and/or can lead to an investment focus that results in the portfolio underperforming other portfolios with similar investment strategies and/or underperforming the markets in which the portfolio invests. Quantitative models may not produce the intended results for a variety of reasons, including: the factors used in the models, the weight placed on each factor in the models, changing sources of market return or market risk, and technical issues in the design, development, application, implementation, and maintenance of the models (*e.g.*, incomplete or inaccurate data, programming or other software issues, coding errors and technology failures).

The use of models in our quantitative investment process (both proprietary and third-party) involves special risks, in the development of the models and in their implementation. The accuracy of the models is dependent on a number of factors, including, without limitation: the analytical and mathematical foundation of the models, the accurate incorporation of such principles in a complex technical and coding environment, the quality of external data relied upon by the models which is sourced from third party providers and the successful deployment of the model's output into the investment process.

Although MFSI intends to use good faith efforts to carry out the development and implementation of its models correctly and effectively, there can be no assurance that it will successfully do so. Errors may occur in designing, writing, testing, monitoring and/or implementing calculations and programs, including errors in the manner in which such calculations and programs function together. Errors may also occur in the introduction and flow of third party data within the models. These errors, including errors that appear in software codes from time to time, may be difficult to detect, may not be detected for long periods of time or may never be detected. The degradation or impact caused by errors may be compounded over time and such errors could have a material adverse effect on the performance of a client.

This represents a principal risk for the following mandates: Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity, Blended Research U.S. Small Cap Equity, Domestic Balanced, Global Balanced and Low Volatility Global Equity.

Investment Strategy Risk - Blended Research strategy

There is no assurance that the predicted tracking error of a portfolio managed in this strategy will equal its target predicted tracking error at any point in time or consistently for any period of time, or that a portfolio's predicted tracking error and actual tracking error will be similar. A portfolio's strategy to target a predicted tracking error of approximately 2% compared to the portfolio's index and to blend fundamental and quantitative research might not produce the intended results. In addition, MFS fundamental research is not available for all issuers.

This represents a principal risk for the following mandates: Blended Research Global Equity, Blended Research Global High Dividend Equity, Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity and Blended Research U.S. Small Cap Equity.

Investment Strategy Risk – Low Volatility strategy

There is no assurance that a portfolio managed in this strategy will be less volatile than the portfolio's index over the long term or for any year or period of years. A portfolio's strategy to invest in equity securities with historically lower volatility may not produce the intended results if, in general, the historical volatility of an equity security is not a good predictor of the future volatility of that equity security, and/or if the specific equity securities held by the portfolio become more volatile than expected. In addition, a portfolio's strategy to blend fundamental and quantitative research might not produce the intended results, and MFS fundamental research is not available for all issuers. It is expected that a portfolio managed in this strategy will generally underperform the equity markets during strong, rising equity markets.

The sole mandate for which this represents a principal risk is Low Volatility Global Equity.

Issuer Focus Risk

If a portfolio invests a significant percentage of the portfolio's assets in a single issuer or small number of issuers, the portfolio's performance will be affected by economic, industry, political, regulatory, geopolitical, and other conditions that impact that one issuer or those issuers, could be closely tied to the value of that issuer or those issuers, and could be more volatile than the performance of more diversified portfolios.

This represents a principal risk for the following mandates: Emerging Market Debt Local Currency, Global Concentrated Equity, Global Real Estate, International Concentrated Equity, Japan Equity, Large Cap Growth and Technology Equity.

Latin American Market Risk

All of the countries in the Latin American region are currently considered emerging market economies. High interest, inflation (in some cases substantial and prolonged), and unemployment rates have historically characterized most Latin American economies. These economies are less developed and can be reliant on particular industries and more vulnerable to changes in international trade, trade barriers and other protectionist or retaliatory measures. The economies of Latin American countries are particularly sensitive to fluctuations in commodity prices because commodities such as agricultural products, minerals and metals represent a significant percentage of exports of many Latin American countries. Governments of many Latin American countries exercise influence over many aspects of the private sector, and any such exercise could have a significant effect on issuers in which the portfolio invests. Moreover, some Latin American countries have histories of instability and upheaval that could cause their government to act in a detrimental or hostile manner toward private enterprise or foreign investment.

The sole mandate for which this represents a principal risk is Latin American Equity.

Leveraging Risk

Certain transactions and investment strategies (including derivatives) can result in leverage. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses to a portfolio. Leverage can cause increased volatility by magnifying gains or losses. Portfolios employing leverage could be subject to losses in excess of the portfolio's value.

Liquidity Risk

Certain investments and types of investments are subject to restrictions on resale, may trade in the over-the-counter market, or may not have an active trading market due to adverse market, economic, industry, political, regulatory, geopolitical, and other conditions, including investors trying to sell large quantities of a particular investment or type of investment, or lack of market makers or other buyers for a particular investment or type of investment. At times, all or a significant portion of a market may not have an active trading market. Without an active trading market, it may be difficult to value, and it may not be possible to sell these investments. During times of stressed liquidity, the portfolio may have to sell certain investments at prices or times that are not advantageous. The prices of illiquid securities may be more volatile than more liquid investments.

Mid Cap Risk

The stocks of mid cap companies can be more volatile than stocks of larger companies due to limited product lines, financial and management resources, and market and distribution channels. Their shares can be less liquid than those of larger companies, especially during market declines.

This represents a principal risk for the following mandates: Mid Cap Growth Equity and Mid Cap Value Equity.

Municipal Risk

The price of a municipal instrument can be volatile and significantly affected by adverse tax changes or court rulings, legislative or political changes, market and economic conditions, issuer, industry-specific and other conditions. Municipal instruments can be less liquid than other types of investments and there may be less publicly available information about the issuers of municipal instruments compared to other issuers. If the Internal Revenue Service or a state taxing authority determines that an issuer of a municipal instrument has not complied with applicable tax requirements, interest from the instrument could become taxable (including retroactively) and the instrument could decline significantly in price. Because many municipal instruments are issued to finance similar projects, especially those relating to education, health care, housing, utilities, and water and sewer, conditions in these industries can significantly affect the portfolio and the overall municipal market. In addition, changes in the financial condition of an individual municipal insurer can affect the overall municipal market.

This represents a principal risk for the following mandates: Core Fixed Income, Core Plus Fixed Income, and Municipal Fixed Income.

Prepayment/Extension Risk

Many types of debt instruments, including mortgage-backed securities, commercial mortgage-backed securities, securitized instruments, certain corporate bonds, and municipal housing bonds, and certain derivatives, are subject to the risk of prepayment and/or extension. Prepayment occurs when unscheduled payments of principal are made or the instrument is called or redeemed prior to an instrument's maturity. When interest rates decline, the instrument is called, or for other reasons, these debt instruments may be repaid more quickly than expected. As a result, the holder of the debt instrument may not be able to reinvest the proceeds at the same interest rate or on the same terms, reducing the potential for gain. When interest rates increase or for other reasons, these debt instruments may be repaid more slowly than expected, increasing the potential for loss. In addition, prepayment rates are difficult to predict and the potential impact of prepayment on the price of a debt instrument depends on the terms of the instrument.

This represents a principal risk for the following mandates: Core Fixed Income, Core Plus Fixed Income, Domestic Balanced, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Credit, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Corporate BB Fixed Income and U.S. Credit.

Real Estate-Related Investment Risk

The risks of investing in real estate-related investments include certain risks associated with the direct ownership of real estate and the real estate industry in general. These include risks related to general, regional and local economic conditions; difficulties in valuing and disposing of real estate; fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulations and other governmental action; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; the management skill and creditworthiness of the REIT manager; and other factors.

This represents a principal risk for the following mandates: Blended Research Global High Dividend Equity, Blended Research U.S. Small Cap Equity, Blended Research Value Equity, Global Real Estate, Low Volatility Global Equity and Mid Cap Value Equity.

Small to Medium Cap REIT Risk

Many real estate investment trusts (companies that own, and in many cases operate, income-producing real estate or real estate-related assets) ("REITs"), entities similar to REITs formed under the laws of non-U.S. countries, and other real estate-related issuers tend to be small- to medium-sized issuers in relation to the equity markets as a whole. The securities of small and medium-sized real estate-related issuers may

experience more price volatility, be less liquid, and have more limited financial resources than larger issuers.

The sole mandate for which this represents a principal risk is Global Real Estate.

Short Sales Risk

A security sold short is closed out at a loss if the price of the security sold short increases between the time of the short sale and closing out the short position. It may not be possible to close out a short position at any particular time or at an acceptable price. Short sales can involve leverage. Investing the proceeds from short sale positions in other securities subjects a portfolio to the risks of the securities purchased with the proceeds in addition to the risks of the securities sold short. Short sales expose a portfolio to the potential for losses in excess of the portfolio's value.

The sole mandate for which this represents a principal risk is Technology Equity.

Small Cap Risk

The stocks of small cap companies can be more volatile than the stocks of larger companies due to limited product lines, financial and management resources, market and distribution channels. Small cap companies often have shorter operating histories and more limited publicly available information than larger, well-established companies. Their shares can be less liquid than those of larger companies, especially during market declines.

This represents a principal risk for the following mandates: Blended Research U.S. Small Cap Equity, Small Cap Growth Equity and Small Cap Value Equity.

Small to Medium Cap Company Risk

The stocks of small to medium cap companies can be more volatile than the stocks of larger companies due to limited product lines, financial and management resources, and market and distribution channels. Small to medium cap companies often have shorter operating histories than larger, well-established companies. Their shares can be less liquid than those of larger companies, especially during market declines.

The sole mandate for which this represents a principal risk is International Small-Mid Cap Equity.

Technology Concentration Risk

The portfolio's performance will be closely tied to the performance of issuers in a limited number of industries. Companies in a single industry can react similarly to market, economic, industry, political, regulatory, geopolitical and other conditions. As a result, the portfolio's performance can be more volatile than the performance of more broadly-diversified portfolios.

The prices of stocks in the technology sector can be very volatile, especially over the short term, due to the rapid pace of product change and technological developments. Issuers in the technology sector are

subject to significant competitive pressures, such as new market entrants, short product cycles, competition for market share, and falling prices and profits. Issuers doing business in the technology area also face the risk that new services, equipment, or technologies will not be commercially successful, or will rapidly become obsolete.

The sole mandate for which this represents a principal risk is Technology Equity.

Temporary Defensive Strategy Risk

In response to adverse market, economic, industry, political, or other conditions, MFSI may depart from a portfolio's principal investment strategy by temporarily investing for defensive purposes. When MFSI invests defensively, different factors could affect the portfolio's performance and the portfolio may not achieve its investment objective. In addition, the defensive strategy may not work as intended.

Utilities Concentration Risk

The portfolio's performance will be closely tied to the performance of issuers in a limited number of industries. Issuers in a single industry can react similarly to market, economic, industry, political, regulatory, geopolitical, and other conditions. As a result, the portfolio's performance could be more volatile than the performance of more broadly-diversified portfolios.

Issuers in the utilities sector are subject to many risks, including the following: increase in fuel and other operating costs; restrictions on operations, increased costs, and delays as a result of environmental and safety regulations; coping with the impact of energy conservation and other factors reducing the demand for services; technological innovations that may render existing plans, equipment or products obsolete; the potential impact of natural or man-made disasters; difficulty in obtaining adequate returns on invested capital; difficulty in obtaining approval of rate increases; the high cost of obtaining financing, particularly during periods of inflation; increased competition resulting from deregulation, overcapacity, and pricing pressures; and the negative impact of regulation.

Issuers doing business in the telecommunications area are subject to many risks, including the negative impact of regulation, a competitive marketplace, difficulty in obtaining financing, rapid obsolescence, and agreements linking future rate increases to inflation or other factors not directly related to the active operating profits of the issuer.

The sole mandate for which this represents a principal risk is Utilities.

Value Company Risk

The stocks of value companies can continue to be undervalued for long periods of time and not realize their expected value and can be more volatile than the market in general.

This represents a principal risk for the following mandates: Blended Research Large Cap Value Equity, Domestic Balanced, European Value, Global Balanced, Global Value, International Value, Large Cap Value, Mid Cap Value Equity and Small Cap Value Equity.

Item 9 – Disciplinary Information

On August 31, 2018, MFS settled a matter with the SEC related to misstatements and omissions in marketing materials pursuant to which it paid a \$1.9 million penalty and was censured. Specifically, the SEC found that certain marketing materials provided by MFS to institutional clients and prospective institutional clients, investment consultants and financial intermediaries concerning MFS's Blended Research investment strategies contained material misstatements and omissions. The SEC's findings specifically pertained to a conceptual chart included in the marketing materials that presented the performance of hypothetical buckets of stocks created using quantitative inputs and fundamental inputs. Though MFS labeled the chart as "hypothetical," the SEC found that MFS failed to disclose and/or misrepresented the fact that some of the quantitative data used to create the chart was generated by a retroactive application of MFS' quantitative model (*i.e.*, by "back-testing" the model). As a result of these disclosure issues, the SEC found that MFS violated Section 206(2) and 206(4) of the Advisers Act and Rule 206(4)-1(a)(5) thereunder, and that it failed to adopt and implement written policies and procedures reasonably designed to prevent violations of the Advisers Act and its rules in violation of Section 206(4) of the Advisers Act and Rule 206(4)-7 thereunder. MFS neither admitted nor denied the findings in the SEC's settlement order.

Item 10 – Other Financial Industry Activities and Affiliations

As described above in Item 4, *Advisory Business*, MFSI is a wholly-owned subsidiary of MFS, which in turn is an indirect, majority-owned subsidiary of SLF. MFSI is part of the MFS Global Group, which consists of investment advisers with investment professionals located in Australia, Brazil, Canada, Hong Kong, Japan, Mexico, Portugal, Singapore and the United Kingdom, as well as MFS Global Group operations in the U.S. Moreover, as mentioned in Item 8, *Methods of Analysis, Investment Strategies and Risk of Loss*, from time to time, MFSI benefits from sharing research with its Participating Affiliates and also shares investment personnel among the Participating Affiliates pursuant to the previously described MOU. The investment professionals of each affiliated investment adviser or other entity in the MFS Global Group contribute to the management of client portfolios in the MFS Global Group. Supervision of such portfolio management is the responsibility of the officers and employees of each Participating Affiliate and MFSI. Specific decisions to purchase or sell a client's portfolio securities are made by individuals affiliated with MFSI. Any such individual may serve other clients of MFSI or any affiliate of MFSI in a similar capacity.

The activities of the Participating Affiliates within the MFS Global Group are described more fully below. The MOU also designates certain advisory personnel of the Participating Affiliates as Participating Employees for purposes of regulatory supervision.

- **MIL UK.** MIL UK is an indirect, wholly-owned subsidiary of MFS organized under the laws of England and Wales, and is regulated by the UK Financial Conduct Authority. Either directly or as a Participating Affiliate, MIL UK provides investment research, portfolio management and trading services with respect to various U.S. and non-U.S. clients, including those for which MFSI and/or its affiliates act as an investment adviser or sub-adviser.
- **MIMKK.** MIMKK is an indirect, wholly-owned subsidiary of MFS organized under the laws of Japan and registered with the Financial Services Agency in Japan. Either directly or as a Participating Affiliate, MIMKK provides investment research and related distribution services for certain U.S. and non-U.S. clients for which MFSI and/or its affiliates act as investment adviser or sub-adviser.
- **MFS Canada.** MFS Canada, an indirect wholly-owned subsidiary of MFSI, is an investment adviser headquartered in Toronto, Ontario, Canada and registered in each of the provinces and territories of Canada. MFS Canada is registered with all 13 Canadian provincial and territorial regulators. Either directly or as a Participating Affiliate, MFS Canada provides investment research, portfolio management and trading services for certain U.S. and non-U.S. clients for which MFS Canada, MFSI and/or their affiliates acts as investment adviser or sub-adviser.
- **MFS Lux.** MFS Lux, an indirect, wholly-owned subsidiary of MFS, is a société à responsabilité limitée organized under Luxembourg law and registered with the Luxembourg Commission de Surveillance du Secteur Financier. As a Participating Affiliate, MFS Lux provides distribution services to certain non-U.S. clients for which MFS acts as investment manager.
- **MIL HK.** MIL HK is an indirect, wholly-owned subsidiary of MFS, licensed and regulated by the Hong Kong Securities and Futures Commission. Either directly or as a Participating Affiliate, MIL

HK provides investment research and/or distribution support services for certain U.S. and non-U.S. clients for which MFSI and/or its affiliates act as investment adviser or sub-adviser.

- ***MFSI Singapore.*** MFSI Singapore is an indirect, wholly-owned subsidiary of MFS and is organized under the laws of Singapore. MFSI Singapore is licensed and regulated by the Monetary Authority of Singapore. MFSI Singapore holds a Capital Markets Services Licence and, either directly or as a Participating Affiliate, provides investment management, investment research and/or distribution related services for certain U.S. and non-U.S. clients that may be advised or sub-advised by MFSI and/or its affiliates.
- ***MFSI Australia.*** MFSI Australia is an indirect, wholly-owned subsidiary of MFS organized as a proprietary limited liability company under Australian law. MFSI Australia is licensed and regulated by the Australian Securities and Investments Commission and holds an Australian Financial Services Licence. Either directly or as a Participating Affiliate, MFSI Australia provides investment management, investment research, and/or distribution-related services, for certain U.S. and non-U.S. clients for which MFSI and/or its affiliates may act as investment adviser or sub-adviser.
- ***MFS Brazil.*** MFS Brazil is an indirect, wholly-owned subsidiary of MFS organized under the laws of Brazil. As a participating Affiliate, MFS Brazil provides investment research, distribution and marketing services for MFSI and/or its affiliates.

In addition to the Participating Affiliates, MFSI also has arrangements material to its advisory business or its clients with the following affiliated entities:

MFS

MFS, an investment adviser registered with the SEC and, with respect to certain MFS pooled products, a commodity trading advisor and commodity pool operator registered with the U.S. Commodity Futures Trading Commission (“CFTC”), is a subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., and an indirect subsidiary of SLF Inc. MFS is the direct parent company of MFSI and certain investment personnel (portfolio managers, research analysts and traders) are employees of MFS and also officers of MFSI. MFS or another member of the MFS Global Group invests in certain proprietary funds and temporarily seeds certain pooled investment vehicles, which may result in certain potential and actual conflicts of interest. Please see Item 12, *Brokerage Practices*, for a discussion of how MFS mitigates these conflicts. The President of MFSI—Carol Geremia—is registered with the CFTC as an associated person of MFS.

MFS Fund Distributors, Inc. (“MFD”)

MFD, an SEC-registered broker-dealer and wholly-owned subsidiary of MFS, acts as distributor for the U.S. registered open-end management investment companies for which MFS acts as the primary investment adviser. The President of MFSI—Carol Geremia—is also a registered representative of MFD. The agreements under which MFD serves as distributor are subject to annual approval by the independent trustees of the MFS Funds.

MFS Heritage Trust Company (“MHTC”)

MHTC, a wholly-owned subsidiary of MFS, is a New Hampshire-chartered non-depository trust company that serves as a directed trustee or custodian of certain employer-sponsored retirement plans and individual retirement accounts, as well as trustee, manager and administrator for collective investment trusts offered to eligible retirement plan investors. MFSI provides client introductions and client servicing support to MHTC for its collective investment trusts.

MFSI International Switzerland GmbH (“MFSI Switzerland”)

MFSI Switzerland is a wholly-owned subsidiary of MIL UK. MFSI Switzerland is organized as a company with limited liability under the laws of Switzerland. MFSI Switzerland provides distribution and marketing services outside of the U.S. for various non-U.S. registered products or non-U.S. clients, including those for which MFSI and/or its affiliates acts as an investment adviser or sub-adviser.

SLF entities

Currently, MFSI sub-advises a number of Canadian mutual fund trusts managed by Sun Life Global Investments (Canada) Inc. and manages client assets on behalf of certain other subsidiaries of SLF.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Participation or Interest in Client Transactions

MFSI and its affiliates act as investment manager to numerous client portfolios and can, and sometimes do, give advice or take action with respect to a client portfolio, or for their own portfolios, that differs from action taken on behalf of other portfolios. MFS Global Group members, including MFSI, are not obligated to provide the same investment opportunities to all portfolios other than to the extent that doing so is required by the current policies or procedures of the relevant MFS Global Group member (see Item 12, *Brokerage Practices*, for more information). From time to time, MFSI will take an investment action or decision for one or more portfolios that is different from, or inconsistent with, an action or decision taken for one or more other portfolios that have different investment objectives, and such actions could be taken at different, potentially inopportune, times. The difference in timing could result in increased implementation costs; such portfolios could be diluted; the values, prices or investment strategies of another portfolio could be impaired; or such portfolios could otherwise be disadvantaged. For example, if one portfolio buys a security and another portfolio subsequently establishes a short position in that same security or with respect to another security of that issuer, the subsequent short sale could result in a decrease in the price of the security which the first portfolio holds. Conversely, potential conflicts can also arise if portfolio decisions effected for one portfolio could result in a benefit to other portfolios. This could occur if, for example, one portfolio purchases a security or covers a short position in a security, which increases the price of the same security held by other portfolios, therefore benefitting those other portfolios. These effects can be particularly pronounced in less liquid strategies.

Currently, MFSI sub-advises a number of Canadian mutual fund trusts managed by Sun Life Global Investments (Canada) Inc. and manages client assets on behalf of certain other subsidiaries of SLF, and MFSI may have an incentive to favor such portfolios. Please refer to Item 12, *Brokerage Practices*, for a discussion of the manner in which MFSI addresses such potential conflicts of interest.

Certain portfolios to which MFSI or another MFS Global Group member provides investment management services are beneficially owned, in whole or in part, by MFSI or its affiliates (including MFS) and/or their respective officers and employees. MFS Global Group's management of such portfolios present conflicts of interest, depending on the particular circumstances of each case: (i) in cases of investment of proprietary assets, the MFS Global Group member has an incentive to favor its investments to maximize its return; (ii) where a portfolio manager holds a personal investment in such portfolios, the portfolio manager has an incentive to favor portfolios in which he/she is invested in order to maximize the return of his/her investment; and (iii) in cases of investment by officers and employees of MFSI or its affiliates, the MFS Global Group member has an incentive to favor the personal investments of its employees and officers. Please refer to Item 6, *Performance Based Fees and Side by Side Management*, and Item 12, *Brokerage Practices*, for discussions of the manner in which MFSI addresses such potential conflicts of interest.

MFS has also established and seeded a number of portfolios each with not more than \$40 million, for the purpose of establishing a performance record to enable MFS or one of its subsidiaries to offer such a portfolio's investment style to clients (each, an "MFS Pilot Portfolio"). MFSI could purchase on behalf of one or more client portfolios the same securities or other financial instruments as those held in an MFS Pilot Portfolio, whether such client portfolios are managed in a similar style to, or different style from, the MFS Pilot Portfolio. The MFS Global Group has an incentive to favor an MFS Pilot Portfolio to create a good track record that will help to maximize distribution opportunities. Although trading by MFS Pilot Portfolios is not restricted to the same degree as trading by Access Persons, as discussed below, the MFS Global Group addresses such potential conflicts of interest by subjecting an MFS Pilot Portfolio to special trading restrictions that are described more fully under the caption "Allocation of Investment Opportunities, Order Execution and Allocation of Executed Orders" in Item 12, *Brokerage Practices*, below.

Further, employees of the MFS Global Group could invest or otherwise have an interest in securities owned by or recommended to MFSI's clients.

As described above, MFSI could purchase shares of any MFS Fund on behalf of an institutional portfolio. Although MFSI does not expect regularly to make such investments, to the extent that MFSI does so, the institutional portfolio will receive a credit equal to the amount of the management fee paid by the relevant MFS Fund(s) to MFS or its affiliates attributable to the client's investment in the MFS Fund. See Item 5, *Fees and Compensation*, and the Offering Documents for the relevant MFS Fund for more information.

Conflicts may also arise in cases where portfolios invest in different parts of an issuer's capital structure. If an issuer in which different portfolios hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interests. MFSI has implemented policies and procedures designed to identify such conflicts of interest when they occur and address them by, among other things, ensuring that no portfolio manager is responsible for making investment decisions with respect to more than one such category.

As the situations described above give rise to potential conflicts of interest, MFSI has implemented policies and procedures relating to, among other things, portfolio management and trading practices, personal securities transactions and insider trading. These policies and procedures are intended to identify and mitigate conflicts of interest with or among clients and to resolve them appropriately when they do occur.

MFS Investment Management Code of Ethics/Personal Investing Policy

The MFS Investment Management Code of Ethics/Personal Investing Policy (the "Policy") and the MFS Code of Business Conduct (together, the "Policies"), applicable to MFSI as a subsidiary of MFS, include standards of business conduct requiring employees to comply with pertinent U.S. and non-U.S. securities laws as applicable and the fiduciary duties an investment adviser owes its clients. The overarching purpose of the Policies is to ensure that we always act in the best interests of our clients. Accordingly, in governing the personal trading of employees, including officers and directors, the Policies require them

to always place client interests ahead of their own and to never (i) take advantage of their position to misappropriate investment opportunities from clients; (ii) seek to defraud a client or do anything that could have the effect of creating a fraud or manipulation; or (iii) mislead a client. All employees are obligated to report personal and beneficially owned portfolios as well as holdings and transactions in reportable securities, including mutual funds managed or sub-advised by MFS. In addition, employees are obligated to certify to transactions and holdings in reportable securities. However, neither MFSI nor any of its employees are obligated to refrain from investing in securities held by the portfolios that it manages except to the extent that such investments violate applicable law, the Policies or other policies of MFS or MFSI.

In addition, employees deemed to be Access Persons (which, as defined in the Policy, includes, among others, all investment personnel) must receive pre-clearance authorization to execute transactions in designated reportable securities for personal and beneficially-owned accounts.

Portfolio managers are prohibited from trading a security for their personal account (i) for seven calendar days before or after a transaction in a security or derivative of the same issuer in a client portfolio managed by the portfolio manager. Portfolio managers are also prohibited from short-term trades in funds that they manage (*i.e.*, personally (i) buying and selling, or (ii) selling and buying, shares of any mutual fund managed by the portfolio manager within a 14 calendar day period). For these purposes, research analysts who support client portfolios that do not otherwise employ portfolio managers are themselves treated as portfolio managers.

All employees are required to certify at least annually that they have complied with the terms of the Policies. Violations of the Policies are reviewed with the MFS committee charged with oversight of the Policies, which determines appropriate disciplinary action that may be taken for violations. Disciplinary action includes, but is not limited to, written warnings, restrictions on personal trading, profit disgorgement and/or termination of employment.

In limited circumstances, the MFS committee charged with oversight of the Policies has the authority to grant exceptions to the provisions of the Policies on a case-by-case basis.

A copy of the Policies is available to clients and prospective clients upon request.

Inside Information Policy

MFSI and its related persons could, from time to time, come into possession of material, nonpublic information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, MFSI would generally be prohibited from improperly disclosing or using such information for its personal benefit or for the benefit of any other person, regardless of whether such other person is an advisory client. Accordingly, should MFSI come into possession of material, nonpublic information with respect to any issuer of securities, it likely would be prohibited from communicating such information to, or using such information for the benefit of its managed portfolios, and has no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, such portfolios. To this end, MFS maintains an Inside Information Policy, to which the MFS Global Group,

including MFSI, is subject, that establishes procedures reasonably designed to prevent the misuse of material, nonpublic information concerning an issuer of securities by MFSI and its officers, directors and employees. The Inside Information Policy provides that if any of the directors, officers and employees of MFS or any of its subsidiaries obtains material, nonpublic information concerning an issuer of securities, MFSI is prohibited from using such information for its own and its clients' benefit, with limited exceptions permitted by law. For purposes of the Inside Information Policy, "using" material, nonpublic information includes trading activity while in possession of such information. In some cases, this could prevent MFSI from executing client-requested trades.

Investment in MFSI's Ultimate Parent Company

As a matter of corporate policy, MFSI does not invest the assets of any client in securities issued by SLF.

Identification and Resolution of Trade Errors

MFS maintains a Trade Error Policy, to which the MFS Global Group is subject. The Trade Error Policy applies to trades based on an order that was not properly communicated by the portfolio manager for execution in the manner in which the portfolio manager intended that it be communicated, an order communicated correctly by the portfolio manager that is not executed in the manner that the portfolio manager intended that it be executed, or a trade that causes a client portfolio to violate client guidelines or applicable law (collectively, "Trade Errors"). The purpose of the Trade Error Policy is to identify and compensate clients for losses resulting from a Trade Error in an expeditious manner and consistent with MFSI's fiduciary obligations. Trade Errors are reported to MFS' Compliance and Enterprise Risk Management Departments and associated documentation, including a description of the error, resolution and action(s) taken to prevent re-occurrence are reviewed monthly by the MFS committee charged with oversight of Trade Errors. The committee's members include a cross-functional group of senior professionals.

Item 12 – Brokerage Practices

The following is a general discussion of MFSI's brokerage practices. In certain circumstances, brokerage practices may be varied by specific direction of the client, as discussed below.

Trading Practices—Generally

Where it has discretion to do so, MFSI places all orders for the purchase or sale of instruments with the primary objective of seeking to obtain the best execution from responsible executing brokers at competitive rates. The Trading department has responsibility for selection of brokers, negotiation of commission rates and overall trade execution. MFSI places trades in various manners including through different broker/dealers, agency brokers, principal market-making dealers, smaller brokers and dealers, which may specialize in particular regions or asset classes, futures commission merchants and OTC derivatives dealers (each, a "broker" for purposes of the discussion in this section). MFSI also utilizes electronic trading methods, including electronic communications networks ("ECNs") (including, without limitation, multilateral trading facilities ("MTFs") and alternative trading systems ("ATSS")). These trading platforms often, in the case of equity transactions, execute transactions at a commission rate lower than that charged by a full-service broker. MFSI owns a 4.9% stake in Luminex Trading & Analytics LLC ("Luminex"), an alternative trading system. While there may be an economic incentive for MFSI to route orders to Luminex to enhance its profitability, Luminex's objective is to run as close to break-even as possible while remaining financially sound and self-sustaining. Since Luminex does not currently seek to earn a profit on transactions, MFSI should not increase Luminex's profitability by routing more trades to it.

When making trading decisions, MFSI can select venues directly, strategies or methods in order to seek best execution for client transactions. These decisions are influenced by a number of factors which are described more specifically below. Transaction costs related to trading may include market impact costs and opportunity costs as well as dealer spreads and commission costs (which in the U.S., are typically measured in cents per share, while in most non-U.S. jurisdictions, are typically measured in basis points). Brokers, generally, are used on a full service, execution-only or direct access basis.

Selection of Brokers

The specific criteria used in selecting a broker will vary depending upon the nature of the transaction, the market in which it is executed, the extent to which it is possible to select among multiple brokers and the extent to which the client has limited MFSI's brokerage discretion, *e.g.*, if the client has mandated the use of a particular broker or has otherwise limited MFSI's full brokerage discretion, as more fully described below. In instances where MFSI has discretion to select brokers, MFSI seeks to deal with brokers who MFSI believes can provide high-quality execution services.

Client-Directed Brokerage and Other Client-Imposed Limits on Broker Selection

At its discretion, MFSI can accept portfolios for which MFSI must utilize only brokers chosen by the client or portfolios on which clients impose reasonable limits on MFSI's investment or trading discretion. Under certain of such circumstances, MFSI requires a client to relieve MFSI of its obligation to seek best execution of the client's transactions (ERISA may prohibit such a waiver for accounts subject to ERISA).

MFSI may segregate a particular client's trades from other aggregated client trades where (i) MFSI does not believe that it is permitted to execute portfolio trades with certain brokers or otherwise by reason of an affiliation of the client with the broker, (ii) the client has directed its brokerage to a particular broker (other than the one through which the aggregated trade is to be executed), (iii) MFSI is prohibited by the client from executing trades with brokers other than brokers that the client has specifically approved for its portfolio, or (iv) MFSI is prohibited by the client from utilizing a specific broker or venue.

The practice of clients instructing MFSI to direct brokerage transactions for their portfolios to a broker or brokers selected by the client is sometimes referred to as "client-directed brokerage." Certain institutional clients may seek to enter into arrangements (which are often referred to as "commission recapture" arrangements) with certain brokerage firms that provide for the client to receive a credit for part of the brokerage commission paid by the client, which is applied against expenses of the client's portfolio. Where a client directs MFSI to execute through particular brokers in connection with such commission recapture arrangements, MFSI negotiates commission rates on transactions executed through such brokers, while the client negotiates the portion of the commission recaptured by such client. Where a client directs MFSI to execute through particular brokers, MFSI does not evaluate the brokerage services provided to the client. Any benefits derived from client-directed brokerage and commission recapture arrangements will inure to the benefit of the client whose transactions created the benefits.

Clients also should understand that directing brokerage, or allowing only certain approved brokers for execution, limits or removes MFSI's discretion to select brokers to execute client transactions and thus to seek best execution. Additionally, trades for clients who direct brokerage for execution or for clients who are prohibited from utilizing a broker-dealer or venue selected by MFSI for executing other clients' orders for the same securities generally will not be aggregated with, and may be placed after, orders for the same securities for other client portfolios managed by MFSI. Under these circumstances, even if the client has not explicitly waived or otherwise limited MFSI's duty to seek best execution, the direction by a client of a particular broker to execute transactions, the need to use a different broker-dealer to execute a client's order by virtue of an affiliation between the client and the broker-dealer or the need to use a different broker to execute a client's order by virtue of the broker-dealer not being listed on a client's approved broker list, operates as a limit on MFSI's ability to freely select brokers and could result in higher commissions, greater spreads or less favorable prices than might be the case if MFSI could negotiate commission rates or spreads freely, aggregate transactions with other client trades through a different broker or select executing brokers or dealers based on best execution. In some cases, restrictions such as these may preclude the client from the investment opportunity altogether.

Depending on the nature of the direction, MFSI can, but is not required to, instead use “step-outs” to allow such clients to participate in aggregated trades. In step-out transactions, MFSI instructs the broker that executes a transaction to allocate, or step out, a portion of such transaction to the broker to which the client has directed trades. The brokers to which the executing broker has stepped out would then clear and settle the designated portion of the transaction, and the executing broker would clear and settle the remaining portion of the transaction that has not been stepped out. Each broker may receive a commission or brokerage fee with respect to the portion of the transaction that it clears and settles.

Similarly, at the instruction of a client, MFSI will utilize a derivatives agreement entered into between the client and a particular counterparty instead of entering into an agreement with a derivatives counterparty that MFSI selects. A client instructing MFSI to use the client’s derivatives agreement, rather than allowing MFSI to negotiate the agreement, should understand that MFSI will be unable to control certain terms or conditions of any transaction entered into under the client’s agreement. In addition, the pricing and other economic terms may be less beneficial to the client in such a case than those for the same type of transaction entered into for other clients under a derivatives agreement negotiated by MFSI with a counterparty selected by MFSI.

Certain Other Circumstances in Which MFSI’s Brokerage Discretion Is Limited

In certain circumstances, such as a “buy in” for failure to deliver, MFSI is not able to select the broker who will transact to cover the failure. For example, if a portfolio sells a security short and is unable to deliver the securities sold short, the broker through whom the portfolio sold short must deliver securities purchased for cash (*i.e.*, effect a “buy in,” unless it knows that the portfolio either is in the process of forwarding the securities to the broker or will do so as soon as possible without undue inconvenience or expense). Similarly, there can also be a failure to deliver in a long transaction and a resulting buy in by the broker through whom the securities were sold. If the broker effects a buy in, MFSI will be unable to control the trading techniques, methods, venues, or any other aspect of the trade used by the broker.

Seeking Best Execution

MFSI seeks best execution of client transactions, subject to any client-imposed restrictions. We define best execution as a process that seeks to execute portfolio transactions that MFSI believes will provide the most favorable qualitative execution, including execution price and commission, spread or other transaction costs, reasonably available under the circumstances. This process involves the evaluation of the trading process and execution results over extended periods. In seeking best execution, MFSI takes into account several factors that it considers to be relevant which include without limitation and in no particular order, the following:

- price
- size of transaction
- nature of market or the security
- amount of the commission or “spread”
- timing and impact of the transaction, considering market prices and trends
- reputation, experience and stability of the broker involved

- willingness of the broker to commit capital
- need for anonymity in the market
- the quality of services rendered by the broker in other transactions, which (except for those portfolios managed, in whole or in part, in the EU or United Kingdom (“U.K.”)) may include the quality of the research and brokerage services provided by the broker.

In seeking best execution, MFSI is not required to take into account charges imposed upon clients by third parties, such as ticket charges that may be imposed by a client’s custodian.

Brokers generally will either receive (i) a commission, which is generally negotiable and can vary depending on the type of broker and market, or (ii) for trades executed on a “net” basis in lieu of a commission, a “spread” representing the difference (or a portion of the difference) between the buying price and the selling price. Most domestic transactions in equity securities are executed on listed markets (e.g., the New York Stock Exchange) on a commission or commission equivalent basis. Transactions in foreign equity securities are normally executed on foreign exchanges. Foreign equity securities are typically subject to a fixed commission rate which is negotiated on a country-by-country basis. Fixed income transactions are generally traded OTC and do not include a stated commission. As described above, the broker retains the spread or a portion of the spread.

Commission rates for equity securities and some derivatives will vary depending upon the trading methods, venues and brokers selected, as well as the market(s) in which the securities are traded and their relative liquidity. As noted above, MFSI can utilize a variety of brokers and trading venues and strategies in order to seek best execution for client transactions. MFSI periodically and systematically reviews the performance of the brokers that execute its transactions, including the commission rates paid to brokers. The quality of a broker’s services is measured by analyzing various factors that could affect the execution of trades. These factors include the ability to execute trades with a minimum of market impact, the speed and efficiency of executions, electronic trading capabilities, adequacy of capital, commitment of capital when necessary or desirable, market color provided to the investment adviser, and accommodation of the investment adviser’s special needs. MFSI may employ outside vendors to provide reports on the quality of broker executions. With respect to transactions in derivatives, MFSI trades only with brokers with whom it has legally-required or client-requested documentation in place.

In the case of securities purchased from underwriters, the cost of such securities generally includes a fixed underwriting commission or concession.

“Soft Dollars”

For portfolios managed in whole or in part in the EU or U.K., MFSI will pay for external equity and fixed income research out of its own resources. In allocating brokerage for portfolios not managed in whole or in part in the EU or U.K., MFSI can take into consideration the receipt of brokerage and research services, consistent with its obligation to seek best execution for client transactions, in determining how and with which broker to trade. As permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended (“Section 28(e)”), MFSI may cause clients to pay a broker that provides “brokerage and research services” (as defined by Section 28(e)) to MFSI an amount of commission for effecting a securities

transaction for clients in excess of the amount other brokers would have charged for the transaction if MFSI determines in good faith that the greater commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker viewed in terms of either a particular transaction or MFSI's overall responsibilities to the client and its other clients. The MFS Global Group has voluntarily undertaken to reimburse clients from its own resources for Research Commissions, as defined below. "Commissions," as currently interpreted by the SEC, include fees paid to brokers for trades conducted on an agency basis, and certain mark-ups, mark-downs, commission equivalents and other fees received by dealers in riskless principal transactions as well as any separately identifiable charge for brokerage and research services collected together with the transaction charge for execution in connection with the purchase and sale of portfolio securities. "Research Commissions" represents the portion of Commissions that is paid on client transactions in excess of the portion that compensates the broker or dealer for executing, clearing and/or settling the transaction. Commissions do not include mark-ups, mark-downs, commission equivalents and other fees received by dealers in principal transactions. MFSI often receives research services from executing dealers in fixed income transactions. However, MFSI believes that executing dealers in fixed income transactions do not charge lower mark-ups, mark-downs, commission equivalents or other fees if clients forego research services. Consequently, MFSI does not believe it pays a higher mark-up, mark-down, commission equivalent or other fees to dealers on fixed income transactions than it would if it did not receive any research services from dealers. However, except to the extent that research received on fixed income transactions for portfolios managed in the EU or the U.K. is offered generally either to any investment firm, is made public or otherwise is believed by MFS not to constitute an illegal "inducement" under EU law, MFS will pay for such research out of its own resources.

The term "brokerage and research services" includes: advice as to the value of securities; the advisability of investing in, purchasing, or selling securities; and the availability of securities or purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of portfolios; and effecting securities transactions and performing functions incidental thereto (such as clearance and settlement) or required in connection therewith by applicable rules.

Such services can include: access to corporate management; industry conferences; research field trips to visit corporate management and/or to tour manufacturing, production or distribution facilities; statistical, research and other factual information or services such as investment research reports; access to analysts; execution systems and trading analytics; reports or databases containing corporate, fundamental, and technical analyses; portfolio modeling strategies; and economic research services, such as publications, chart services, and advice from economists concerning macroeconomics information, and analytical investment information about particular corporations (collectively, "Research").

MFSI investment professionals utilize Research to help develop their own investment ideas as well as to help understand market consensus, sentiment or perception, and identify relative inefficiencies more quickly and effectively.

The MFSI global investment platform is built on the principle of close collaboration among members of its investment team, where research and investment ideas are shared. Research is one of many tools MFSI uses to either corroborate or challenge investment professionals' individual investment theses in clients' portfolios. Specifically, Research can be useful in helping investment professionals understand current market consensus and sentiment.

Through the use of Research acquired with Research Commissions, MFSI initially avoids the additional expenses that it would incur if it developed comparable information through its own staff or if it purchased such Research with its own resources. As a result, clients pay more for their portfolio transactions in the first instance than if MFSI caused clients to pay execution only rates, however, because the MFS Global Group has voluntarily undertaken to reimburse clients from its own resources for Research Commissions, MFS ultimately assumes the additional expenses that it would incur if it purchased such Research with its own resources. To the extent that MFSI were to determine to discontinue its voluntary undertaking, it may have an incentive to select or recommend a broker based on its interest in receiving the Research rather than the client's interest in receiving lower commission rates. The Research received may be useful and of value to MFSI or other members of the MFS Global Group in serving both the client portfolios that generated the commissions and other clients of MFSI or other members of the MFS Global Group. Accordingly, not all of the Research provided by brokers through which client securities transactions are effected may be used by MFSI in connection with the clients whose portfolio generated the brokerage commissions.

Allocation of Investment Opportunities, Order Execution and Allocation of Executed Orders

As part of MFSI's duty to seek best execution, MFSI can, but is not required to, aggregate purchases and sales of the same security for several client portfolios and allocate the trades, in a manner it believes is fair and equitable, across participating portfolios. MFSI believes that the MFS Global Group's order aggregation and allocation practices are reasonably designed to ensure that clients receive fair and equitable treatment over time. However, as described in greater detail below, the foregoing practices may have a detrimental effect on the price or availability of a security with respect to a particular client's portfolio in a particular instance. The following provides a general discussion of MFSI's practices with respect to the allocation of investment opportunities, the placement and aggregation of orders and the allocation of trades. Specific considerations for Wrap Programs are discussed further below under the caption "Wrap Program Brokerage Arrangements, Order Execution and Allocation."

Allocation of Investment Opportunities

MFSI and the other entities in the MFS Global Group have adopted global trade allocation policies and procedures described below to help ensure that investment opportunities are allocated in a manner that MFSI believes is fair and equitable to each portfolio over time and that no portfolio of MFSI, MFS or other MFS Global Group member is improperly favored over any other portfolio over time.

Under these policies, investment opportunities are generally allocated *pro rata* among portfolios with the same or similar investment objectives based on the value of the portfolio (or relevant portion thereof). MFSI can diverge from a *pro rata* allocation of an investment opportunity for reasons such as (a) to

counterbalance disparities in positions or portfolio characteristics among similarly managed portfolios, (b) to account for cash availability and expected flows for similarly managed portfolios, (c) to account for prospectus restrictions, portfolio guideline restrictions or other restrictions, and (d) to account for tax reasons.

The MFS Global Group monitors and reviews deviations from the general rule described above, using a variety of measures. For example, the MFS Global Group could flag dispersion in performance results for further examination. Such performance dispersion, however, is not necessarily dispositive of unfair favoring, as it could legitimately result from factors such as variations in client holdings restrictions, cash flows, trade rotation or client restrictions on the MFS Global Group's ability to freely select brokers to execute transactions with respect to a particular portfolio (*e.g.*, client-directed brokerage), certain attributes of a portfolio security or its issuer and/or treatment of the security or issuer by a third-party service provider, or the purchase of a small position to assess the overall desirability of an investment. In addition, the MFS Global Group may need to review information including, by way of example, a security's prospectus, private placement memorandum or other offering circular as well as documents, certifications and representations provided by clients or other information to determine whether it can purchase an investment on behalf of certain clients or categories of clients (*e.g.*, qualified institutional buyers, clients subject to ERISA, clients domiciled in the U.S.). The MFS Global Group could determine to purchase an investment for portfolios not requiring such prior review before it completes its review with respect to portfolios requiring such prior review. In some instances, by the time the review is completed, the MFS Global Group might not be able to purchase those investments for portfolios requiring prior review at prices that are as favorable as those that were available with respect to portfolios not requiring prior review. In other instances, by the time the MFS Global Group has completed its prior review, it could be unable to purchase the investment for a portfolio requiring prior review or it could have determined that it can no longer purchase the security for a portfolio requiring prior review at a price that it believes is reasonable.

Order Execution

Orders for the same security will be transmitted for execution in the order received and promptly, unless the trader determines that the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the portfolio require otherwise. If multiple orders for the same security are received at the same time, in the trader's discretion, such orders will be transmitted for execution in combination, simultaneously, or in a rotation MFSI believes to be equitable. If a portfolio manager of the MFS Global Group places an order and the trader executes the order before any additional orders are placed for other portfolios, the original order will not be aggregated with any subsequent orders. If an order remains open in whole and an additional order or orders for the same investment for other portfolios are received by MFS Global Group's trading department, in the trader's discretion, such orders will be transmitted or executed in combination, simultaneously or in a rotation MFSI believes to be equitable. If a portfolio manager's order is open in part at the time an additional order or orders for the same security are received by the MFS Global Group's trading department, the portion of the initial order that has been executed will be split off as a separate trade and allocated in accordance with MFS Global Group's applicable trade allocation policies, and the remaining balance of the order will be executed, in

the trader's discretion, in combination with the additional orders, simultaneously or in a rotation MFSI believes to be equitable.

Aggregation

MFSI is permitted, but not required, to aggregate orders for client portfolios with those of other MFSI or MFS Global Group client portfolios. MFSI seeks to ensure that such aggregation is conducted on a fair and reasonable basis over time. Such aggregated trades can be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. MFSI will not aggregate orders for client portfolios with those of "proprietary portfolios" (as described in the next paragraph), and orders for proprietary portfolios will always be traded last.

For purposes of the secondary market policies, MFSI defines proprietary portfolios as those portfolios, the beneficial owners of which are exclusively (a) officers, directors, and employees of a member of the MFS Global Group, (b) trustees of any of the U.S. registered investment companies for which MFS serves as the primary investment adviser, (c) members of the MFS Global Group, and/or (d) any combination of the foregoing, provided, however, that the following portfolios will not be considered to be proprietary portfolios: (i) a portfolio that has been established and seeded by a member of the MFS Global Group and is available for purchase by unaffiliated third parties, or (ii) a Pilot Portfolio (as defined in Item 11, *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*). MFS or an affiliate may manage portfolios that are beneficially owned by SLF or one or more of its subsidiaries not controlled by MFS. Such portfolios are also not considered to be proprietary portfolios and are entitled to allocation of investment opportunities and proceeds of aggregated orders on the same basis as other clients.

Allocation of Executed Orders

General Allocation of Executed Orders

Allocations of the executions of aggregated orders are generally (other than in initial public offerings ("IPOs") or Oversubscribed Secondary Offerings, as described below) made in proportion to the orders and otherwise made in accordance with the MFS Global Group's applicable trade allocation policies. When two or more client portfolios have orders to purchase or sell the same secondary market investment and the orders are aggregated, the investments or the proceeds of sale, as applicable, as well as any attendant execution costs, including commissions, are generally allocated among portfolios *pro rata* based on the amount of each client portfolio's order. That portion of transaction costs relating to Research Commissions may be allocated otherwise than *pro rata*, provided that the payment for Research Commissions in connection with the aggregated order is consistent with the regulatory requirements applicable to each client portfolio and disclosures to the relevant client portfolio (Research Commissions are discussed more in detail above in this Item 12, *Brokerage Practices* under the caption "Soft Dollars").

In some cases, one or more portfolio managers of the MFS Global Group will learn that a change in the internal rating of a security or initiation of a security's rating by MFS (each, a "Rating Event") is imminent. To preclude a portfolio manager from unfairly increasing or decreasing positions in a security impacted

by a Rating Event (an “Affected Security”) and to ensure that all MFS Global Group investment professionals are able to act upon a Rating Event on a reasonably equivalent basis, as a general rule, MFSI requires that all orders for an Affected Security placed during a specified Order Window (as defined below) be allocated *pro rata* among participating portfolios, even if some portfolios’ orders were submitted and/or executed before orders for other portfolios (certain exceptions can be granted by authorized individuals). The “Order Window” typically begins at the time that the Rating Event is imminent and can extend for a period of up to three hours after notice of the Rating Event has been disseminated to all investment professionals in the MFS Global Group. MFSI has excepted from these requirements trades in Affected Securities that are placed for reasons unrelated to the Rating Event (*e.g.*, to invest cash generated from investment inflows or to generate cash to satisfy redemptions).

Allocations of IPOs, Oversubscribed Secondary Offerings and Securities Positions Limited by Ownership Limits

MFS Global Group maintains written policies regarding allocation of equity investments acquired in IPOs, oversubscribed secondary offerings, and securities with respect to which MFS Global Group portfolio manager demand exceeds MFS Global Group internal ownership limits (collectively, “Equity Limited Offerings”), which address situations in which orders for client portfolios exceed the available shares in such an Equity Limited Offering. These policies are generally intended to ensure that portfolios receive allocations in proportion to the relevant assets within the portfolio. Asset weightings for each portfolio are calculated based on categories of issuers as established by the MFS Global Group’s Investment Management Committee (“IMC”), in its discretion, from time to time. Allocation is generally *pro rata* based upon the proportion that the amount of the portfolio’s relevant assets bears to the total amount of the relevant assets held in all portfolios that submit orders.

In the event that a portion of the available investments in an Equity Limited Offering remains unallocated after all portfolios have received a full allocation, the allocation of the unallocated investments to each portfolio will be made in a manner that MFSI believes is fair and equitable.

From time to time, situations arise in which a client hires a transition manager to model a portfolio before MFSI begins to manage it and the model includes one or more securities for which MFS complex-wide holdings are approaching MFS Global Group-imposed maximum ownership limits (“Internally Limited Securities”). In such a situation, inclusion of an Internally Limited Security in the model for the portfolio being transitioned could cause MFSI to exceed internal ownership limits for such Internally Limited Security once MFSI begins to manage the portfolio. MFSI’s policies specifically exclude any Internally Limited Security from the model for a portfolio while it is being transitioned; once MFSI has assumed day-to-day management of the portfolio, it can seek to purchase the Internally Limited Security subject to the discretion of the IMC. The foregoing practice could have an adverse effect on a portfolio’s performance.

MFSI allocates fixed income securities issued in the new issue market, oversubscribed secondary offerings (collectively, “Fixed Income Limited Offerings”) among similarly managed portfolios in the same manner as executed orders are allocated in the secondary market as described above. When MFSI receives the full amount of its total indication, each portfolio will receive the full amount of the securities indicated for

that portfolio. In situations where MFSI receives less than its full indication of Fixed Income Limited Offerings, an initial allocation equal to the security's stated minimum denomination is made to each participating portfolio unless there is a shortfall (a shortfall occurs when the total allocation to MFSI represents less than the security's minimum denomination times the number of portfolios that place an order for the issue). When a shortfall occurs, a random allocation of the security's minimum denomination will take place. Once this initial allocation takes place, the remaining securities are allocated on a *pro rata* basis based on order size across all remaining orders, except that those portfolios whose *pro rata* share would have been less than the security's minimum denomination will not receive any additional securities beyond the initial minimum denomination allocation.

Exceptions to the Equity Limited Offering and Fixed Income Limited Offering allocation of execution guidelines will be made only in limited circumstances. One circumstance that can arise for Equity Limited Offerings where an exception could be warranted involves instances in which a *pro rata* allocation would result in a portfolio being allocated less than the minimum board lot or minimum denomination of a security (or other applicable minimum lot size of the offering). Under this scenario, the portfolio will receive no allocation if the *pro rata* allocation was less than 50% of the minimum board lot or minimum denomination. If a *pro rata* allocation would have resulted in the portfolio receiving at least 50% of the minimum board lot or minimum denomination of the Equity Limited Offering through a *pro rata* allocation, the portfolio will receive the minimum board lot or denomination. Another circumstance that can arise where an exception could be warranted is when excess shares become available to MFSI to allocate among portfolios because the portfolio manager of one or more participating portfolios determines not to purchase all of the shares to which the portfolio(s) would otherwise be entitled. Under this scenario, the additional shares can be allocated to other participating portfolios. Exceptions could also occur: (i) where necessary to allow for reasonable rounding of allocations; and (ii) as otherwise determined by MFSI to be appropriate and equitable to client portfolios. The guidelines also prohibit allocations of Equity Limited Offerings or Fixed Income Limited Offerings to: (i) Wrap Program portfolios; or (ii) any portfolio for which MFS does not believe that applicable law or the rules or regulations of any governmental or self-regulatory organization would permit such investments. Additionally, proprietary portfolios (as described below) are not eligible for Equity Limited Offerings or fixed income new issue allocations in any instance where a client portfolio has indicated for any portion of the new issue offering. For purposes of the Equity Limited Offering and the Fixed Income Limited Offering policies, MFSI defines proprietary portfolios as those portfolios, the beneficial owners of which are exclusively (a) officers, directors, and employees of a member of the MFS Global Group, (b) trustees of any of the U.S. registered investment companies for which MFS serves as the primary investment adviser, (c) members of the MFS Global Group, or (d) any combination of the foregoing, provided, however, that no portfolio that has been established and seeded by a member of the MFS Global Group and is available for purchase by unaffiliated third parties constitutes a proprietary portfolio. MFS or an affiliate may manage portfolios that are beneficially owned by SLF or one or more of its subsidiaries not controlled by MFS. Such portfolios are not proprietary portfolios and are entitled to allocation of investment opportunities and proceeds of aggregated orders on the same basis as other clients. MFS Pilot Funds (defined in Item 11, *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*), are considered proprietary portfolios for purposes of these policies and are subject to the restrictions described above.

The MFS Global Group generally limits aggregate ownership by all portfolios that the MFS Global Group manages to a fixed percentage of a single issuer's outstanding common equity. When the maximum level has been reached on an aggregate basis, portfolio managers are not permitted to acquire additional shares (absent the prior approval of IMC), until aggregate ownership by all portfolios falls below the maximum level. Consequently, portfolios could be unable to acquire certain investments in which the portfolio manager might wish to invest and in which other portfolios have previously invested and continue to hold, which can adversely affect absolute and relative returns.

To the extent that an IPO is a "new issue," as defined in relevant rules established by the Financial Industry Regulatory Authority ("FINRA"), and is being made available to MFSI by a FINRA member, MFSI intends to allocate such investments as described above and consistently with FINRA Rule 5130 and FINRA Rule 5131, which provide that brokers, their affiliates and certain other "restricted persons" may not participate in new issues, or may be limited as to the extent of their participation. Only portfolios that MFSI believes are eligible under Rule 5130 and Rule 5131 to participate in profits and losses attributable to new issues will be permitted to receive allocations of new issues.

Wrap Program Brokerage Arrangements, Order Execution and Allocation

As described above in Item 4, Advisory Business, MFSI provides advisory services to SMA Programs, which may be bundled or dual-contract, and Model-Delivery Programs. Except as described below, brokerage transactions for Wrap Program participants are generally directed through a sponsoring broker or its affiliates, which can adversely affect the quality of execution that such participants might otherwise have received. Wrap fees generally cover the costs of brokerage commissions and other charges only for transactions effected through the Wrap Program sponsors or their affiliates. Thus, although its arrangements with certain Wrap Program sponsors allow MFSI the discretion to select other brokers in an effort to seek best execution for participants' portfolio transactions (a practice called "stepping out" trades), many transactions in such cases will continue to be effected through the sponsor or its affiliates because any price benefit the trade could experience would likely be outweighed by the incremental commission involved for the participant. As a result of information limitations arising under the Wrap Program structure in most instances, MFSI is not in a position to effectively monitor or evaluate the nature and quality of the services participants receive from the Wrap Program sponsor, including execution services.

For Wrap Program portfolios, MFSI generally has discretion with respect to the timing of the release of orders or models. Where trades are effected through the Wrap Program sponsors and MFSI is participating in several Wrap Programs, MFSI will release orders that it has not stepped out in a rotation MFSI believes to be equitable among such sponsors, consistent with the objective of treating all Wrap Program sponsors fairly and equitably over time. A Model Delivery Program sponsor (or third party like an overlay manager), however, performs various maintenance trades on behalf of program participants (*i.e.*, trades required due to opening new portfolios, closing existing portfolios, and effecting additions to or reductions in open portfolios) for portfolio securities in accordance with MFSI's models. MFSI neither participates in, nor is responsible for, these transactions.

A sponsor may require MFSI to trade all securities transactions for its Wrap Program with the sponsor, impose pecuniary disincentives upon MFSI from trading with a broker other than the sponsor, or permit MFSI to step out from the sponsor without any restriction or pecuniary disincentive. Participants in Wrap Programs should ask program sponsors about any restrictions or costs imposed on MFSI.

As described above, certain Wrap Program sponsors permit MFSI to step out from the program's sponsor. When permitted to step out, MFSI determines whether to execute Wrap Program trades with the program sponsor or to execute those trades with another broker. Factors that MFSI may take into consideration when making this determination include, among other factors, the percent of average daily volume ("ADV") of a trade in isolation, whether MFSI or another MFS Global Group member will be active (or expects to be active) in trading the security on behalf of other client portfolios, the percent of ADV for the trade taking into account these other client portfolios, as well as the trader's knowledge of a potential event in the security or expectations around volatility in the security.

MFSI can, but is not required to, aggregate trades for all the Wrap Program portfolios that are being stepped out ("Step-Out Wrap portfolios"). The trader can elect to execute all orders attributable to all Step-Out Wrap portfolios in combination, simultaneously or successively in a rotation MFSI believes to be equitable, as determined in the trader's discretion. For example, if MFSI believes that one or more Step-Out Wrap portfolios is not permitted to transact with the broker chosen by the trader, for reasons of affiliation or otherwise, then such Step-Out Wrap portfolio orders may be executed with a different broker at the same time as the other Step-Out Wrap portfolio orders are being executed or by participating in a rotation MFSI believes to be equitable with the other Step-Out Wrap portfolio, as determined in the trader's discretion.

In cases where MFSI steps out from the sponsor, MFSI attempts to execute the trade, where possible, on a commission free basis to minimize the cost borne by participants in the Step-Out Wrap portfolio, which significantly limits the pool of available brokers. This means that orders for participants in such a Step-Out Wrap portfolio are unlikely to be aggregated with, or executed through the same executing broker as, open orders for the same security for non-Wrap Program portfolios. Additionally, orders for Step-Out Wrap portfolios, if received while orders for other non-Wrap Program portfolios are being executed for the same security, may be executed generally either simultaneously with the other orders or through a rotation MFSI believes to be equitable with the other non-Wrap Program portfolios' orders, as determined in the trader's discretion.

For some trades, MFSI may elect to provide trade execution services for some Wrap Program portfolios (*i.e.*, the Step-Out Wrap portfolios), but not others (*i.e.*, the non-Step-Out Wrap portfolios). When this occurs, the Wrap Program sponsors for the non-Step-Out Wrap portfolios will execute those trades. In these cases, MFSI will release the trade information (or, for Model-Delivery Programs, the model portfolio) to the sponsors of the non-Step-Out Wrap portfolios in a rotation it believes to be equitable, but it will not trade the Step-Out Wrap portfolios in this rotation. As a result, with respect to a particular order, trading on behalf of Step-Out Wrap portfolios is not subject to the same rotation to which trading by the non-Step-Out Wrap portfolios may be subject and trading for Step-Out Wrap portfolios may occur during a different timeframe than trading for non-Step-Out Wrap portfolios.

In order to facilitate the allocation of investments to individual SMA Program participants when MFSI steps out, MFSI can elect to allocate executed trades on a pro rata basis or randomly among Wrap Program sponsors or participant portfolios, as determined in MFSI's discretion. In Model-Delivery Programs, however, when MFSI steps out, it is the sponsor's responsibility to allocate trades allocated to it by MFSI among the programs' participants pursuant to the applicable sponsor's allocation policies and not those of MFSI.

MFSI generally purchases foreign securities on behalf of Wrap Program participants through the use of American Depositary Receipts, Global Depositary Receipts, or similar securities (collectively, "ADRs"). Transactions in ADRs involve fees and expenses not typically involved in non-ADR transactions. In certain circumstances MFSI may elect to "create" an ADR whereby ordinary shares of a foreign issuer are purchased and deposited with an ADR custodian, which creates the ADR. MFSI will create an ADR when, for example, MFSI believes the market in ADRs in the U.S. is not sufficiently liquid for an advantageous purchase or when the U.S. markets are not open. When an ADR is created, a broker-dealer initiates the transaction and then steps out the transaction to the Wrap Program participant's sponsor. Upon a sale, the ADR is "collapsed," and the underlying shares of the foreign issuer are sold in the foreign market. Wrap Program participants will incur a proportionate share of any costs associated with any ADRs in which the Wrap Program participant's assets are invested, and can also incur fees associated with creating or collapsing ADRs. For example, depending upon where the underlying stock is traded, an exchange fee or stamp fee could be charged, and ADR conversion fees are also charged. In practice, MFSI frequently steps ADRs out from the Wrap Program sponsor, which often results in participants being charged separate commissions and related costs for these transactions.

As discussed earlier, in most cases, orders for Wrap Program portfolios will not be aggregated with non-Wrap Program portfolios. However, a single order for non-U.S. ordinary shares may be transmitted to a dealer with instructions to purchase (sell) a certain percentage of the shares to be created into (collapsed from) ADRs, which percentage is allocated to Wrap Program portfolios, and to purchase (sell) the remaining percentage of the shares for allocation to non-Wrap Program portfolios.

Other Trading Practices

Crossing

MFSI may "cross" opposing trades (*e.g.*, a buy order and a sell order for the same security) or aggregate similar trades (*e.g.*, buy orders for the same security), and may elect to do so for portfolios where crossing is permitted, consistent with MFSI's duty to seek best execution for all portfolios participating in the cross trade.

Consistent both with Section 206 of the Advisers Act and Rule 17a-7 under the Investment Company Act of 1940 (as amended), as applicable, MFSI has adopted procedures governing purchases or sales of securities between eligible portfolios (ERISA portfolios are not generally eligible portfolios) managed by MFSI, or purchases or sales of securities between a portfolio managed by MFSI and one managed by another member of the MFS Global Group. Under these procedures:

- the transaction will be a purchase or a sale for no consideration other than a cash payment against prompt delivery of a security for which market quotations are readily available or are deemed to be readily available;
- the transaction will be consistent with the investment objectives, policies and restrictions of each party to the transaction;
- except for customary transfer fees, no brokerage commission, fee or other remuneration will be paid in connection with the transaction; and
- the transaction will be effected at the then-current market price of the security.

The MFS Global Group does not effect cross trades where a party is prohibited or materially restricted from participating in cross trades by agreement or applicable law.

Foreign Currency Exchange (FX) Transactions

Each client's portfolio will be set on MFS' trading system with a single operating currency (which will not necessarily be the same as the reporting currency of the portfolio). Client portfolio trades and flows that occur in currencies other than the operating currency will be converted to the operating currency by processing a foreign exchange (FX) transaction.

Foreign income and dividend repatriation FX transactions are FX transactions executed in order to convert dividends, interest payments and other income received in a currency other than the portfolio's operating currency ("foreign currency") into the portfolio's operating currency. With respect to foreign income and dividend repatriation FX transactions, MFSI will direct the client's custodian bank to execute the FX transactions in order to repatriate all income to the operating currency of the portfolio, unless the client requests otherwise.

Securities-related FX transactions are FX transactions executed in connection with specific purchase and sale transactions in individual securities in order to effect an exchange between the portfolio's operating currency and the foreign currency in which a particular security is denominated. With respect to securities-related FX transactions, clients of MFSI may choose to have FX transactions effected either through MFSI or through their respective custodian. Where MFSI has been given authority to effect securities-related FX transactions for a client, MFSI is permitted to execute FX transactions for the client portfolio with brokers MFSI selects at its discretion for currency management purposes, unless the scope of authority given to MFSI by the client enables the client to direct otherwise (*e.g.*, by reason of any client-directed brokerage requirements the client may have, any brokerage affiliation issues the client may have, and/or any specific approved broker lists the client may have provided to MFSI). Generally, transactions for portfolios with similar currency needs will be aggregated based on the currencies involved as well as matching trade and settlement date requirements. In situations where MFSI encounters offsetting currency needs for portfolios at approximately the same time, and where the other details of the needs match, net transactions will be executed. In such cases, the participating portfolios must be eligible for netting transactions. For example, MFSI will not consider portfolios subject to ERISA to be eligible to

participate in such netting transactions, and, depending on a non-ERISA portfolio's particular restrictions, including, for example, any client-directed brokerage or custodian bank requirements, a non-ERISA portfolio may or may not be eligible to participate in netting transactions. Where the client has chosen to have securities-related FX transactions effected through its custodian, MFSI will direct the client's custodian bank to execute securities-related FX transactions (the custodian bank may have different netting practices).

For all portfolios (regardless of whether the client has chosen to have FX transactions effected through its custodian or through MFSI), the client's custodian bank will generally process FX transactions related to securities transactions and income and dividend repatriations for transactions in countries that restrict transactions in their currency due to regulatory or foreign exchange controls (*i.e.*, so-called "restricted markets"). MFSI will provide the client's custodian bank with FX instructions for all security settlements in such restricted markets on a trade by trade basis, which instructions are in turn sent by the custodian bank to its trading desk or local sub-custodian for execution. Certain share-class hedging needs may also be generated and executed by a third party agent.

For any FX transaction executed through the client's custodian (whether for security transaction purposes at the client's direction or foreign income and dividend repatriation purposes as part of MFSI's standard process), the client generally negotiates the fees charged by the custodian on these FX transactions, and MFSI generally does not evaluate the services provided to the client; however, on a daily basis, MFSI reviews the foreign exchange rates received by the client's portfolio versus the daily quoted trading range sourced from a third party vendor in order to flag any rates received with respect to the transactions by the client's portfolio that may be materially outside of this range.

MFSI recognizes that FX transactions may positively or negatively affect performance and does not seek to take any investment view on operating currency related FX transactions.

In some cases, where permitted and consistent with the investment style for a portfolio and determined to be appropriate for the client, MFSI will also execute FX transactions to obtain currency exposure and/or for risk management purposes for the client, depending upon the client portfolio's specific mandate and investment guidelines. In these cases, MFSI is permitted to execute FX transactions for the client portfolio with brokers that MFSI selects at its discretion for such purposes, unless directed otherwise by the client. In these cases, MFSI will follow the same aggregation and netting practices described above.

Item 13 – Review of Accounts

Internal Reviews of Client Portfolios

Client portfolios are managed day-to-day by investment personnel of MFS who are also officers of MFSI, and who are supervised by senior employees of the MFS Global Group.

MFSI conducts reviews of client portfolios based on the nature of such portfolios. Reviews can include ongoing regular or periodic reviews (*e.g.*, on a daily, monthly or semi-annual basis) as needed, depending on a specific client's mandate, economic conditions and changes in the general market. Client portfolios are regularly reviewed from different perspectives by different groups within the MFS Global Group including the portfolio management, Global Investment Support and Investment Compliance teams. Semi-annual risk reviews, led by members of the Investment Risk Management Team, with participation and direction from the IMC, are an integral component of the review process. The IMC, chaired by the Chief Investment Risk Officer, and comprised of senior investment professionals, including the Chief Investment Officer and Directors of Trading, provides governance and oversight to all matters relating to the management of investment personnel; portfolio management, research and trading; the establishment and monitoring of investment policies/procedures; and the monitoring and management of investment risk.

Client Reporting

Periodic reports (oral, written or both) are provided to clients from time to time in a form mutually agreed with MFSI. MFSI typically provides clients with both quarterly and monthly written reports. Quarterly reports include market and portfolio commentary, performance and attribution, market value, portfolio holdings and transaction detail in addition to information on corporate actions. Monthly reports are more concise and include performance, market value and portfolio characteristics. In addition, as agreed with MFSI, customized reporting is available. Written reports are delivered via e-mail and also can be retrieved directly and securely by clients from MFSI's website. MFSI also typically provides a similar range of information orally to clients through in-person meetings, conference calls, webinars and client conferences.

Reports can be sent by a third-party service provider on behalf of MFSI.

Annual audited financial statements are prepared for each private fund sponsored by MFSI, and the fund and its investors receive copies of such statements, generally within 120 days following the fund's fiscal year end.

Item 14 – Client Referrals and Other Compensation

Many of MFSI's clients retain investment consultants to assist with the selection of investment managers, such as MFSI. Typically, such investment consultants are compensated by the clients, not MFSI. However, MFSI could also have its own relationship with the same and different investment consultants in connection with services provided by the consultants to MFSI, including, without limitation, competitive universe databases, manager performance analytics, investment forums, and business or product consulting engagements. MFSI pays such consultants for these services. MFSI believes that the payments it makes to such consultants are fair in relation to the services purchased. Such payments are not intended by MFSI to, and do not, compensate a consultant for recommending, or induce such consultants to recommend, MFSI's services or products to the clients of the consultants. In addition, MFSI provides money management services to certain investment consultants who could (but are in no event required to) recommend MFS Global Group services or products to one or more of their clients. MFSI seeks to maintain arm's-length relationships when receiving or providing services to investment consultants.

To the extent that MFSI enters into solicitation or referral arrangements with a third party to solicit or refer new clients to MFSI, it intends to comply with the disclosure and other requirements applicable to such relationships under applicable laws and regulations, which include providing disclosure to clients who have been solicited by a person to whom MFSI pays a fee. With respect to its business outside of the U.S., MFSI has in the past and may from time to time in the future use local companies in certain jurisdictions for a fee to assist it in obtaining new clients. To the extent SEC client disclosure rules and other requirements are applicable to such arrangements, MFSI will comply with such requirements.

Item 15 – Custody

MFSI generally does not maintain custody of client funds or securities because it does not have possession or have authority to obtain possession of such funds or securities. Client funds and securities managed by MFSI are held on the client's behalf with third-party custodians. However, MFSI may be deemed to have custody under the Advisers Act over certain MFS Global Group-sponsored private funds and offshore funds. Investors in such funds will receive audited financial statements annually, within 120 days following the fund's fiscal year end.

Additionally, to the extent that a client has instructed MFSI to automatically deduct advisory fees from the client's portfolio, MFSI will typically be deemed to have custody of such client portfolios. Clients should review any statements received from MFSI or a custodian carefully, and to the extent they receive statements from both MFSI and a custodian, they are urged to compare such statements carefully.

Item 16 – Investment Discretion

As discussed in Item 4, *Advisory Business*, MFSI is generally retained on a discretionary basis to manage client assets consistent with the investment strategy or mandate. Before assuming discretionary authority, MFSI requires a client to enter into a written investment management agreement with MFSI. Any limitations on MFSI's discretion in the case of a particular client will be agreed in advance and set forth in the investment management agreement between MFSI and such client or other governing documents. Such limitations may include reasonable restrictions on investing in certain securities, derivatives or types of securities or derivatives, as described in Item 4, *Advisory Business*, and client-directed brokerage and other limitations on MFSI's authority to freely select brokers to execute client transactions, as described in Item 12, *Brokerage Practices*.

In order for MFSI to fully exercise its discretionary investment management authority, MFSI asks clients to execute and deliver any and all agreements, instruments, contracts, assignments, bond powers, stock powers, transfer instructions, receipts, waivers, consents and other documents, provide any and all information and perform any and all such acts, as MFSI may deem necessary or reasonably desirable (collectively, "Necessary Actions"). If a client fails to perform any Necessary Action, MFSI may be unable to fully exercise its discretionary investment management authority and, consequently, the performance of the client's portfolio may differ from the performance of similarly-managed portfolios of MFSI with respect to which all Necessary Actions have been fully performed.

In addition, the IMC of MFS (as defined in Item 12, *Brokerage Practices*), which is comprised of members of senior management and representatives of the investment departments, meets on a regular basis to establish and monitor investment policies and procedures. These policies and procedures govern, among other things, the exercise of MFSI's discretionary authority. The IMC also provides ongoing oversight of investment personnel, including portfolio management, research and trading.

Unsupervised Assets

From time to time, clients may leave in the custodial account subject to MFSI's discretionary management certain securities or other property over which MFSI has not been given discretionary authority ("Unsupervised Assets"). MFSI may request that the client (or, for SMA Program participants, the participant's financial advisor) confirm in writing the identity of any Unsupervised Assets. Unless otherwise agreed to with the client (or for SMA Program participants, as agreed to with the participant or the participant's financial advisor), MFSI will not provide investment advisory services of any kind with regard to Unsupervised Assets. MFSI will have no duty, responsibility, or liability with respect to the Unsupervised Assets and will not take the Unsupervised Assets into consideration when managing the portion of the portfolio for which it provides investment advice.

Item 17 – Voting Client Securities

MFSI has adopted proxy voting policies and procedures with respect to securities owned by the clients for which it serves as investment adviser and has the power to vote proxies. MFSI's policy is that proxy voting decisions are made in what it believes at the time to be the best long-term economic interests of its clients and not in the interest of any other party or in MFSI's own corporate interests, including its institutional relationships or the distribution of MFS Fund shares.

MFSI also generally votes consistently on the same matter when securities of an issuer are held by multiple client portfolios. However, there are circumstances where one clients' securities are voted differently from other clients votes for the same securities. One reason why MFSI could vote differently is if MFSI has received explicit voting instructions from a client to vote differently on behalf of its portfolio. From time to time, MFSI also receives comments on the MFSI proxy voting policies and procedures from its clients. These comments are carefully considered by the MFS Proxy Voting Committee, which is responsible for reviewing these guidelines and revising them as appropriate, in MFSI's sole judgment.

The proxy voting policies and procedures are intended to address any potential material conflicts of interest on the part of MFSI or its affiliates that are likely to arise in connection with the voting of proxies on behalf of MFSI's clients. If such potential material conflicts of interest do arise, MFSI will analyze and document them and shall ultimately vote the relevant proxies in what MFSI believes to be the best long-term economic interests of its clients. The MFS Proxy Voting Committee is responsible for monitoring and reporting with respect to such potential material conflicts of interest.

A copy of our proxy voting policies can be obtained by visiting [mfs.com/proxy voting](https://mfs.com/proxy-voting). MFSI will also furnish a copy of its proxy voting policies and procedures to any client upon such client's request. A client can additionally request at any time a record of all votes cast for its portfolio. The record reflects the proxy issues that MFSI voted for the client during the past year, and the position taken with respect to each issue. A client can also request a report identifying any situations in which MFSI may not have voted in accordance with specific guidelines of its proxy voting policies and procedures with respect to the client's portfolio.

Item 18 – Financial Information

Not Applicable.

Privacy Policy

FACTS**WHAT DOES MFS DO WITH YOUR
PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and account balances
- Account transactions and transaction history
- Checking account information and wire transfer instructions

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MFS chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MFS share?	Can you limit this sharing?
For our everyday business purposes —such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes —to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes —information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes —information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?

Call **800-225-2606** or go to **mfs.com**.

Who we are

Who is providing this notice?	MFS Funds, MFS Investment Management, MFS Institutional Advisors, Inc., and MFS Heritage Trust Company.
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What we do

How does MFS protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include procedural, electronic, and physical safeguards for the protection of the personal information we collect about you.
How does MFS collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ▪ open an account or provide account information ▪ direct us to buy securities or direct us to sell your securities ▪ make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ▪ sharing for affiliates' everyday business purposes—information about your creditworthiness ▪ affiliates from using your information to market to you ▪ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ▪ <i>MFS does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ▪ <i>MFS doesn't jointly market.</i>

Other important information

If you own an MFS product or receive an MFS service in the name of a third party such as a bank or broker-dealer, their privacy policy may apply to you instead of ours.

The information below is provided for clients subject to ERISA

**ERISA Section 408(b)(2) Fee Disclosure and
Form 5500 Schedule C Information**

MFS Institutional Advisors, Inc. ("MFSI")

INTRODUCTION

As you may know, U.S. Department of Labor regulations under Section 408(b)(2) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), require covered service providers, including investment advisers, to provide written compensation disclosure to certain ERISA-covered retirement plans ("**Plans**") in relation to the services provided to them. This is a one-time disclosure, unless notice is required due to material changes. In this notice, we will refer to those regulations as the "**Section 408(b)(2) Regulations**". In addition, Plan sponsors filing a Form 5500 Schedule C are required to report certain direct and indirect compensation paid with respect to a Plan. Please note that the Section 408(b)(2) Regulations and Form 5500 Schedule C requirements do not apply to SEP IRAs, SIMPLE IRAs, traditional or Roth IRAs, or owner-only Keogh-type plans.

This disclosure document is directed to employers/fiduciaries of Plans that invest in a single-contract separate account sponsor program (at MFSI these are called a Wrap Program). The purpose of this document is to identify documents that contain information relating to fees and services for purposes of satisfying the Section 408(b)(2) Regulations and Form 5500 Schedule C reporting requirements. The MFSI Form ADV, Part 2A ("**Firm Brochure**") is referenced in this notice. If you need a copy, please contact Orville Clarke, MFS Business Support Manager, 617-954-7248.

A. Identifying Information:

This document was prepared by **MFS Institutional Advisors, Inc., 111 Huntington Avenue, Boston, MA 02199. EIN: 04-3247425**

B. MFSI's Status as Fiduciary and Investment Adviser:

MFSI is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended, and is a fiduciary within the meaning of ERISA Section 3(21)(A)(i) with respect to the investment management of the Plan's Wrap Program account. MFS is a "covered service provider" as defined in the Section 408(b)(2) Regulations.

C. MFSI's Services:

MFSI provides investment advisory services for the Plan's account through a Wrap Program and provides periodic reporting related to the account. For additional information, see your agreement with your Wrap Program sponsor. You may also want to review the discussion of advisory services provided through a Wrap Program in the Firm's Brochure (*Item 4 – Advisory Business*). MFS does not provide investment advice with respect to a Plan's decision to invest or divest in a strategy managed by MFS.

D. MFSI's Compensation and Manner of Payment:

Investment Management Fee: See the fee information in your agreement with the Wrap Program sponsor. For additional information concerning how MFSI is compensated for providing advisory services through a Wrap Program, see the Firm's Brochure (heading "Wrap Program Fees and Expenses" under *Item 5, Fees and Compensation*).

Non-Cash Compensation (gifts and entertainment) (Indirect Compensation): MFSI, its parent, Massachusetts Financial Services Company, and other affiliates (collectively, for purposes of this section,

"MFS") will take reasonable steps to ensure that employees do not accept, in the course of business, any inducements which may lead to conflicts of interest. MFS's gifts and entertainment policy instructs employees that they should not accept a gift or entertainment relating to a client that is subject to ERISA. MFS believes that any gifts and entertainment received by MFS employees are received in the context of a general business relationship and should not be viewed as attributable or allocable to any particular investor or product (including any Wrap Program). In any event, if the value of gifts and entertainment received by MFS employees during the relevant calendar year were allocated by MFS to its clients and fund investors pro rata based on the value of their accounts in relation to total assets under management, MFSI believes the value allocated to their accounts would be beneath the reporting thresholds for non-monetary compensation set forth in the Form 5500 Schedule C instructions.

E. Termination Compensation:

MFSI receives an advisory fee through the date that services are terminated. For more information, see the fee information in your agreement with the Wrap Program sponsor.

CAUTION FOR PLAN ADMINISTRATOR

THIS DISCLOSURE DOCUMENT IS NOT, AND SHALL NOT BE DEEMED TO CONSTITUTE, LEGAL ADVICE TO RETIREMENT PLANS REGARDING COMPLIANCE WITH FORM 5500 SCHEDULE C REPORTING REQUIREMENTS AND IS ONLY INTENDED TO FURNISH INFORMATION TO SUCH PLANS TO ASSIST THEM IN COMPLYING WITH THE FORM 5500 SCHEDULE C REPORTING OBLIGATIONS.

Following this page you will see the Form ADV Part 2B for the Large Cap Value Strategy and following that you will see the Form ADV Part 2B for the Research International Strategy.

Form ADV Part 2 – MFS Large Cap Value Private Portfolio



Katherine A. Cannan

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

December 4, 2019

This brochure supplement provides clients with information about Katherine Cannan that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Alison O'Neill Mackey, Director of Research - Americas at (617) 954-4011 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Katherine A. Cannan

Year of Birth: 1985

Education

Northwestern University, Bachelor of Arts Degree, Economics, 2007

Harvard Business School, MBA, 2013

Business Experience

Equity Portfolio Manager, MFS, 1/2020 - Present

Research Analyst, MFS, 9/2013 - Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

None.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Katherine Cannan's advisory activities is Alison O'Neill Mackey, Director of Research - Americas, who may be reached at (617) 954-4011. In connection with such monitoring, Alison O'Neill Mackey conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Katherine Cannan. In addition, Alison O'Neill Mackey reports to Kevin Beatty, Chief Investment Officer - Global Equity, who is a member of the Investment Management Committee. The Investment Management Committee meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



Nevin Paul Chitkara

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 10, 2018

This brochure supplement provides clients with information about Nevin Chitkara that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Kevin Beatty, Chief Investment Officer - Global Equity at (617) 954-4065 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Nevin Paul Chitkara

Year of Birth: 1968

Education

Boston University, Bachelor's Degree, Business Administration, 1990

Massachusetts Institute of Technology, Sloan School of Management, MBA, 1997

Business Experience

Portfolio Manager, MFS, 5/06 - Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

None.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Nevin Chitkara's advisory activities is Kevin Beatty, Chief Investment Officer - Global Equity, who may be reached at (617) 954-4065. In connection with such monitoring, Kevin Beatty conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Nevin Chitkara. In addition, Kevin Beatty is a member of the Investment Management Committee, which meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



Steven Richard Gorham

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 17, 2018

This brochure supplement provides clients with information about Steven Gorham that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Kevin Beatty, Chief Investment Officer - Global Equity at 617-954-4065 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Steven Richard Gorham

Year of Birth: 1967

Education

University of New Hampshire, Bachelor's Degree, Business, 1989

Boston College, MBA, 1993

Business Experience

Director of Equity - North America, MFS, 7/2016 - Present

Portfolio Manager, MFS, 6/2000 - Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

Chartered Financial Analyst

In order to become a CFA Institute chartered financial analyst (CFA), candidates must pass three six-hour exams, hold a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFAs must adhere to a strict code of ethics and standards governing their professional conduct.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

President, Board of Trustees, Brooks School

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Steven Gorham's advisory activities is Kevin Beatty, Chief Investment Officer - Global Equity, who may be reached at 617-954-4065. In connection with such monitoring, Kevin Beatty conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Steven Gorham. In addition, Kevin Beatty is a member of the Investment Management Committee, which meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



Jonathan W. Sage

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 18, 2018

This brochure supplement provides clients with information about Jonathan Sage that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Joseph C. Flaherty, Chief Investment Risk Officer and Director of Quantitative Solutions at (617) 954-4121 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Jonathan W. Sage

Year of Birth: 1973

Education

Tufts University, BA, Social Psychology, 1995

Boston College, MBA, 2008

Boston College, MSF, 2011

Business Experience

Portfolio Manager, MFS, 10/2005 - Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

Chartered Financial Analyst

In order to become a CFA Institute chartered financial analyst (CFA), candidates must pass three six-hour exams, hold a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFAs must adhere to a strict code of ethics and standards governing their professional conduct.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Jonathan Sage's advisory activities is Joseph C. Flaherty, Chief Investment Risk Officer and Director of Quantitative Solutions, who may be reached at (617) 954-4121. In connection with such monitoring, Joseph C. Flaherty conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Jonathan Sage. In addition, Joseph C. Flaherty is a member of the Investment Management Committee, which meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.

Form ADV Part 2 – MFS Research International ADR Private Portfolio



Jose Luis Garcia

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 17, 2018

This brochure supplement provides clients with information about Jose Luis Garcia that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Kevin Beatty, Chief Investment Officer - Global Equity at (617) 954-4065 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Jose Luis Garcia

Year of Birth: 1971

Education

Boston College, Bachelor's Degree, Finance, 1993

Harvard University, MBA, 1998

Business Experience

Director of Equity - Latin America, MFS, 7/2011 - present

Latin America Equities Research Director, MFS, 1/2010 - 7/2011

Research Analyst and Portfolio Manager, MFS, 3/2002 - Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

None.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Jose Luis Garcia's advisory activities is Kevin Beatty, Chief Investment Officer - Global Equity, who may be reached at (617) 954-4065. In connection with such monitoring, Kevin Beatty conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Jose Luis Garcia. In addition, Kevin Beatty is a member of the Investment Management Committee, which meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



Camille E. Humphries Lee

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

July 24, 2018

This brochure supplement provides clients with information about Camille Humphries Lee that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Thomas Melendez, Institutional Portfolio Manager at (617) 954-4175 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Camille E. Humphries Lee

Year of Birth: 1963

Education

University of Virginia, BA, 1985

University of Virginia, MBA, 1990

Business Experience

Institutional Portfolio Manager, MFS 12/2000-Present

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

Chartered Financial Analyst

In order to become a CFA Institute chartered financial analyst (CFA), candidates must pass three six-hour exams, hold a bachelor's degree from an accredited institution (or have equivalent education or work experience) and have 48 months of qualified, professional work experience. CFAs must adhere to a strict code of ethics and standards governing their professional conduct.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Camille Humphries Lee's advisory activities is Thomas Melendez, Institutional Portfolio Manager, who may be reached at (617) 954-4175. In connection with such monitoring, Thomas Melendez conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Camille Humphries Lee. In addition, Thomas Melendez reports to Kevin Beatty, Chief Investment Officer - Global Equity, who is a member of the Investment Management Committee. The Investment Management Committee meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



James C. Fallon

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 10, 2018

This brochure supplement provides clients with information about James Fallon that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Joseph C. Flaherty, Chief Investment Risk Officer and Director of Quantitative Solutions at (617) 954-4121 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

James C. Fallon

Year of Birth: 1969

Education

University of New Hampshire, Bachelors Degree, Mass Communications, 1996

Boston University, MBA, Finance, 2000

Business Experience

Portfolio Manager, MFS, 2/2008 - Present

Research Analyst, MFS, 10/2001 - 2/2008

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

None.

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring James Fallon's advisory activities is Joseph C. Flaherty, Chief Investment Risk Officer and Director of Quantitative Solutions, who may be reached at (617) 954-4121. In connection with such monitoring, Joseph C. Flaherty conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by James Fallon. In addition, Joseph C. Flaherty is a member of the Investment Management Committee, which meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.



Victoria Jane Higley

MFS Investment Management

111 Huntington Avenue

Boston, MA 02199

Phone: (617) 954-5000

October 17, 2018

This brochure supplement provides clients with information about Victoria Higley that supplements the MFS Investment Management brochure. You should have received a copy of the MFS Investment Management brochure. Please contact Gabrielle Gourgey, Institutional Portfolio Manager at (617) 954-4418 or MFS Investment Management at (617) 954-5000 if you did not receive a copy of the MFS Investment Management brochure or if you have any questions about the contents of this brochure supplement.

EDUCATIONAL BACKGROUND & BUSINESS EXPERIENCE

Victoria Jane Higley

Year of Birth: 1972

Education

Durham University UK, Bachelor of Arts Degree, Economics, 1994

Business Experience

Institutional Portfolio Manager, MFS, 9/2011 - Present

Institutional Client Director, Fidelity International, 7/2008 - 5/2011

Institutional Client Director, Equity Research Analyst, UK Portfolio Manager, UBS Asset Management, 9/1994 - 4/2008

Portfolio managers and analysts associated with MFS Investment Management must meet certain standards set forth by the firm. Generally, MFS Investment Management requires portfolio managers and analysts to have a college degree or a minimum of four years related experience, have displayed a high degree of integrity in previous business background, have high standards of morals and ethics and be committed to providing quality investment advice.

Professional Licenses/Designations

Associate of the CFA Society of the UK (ASIP)

DISCIPLINARY INFORMATION

This individual has no material disciplinary events to report.

OTHER BUSINESS ACTIVITIES

This individual has no other business activities to report.

ADDITIONAL COMPENSATION

This individual has no additional compensation to report.

SUPERVISION

The individual responsible for monitoring Victoria Higley's advisory activities is Gabrielle Gourgey, Institutional Portfolio Manager, who may be reached at (617) 954-4418. In connection with such monitoring, Gabrielle Gourgey conducts semiannual performance evaluations and, as applicable, reviews research notes prepared and/or participates in routine risk reviews for portfolios managed by Victoria Higley. In addition, Gabrielle Gourgey ultimately reports to Kevin Beatty, Chief Investment Officer - Global Equity, who is a member of the Investment Management Committee. The Investment Management Committee meets on a regular basis, providing oversight of aspects of portfolio management, research, and trading and establishing and monitoring investment policies and procedures.