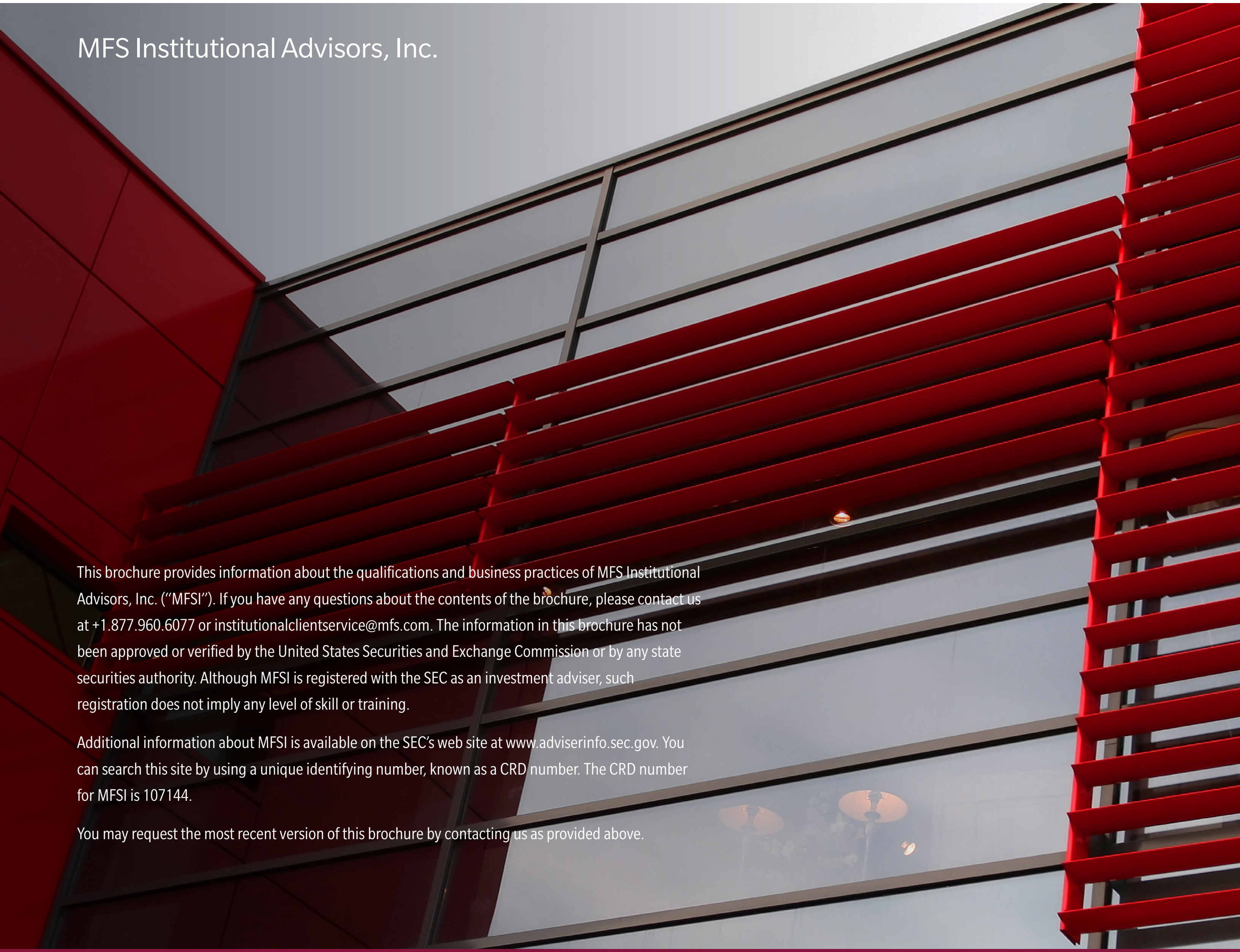
MFS Investment Management

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 30, 2020

Massachusetts Financial Services Company, 111 Huntington Avenue, Boston, MA 02199 **www.mfs.com**

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 29, 2019.

- 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).

- Various updates have been made to the Other Financial Industry Activities and Affiliations section (Item 10) of the Brochure.

- 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 its 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, 2019, MFSI managed $107,990,961,000 in discretionary client assets and $10,401,675,000 in non-discretionary client assets. The MFS Global Group managed $533,335,965,000 as of December 31, 2019.

All discussions of MFSI's practices in this Brochure are qualified in their entirety with respect to each portfolio by the applicable investment management agreement or offering and organizational materials ("Offering Documents") governing such portfolio. This includes, 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. The terms "institutional portfolio" or "institutional client" are used herein to refer to all of MFSI's clients other than Wrap Fee programs, which are discussed below. 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 and portfolio structure 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. To the extent MFSI's asset allocation guidance could be implemented using investment products or advisory services provided by the MFS Global Group, and the recipient of the guidance invests in such investment products or advisory services, the MFS Global Group may earn additional revenues because MFSI and/or its affiliates receive revenue from their investment products and advisory services. The fees charged by the MFS Global Group may be higher than fees charged by third parties. Therefore, MFSI has a potential conflict of interest to the extent its asset allocation guidance results in the inclusion of any MFS Global Group investment products or advisory services. The institutional client or financial intermediary has the ultimate discretion whether to use MFS Global Group investment products or advisory services.

MFSI also provides advisory services through certain wrap fee 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.

<u>Wrap Programs</u>

A wrap fee program ("Wrap Program") is a platform through which a financial intermediary known as a "sponsor" (typically a brokerage firm) offers investment accounts in which an investor or "participant" is typically charged a single, bundled fee by the sponsor that covers brokerage, custodial and administrative services, and in most cases, investment advice. The sponsor, for a portion of the fee, administers the program and selects, or provides advice to clients regarding the selection of investment strategies and investment advisers in the Wrap Program. A sponsor may select an MFSI strategy based on the appropriateness, in the sponsor's judgment, of MFSI's style of investment management and performance for the sponsor's Wrap Program. In Wrap Programs, "reverse churning" may occur when there is very little trading activity in the client's account(s). As such, there may be times when the client could benefit, sometimes significantly, by not participating in a Wrap Program, where fees are bundled, and instead by paying any brokerage commissions separately. Certain strategies offered by MFSI in Wrap Programs have historically had a low portfolio turnover (e.g., 25-30% annually). In some cases, sponsors also select an "overlay manager" to provide certain services to the Wrap Program, such as brokerage services or investment advice (the term "sponsor" as used herein may refer to the sponsor, overlay manager or both, depending on the structure of a Wrap Program). Participants are encouraged to review the Wrap-Fee Program Brochure prepared by their Wrap Program's sponsor to understand the specific types of services covered under the participant's bundled fee, and the roles performed by the sponsor, overlay manager and/or investment adviser. MFSI acts only as an investment adviser or sub-adviser for Wrap Programs and does not act as the sponsor or overlay manager of any Wrap Program.

Some Wrap Programs are organized as separately managed accounts (an "SMA Program") while others are organized as model-delivery portfolios (a "Model-Delivery Program"); however some Wrap Programs exhibit characteristics of both SMA Programs and Model-Delivery Programs. Generally, in an SMA Program, MFSI has the authority to make all investment decisions for a participant's investment portfolio; whereas in a Model-Delivery Program, MFSI provides model portfolios representative of a specific investment strategy, and the sponsor has the ultimate authority and obligation to accept or reject MFSI's recommendations for individual participants' investment portfolios.

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. 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.

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 typically pays MFSI directly for its advisory services.

The sponsor together with each program participant, and not MFSI, are generally responsible for determining that a particular Wrap Program and the selected strategy are appropriate or suitable 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 SMA Program or, in the case of a dual-contract SMA Program, directly to MFSI.

Some participants in SMA Programs elect to impose restrictions upon MFSI's ability to 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 socially responsible investing ("SRI") category restrictions. Participants typically select sector-based restrictions from among the sponsor's pre-established restricted sector categories. Sponsors typically do not 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. 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 uses 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 used in the program is appropriate for a participant.

Unlike in SMA Programs, reasonable participant-imposed restrictions are managed by the sponsor at the program level and MFSI does not 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 strategy 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 MFS 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 usually 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 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 manner in which a client accesses services from MFSI (*e.g.*, through a consultant or other financial intermediary), 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. MFSI also offers services to its affiliates on terms that are not available to third parties. 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 an institutional client, related institutional clients or institutional clients that access its services through the same consultant 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:

Type of Mandate	Standard Investment Advisory Fee
Limited Maturity Fixed Income	0.20% to 0.125% of average month end assets
Core Fixed Income, Municipal Fixed Income and U.S. Credit	0.25% to 0.175% of average month end assets
Blended Research Global Equity	0.35% to 0.25% of average month end assets
U.S. Corporate BB Fixed Income	0.275% to 0.175% of average month end assets
Blended Research Large Cap Growth Equity, Blended Research Large Cap Value Equity, Blended Research U.S. Core Equity and Blended Research U.S. Core (ESG) Equity	0.30% to 0.20% of average month end assets
U.S. Core Plus Fixed Income	0.30% to 0.20% of average month end assets
Global Aggregate Core and Global Credit	0.30% to 0.225% of average month end assets

Type of Mandate	Standard Investment Advisory Fee
Global Aggregate Core Plus	0.35% to 0.25% of average month end assets
Global Aggregate Opportunistic	0.40% to 0.30% of average month end assets
Low Volatility Global Equity	0.40% to 0.30% of average month end assets
U.S. Core High Yield Fixed Income	0.45% to 0.35% of average month end assets
Emerging Market Debt and Emerging Market Debt Local Currency	0.45% to 0.375% of average month end assets
Global High Yield	0.475% to 0.40% of average month end assets
Domestic Balanced	0.50% to 0.375% of average month end assets
Blended Research Global High Dividend Equity and Blended Research U.S. Small Cap Equity	0.50% to 0.40% of average month end assets
Core Equity, Growth Equity, Large Cap Growth Equity, Large Cap Value Equity, Research Equity and Research Equity—Industry Neutral	0.55% to 0.40% of average month end assets
European Equity ex U.K. and Japan Equity	0.55% to 0.45% of average month end assets
Global Balanced	0.60% to 0.475% of average month end assets
Global Growth Equity, Global Infrastructure, Global Real Estate Equity and Global Research	0.65% to 0.50% of average month end assets
International Research Equity	0.65% to 0.50% of average month end assets
Mid Cap Growth Equity, Mid Cap Value Equity, Technology Equity, Utilities Equity and U.S. REIT	0.65% to 0.50% of average month end assets
Asia ex Japan and Asia Pacific ex Japan Equity	0.65% to 0.55% of average month end assets
European Core Equity, European Research Equity and European Value Equity	0.70% to 0.50% of average month end assets
Mid Cap Growth Focused Equity	0.70% to 0.55% of average month end assets

Type of Mandate	Standard Investment Advisory Fee
Global Equity and Global Value Equity	0.75% to 0.50% of average month end assets
International Equity, International Growth Equity and International Intrinsic Value Equity	0.75% to 0.50% of average month end assets
Small Cap Growth Equity and Small Cap Value Equity	0.75% to 0.60% 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
Emerging Markets Equity and Latin American Equity	0.80% to 0.70% of average month end assets
International Small-Mid Cap Equity	0.90% to 0.75% 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.

For the MFS Global Funds that MFSI advises or sub-advises, MFSI prices securities or other assets for many purposes, including determining fees and performance reporting. For other pooled investment vehicles for which a member of the MFS Global Group does not act as primary investment adviser, MFSI may be asked to recommend prices for certain securities or other assets held by the pooled investment vehicle. Additionally, for separate accounts, MFSI prices securities or other assets held by the separate account, if agreed to in the investment management agreement. In cases where MFSI prices portfolio holdings or provides pricing recommendations, MFSI is incentivized to overvalue such portfolio holdings in order to generate a higher fee. When pricing a portfolio holding, MFSI attempts, in good faith and in accordance with applicable laws (including ERISA), to determine its fair value. MFSI generally relies on market quotations or other asset valuations provided by a custodian, a broker-dealer or another third-party pricing service for valuation purposes. When market quotations are not readily available or are believed by MFSI to be unreliable, the security or other assets are valued by MFSI in accordance with MFSI's valuation procedures, described in the next paragraph. With respect to portfolios which invest in privately placed pooled investment vehicles managed by third parties and/or investments sponsored by such third-party managers, MFSI generally relies on pricing information provided by the private fund or its manager or other service provider. While MFSI expects that such persons will provide appropriate valuations, such persons may face conflicts similar to those described above and certain investments may be complex or difficult to value. MFSI may also perform its own valuation analysis, but generally will not independently assess the accuracy of such valuations.

When market quotations or other asset valuations are not readily available or are believed by MFSI to be unreliable, a client's investments may be valued at fair value ("Fair Value Assets"). Fair Value Assets are valued by MFSI in accordance with MFSI's valuation procedures. MFSI may conclude that a market quotation is not readily available or is unreliable: (i) if a security or other asset does not have a price source due to its lack of liquidity; (ii) if MFSI believes a market quotation from a broker-dealer or other source is unreliable (*e.g.*, where it varies significantly from a recent trade); (iii) where the security or other asset is thinly traded (*e.g.*, municipal securities and certain non-U.S. securities can be expected to be thinly traded); (iv) where recent asset sales represent distressed sale prices not reflective of the price that a client might reasonably expect to receive from the current sale of that asset in an arm's-length transaction; or (v) where there is a significant material event subsequent to the most recent market quotation. MFSI's good faith judgment as to whether an event would constitute a "significant event" likely to cause a material change in an asset's market price may, in hindsight, prove to be incorrect, and the fair value determination made by MFSI may be incorrect as to the direction and magnitude of any price adjustment when compared to the next available market price. In circumstances where MFSI typically relies on a valuation provided by a third party, if the third party fails to provide a valuation, or if MFSI believes such valuation is not representative of fair value, MFSI will determine fair value in good faith in accordance with its valuation policies and procedures.

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 gross 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 gross 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. 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 audit services; fees for preparing tax-related schedules and documents; or investor relations. MFSI receives no payment or remuneration from 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 the primary 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 a member of the MFS Global Group (together with the MFS Funds, the "MFS Global Funds") for various investment-related reasons. MFSI is also incentivized to purchase shares of an MFS Global Fund for purposes of increasing its advisory fees or creating the appearance of increased assets under management in such fund. When MFSI purchases shares of an MFS Global Fund for an institutional portfolio, the institutional portfolio indirectly bears a *pro rata* 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 client 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 portfolio's investment in the MFS Global Fund, as discussed above.

<u>Wrap Program Fees and Expenses</u>

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 0.65% 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. MFSI's compensation for these services is negotiable, and, as agreed with a sponsor or dual contract client, MFSI may charge a higher or lower fee than the representative advisory fee. 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.

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.

Participants should consult their sponsor's Wrap Fee Program Brochure for additional information about the fees and expenses they pay in connection with their Wrap Program, and other fees or 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) negotiate and charge different types (including performance-based and asset-based) or rates of advisory fees for different portfolios. An adviser has an incentive to favor portfolios paying performance-based fees over portfolios paying 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. Advisers also have other incentives to favor different clients or portfolios, including favoring a portfolio that pays a higher asset-based fee rate, a client with greater overall assets under management or the potential for greater assets under management, or portfolios believed to be at risk of termination. An adviser may favor an account by allocating to it superior investment opportunities or access to limited availability investment opportunities, See "Allocation of Investment Opportunities, Order Execution and Allocation of Executed Orders" in Item 12—*Brokerage Practices*, below, for more information. 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 and procedures (see Item 12, *Brokerage Practices*, below) address these potential conflicts of interest. These policies, which apply equally to all portfolios regardless of fee type or rate, are designed to ensure allocation of investment opportunities and executed trades in a manner MFSI believes is fair and equitable over time.

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 and other pooled investment vehicles. MFSI's standard minimum portfolio size for establishing a separate account 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 an institutional 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 institutional investors, 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 or 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. MFSI may also consider environmental, social and governance ("ESG") factors in its fundamental investment analysis. 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 evaluates securities 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. Please refer to Item 17, *Voting Client Securities,* for more information about MFSI's proxy voting practices.

MFSI will introduce ESG-driven restrictions into a portfolio only as directed by the client or to comply with applicable law. Likewise, MFSI will introduce ESG-driven goals into a client's portfolio only if directed to do so by the client.

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. Generally, one or more portfolio managers or research analysts is responsible for the day-to-day management of the portfolios following a particular investment strategy. In emergency circumstances, such as due to an illness, another portfolio manager or a chief investment officer may be authorized to make investment decisions on behalf of those portfolios.

MFSI utilizes various investment techniques to implement its investment strategies, including, but not limited to, long- and short-term purchases, short sales, margin transactions, futures, forwards, swaps, options, and other 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, interest rate or credit exposure (for instance through currency forwards, treasury futures or credit default swaps, 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 that are allowed for a particular portfolio, and 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 portfolios managed, and models provided, by MFSI are not intended to provide a complete investment program and MFSI expects that assets invested in a 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, regulatory, geopolitical, environmental and public health conditions. Some of these conditions may prevent MFSI from executing a particular strategy successfully. A widespread health crisis such as a global pandemic could cause substantial market volatility and have long-term effects on the U.S. and world economies and markets generally. For example, the novel coronavirus disease (COVID-19), which was first detected in December 2019, has resulted in significant disruptions to global business activity. The impact of this outbreak and other epidemics and pandemics that may arise in the future could negatively affect the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the securities and commodities markets in general in significant and unforeseen ways. A health crisis may also exacerbate other pre-existing political, social and economic risks. Any such impacts could adversely affect the prices and liquidity of a portfolio's investments and a portfolio's performance. 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 portfolio will change daily based on changes in market, economic, industry, political, regulatory, geopolitical, environmental and other considerations. A 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 similar to those employed by other 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, and also differ from the performance of other, similar Wrap Programs advised by MFSI, for a variety of reasons. These reasons include:

Investment and Trading Differences:

- Wrap Program portfolios typically are of a smaller asset size, are managed to hold fewer, more concentrated positions, and occasionally hold different securities as compared to other portfolios advised by the MFS Global Group in a similar investment strategy.
- 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 a Wrap Program portfolio and other portfolios advised by the MFS Global Group in a similar investment strategy.
- The timing and manner of trading a Wrap Program will vary between the sponsor and MFSI, between Wrap Program portfolios traded by the sponsor and other portfolios advised and traded by the MFS Global Group in a similar investment strategy or between the different Wrap Program sponsors within an investment style. 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 determine to deviate from the MFSI portfolio model.
- In many cases, MFSI trades (or recommends trades) for Wrap Program portfolios less frequently, potentially at different times and pursuant to differing triggers than the investment decisions are made for other portfolios advised by the MFS Global Group in a similar investment strategy. Less frequent trading can increase the risk of loss or reduce opportunities for gains.
- For various reasons, including the smaller size of Wrap Program portfolios as compared to the other portfolios advised by the MFS Global Group in a similar investment strategy, MFSI typically makes investment decisions and/or adjusts portfolio models for Wrap Program portfolios less frequently and in larger basis increments than for such other portfolios. However, occasionally, MFSI may believe that a portfolio security is subject to liquidity constraint, due to the nature of the particular security. In those cases, MFSI may, in its discretion, make an investment decision or adjust the portfolio model in smaller basis point increments to reduce competition in the market among orders for all portfolios. Investment decisions for other portfolios advised by the MFS Global Group in similar investment strategies that are not subject to these considerations will often be made at different times

and implemented in different ways, which would likely result in such other portfolios experiencing some performance differences.

Portfolio Restrictions:

- Wrap Program portfolios can be subject to restrictions imposed by MFSI, the participant, the sponsor or, in the case of multi-manager Wrap Program portfolios, the 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 materially from those applicable to other portfolios advised by the MFS Global Group in a similar investment strategy.
- 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 (particularly Model-Delivery Program sponsors) 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 in a similar investment strategy.

Other Factors. Performance of Wrap Program portfolios is also likely to differ from the performance results of institutional portfolios (including registered investment companies) in a similar investment strategy 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.

<u>Material Risk Factors</u>

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 or sub-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 portfolio in any mandate will depend upon, among other things, the specific investment guidelines and restrictions applicable to that 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 or sub-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 portfolio in any mandate, these risk factors may or may not be material to that specific portfolio.

Asia Risk

The economies of countries in Asia are in all stages of development. Many of the economies of countries in Asia are considered emerging market economies. Companies in Asia can be subject to risks such as nationalization or other forms of government interference, and/or rely on only a few industries or commodities. Economic events in one country or group of countries within the Asian region can have significant economic effects on the entire Asian region because the economies of the region are intertwined. Furthermore, many of the Asian economies are often characterized by high levels of inflation, undeveloped financial service sectors, frequent currency fluctuations, devaluations, or restrictions, political and social instability, and less efficient markets. The economies of many Asian 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 sole mandate for which this represents a principal risk is Asia ex Japan.

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 rely on only a few industries or commodities. Economic events in one country or group of countries within the Asia Pacific region can have significant economic effects on the entire Asia Pacific region because the economies of the region are intertwined. Furthermore, many of the Asia Pacific economies are often characterized by high levels of inflation, 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.

Business Continuity Risk

MFSI has developed a Business Continuity Program (the "Program") that is designed to minimize the disruption of normal business operations in the event of an adverse incident impacting MFSI or its affiliates. While MFSI believes that the Program is comprehensive and should enable it to reestablish normal business operations in a timely manner in the event of an adverse incident, there are inherent limitations in such programs (including the possibility that contingencies have not been anticipated and procedures do not work as intended) and under some circumstances, MFSI and its affiliates, any vendors used by MFSI or its affiliates or any service providers to the portfolios MFSI manages could be prevented or hindered from providing services to the portfolio for extended periods of time. These circumstances may include, without limitation, natural disasters, outbreaks of pandemic and epidemic diseases, acts of governments, any act of declared or undeclared war (including acts of terrorism), power shortages or failures, utility or communication failure or delays, labor disputes, strikes, shortages, supply shortages, and system failures or malfunctions. These circumstances, including systems failures and malfunctions, could cause disruptions and negatively impact a portfolio's service providers and a portfolio's business operations, potentially including an inability to process portfolio shareholder transactions, an inability to calculate a portfolio's net asset value and price a portfolio's investments, and impediments to trading portfolio securities. A portfolio's ability to recover any losses or expenses it incurs as a result of a disruption of business operations may be limited by the liability, standard of care and related provisions in its contractual arrangements with MFSI and other service providers.

Company-Specific Risk

Changes in the financial condition of a company or other issuer, changes in specific market, economic, industry, political, regulatory, geopolitical, environmental and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical, environmental 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 ex Japan, Asia Pacific ex Japan Equity, 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. Core (ESG) Equity, Blended Research U.S. Small Cap Equity, Core Equity, Domestic Balanced, Emerging Markets Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Balanced, Global Concentrated Equity, Global Equity, Global Growth Equity, Global Infrastructure, Global Real Estate Equity, Global Research, Global Value Equity, Growth Equity, International Concentrated Equity, International Equity, International Growth Equity, International Research Equity, International Small-Mid Cap Equity, International Intrinsic Value Equity, Japan Equity, Large Cap Growth Equity, Large Cap Value Equity, Latin American Equity, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Growth Focused Equity, Mid Cap Value Equity, Research Equity, Research Equity-Industry Neutral, Small Cap Growth Equity, Small Cap Value Equity, U.S. Corporate BB Fixed Income, Technology Equity, U.S. REIT, and Utilities Equity.

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, 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, Global Infrastructure, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield Fixed Income, U.S. Corporate BB Fixed Income, U.S. Core Plus Fixed Income, U.S. Credit, and Utilities Equity.

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 ex Japan, Asia Pacific ex Japan Equity, Blended Research Global Equity, Blended Research Global High Dividend Equity, Emerging Market Debt Local Currency, Emerging Market Debt, Emerging Market Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Equity, Global Growth Equity, Global High Yield, Global Infrastructure, Global Real Estate Equity, Global Research, Global Value Equity, International Concentrated Equity, International Equity, International Growth Equity, International Research Equity, International Small-Mid Cap Equity, International Intrinsic Value Equity, Japan Equity, Latin American Equity, Low Volatility Global Equity and Utilities Equity.

Cybersecurity Risk

Portfolios managed by MFSI may be exposed to cybersecurity 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 mobile devices and "cloud"-based service offerings and the dependence on the Internet and computer systems to perform necessary business functions, firms are susceptible to operational and information or cybersecurity risks that could result in losses to a portfolio. Cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks 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. Cyberattacks 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 or via "ransomware" that renders the systems inoperable until appropriate actions are taken. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on a firm's systems.

Cybersecurity 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 cyberattacks, 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 cybersecurity plans and systems put in place by other third parties including service providers, or by issuers in which portfolios managed by MFSI may invest and such service providers may have limited indemnification obligations to MFSI or the portfolios managed by MFSI, each of whom could be negatively impacted as a result.

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, environmental, public health 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; or the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan (which has in the past resulted and may in the future result in a government shutdown); market closures and/or trading halts; government or regulatory actions, including the imposition of tariffs or other protectionist actions and changes in fiscal, monetary or tax politics; natural disasters; outbreaks of pandemic or epidemic diseases; 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.

Certain of a portfolio's investments may be based on reference interest rates, such as the London Interbank Offered Rate ("LIBOR"). The regulatory authority that oversees financial services firms in the United Kingdom has announced plans to transition away from LIBOR by the end of 2021. There remains uncertainty regarding the future utilization of LIBOR as a reference rate and the nature of any replacement rate. The potential effects of the transition from LIBOR on a portfolio, or on certain instruments in which the portfolio invests, are not known. The transition from LIBOR may result in, among other things, an increase in volatility or illiquidity of markets for instruments that currently rely on LIBOR to determine interest rates. Any such effects could have an adverse impact on a portfolio's performance.

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

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 to which the derivative is intended to provide exposure, 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, and more susceptible to environmental problems. In addition, many emerging market countries with less established heath care systems have experienced outbreaks of pandemic or contagious diseases from time to time. 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 ex Japan, Asia Pacific ex Japan Equity, Blended Research Global Equity, Blended Research Global High Dividend Equity, Emerging Market Debt Local Currency, Emerging Market Debt, Emerging Market Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Equity, Global Growth Equity, Global High Yield, Global Infrastructure, Global Real Estate Equity, Global Research, Global Value Equity, International Concentrated Equity, International Equity, International Growth Equity, International Research Equity, International Small-Mid Cap Equity, International Intrinsic

Value Equity, Latin American Equity, Limited Maturity Fixed Income, Low Volatility Global Equity, and Utilities Equity.

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, environmental, public health 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; or the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan (which has in the past and may in the future result in a government shutdown); market closures and/or trading halts; government or regulatory actions, including the imposition of tariffs or other protectionist actions and changes in fiscal, monetary or tax policies; natural disasters; outbreaks of pandemic or epidemic diseases; 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 ex Japan, 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. Core (ESG) Equity, Blended Research U.S. Small Cap Equity, Core Equity, Domestic Balanced, Emerging Markets Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Balanced, Global Concentrated Equity, Global Equity, Global Growth Equity, Global Infrastructure, Global Real Estate Equity, Global Research, Global Value Equity, Growth Equity, International Concentrated Equity, International Equity, International Growth Equity, International Research Equity, International Small-Mid Cap Equity, International Intrinsic Value Equity, Japan Equity, Large Cap Growth Equity, Large Cap Value Equity, Latin American Equity, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Growth Focused Equity, Mid Cap Value Equity, Research Equity, Research Equity-Industry Neutral, Small Cap Growth Equity, Small Cap Value Equity, U.S. Core High Yield, Technology Equity, U.S. REIT, and Utilities Equity.

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. Any further exits from the EU, or the possibility of such exits, or the abandonment of the Euro, may cause additional market disruption globally and introduce new legal and regulatory uncertainties.

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

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, environmental, public health 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 interconnected, which increases the likelihood that conditions in one country or region can adversely impact issuers in different countries or regions. Less stringent regulatory, accounting, auditing 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 tied economically to 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, environmental, public health and other conditions than the U.S. market.

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

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, currency, economic, political, regulatory, geopolitical, environmental, public health 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 ex Japan, Asia Pacific ex Japan Equity, 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. Core (ESG) Equity, Blended Research U.S. Small Cap Equity, Core Equity, Core Fixed Income, U.S. Core Plus Fixed Income, Domestic Balanced, Emerging Market Debt Local Currency, Emerging Market Debt, Emerging Market Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global Concentrated Equity, Global Credit, Global Equity, Global Growth Equity, Global High Yield, Global Infrastructure, Global Real Estate Equity, Global Research, Global Value Equity, Growth Equity, International Concentrated Equity, International Equity, International Growth Equity, International Research Equity, International Small-Mid Cap Equity, International Intrinsic Value Equity, Japan Equity, Large Cap Growth Equity, Large Cap Value Equity, Latin American Equity, Limited Maturity Fixed Income, Low Volatility Global Equity, Mid Cap Growth Equity, Mid Cap Growth Focused

Equity, Mid Cap Value Equity, Research Equity, Research Equity-Industry Neutral, Small Cap Growth Equity, Small Cap Value Equity, U.S. Core High Yield Fixed Income, U.S. Core Plus Fixed Income, U.S. Corporate BB Fixed Income , U.S. Credit, and U.S. REIT.

For Global Infrastructure, please also see “Real Estate-Related Investment Risk” and “Utilities Concentration Risk”; Global Real Estate Equity, 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 Equity, 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, environmental, public health 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 Equity.

Focus Risk – National Municipal Mandates

A portfolio’s performance will be closely tied to the issuer, market, economic, industry, political, regulatory, geopolitical, environmental, public health 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 Equity, Growth Equity, International Growth Equity, International Small-Mid Cap Equity, Large Cap Growth Equity, Mid Cap Growth Equity, Mid Cap Growth Focused 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 and/or central bank 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. Changes in government and/or central bank monetary policy may affect the level of interest rates.

Interest payments on inflation-adjusted debt instruments can be unpredictable and vary based on the level of inflation. If inflation is negative, principal and income both can decline. In addition, the measure of inflation used may not correspond to the actual rate of inflation experienced by a particular individual.

This represents a principal risk for the following mandates: Core 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, Global Infrastructure, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield Fixed Income, U.S. Corporate BB Fixed Income, U.S. Core Plus Fixed Income, U.S. Credit, and Utilities Equity.

Intrinsic Value Risk

The stocks of companies that MFS believes are undervalued compared to their intrinsic value can continue to be undervalued for long periods of time, may not realize their expected value, and can be volatile.

The sole mandate for which this represents a principal risk is International Intrinsic Value Equity.

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 ex Japan, Asia Pacific ex Japan Equity, Core Equity, Core Fixed Income, U.S. Core Plus Fixed Income, Emerging Market Debt Local Currency, Emerging Market Debt, Emerging Market Equity, European Core Equity, European Equity ex U.K., European Research Equity, European Value Equity, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Concentrated Equity, Global Credit, Global Equity, Global Growth

Equity, Global High Yield, Global Infrastructure, Global Real Estate Equity, Global Research, Growth Equity, International Concentrated Equity, International Equity, International Growth Equity, International Intrinsic Value Equity, International Research Equity, International Small-Mid Cap Equity, Japan Equity, Large Cap Growth Equity, Large Cap Value Equity, Latin American Equity, Limited Maturity Fixed Income, Mid Cap Growth Equity, Mid Cap Growth Focused Equity, Mid Cap Value Equity, Municipal Fixed Income, Research Equity, Research Equity-Industry Neutral, Small Cap Growth Equity, Small Cap Value Equity, Technology Equity, U.S. Core High Yield Fixed Income, U.S. Core Plus Fixed Income, U.S. Corporate BB Fixed Income, U.S. Credit, U.S. REIT, and Utilities Equity.

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

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. Core (ESG) Equity, Blended Research U.S. Small Cap Equity, Domestic Balanced, Global Balanced, Global Value Equity, 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 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, Blended Research U.S. Core (ESG) Equity and Blended Research U.S. Small Cap Equity.

Investment Strategy Risk – ESG Strategy

A portfolio's ESG investment strategy limits the types and number of investment opportunities available to the portfolio and, as a result, the portfolio may underperform other portfolios that do not have an ESG focus. In addition, a portfolio's ESG investment strategy may result in the portfolio investing in securities, industries, or sectors that underperform the market as a whole or underperform other portfolios that employ an ESG investment strategy.

The sole mandate for which this represents a principal risk is Blended Research U.S. Core (ESG) 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, environmental, public health 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, European Equity ex U.K., Global Concentrated Equity, Global Real Estate Equity, International Concentrated Equity, Japan Equity, Large Cap Growth Equity, Mid Cap Growth Focused Equity, Technology Equity, U.S. REIT, and Utilities Equity.

Large Shareholder Risk

From time to time, shareholders of a pooled vehicle (which may include institutional investors, financial intermediaries or other MFS Global Funds) may make relatively large redemptions or purchases of portfolio shares. These transactions may cause the pooled vehicle to sell securities or invest additional cash, as the case may be, at disadvantageous prices. While it is impossible to predict the overall impact of these transactions over time, there could be adverse effects on the pooled vehicle's performance to the extent that the pooled vehicle may be required to sell securities or invest cash at times it would not otherwise do so. Redemptions of a large number of shares also may increase transaction costs or have adverse tax consequences for shareholders of the pooled vehicle by requiring a sale of portfolio securities. In addition, a large redemption could result in the pooled vehicle's current expenses being allocated over a smaller asset base, leading to an increase in the pooled vehicle's expense ratio.

Latin American Market Risk

All of the countries in the Latin American region are currently considered emerging market economies. High interest, inflation, 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, exchange controls and other measures imposed or negotiated by the countries with which they trade. 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. Political and social instabilities in the Latin American region, including military intervention in civilian and economic spheres and political corruption, may result in significant economic downturns, increased volatility in the economies of countries in the Latin American region, and disruption in the securities markets in the Latin American region. Many of the Latin American region's governments continue to exercise considerable influence on their respective economies and, as a result, companies in the Latin American region may be subject to government interference and nationalization.

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, environmental, public health 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 and the portfolio could miss other investment opportunities and hold investments it would prefer to sell, resulting in losses for the portfolio. In addition, the portfolio may have to sell certain investments at prices or times that are not advantageous in order to meet redemptions or other cash needs, which could result in dilution of remaining investors' interests in the portfolio. 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, Mid Cap Growth Focused 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, U.S. 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, Domestic Balanced, Global Aggregate Core Plus, Global Aggregate Core, Global Aggregate Opportunistic, Global Balanced, Global High Yield, Limited Maturity Fixed Income, Municipal Fixed Income, U.S. Core High Yield Fixed Income, U.S. Corporate BB Fixed Income, U.S. Core Plus 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 Large Cap Value Equity, Global Infrastructure, Global Real Estate Equity, Low Volatility Global Equity, Mid Cap Value Equity, Small Cap Value Equity, and U.S. REIT.

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.

This represents a principal risk for the following mandates: Global Real Estate Equity and U.S. REIT.

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, environmental, 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, environmental 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.

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

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 Equity, Large Cap Value Equity, 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' 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 among 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 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 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 and administrative 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.

MFSI provides investment research, portfolio management and trading services for certain non-U.S. clients for which MIL UK, MFS Canada or MFSI Australia act as investment adviser or investment manager. In addition to the Participating Affiliates, MFSI also has arrangements material to its advisory business or its clients with the following affiliated entities:

<u>MFS</u>

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. 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 (including MFS) 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.

<u>MFS Fund Distributors, Inc. (“MFD”)</u>

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. Certain employees of MFD are also supervised persons of MFSI and promote the sale of investment strategies which are offered via a variety of investment vehicles such as the MFS Funds, certain other MFS Global Funds, Wrap Programs and separately managed accounts. Clients and/or financial intermediaries select the strategy and the appropriate investment vehicle. The MFD employee will receive compensation that varies depending on the investment strategy and vehicle selected. To the extent that compensation to be paid is higher for one strategy or vehicle over another, a conflict of interest will exist. MFSI believes this potential conflict is largely mitigated through supervisory review and by the fact that MFSI strategies are offered primarily to or through sophisticated institutional investors and financial intermediaries. 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.

MFS 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 advises or sub-advises a number of portfolios on behalf of SLF's or its subsidiaries' clients (including Canadian mutual fund trusts managed by Sun Life Global Investments (Canada) Inc.) as well as proprietary assets of SLF or its subsidiaries.

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

<u>Participation or Interest in Client Transactions</u>

MFSI and its affiliates act as investment manager to numerous portfolios and can, and sometimes do, give advice or take action with respect to one portfolio 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 with respect to less liquid securities.

Currently, MFSI advises or sub-advises a number of portfolios on behalf of SLF's or its subsidiaries' clients (including Canadian mutual fund trusts managed by Sun Life Global Investments (Canada) Inc.) as well as proprietary assets of SLF or its subsidiaries, 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 a member of the MFS Global Group and/or their respective officers and employees. The 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.

Members of the MFS Global Group have also established and seeded a number of portfolios for the purpose of establishing a performance record to enable the MFS Global Group to offer such a portfolio's investment style to clients. MFSI could purchase on behalf of one or more portfolios the same securities or other financial instruments as those held in a seeded portfolio, whether such portfolios are managed in a similar or different style. The MFS Global Group has an incentive to favor these seeded portfolios to create a good track record that will help to maximize distribution opportunities. However, as described in Item 12, *Brokerage Practices*, the MFS Global Group has adopted allocation policies and procedures that are designed to treat all portfolios fairly and equitably over time.

Further, employees of the MFS Global Group could invest or otherwise have an interest in securities owned by or recommended to MFSI's clients. Please refer to the heading *MFS Investment Management Code of Ethics/Personal Investing Policy*, below, for a discussion of the manner in which MFSI addresses this potential conflict of interest.

As described above, MFSI could purchase shares of any MFS Global Fund on behalf of an institutional portfolio. Although MFSI does not expect to regularly 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 Global Fund(s) to MFS or its affiliates attributable to the portfolio's investment in the MFS Global Fund. See Item 5, *Fees and Compensation*, and the Offering Documents for the relevant MFS Global 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 regarding the terms of any workout may create conflicts of interests. MFSI has implemented policies and procedures designed to identify such potential conflicts of interest when they occur and address them by, among other things, ensuring that, where conflicts of interest exist, 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, vendor management, employee conduct, portfolio management and trading practices, personal securities transactions, insider trading, outside activities and conflicts of interest. These policies and procedures are intended to identify and mitigate conflicts of interest with or among clients, MFS employees and business partners, 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 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 violation notices, 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.

MFSI or its employees have business or personal relationships with financial services providers or intermediaries (*e.g.*, a broker-dealer, custodian or distributor) or service providers (collectively “business relationships”) that could incentivize MFSI or the employee to favor the business relationship over a client or to favor certain clients over others. The MFS Code of Business Conduct requires all employees to always act in the best interests of our clients.

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

Inside Information Policy

MFSI and the other members of the MFS Global Group 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 a member of the MFS Global Group come into possession of material, nonpublic information with respect to any issuer of securities, MFSI 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 members of the MFS Global Group, including MFSI, are subject, that establishes procedures reasonably designed to prevent the misuse of material, nonpublic information concerning an issuer of securities by MFSI and its employees. The Inside Information Policy provides that if any employee of a member of the MFS Global Group obtains material, nonpublic information concerning an issuer of securities, the MFS Global Group, including MFSI, is prohibited from using such information for their own and their 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

From time to time, a trade error may occur in an account managed by MFSI. MFS maintains a Trade Error Policy, to which the MFS Global Group is subject. The purpose of the Trade Error Policy is to describe what constitutes a trade error and the steps MFSI takes to remediate such errors. Generally, MFSI will compensate clients for losses resulting from a trade error in an expeditious manner, consistent with MFSI's fiduciary obligations and with client contractual terms relating to trade errors, if applicable. Gains remain in the client's account. Clients are notified as soon as possible after an error impacting their account has been identified, in order facilitate their review of the error and related correction. 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.

MFSI is subject to a conflict of interest in determining whether or to what extent to report and/or correct a trade error or other error to a client in order to avoid incurring the cost of correction. MFSI employees may be subject to a similar conflict of interest if such employee believes he or she would face negative personal consequences in connection with reporting trade errors or other errors. The Trade Error Policy requires investment personnel to review portfolio transactions regularly and promptly to identify and report any such errors. Additionally, MFSI has implemented segregation of duties between portfolio management, trading and operations to increase the likelihood that errors will be identified and reported.

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 a 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. Please note that trading processes differ with respect to fixed income and equity securities, and the discussion of trading practices below will differ depending on security type. 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. MFS owns a 4.9% stake in Luminex Trading & Analytics LLC ("Luminex"), an alternative trading system. While there may appear to 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 would not increase Luminex's profitability by routing more trades to it.

When making trading decisions, MFSI can select strategies or methods or directly select venues 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 a 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 desire 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. However, as described in more detail below under the heading "Soft Dollars," the MFS Global Group has voluntarily undertaken to reimburse clients from its own resources for Research Commissions, as defined below, and therefore MFSI believes there will no longer be any commissions available for commission recapture arrangements.

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 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 the 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 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 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

MFSI and other members of the MFS Global Group owe their clients a fiduciary obligation to put client interests first. Since MFSI and the other members of the MFS Global Group manage multiple accounts it is inevitable that the same investment opportunity may be appropriate for multiple accounts. This creates the potential for MFSI to favor one account over another. It is the policy of MFSI and the other members of the MFS Global Group to allocate investment opportunities among the accounts they manage fairly and equitably over time. This means that MFSI and the other members of the MFS Global Group have in place policies and procedures designed to ensure that they do not favor one portfolio over another, but it does not mean that MFSI will treat all portfolios identically. For purposes of this section, the term "portfolio" may include a portion of a portfolio that is managed in a separate strategy or asset class from the remainder of the portfolio.

The policies and procedures described in this section apply to Wrap Program clients only to the extent an order is stepped out. For information about MFSI's other trading practices for Wrap Program clients, please see the information under the heading "Wrap Program Brokerage Arrangements, Order Execution and Allocation," below.

Indication of Interest

MFSI makes investment decisions for accounts based on the objectives, restrictions, guidelines and risk tolerances of each portfolio. When investment opportunities present themselves, portfolio managers will typically seek to indicate their interest in those opportunities among similarly-managed portfolios either (i) *pro rata* based on a portfolio's assets in the case of equity securities; or (ii) in a manner designed to keep the characteristics of those portfolios similar in the case of fixed income securities.

However, since the decision regarding how to best indicate for an investment opportunity will typically depend on many factors, it is possible that indications and positions across similar portfolios may differ. Relevant factors include, without limitation: a portfolio's investment objective, strategies, restrictions or other instructions; the composition and characteristics of a portfolio; the impact of the purchase relative to achieving desired portfolio characteristics; concentration of positions; minimum denominations; cash availability and expected flows for a portfolio; liquidity; the tax needs of a portfolio; avoiding having an account hold odd-lot or small positions; the availability of other appropriate or substantially similar investment opportunities; risk tolerance; and legal and regulatory restrictions.

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 MFS Global Group's Investment Management Committee ("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.

Execution and Aggregation of Orders

Traders execute orders promptly, fairly and expeditiously consistent with MFS Global Group execution policies and procedures. When executing orders, traders may aggregate multiple orders for the same instrument into a single trade as long as aggregation is unlikely to work to the overall disadvantage of any participating portfolio over time.

Traders will not aggregate orders for Related Portfolios (which include portfolios that are managed by MFS for the sole benefit of itself or its subsidiaries) with orders for client portfolios, and will trade Related Portfolios in a manner that it believes will not disadvantage other client portfolios. Related Portfolios do not include portfolios seeded by MFS to establish a track record for future distribution or portfolios seeded by MFS and open for sale to third parties. Additionally, members of the MFS Global Group manage assets for SLF and its subsidiaries (other than the MFS Global Group), and such portfolios are not considered to be Related Portfolios. In cases where MFS Global Group-seeded portfolios or SLF-seeded or SLF subsidiary-seeded portfolios are participating with other client portfolios in a limited opportunity offering, the other client portfolios will receive less of the limited opportunity than they would otherwise have received if the MFS Global Group-, SLF- or SLF subsidiary-seeded portfolios did not participate. MFSI seeks to ensure fairness among these portfolios over time through application and monitoring of its allocation policies and procedures.

Occasionally, MFSI will trade a particular security for client portfolios at the same time that Wrap Program sponsors are trading in the same securities for Wrap Program portfolios advised by MFSI. Wrap Program sponsors may complete the order(s) for Wrap Program portfolios more quickly or more slowly than MFSI, and may experience higher or lower execution prices. MFSI generally does not aggregate orders for Wrap Program portfolios with other client portfolios managed by the MFS Global Group, but may do so when stepping out an order for one or more SMA Programs, subject to best execution and other considerations. In cases where MFSI does not aggregate such orders, the Wrap Program portfolios may be traded, in the trader's discretion, simultaneously or in rotation with the other client portfolios.

Allocation of Executed Trades

There are times when MFSI or another member of the MFS Global Group cannot obtain a sufficient quantity of an instrument to fill the orders for all portfolios participating in an aggregated trade. In those cases, MFSI will allocate the amount received as follows:

- For equity securities offered in an initial public offering, oversubscribed secondary offering, or subject to an MFS Global Group internal ownership limit ("Limited Offerings"), MFSI will allocate the amount received according to standards established by the IMC and documented in procedures approved by the MFS Global Group's Trade Oversight Management Committee ("TOMC"). These procedures will generally provide for *pro rata* allocation based on each participating portfolio's share of Relevant Assets (as determined by the IMC), subject to adjustments to accommodate minimum thresholds, minimum lot sizes and denominations and other adjustments to facilitate equitable and efficient allocation.
- For trades in equity instruments other than through Limited Offerings and for fixed income instruments, fills of combined orders are allocated among participating portfolios *pro rata* based on order size, subject to the minimum denomination and lot size requirements for the instrument.
- For fixed income instruments issued in the new issue market, under certain circumstances, MFSI may give priority to certain portfolios with state-specific or other restrictive mandates.

Each portfolio that participates in an aggregated trade will receive the average price for that trade and will share the transaction costs (other than costs related to payment for research, if any) *pro rata* based on the portfolio's participation on the transaction. MFSI may exclude certain portfolios from the allocation of costs relating to the payment of research on a *pro rata* basis if consistent with applicable law (*e.g.*, Section 28(e)).

MFSI may round allocations to meet minimum lot-size and denomination requirements for each participating portfolio. MFSI may also adjust allocations to satisfy minimum holding thresholds at the portfolio level as established by MFSI from time to time to address liquidity or other concerns.

Trading may reallocate executed trades by adding new or follow-on orders post-execution if the orders are received within a reasonable period of time during the trading day and either of the following two conditions are satisfied: (i) trading reasonably believes that the addition of the orders will not have a material adverse impact on the portfolios participating in the original order; or (ii) the additional orders are based on the same event, information or analyst recommendation that prompted the original order, determined in accordance with standards identified periodically by the IMC or TOMC.

The allocation policies and procedures also prohibit allocations of Limited Offerings to: (i) Wrap Program portfolios; or (ii) any portfolio for which MFSI does not believe that applicable law or the rules or regulations of any governmental or self-regulatory organization would permit such investments.

Post-Trade Date Allocations

MFSI may allocate instruments to a portfolio after trade date as long as the reasons for post-trade date allocations are documented, and approved in accordance with the allocation policies and procedures. Examples of reasons for post-trade date allocations include, but are not limited to: orders executed while systems necessary to make accurate allocations are unavailable; or changes to allocations resulting from an error.

<u>Wrap Program Brokerage Arrangements, Order Execution and Allocation</u>

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. The wrap fees charged to participants in SMA and Model-Delivery Programs generally cover the costs of brokerage commissions and other charges only for transactions effected through a Wrap Program sponsor or its affiliates. However MFSI's arrangements with certain Wrap Program sponsors allow MFSI the discretion to select other brokers for participants' portfolio transactions (a practice called "stepping out" trades). Directing brokerage transactions through a sponsor or its affiliates may adversely affect the quality of execution that participants might otherwise receive for certain types of trades. Nevertheless, MFSI expects to direct brokerage transactions for Wrap Program participants through a sponsoring broker or its affiliates most of the time because MFSI believes that any benefit that may be experienced from executing brokerage transactions with a third-party broker-dealer will typically be outweighed by the incremental commission that would be incurred by 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 Model-Delivery Programs, and where trades are effected through SMA Program sponsors (which is expected to be most cases), MFSI will release orders and portfolio model changes according to a rotation methodology MFSI believes to be equitable among participating sponsors, consistent with the objective of treating all Wrap Program sponsors fairly and equitably over time. In its discretion, MFSI may choose to provide trading guidance to one or more Wrap Program sponsors. Such instructions may include, among others, participation rates, limit orders or, for ADR trades, instructions to access local market liquidity. Additionally or alternatively, in its discretion, MFSI may slow the pace of the rotation when it believes one or more securities are subject to liquidity constraints. MFSI believes that slowing the overall pace of trading among Wrap Program sponsors in these cases will result in a reduced impact to the average price of the security achieved by all sponsors, thereby mitigating the effects of multiple large orders, including any orders for other non-Wrap Program clients of MFSI, competing in the market. Under these circumstances, some Wrap Program sponsors would not receive the communication of the order or portfolio model change until later in the day and the likelihood that such sponsors would not be able to complete the whole order before markets close would increase. In considering whether a portfolio security is subject to liquidity constraints, MFSI may take into consideration, among other factors, the percent of average daily volume 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 average daily volume 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 ("Liquidity Factors").

Occasionally, MFSI will release orders and portfolio model changes to Wrap Program Sponsors in rotation at the same time that it trades the same securities for non-Wrap Program portfolios. MFSI may complete the order(s) for non-Wrap Program clients more quickly or more slowly than the Wrap Program sponsors. Consequently, Wrap Program clients and non-Wrap Program clients may experience different execution prices when trading the same securities in the market at the same time.

Maintenance trades, which are trades required due to opening new portfolios, closing existing portfolios, and effecting additions to or reductions in open portfolios, are processed differently from trades resulting from investment decisions. For most SMA Programs, MFSI generally directs maintenance trades to the Wrap Program sponsor. For Model Delivery Programs, the sponsor (or a third party like an overlay manager) performs all maintenance trades in accordance with the last-delivered portfolio models. MFSI neither participates in, nor is responsible for, Model Delivery Program maintenance trades. Participants in Wrap Programs should consult their sponsor's Wrap Fee Program Brochure and/or ask sponsors for more information about how maintenance trades are effected for their portfolio.

A sponsor may require MFSI to trade all securities transactions for its Wrap Program with the sponsor, impose restrictions upon MFSI from trading with a broker other than the sponsor, prohibit MFSI from stepping out to the sponsor or permit MFSI to step out from the sponsor without any restriction. Participants in Wrap Programs should consult their sponsor's Wrap Fee Program Brochure and/or ask program sponsors about any restrictions 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. In making this determination, MFSI may consider, among other factors, the Liquidity Factors described above.

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 is one reason 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.

Although MFSI expects to step out infrequently, when it does so, 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). This could occur, for example, when a Wrap Program portfolio has a smaller asset size and MFSI believes the benefits associated with stepping out would be minimal. 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 order, 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 will be subject and trading for Step-Out Wrap portfolios will occur during a different timeframe than trading for non-Step-Out Wrap portfolios.

When MFSI steps out, in order to facilitate the allocation of investments to individual SMA Program participants, 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.

ADR Trading Considerations

MFSI generally gains exposure to foreign securities on behalf of Wrap Program participants through the purchase of ADRs. Transactions in ADRs involve fees and expenses not typically involved in non-ADR transactions. In certain circumstances, MFSI or a Wrap Program sponsor 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 or the sponsor will create an ADR when, for example, MFSI or the sponsor 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 MFSI elects to create an ADR, a broker-dealer initiates the transaction and then steps out the transaction to the Wrap Program sponsor. Upon a sale, the ADR is "collapsed," and the underlying shares of the foreign issuer are sold in the foreign market. When MFSI creates an ADR, Wrap Program participants will incur a proportionate share of any costs associated with the creation of such ADR 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. Participants in Wrap Programs should consult their sponsor's Wrap Fee Program Brochure and/or ask sponsors about the sponsor's trading practices relating to ADRs.

As discussed earlier, orders for Wrap Program portfolios are not typically aggregated with non-Wrap Program portfolios. However, MFSI may transmit a single order for non-U.S. ordinary shares 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. In engaging in cross trades, MFSI may have an incentive to favor one portfolio over another by exchanging securities at a price that is advantageous to the favored portfolio, or selling illiquid securities from the favored portfolio to another portfolio. 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 policies and 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 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). 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 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 or a third-party agent 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 or third-party agent 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 or third-party agent to its trading desk or local sub-custodian for execution.

For any FX transaction executed through an institutional 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 portfolio with brokers that MFSI selects at its discretion for such purposes, unless directed otherwise by a client. In these cases, MFSI will follow the same aggregation and netting practices described above.

Item 13 – Review of Accounts

Internal Reviews of Portfolios

All 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 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. 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. As discussed above, MFSI may base its performance reporting upon its own valuation of portfolio assets, as agreed to with a client. In these cases, MFSI is incentivized to overvalue portfolio holdings in order to reflect more favorable performance. Please see under Item 5—*Fees and Compensation*, for more information.

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 client, not MFSI. However, MFSI could also have its own relationship with a client's investment consultant in connection with services provided by the consultant 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 and 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 for their own account that 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. MFSI may be required to pay fees to certain third party agents that have been retained by clients to assist the client in the selection of investment managers. Although the third party agent has been retained by the client, the obligation to pay a referral fee becomes the responsibility of the investment manager in the event that the investment manager enters into an investment management agreement with the client. To the extent SEC client disclosure rules or 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. 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 given MFSI authorization to 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.

<u>Unsupervised Assets</u>

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 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 other members of the MFS Global Group 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. 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.

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?	We collect your personal information, for example, when you ▪ open an account or provide account information ▪ direct us to buy securities or direct us to sell your securities ▪ make a wire transfer We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only ▪ 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 State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. ▪ *MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. ▪ *MFS does not share with nonaffiliates so they can market to you.*
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. ▪ *MFS doesn't jointly market.*

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. <u>Termination Compensation</u>:

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.

<u>CAUTION FOR PLAN ADMINISTRATOR</u>

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

December 10, 2019

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

December 10, 2019

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 - 3/2019

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

December 10, 2019

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

James C. Fallon

MFS Investment Management
111 Huntington Avenue
Boston, MA 02199
Phone: (617) 954-5000

December 10, 2019

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

December 18, 2019

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.

Camille E. Humphries Lee

MFS Investment Management
111 Huntington Avenue
Boston, MA 02199
Phone: (617) 954-5000

December 17, 2019

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 Kate Mead, Institutional Portfolio Manager at (617) 954-4419 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 Kate Mead, Institutional Portfolio Manager, who may be reached at (617) 954- 4419. In connection with such monitoring, Kate Mead 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, Kate Mead 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.