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## University of Winnipeg Foundation Inc.

MFS Low Volatility Canadian Equity Fund

MFS Low Volatility Global Equity Fund

MFS Canadian Core Plus Fixed Income Fund

Fourth quarter 2022 investment report

Issued in Canada by MFS Investment Management Canada Limited. No securities commission or similar regulatory authority in Canada has reviewed this communication.

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# Table of Contents



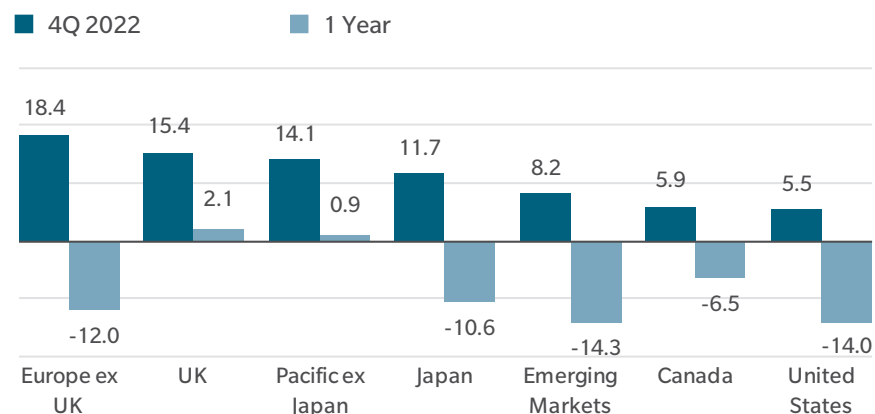
<b>Contents</b>	<b>Page</b>
Market Overview	1
Performance and Assets	3
MFS Low Volatility Canadian Equity Fund	7
MFS Low Volatility Global Equity Fund	23
MFS Canadian Core Plus Fixed Income Fund	40
Your Relationship Team	57
Global Capabilities	58
Additional Disclosures	59

Country and region information contained in this report is based upon MFS classification methodology which may differ from the methodology used by individual benchmark providers. Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

# Market Overview

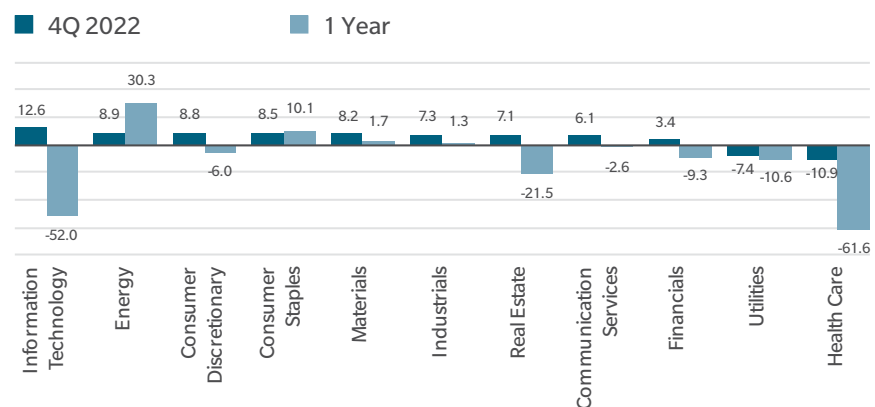


Global Equity performance (%) (CAD) as of 31-Dec-22



Source: FactSet. Region performance based on MSCI regional/country indexes.

Canadian Equity performance (%) (CAD) as of 31-Dec-22



Source: FactSet. Sector performance based on MSCI sector classification. The analysis of TSX Composite Index constituents are broken out by MSCI defined sectors.

## Fourth quarter 2022 Global Equity market review

- Despite another bear market rally in Q4, global equity markets declined significantly in 2022 as longer-duration, growth-oriented stocks were hit hard by rising interest rates.
- Inflation remains elevated and sticky despite some signs of moderating. The risk of the lagged effects of restrictive central bank policies causing a recession has weighed on equity markets.
- With a deteriorating economic and earnings outlook, we believe the next phase of the bear market is likely to be earnings-driven.

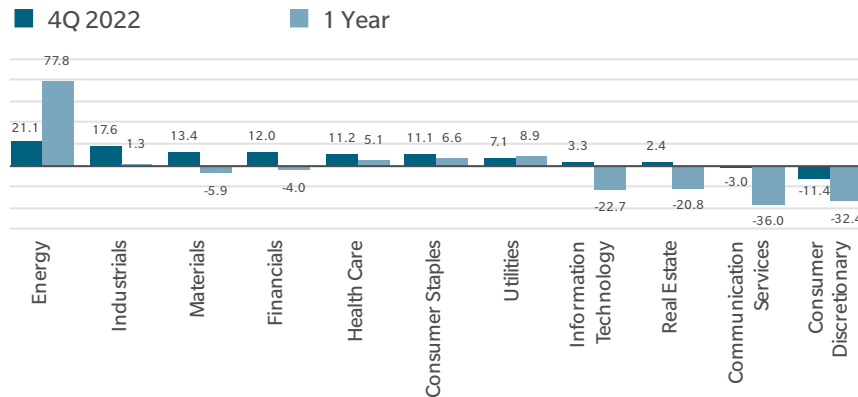
## Fourth quarter 2022 Canadian Equity market review

- Canadian equities rose 6% in the fourth quarter (S&P/TSX Composite Index, total return basis, CAD), lagging the sharply positive rebound in European and Asian markets and roughly in line with the United States. The Canadian market's full year performance ended the year solid on a relative basis given Canada's high proportion of energy and materials stocks.
- Consistent with the third quarter, fourth quarter outperformance continued to broaden, expanding to include information technology in addition to the industrials, consumer discretionary and staples sectors, each leading to the upside. Conversely, the interest rate-sensitive financials, utilities and integrated oil and pipelines stocks remained laggards, reflecting persistent price inflation and higher interest rates.
- The outlook for S&P/TSX forward earnings turned negative in the quarter, with aggregate 2023 EPS estimates revised down 5%. This move was led by the energy, materials and financials sectors but reflects a broad-based decline given only 1 of the 11 GIC sectors, utilities, registered a positive revision.
- The 12-month forward price/earnings multiple for S&P/TSX composite remains roughly 20% below the long-term average, similar to its level in the prior quarter and roughly in line with the post-GFC valuation low.

# Market Overview



U.S. Equity performance (%) (CAD) as of 31-Dec-22

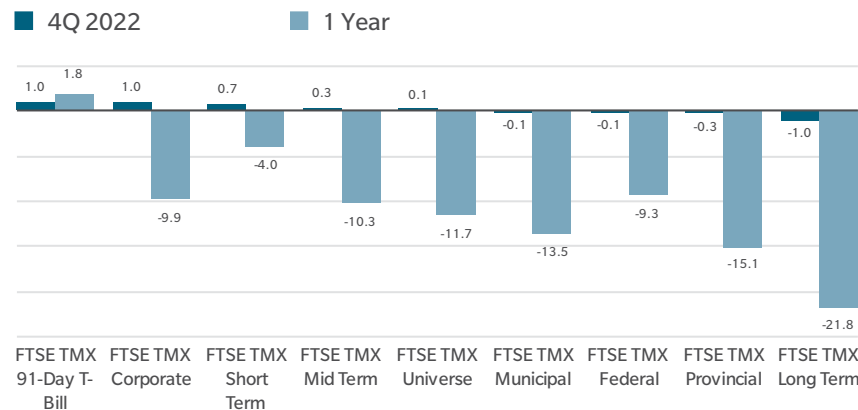


Source: FactSet. Sector performance based on MSCI sector classification. The analysis of S&P 500 Index constituents are broken out by MSCI defined sectors.

## Fourth quarter 2022 U.S. Equity market review

- The US market, as measured by the S&P 500 Index, ended higher in Q4 2022. However, the market climbed unevenly during the period, moving up strongly during the first two months but falling in December. At year-end, concerns mounted that lower inflation would not stop but only slow the rise in interest rates and that this could push the economy into recession in 2023.
- Economic growth in the United States expanded during Q3 2022, posting a GDP of 3.2%. This differed from the negative growth posted in Q2 and Q1 2022.
- For the quarter, value outperformed growth in the large-cap, mid-cap, and small-cap spaces. This was the reverse of Q3 but consistent with the trend of the first six months of the year. During Q4, energy, industrials and materials were the best-performing sectors and consumer discretionary, communication services and real estate the worst.

Canadian Fixed Income performance (%) (CAD) as of 31-Dec-22



Source for benchmark performance SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

## Fourth quarter 2022 Canadian Fixed Income market review

- The FTSE Canada Universe Bond Index had another positive quarter, returning 0.10%. Government bond yields rose marginally across the curve, while credit spreads fell after hitting year-to-date highs in late October. These moves resulted in the outperformance of corporate bonds during the quarter.
- The Bank of Canada (BoC) raised rates twice in the quarter, albeit at slightly smaller increments, with two 50 basis point hikes. The moves brought the overnight rate well into what is considered 'restrictive' territory at 4.25% — the highest level since 2008. The BoC appears resolute in its commitment to bringing inflation back to target but suggested the tightening campaign was near an end. Current market pricing implies a terminal rate around 4.5% in 1H23.
- The Canadian government yield curve continued to flatten in the quarter. Yields rose across the curve, with short-term yields rising the most. The 2- to-10-year part of the curve is now more inverted than at any other time since 1990.
- Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, initially widened to year-to-date highs, reaching 183bps by late October, before falling to 164bps by quarter-end, resulting in a decline of 10bps in the period. Credit spreads finished 53bps wider during the year.
- Within corporates, sectors such as pipelines, midstream and telecom outperformed, while subordinated financials and corporate hybrids underperformed.

# Performance



Total annual gross performance (%) as of 31-Dec-22	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Portfolio	19.57	13.21	9.14	6.05	9.11	1.26	15.45	5.58	12.78	-4.70
Benchmark <sup>^</sup>	16.83	12.22	6.61	8.33	9.55	-2.70	16.98	10.39	13.36	-10.10
Excess return	2.74	0.99	2.53	-2.28	-0.44	3.96	-1.54	-4.81	-0.58	5.40

Source for benchmark performance SPAR, FactSet Research Systems Inc. For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

<sup>^</sup> 30% FTSE Canada Universe Bond Index, 40% MSCI All Country World Index (net div), 30% S&P/TSX Capped Composite linked to previous benchmark

Previous to June 2017 the benchmark blend was 5% FTSE Canada 91 Day T-Bill, 25% FTSE Canada Universe Bond, 14% MSCI EAFE, 29% BMO/TSX CAP 10%, 27% S&P 500. Index performance is a blend of the two indices.

# Performance



Performance results (%) as of 31-Dec-22	10 Years	5 Years	3 Years	1 Year	4Q 2022
<b>Total Portfolio</b>	<b>8.53</b>	<b>5.81</b>	<b>4.31</b>	<b>-4.70</b>	<b>5.71</b>
<b>Benchmark<sup>^</sup></b>	<b>7.82</b>	<b>5.07</b>	<b>4.00</b>	<b>-10.10</b>	<b>5.13</b>
MFS Low Volatility Canadian Equity Fund	—	7.46	6.80	-2.68	6.77
S&P/TSX Capped Composite Index linked to previous benchmark	—	6.85	7.54	-5.84	5.96
MFS Low Volatility Global Equity Fund	—	8.09	6.27	-1.10	9.17
MSCI All Country World Index (net div)	—	6.89	5.54	-12.43	8.24
MFS Canadian Core Plus Fixed Income Fund	—	0.45	-1.92	-12.19	0.45
FTSE Canada Universe Bond Index	—	0.27	-2.20	-11.69	0.10

Source: Benchmark performance from SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

Segregated fund performance is calculated on a gross of management fee basis. Pooled fund performance is calculated on a gross of management fee basis, net of the administrative fee expense calculation. Total portfolio performance is calculated on a gross of management fee basis and is impacted by timing of client flows along with asset mix changes and rebalancing.

<sup>^</sup> 30% FTSE Canada Universe Bond Index, 40% MSCI All Country World Index (net div), 30% S&P/TSX Capped Composite linked to previous benchmark

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# Asset Summary



## MFS' asset mix view as of 31-Dec-2022

Bearish investor sentiment, softer-than-expected inflation in the United States and hopes for a policy pivot by the US Federal Reserve triggered a strong rally in global equities during October and November. However, the rally faded in December leaving the MSCI ACWI up for the quarter but with its worst annual performance since the global financial crisis. The Bank of Canada and the Fed slowed their hiking pace during the quarter, and both appeared resolute in restoring price stability. Global economic data continued to soften as evidenced by the Global Manufacturing PMI which dropped to 48.6 in December with forward-looking measures pointing to further weakness ahead. While the breadth of manufacturing PMIs increasing on a month-to-month basis improved to 54%, the largest economies remain in contraction territory. Concerns about the slowing global economy weighed on energy prices, which ended the quarter lower. The earnings outlook, which is correlated with leading economic indicators, modestly improved as fewer earnings downgrades drove a surprising increase in December's earnings revisions ratio. US equities underperformed major international indices due to the country's large weight in long-duration growth stocks which underperformed significantly.

The Canadian economy continued to exhibit signs of moderation in the fourth quarter. Expectations for Q4 GDP growth are around 1% to 1.5%, and in an environment of restrictive monetary policy, the economy should continue to stagnate in the first half of 2023. Despite this, domestic demand has been supported by a labour market that remains strong and thus far resilient to the rapid rise in interest rates. The FTSE Canada Universe Bond Index returned 0.10% in Q4. Government bond yields rose marginally across the curve, while credit spreads fell, resulting in the outperformance of corporate bonds during the period. Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, initially widened to year-to-date highs, reaching 183 bps by late October, before falling to 164 bps, resulting in a decline of 10 bps in the quarter.

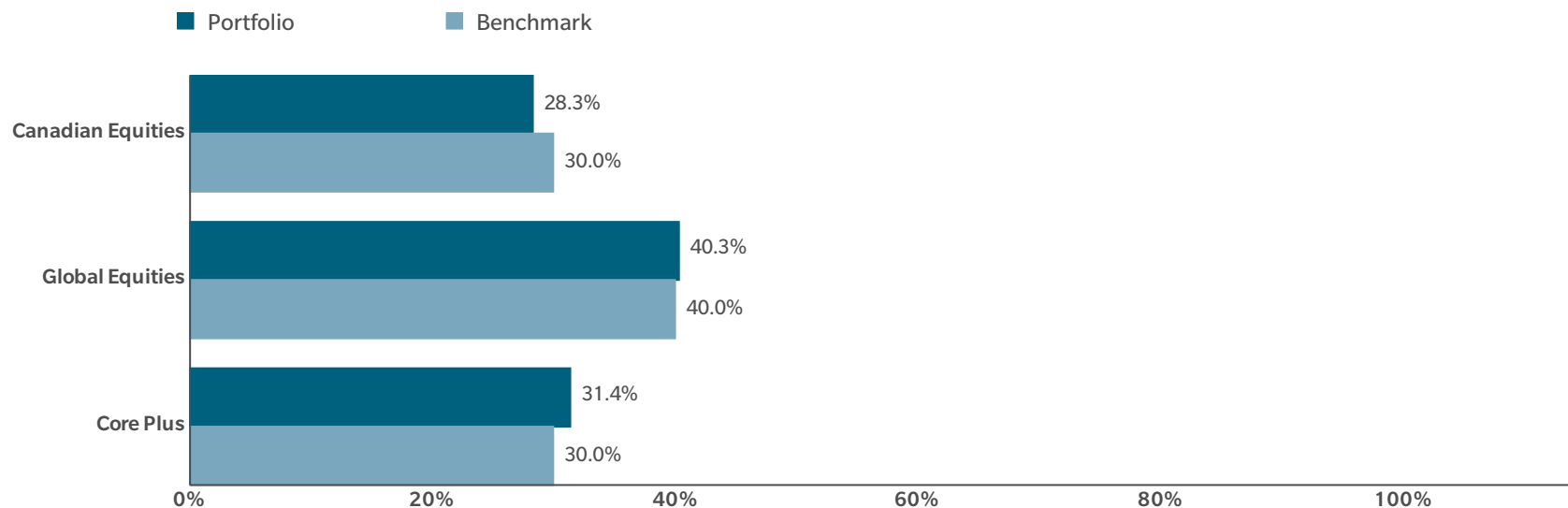
In December, the asset allocation was adjusted in response to the rally in equity markets that seemed overdone in the context of a deteriorating growth backdrop and aggressive central banks. The overall equity weight was reduced from neutral to underweight. Geographically, the reduction came from Canadian equities, while global equities remained unchanged. Proceeds largely went into fixed income which is now overweight relative to the strategic target. Catalysts appear to be lacking for strong risk asset performance in 1H23. In our view, negative earnings revisions in an environment of moderating economic activity and inflation are increasingly likely. Meanwhile, fixed income may benefit from a potential pause in rate hikes and a challenged growth environment.

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# Asset Summary



Asset allocation as of 31-Dec-22



Activity (CAD)	Beginning value as of 30-Sep-22	Contributions	Withdrawals	Intra-portfolio transfers	Change in market value	Ending value as of 31-Dec-22
<b>Total Portfolio</b>	<b>76,357,864</b>	<b>+204,336</b>	<b>-2,351,469</b>	<b>0</b>	<b>+4,407,053</b>	<b>78,617,784</b>
Cash	5,151	0	0	0	+96	5,248

Cash shown above may include residual amounts from client directed transactions. These amounts may be reinvested or withdrawn upon client instruction.



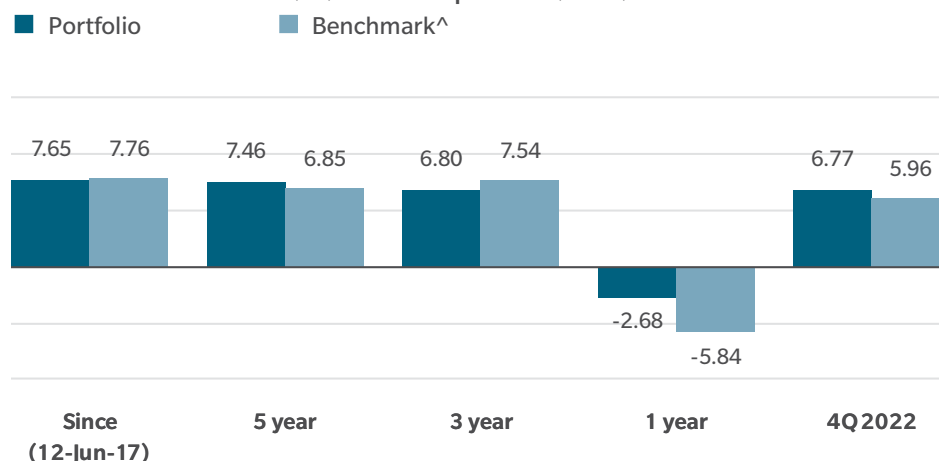


## MFS Low Volatility Canadian Equity Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-22



Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

^ S&P/TSX Capped Composite Index linked to previous benchmark

Effective October 1, 2017, the MFS Canadian Equity Value Fund was renamed MFS Low Volatility Canadian Equity Fund, and transitioned to a Low Volatility Canadian Equity strategy.

## Asset summary (CAD)

Beginning value as of 30-Sep-22	22,161,487
Contributions	+61,336
Withdrawals	-703,554
Intra-portfolio transfers	-762,836
Change in market value	+1,512,754
Ending value as of 31-Dec-22	22,269,187

## Position weights (%) as of 31-Dec-22

	Portfolio	Benchmark^^
<b>Top overweights</b>		
LOBLAW COMPANIES LTD (EQ)	3.9	0.7
FAIRFAX FINANCIAL HOLDINGS LTD	3.8	0.7
PEMBINA PIPELINE CORP	3.9	0.9
<b>Top underweights</b>		
ROYAL BANK OF CANADA	3.8	6.3
CANADIAN PACIFIC RAILWAY LTD	1.2	3.3
SUNCOR ENERGY INC	-	2.1

^^ S&P/TSX Capped Composite Index

# Performance Results



Performance results (%) net of expenses (CAD) as of 31-Dec-22

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2022	6.77	5.96	0.80
3Q 2022	-1.34	-1.41	0.07
2Q 2022	-10.28	-13.19	2.91
1Q 2022	2.98	3.82	-0.84
2022	-2.68	-5.84	3.17
2021	22.17	25.09	-2.92
2020	2.45	5.60	-3.15
2019	24.67	22.88	1.80
2018	-5.66	-8.89	3.23
Since client inception (12-Jun-17)	7.65	7.76	-0.10
5 year	7.46	6.85	0.61
3 year	6.80	7.54	-0.74
1 year	-2.68	-5.84	3.17

Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

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## Performance Drivers - Sectors



Relative to S&P/TSX Capped Composite Index (CAD) - fourth quarter 2022		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	Stock selection <sup>2</sup> (%)	Relative contribution (%)
<b>Contributors</b>	Financials	-1.4	9.0	3.4	0.1	1.6	1.7
	Information Technology	3.0	13.7	12.6	0.3	-0.0	0.3
	Consumer Staples	3.0	9.8	8.5	0.1	0.1	0.2
	Communication Services	-1.9	11.0	6.1	0.0	0.1	0.1
	Health Care	-0.4	-	-10.9	0.1	-	0.1
	Industrials	-1.2	7.9	7.3	0.0	0.1	0.1
<b>Detractors</b>	Energy	-3.8	4.9	8.9	-0.2	-0.5	-0.7
	Materials	0.2	3.3	8.2	0.0	-0.6	-0.6
	Consumer Discretionary	4.0	4.2	8.8	0.1	-0.3	-0.2
	Utilities	-0.8	-10.4	-7.4	0.1	-0.2	-0.0
	Real Estate	-1.5	4.7	7.1	-0.0	-0.0	-0.0
	Cash	0.7	1.0	-	-0.0	-	-0.0
<b>Total</b>			<b>6.8</b>	<b>6.0</b>	<b>0.5</b>	<b>0.3</b>	<b>0.8</b>

1 Sector allocation is calculated based upon each security's price in local currency.

2 Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

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## Performance Drivers - Stocks



Relative to S&P/TSX Capped Composite Index (CAD) - fourth quarter 2022		Average Weighting (%)		Returns (%)		Relative contribution (%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Fairfax Financial Holdings Ltd	4.0	0.6	27.1	27.1	0.7
	Enghouse Systems Ltd	1.7	0.0	24.8	24.8	0.3
	Brookfield Corporation	0.3	2.7	-13.8	-6.1	0.2
	Canadian Imperial Bank Of Commerce	0.3	1.9	-3.9	-8.0	0.2
	Quebecor Inc	1.9	0.1	19.9	19.9	0.2
<b>Detractors</b>	Shopify Inc	-	1.9	-	26.4	-0.3
	Canadian Natural Resources Ltd	1.2	3.1	1.2	18.3	-0.3
	Transcontinental Inc	2.5	0.0	-5.0	-5.0	-0.3
	Nutrien Ltd	3.0	2.0	-13.6	-13.6	-0.2
	Cenovus Energy Inc	-	1.3	-	24.8	-0.2

<sup>1</sup> Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

## Significant Transactions



From 01-Oct-22 to 31-Dec-22		Transaction type	Trade (%)	Ending weight (%)
Purchases	CANADIAN NATURAL RESOURCES LTD	New position	2.9	2.9
	TOURMALINE OIL CORP	New position	1.9	1.6
	BARRICK GOLD CORP	New position	1.6	1.7
	BANK OF MONTREAL	Add	1.0	2.8
	BROOKFIELD CORPORATION	New position	0.8	0.6
Sales	BROOKFIELD INFRASTRUCTURE PARTNERS LP	Eliminate position	-1.4	-
	NATIONAL BANK OF CANADA	Trim	-1.2	0.9
	FAIRFAX FINANCIAL HOLDINGS LTD	Trim	-1.0	3.8
	DOLLARAMA INC	Trim	-1.0	2.0
	TOROMONT INDUSTRIES LTD (EQ)	Trim	-0.9	2.2

# Sector Weights



As of 31-Dec-22	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)
Consumer Discretionary	6.8	3.7	3.1
Consumer Staples	7.1	4.2	2.9
Information Technology	8.3	5.7	2.6
Materials	12.4	12.0	0.4
Health Care	-	0.4	-0.4
Financials	29.7	30.8	-1.1
Industrials	12.0	13.3	-1.3
Energy	16.5	18.1	-1.6
Utilities	2.7	4.4	-1.7
Communication Services	3.1	4.9	-1.8
Real Estate	0.8	2.6	-1.8

^ S&P/TSX Capped Composite Index

0.5% Cash & cash equivalents

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# Top Overweight and Underweight Positions



As of 31-Dec-22		Portfolio (%)	Benchmark^ (%)
<b>Overweight</b>	LOBLAW COMPANIES LTD (EQ)	3.9	0.7
	FAIRFAX FINANCIAL HOLDINGS LTD	3.8	0.7
	PEMBINA PIPELINE CORP	3.9	0.9
	MANULIFE FINANCIAL CORP	4.3	1.6
	GIBSON ENERGY INC	2.6	0.1
<b>Underweight</b>	ROYAL BANK OF CANADA	3.8	6.3
	CANADIAN PACIFIC RAILWAY LTD	1.2	3.3
	SUNCOR ENERGY INC	-	2.1
	SHOPIFY INC	-	2.0
	BCE INC	-	1.9

^ S&P/TSX Capped Composite Index



# Characteristics



As of 31-Dec-22	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward)	11.2x	12.3x
Price/cash flow	8.0x	7.8x
Price/sales	1.3x	1.7x
PEG ratio	1.4x	1.4x
Dividend yield	3.3%	3.2%
Return on equity (3-year average)	16.1%	12.5%
Return on invested capital	9.2%	7.7%
IBES long-term EPS growth <sup>1</sup>	8.1%	8.1%
<b>Market capitalization</b>		
Market capitalisation (CAD) <sup>2</sup>	46.6 bn	59.0 bn
<b>Diversification</b>		
Top ten holdings	36%	36%
Number of holdings	53	236
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	40%	–
<b>ESG</b>		
Carbon Intensity (Scope 1 and Scope 2) <sup>4</sup>	349.90	365.79
<b>Risk profile (current)</b>		
Active share	50%	–
<b>Risk/reward (5 year)</b>		
Beta	0.87	–
Historical tracking error	3.95%	–
Standard deviation	13.92%	15.48%
Sharpe ratio	0.46	0.37
Downside capture	87.67%	–
Upside capture	93.52%	–

<sup>^</sup> S&P/TSX Capped Composite Index

**Past performance is no guarantee of future results.**

**No forecasts can be guaranteed.**

<sup>1</sup> Source: FactSet

<sup>2</sup> Weighted average.

<sup>3</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>4</sup> Source: TruCost; TruCost data coverage is at least 70% at portfolio level. The portfolio's weighted average Carbon Intensity is displayed based on most recent year end emission estimates available from individual company reported data. Each company's Carbon Intensity is calculated as its carbon dioxide equivalents (CO<sub>2</sub>e) from Scope 1 and Scope 2 emissions divided by its revenue (tonnes of CO<sub>2</sub>e / \$1M). Scope 1 emissions includes greenhouse gas (GHG) generated from burning fossil fuels and production processes which are directly owned or controlled by the company; and Scope 2 emissions includes consumption of purchased electricity, heat or steam by the company. The calculations include the six GHGs covered by the Kyoto Protocol on climate change and are converted into tonnes of CO<sub>2</sub>e on the basis of their global warming potentials. The lower the score, the lower the company's Carbon Intensity.

## Top 10 Issuers



Top 10 issuers as of 31-Dec-22	Portfolio (%)	Benchmark^ (%)
MANULIFE FINANCIAL CORP	4.3	1.6
TORONTO-DOMINION BANK/THE	3.9	5.7
LOBLAW COMPANIES LTD (EQ)	3.9	0.7
PEMBINA PIPELINE CORP	3.9	0.9
ROYAL BANK OF CANADA	3.8	6.3
FAIRFAX FINANCIAL HOLDINGS LTD	3.8	0.7
CONSTELLATION SOFTWARE INC/CANADA	3.4	1.5
ENBRIDGE INC (EQ)	3.2	3.8
CANADIAN NATURAL RESOURCES LTD	2.9	3.0
BANK OF NOVA SCOTIA/THE	2.9	2.8
<b>Total</b>	<b>36.1</b>	<b>26.9</b>

^ S&P/TSX Capped Composite Index

# Portfolio Outlook and Positioning



## Performance Summary

The portfolio outperformed the cap-weighted benchmark as well as the minimum-volatility benchmark in the fourth quarter of 2022.

### Contributors

- Intersection holdings
- Quantitative models — sentiment, price momentum and valuation
- Stock selection within financials

### Detractors

- Volatility allocation
- Quantitative models — earnings momentum
- Stock selection within materials
- Stock selection and an underweight energy

### Market review

Amid volatility across all investment asset classes in 2022, it was a relief that Canadian equities rose an orderly 6% in the fourth quarter (S&P/TSX Composite Index, total return basis, CAD). This was in line with US markets but lagged the sharp rebound in most oversold European and Asian markets. For the full year, Canadian equities, while down 6%, were nonetheless strong relative to US equities, with the S&P 500 Index down 12% in CAD (18% in USD), and relative to global equities, with the MSCI All Country World Index down 15% in CAD (20% in USD). Canada benefited from its high proportion of energy and materials stocks, which fared particularly well in the early part of 2022.

Canadian equity performance did broaden out in the fourth quarter. For example, contributions from previously beaten-down information technology stocks as well as base metal and gold stocks reinforced the existing momentum of the industrials, consumer discretionary and staples sectors. Oil & gas exploration & production companies as well as integrated companies also rose in the fourth

# Portfolio Outlook and Positioning



quarter. Conversely, the more interest rate-sensitive financial, pipeline and utility stocks remained laggards, reflecting the weight of higher interest rates.

Market volatility in 2022 was driven by interest rate hikes, in Canada and around the world, in a move unmatched in over four decades, but that is only part of the story. Also worth noting is that the Bank of Canada has been among the most aggressive globally, invoking six interest rate hikes to raise the central bank rate from 0.25% at the end of 2021 to 4.25% at year-end 2022.

But to our mind, in spite this record pace and magnitude of globally synchronized monetary tightening, the real story is that developed economies remain at or near record-low unemployment. In Canada for example, the most recent unemployment reading of only 5.0% unemployment in December challenged the record lows set in June and July 2022, (4.9% in both cases). Unemployment trends have been similar in the US and beyond. The prospect of higher wage inflation, thought to be the key impediment to controlling inflation, will spook central bankers and inspire more rate hikes as long as job vacancies remain low and in some cases below job openings. Furthermore, that leading economic indicators remain at least mixed and in some cases benign or even strong (at least for now) makes it more difficult. In Canada, as elsewhere, we are now in, or approaching, 'wait mode'. Bank of Canada Governor Tiff Macklem has signaled the central bank's rate hike cycle may be on pause, although he is also suggesting interest rates will remain at this level throughout 2023 while the bank monitors the path of inflation. The real question remaining is whether inflation can be brought back under control with a so-called soft landing or the economy will be pushed into recession.

## **Portfolio performance review**

The portfolio outperformed the benchmark in the fourth quarter. Intersection holdings — stocks that are buy rated based on both our fundamental and our quantitative research — added to relative returns. The overall quantitative input outperformed during the quarter, with sentiment, price momentum and valuation factors helping relative performance. The volatility allocation within the strategy — being overweight the lowest risk stocks and underweight the highest risk stocks — detracted from performance relative to the benchmark. The factor model that contributed negatively to results for the quarter was earnings momentum.

At the sector level, the portfolio experienced a positive contribution from stock selection within financials. On the other hand, sectors which detracted from performance included stock selection within materials and stock selection and an underweight in energy.

## **Outlook and portfolio positioning**

## Portfolio Outlook and Positioning



As we head into 2023, the macro environment remains challenging with high inflation, restrictive central bank policies and growing recession risks dominating the outlook. While the inflation outlook has improved recently, it remains elevated and sticky, making it difficult for central banks to halt rate hikes anytime soon. Rising interest rates, based on history, are a significant headwind to equities. The lagged effects of higher interest rates will continue to weigh on the economic and earnings outlook. While China's reopening, if successful, is a positive development, its impact initially will likely be most pronounced in China's domestic services sector.

Based on this outlook, we expect the next phase of the bear market to be earnings driven. A deteriorating earnings outlook has historically been associated with defensive regional, sector and factor leadership. A durable market bottom and shift to more cyclical sector and factor leadership has historically required a shift in monetary policy and/or a trough in leading economic indicators; neither appears imminent. The most probable risk to this outlook would be a premature pivot in monetary policy in response to a market crisis; however, the lagged impact of rate increases and inflation would still be a significant headwind to earnings.

For your Blended Research portfolio, we continue to be encouraged by the broad, albeit constantly rotating, market and factor leadership. As we have communicated in the past, the most challenging market environment for our approach is one in which a single factor/style or a limited group of stocks dominates performance. Based on our analysis of factor performance through the economic cycle, contracting leading economic indicators and earnings revisions typically coincide with sustained outperformance of price momentum factors and a rotation in favor of profitability and defensive factors. The quality-focused fundamental research input to our process should also be favored in this environment. Volatility (high) factors have historically underperformed significantly in the later stages of the cycle, while value factor performance overall has historically been more modest and disperse, with dividend yield a notable positive outlier. On a secular basis, value factor performance may be more persistent and analogous to the post-tech-bubble period; however, this trend is likely to be interrupted by a recession.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

## Portfolio Holdings



As of 31-Dec-22	Equivalent exposure (%)
<b>Cash &amp; Cash Equivalents</b>	<b>0.5</b>
Cash & Cash Equivalents	0.5
<b>Communication Services</b>	<b>3.1</b>
Quebecor Inc	2.1
TELUS Corp	1.0
<b>Consumer Discretionary</b>	<b>6.8</b>
Magna International Inc	2.8
Dollarama Inc	2.0
Gildan Activewear Inc	1.2
Aritzia Inc	0.8
<b>Consumer Staples</b>	<b>7.1</b>
Loblaw Cos Ltd	3.9
Alimentation Couche Tard Inc	2.6
Maple Leaf Foods Inc	0.6
<b>Energy</b>	<b>16.5</b>
Pembina Pipeline Corp	3.9
Enbridge Inc	3.2
Canadian Natural Resources Ltd	2.9
Gibson Energy Inc	2.6
TC Energy Corp	2.2
Tourmaline Oil Corp	1.6
<b>Financials</b>	<b>29.7</b>
Manulife Financial Corp	4.3
Toronto-Dominion Bank	3.9
Royal Bank of Canada	3.8
Fairfax Financial Holdings Ltd	3.8
Bank of Nova Scotia	2.9
Bank of Montreal	2.8
Industrial Alliance Insurance & Financial Services Inc	2.6
Canadian Western Bank	1.9
CI Financial Corp	1.0
National Bank of Canada	0.9
Laurentian Bank of Canada	0.7
Brookfield Corp	0.6

As of 31-Dec-22	Equivalent exposure (%)
<b>Financials</b>	<b>29.7</b>
Canadian Imperial Bank of Commerce	0.4
<b>Industrials</b>	<b>12.0</b>
Toromont Industries Ltd	2.2
Canadian National Railway Co	1.6
Waste Connections Inc	1.4
Canadian Pacific Railway Ltd	1.2
Thomson Reuters Corp	1.2
Finning International Inc	1.1
TFI International Inc	0.9
ATS Automation Tooling Systems Inc	0.8
Badger Infrastructure Solutions Ltd	0.7
GFL Environmental Inc	0.5
CAE Inc	0.5
<b>Information Technology</b>	<b>8.3</b>
Constellation Software Inc/Canada	3.4
CGI Inc	2.2
Enghouse Systems Ltd	1.9
Descartes Systems Group Inc	0.7
<b>Materials</b>	<b>12.4</b>
Nutrien Ltd	2.8
Franco-Nevada Corp	2.4
Agnico Eagle Mines Ltd	2.4
Transcontinental Inc	2.2
Barrick Gold Corp	1.7
Wheaton Precious Metals Corp	1.0
<b>Real Estate</b>	<b>0.8</b>
Granite Real Estate Investment Trust REIT	0.8
<b>Utilities</b>	<b>2.7</b>
Emera Inc	1.4
TransAlta Renewables Inc	0.9
AltaGas Ltd	0.4

## Portfolio Holdings



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## CERTIFICATE OF PORTFOLIO COMPLIANCE

### **MFS Low Volatility Canadian Equity Fund**

To the best of my knowledge, for the quarter ending December 31, 2022, MFS Investment Management Canada Limited (“MFS”) complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Low Volatility Canadian Equity Fund. Such certification is subject to the following conditions: (i) MFS’ compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

BY: *Jennifer Argiropoulos*  
**Jennifer Argiropoulos**

DATE: January 11, 2023



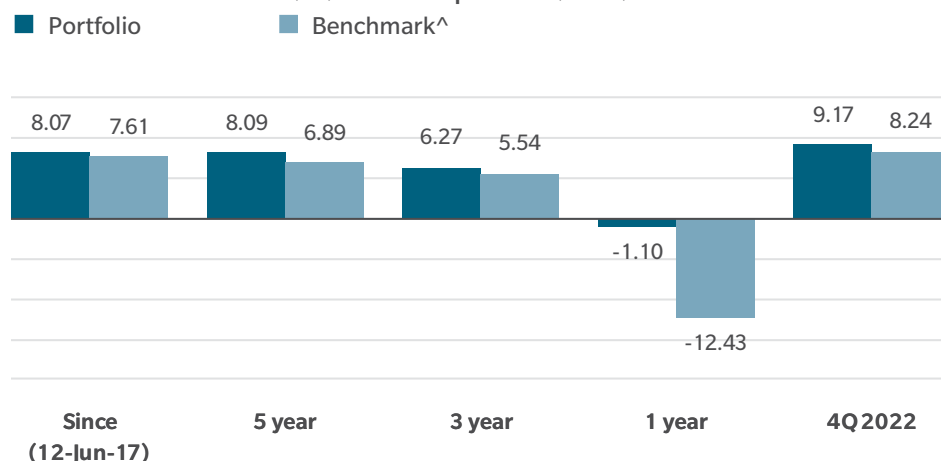


## MFS Low Volatility Global Equity Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-22



Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

^ MSCI All Country World Index (net div)

## Asset summary (CAD)

Beginning value as of 30-Sep-22	30,659,539
Contributions	+81,781
Withdrawals	-941,099
Intra-portfolio transfers	-937,449
Change in market value	+2,821,700
Ending value as of 31-Dec-22	31,684,472

## Position weights (%) as of 31-Dec-22

	Portfolio	Benchmark^^
<b>Top overweights</b>		
DBS GROUP HOLDINGS LTD	3.0	0.1
AMDOCS LTD	2.9	-
MCKESSON CORP	2.4	0.1
<b>Top underweights</b>		
APPLE INC	-	3.7
AMAZON.COM INC (EQ)	-	1.4
UNITEDHEALTH GROUP INC (EQ)	-	0.9

^^ MSCI All Country World Index

# Performance Results



Performance results (%) net of expenses (CAD) as of 31-Dec-22

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2022	9.17	8.24	0.93
3Q 2022	0.51	-0.74	1.26
2Q 2022	-6.28	-12.90	6.62
1Q 2022	-3.84	-6.42	2.58
2022	-1.10	-12.43	11.33
2021	16.91	17.53	-0.62
2020	3.81	14.22	-10.41
2019	15.26	20.20	-4.94
2018	6.65	-1.26	7.91
Since client inception (12-Jun-17)	8.07	7.61	0.46
5 year	8.09	6.89	1.20
3 year	6.27	5.54	0.74
1 year	-1.10	-12.43	11.33

Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

<sup>^</sup> MSCI All Country World Index (net div)

## Performance Drivers - Sectors



Relative to MSCI All Country World Index (CAD) - fourth quarter 2022		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	+ Stock selection <sup>2</sup> (%)	+ Currency effect (%)	= Relative contribution (%)
<b>Contributors</b>	Consumer Discretionary	-2.6	12.5	-2.0	0.3	1.2	0.0	1.5
	Information Technology	-3.1	9.0	4.4	0.1	0.5	0.4	0.9
	Financials	-0.9	17.0	12.9	-0.0	0.3	0.2	0.5
	Consumer Staples	4.3	11.8	9.8	0.0	0.3	-0.1	0.3
	Utilities	3.3	8.9	8.9	0.0	0.0	0.0	0.0
<b>Detractors</b>	Industrials	-2.8	7.8	16.0	-0.2	-0.6	0.0	-0.8
	Real Estate	0.4	-10.3	4.7	-0.0	-0.4	-0.1	-0.5
	Energy	-5.2	20.9	16.4	-0.4	0.1	0.0	-0.3
	Health Care	3.9	10.1	11.7	0.1	-0.3	0.1	-0.1
	Materials	-1.9	14.0	14.7	-0.1	-0.0	-0.0	-0.1
	Cash	0.7	0.9	-	-0.0	-	-0.0	-0.0
	Communication Services	4.0	3.4	0.9	-0.3	-0.1	0.4	-0.0
<b>Total</b>			<b>9.7</b>	<b>8.4</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.0</b>	<b>1.4</b>

1 Sector allocation is calculated based upon each security's price in local currency.

2 Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

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## Performance Drivers - Stocks



Relative to MSCI All Country World Index (CAD) - fourth quarter 2022		Average Weighting (%)		Returns (%)		Relative contribution (%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Tesla Inc	-	0.9	-	-54.2	0.9
	Amazon.Com Inc (Eq)	-	1.6	-	-26.7	0.7
	Apple Inc	-	4.2	-	-7.1	0.7
	Everest Reinsurance	2.2	0.0	25.1	25.1	0.3
	Novo Nordisk	2.0	0.3	32.3	32.3	0.3
<b>Detractors</b>	Roche Holding Ltd	2.6	0.4	-5.8	-5.7	-0.3
	Life Storage Inc	1.0	-	-11.4	-	-0.2
	Republic Services Inc	1.2	0.1	-6.1	-6.1	-0.2
	KDDI Corp	2.3	0.1	1.5	1.5	-0.2
	CLP Holdings Ltd	1.2	0.0	-3.7	-3.7	-0.2

<sup>1</sup> Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

## Significant Transactions



From 01-Oct-22 to 31-Dec-22		Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	TOTALENERGIES SE	New position	0.5	0.5
	DOLLAR GENERAL CORP (EQ)	Add	0.5	2.0
	SANOFI	New position	0.5	0.5
	NOVARTIS AG	New position	0.4	0.4
	VISA INC	New position	0.4	0.4
<b>Sales</b>	NOVO NORDISKA/S	Trim	-0.9	1.8
	MCKESSON CORP	Trim	-0.8	2.4
	SYMRISE AG (EQ)	Eliminate position	-0.8	-
	B&M EUROPEAN VALUE RETAIL SA	Eliminate position	-0.7	-
	OTIS WORLDWIDE CORP	Eliminate position	-0.5	-

## Sector Weights



As of 31-Dec-22	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)
Consumer Staples	11.9	7.7	4.2
Communication Services	10.2	6.8	3.4
Utilities	6.5	3.2	3.3
Health Care	16.4	13.4	3.0
Real Estate	3.0	2.6	0.4
Financials	14.0	15.2	-1.2
Information Technology	18.1	20.0	-1.9
Materials	2.6	5.0	-2.4
Consumer Discretionary	7.7	10.4	-2.7
Industrials	6.8	10.2	-3.4
Energy	0.5	5.6	-5.1

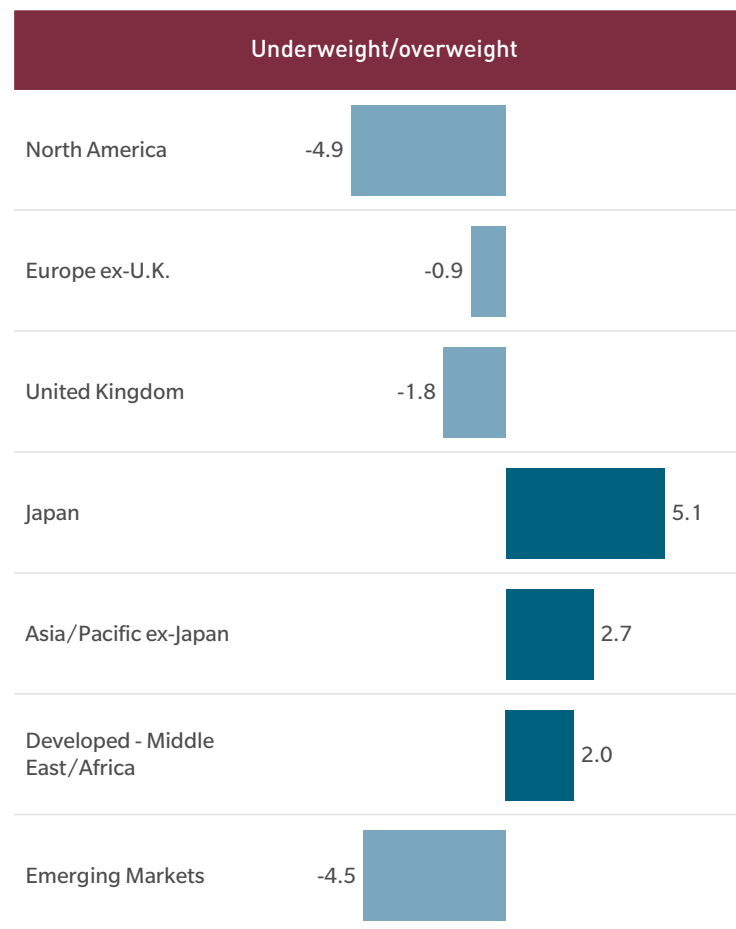
^ MSCI All Country World Index  
2.3% Cash & cash equivalents

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## Region and Country Weights



As of 31-Dec-22	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>North America</b>	<b>58.5</b>	<b>63.4</b>	<b>-4.9</b>
Canada	6.0	3.1	2.9
United States	52.4	60.2	-7.8
<b>Europe ex-U.K.</b>	<b>11.7</b>	<b>12.6</b>	<b>-0.9</b>
Switzerland	4.9	2.6	2.3
Denmark	1.8	0.8	1.0
Italy	1.2	0.6	0.6
Netherlands	0.7	1.1	-0.4
Germany	1.1	2.1	-1.0
France	1.9	3.0	-1.1
Other countries <sup>1</sup>	0.0	2.5	-2.5
<b>United Kingdom</b>	<b>2.1</b>	<b>3.9</b>	<b>-1.8</b>
<b>Japan</b>	<b>10.7</b>	<b>5.6</b>	<b>5.1</b>
<b>Asia/Pacific ex-Japan</b>	<b>5.9</b>	<b>3.2</b>	<b>2.7</b>
Singapore	4.7	0.4	4.3
Hong Kong	1.2	0.8	0.4
Other countries <sup>1</sup>	0.0	2.1	-2.1
<b>Developed - Middle East/Africa</b>	<b>2.2</b>	<b>0.2</b>	<b>2.0</b>
Israel	2.2	0.2	2.0
<b>Emerging Markets</b>	<b>6.7</b>	<b>11.2</b>	<b>-4.5</b>
South Korea	3.2	1.3	1.9
Thailand	1.8	0.3	1.5
Philippines	0.4	0.1	0.3
Taiwan	1.3	1.6	-0.3
Other countries <sup>1</sup>	0.0	8.1	-8.1



^ MSCI All Country World Index  
2.3% Cash & cash equivalents

<sup>1</sup> The portfolio does not own any securities in countries represented in the benchmark in the following percentages: China 3.6%; Australia 2.0%; India 1.6%; Sweden 0.8%; Brazil 0.6%; Spain 0.6%; Saudi Arabia 0.5% and 23 countries with weights less than 0.5% which totals to 2.8%.



# Top Overweight and Underweight Positions



As of 31-Dec-22		Portfolio (%)	Benchmark^ (%)
<b>Overweight</b>	DBS GROUP HOLDINGS LTD	3.0	0.1
	AMDOCS LTD	2.9	-
	MCKESSON CORP	2.4	0.1
	KDDI CORP	2.3	0.1
	EVEREST RE GROUP LTD	2.2	0.0
<b>Underweight</b>	APPLE INC	-	3.7
	AMAZON.COM INC (EQ)	-	1.4
	UNITEDHEALTH GROUP INC (EQ)	-	0.9
	EXXON MOBIL CORP	-	0.8
	BERKSHIRE HATHAWAY INC (EQ)	-	0.7

^ MSCI All Country World Index

# Characteristics



As of 31-Dec-22	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward)	14.0x	14.9x
Price/cash flow	10.6x	10.7x
Price/sales	1.5x	1.8x
PEG ratio	1.8x	1.8x
Dividend yield	2.6%	2.3%
Return on equity (3-year average)	21.0%	23.6%
Return on invested capital	13.1%	13.1%
IBES long-term EPS growth <sup>1</sup>	9.1%	10.5%
<b>Market capitalization</b>		
Market capitalisation (CAD) <sup>2</sup>	213.5 bn	370.7 bn
<b>Diversification</b>		
Top ten holdings	24%	14%
Number of holdings	97	2,885
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	35%	–
<b>ESG</b>		
Carbon Intensity (Scope 1 and Scope 2) <sup>4</sup>	214.89	179.76
<b>Risk profile (current)</b>		
Active share	83%	–
<b>Risk/reward (5 year)</b>		
Beta	0.62	–
Historical tracking error	6.43%	–
Standard deviation	9.09%	12.98%
Sharpe ratio	0.77	0.44
Downside capture	53.87%	–
Upside capture	72.83%	–

<sup>^</sup> MSCI All Country World Index

**Past performance is no guarantee of future results.**

**No forecasts can be guaranteed.**

<sup>1</sup> Source: FactSet

<sup>2</sup> Weighted average.

<sup>3</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>4</sup> Source: TruCost; TruCost data coverage is at least 70% at portfolio level. The portfolio's weighted average Carbon Intensity is displayed based on most recent year end emission estimates available from individual company reported data. Each company's Carbon Intensity is calculated as its carbon dioxide equivalents (CO<sub>2</sub>e) from Scope 1 and Scope 2 emissions divided by its revenue (tonnes of CO<sub>2</sub>e / \$1M). Scope 1 emissions includes greenhouse gas (GHG) generated from burning fossil fuels and production processes which are directly owned or controlled by the company; and Scope 2 emissions includes consumption of purchased electricity, heat or steam by the company. The calculations include the six GHGs covered by the Kyoto Protocol on climate change and are converted into tonnes of CO<sub>2</sub>e on the basis of their global warming potentials. The lower the score, the lower the company's Carbon Intensity.

## Top 10 Issuers



Top 10 issuers as of 31-Dec-22	Portfolio (%)	Benchmark^ (%)
DBS GROUP HOLDINGS LTD	3.0	0.1
AMDOCS LTD	2.9	-
JOHNSON & JOHNSON	2.9	0.8
MICROSOFT CORP	2.4	3.0
MCKESSON CORP	2.4	0.1
ROCHE HOLDING AG	2.3	0.4
KDDI CORP	2.3	0.1
EVEREST RE GROUP LTD	2.2	0.0
DOLLAR GENERAL CORP (EQ)	2.0	0.1
GENERAL MILLS INC	2.0	0.1
<b>Total</b>	<b>24.5</b>	<b>4.7</b>

^ MSCI All Country World Index

# Portfolio Outlook and Positioning



## Performance summary

The Low Volatility Global Equity portfolio outperformed the MSCI ACWI Index and the MSCI ACWI World Minimum Volatility Index in the fourth quarter of 2022. Relative to the market capitalization weighted MSCI ACWI Index:

### Contributors

- Intersection holdings
- Volatility allocation
- Quantitative models — valuation and sentiment
- Stock selection and a modest underweight in consumer discretionary
- Stock selection in information technology and financials
- Stock selection in North America

### Detractors

- Fundamental research
- Quantitative models — price momentum and earnings momentum
- Stock selection in industrials and real estate
- Stock selection in Europe ex UK and Asia/Pacific ex Japan

### Market review

Bearish investor sentiment, softer-than-expected US inflation and hopes for a policy pivot by the US Federal Reserve triggered a strong rally in global equities from October to November. However, this faded, like the earlier bear market rallies, in December, leaving the MSCI All Country World Index (net div. in USD) up for Q4 overall but with its worst annual performance since the Global Financial Crisis. While the Fed slowed its hiking pace to 50 bps in December, Chairman Powell indicated in the press conference that followed that there was still a “long way to go to get back to price stability.” The European Central Bank also hiked rates by 50 bps with President Lagarde making similarly hawkish comments. A surprise shift in the yield curve control policy by the Bank of Japan(BOJ) was also a de facto tightening of policy.

## Portfolio Outlook and Positioning



Global economic data continued to soften in Q4 as evidenced by the continued deterioration of the Global Manufacturing PMI, which dropped to 48.6 in December, with forward-looking measures such as the new-orders-to-inventories ratio pointing to further weakness ahead. While the breadth of manufacturing PMIs increasing month-to-month improved to 54% in December, the largest economies remain in contraction territory. The earnings outlook, which is correlated with the Leading Economic Indicators, modestly improved during the quarter as fewer earnings downgrades drove a surprising increase in December's earning revisions ratio. Concerns about the slowing global economy weighed on energy prices, which ended the quarter lower, while China's abrupt reopening boosted the prices of industrial metals.

Factor leadership also had a cyclical, risk-on profile, with very strong performance by high-beta stocks with attractive valuation metrics such as low price/earnings and price/sales ratios. Companies with higher dividend yields and/or share buyback yields were also notably strong performers. Momentum factor performance was broadly weak, demonstrated by the underperformance of stocks with the strongest earnings revisions and trailing 12-month price performance. Stocks with strong growth and/or profitability metrics produced mixed results during the period.

### **Performance review**

The portfolio outperformed the MSCI All Country World Index in the fourth quarter. Intersection holdings — stocks that are buy rated based on both our fundamental and our quantitative research — added to relative returns. The volatility allocation within the strategy — being overweight the lowest risk stocks and underweight the highest risk stocks — also contributed to performance. The longer-term, quality-focused fundamental research input detracted from performance with analysts' buy-rated stocks, which the portfolio is overweight, underperforming during the quarter. Within the quantitative model, valuation and sentiment added value, while price momentum detracted from returns.

At the sector level, the portfolio experienced positive contribution from stock selection and a modest underweight in consumer discretionary. Stock selection within information technology and financials also contributed to relative returns. On the other hand, sectors which detracted from performance included stock selection within industrials and real estate. From a regional perspective, the strongest contribution came from stock selection within North America, while stock selection in Europe ex UK and Asia/Pacific ex Japan detracted from performance.

# Portfolio Outlook and Positioning



## Portfolio outlook and positioning

As we head into 2023, the macro environment remains challenging with high inflation, restrictive central bank policies and growing recession risks dominating the outlook. While the inflation outlook has improved recently, it remains elevated and sticky, making it difficult for central banks to halt rate hikes anytime soon. Rising interest rates, based on history, are a significant headwind to equities. The lagged effects of higher interest rates will continue to weigh on the economic and earnings outlook. While China's reopening, if successful, is a positive development, its impact initially will likely be most pronounced in China's domestic services sector.

Based on this outlook, we expect the next phase of the bear market to be earnings driven. A deteriorating earnings outlook has historically been associated with defensive regional, sector and factor leadership. A durable market bottom and shift to more cyclical sector and factor leadership has historically required a shift in monetary policy and/or a trough in leading economic indicators; neither appears imminent. The most probable risk to this outlook would be a premature pivot in monetary policy in response to a market crisis; however, the lagged impact of rate increases and inflation would still be a significant headwind to earnings.

For your Blended Research portfolio, we continue to be encouraged by the broad, albeit constantly rotating, market and factor leadership. As we have communicated in the past, the most challenging market environment for our approach is one in which a single factor/style or a limited group of stocks dominates performance. Based on our analysis of factor performance through the economic cycle, contracting leading economic indicators and earnings revisions typically coincide with sustained outperformance of price momentum factors and a rotation in favor of profitability and defensive factors. The quality-focused fundamental research input to our process should also be favored in this environment. Volatility (high) factors have historically underperformed significantly in the later stages of the cycle, while value factor performance overall has historically been more modest and disperse, with dividend yield a notable positive outlier. On a secular basis, value factor performance may be more persistent and analogous to the post-tech-bubble period; however, this trend is likely to be interrupted by a recession.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio Holdings



As of 31-Dec-22	Country	Equivalent exposure (%)
<b>Cash &amp; Cash Equivalents</b>		<b>2.3</b>
Cash & Cash Equivalents		2.3
<b>Communication Services</b>		<b>10.2</b>
KDDI Corp	Japan	2.3
Advanced Info Service PCL	Thailand	1.8
Electronic Arts Inc	United States	1.7
Alphabet Inc Class A	United States	1.2
Orange SA	France	0.9
Koninklijke KPN NV	Netherlands	0.7
Charter Communications Inc	United States	0.5
Nintendo Co Ltd	Japan	0.5
Comcast Corp	United States	0.4
PLDT Inc.	Philippines	0.4
<b>Consumer Discretionary</b>		<b>7.7</b>
Dollar General Corp	United States	2.0
Starbucks Corp	United States	1.3
McDonald's Corp	United States	1.0
AutoZone Inc	United States	0.9
Sankyo Co Ltd	Japan	0.8
Dollarama Inc	Canada	0.8
Toyota Motor Corp	Japan	0.4
Bridgestone Corp	Japan	0.4
<b>Consumer Staples</b>		<b>11.9</b>
General Mills Inc	United States	2.0
Nestle SA	Switzerland	1.5
PepsiCo Inc	United States	1.5
Colgate-Palmolive Co	United States	1.1
Kimberly-Clark Corp	United States	1.0
Walmart Inc	United States	0.8
Mondelez International Inc	United States	0.8
Procter & Gamble Co	United States	0.6
J M Smucker Co	United States	0.6
Sundrug Co Ltd	Japan	0.5
British American Tobacco PLC	United Kingdom	0.5

As of 31-Dec-22	Country	Equivalent exposure (%)
<b>Consumer Staples</b>		<b>11.9</b>
Seven & i Holdings Co Ltd	Japan	0.5
Tesco PLC	United Kingdom	0.5
<b>Energy</b>		<b>0.5</b>
TotalEnergies SE	France	0.5
<b>Financials</b>		<b>14.0</b>
DBS Group Holdings Ltd	Singapore	3.0
Everest Re Group Ltd	United States	2.2
JPMorgan Chase & Co	United States	1.2
Samsung Fire & Marine Insurance Co Ltd	South Korea	1.2
US Bancorp	United States	1.1
Fairfax Financial Holdings Ltd	Canada	1.1
KB Financial Group Inc	South Korea	0.8
Zurich Insurance Group AG	Switzerland	0.7
Chubb Ltd	United States	0.7
Reinsurance Group of America Inc	United States	0.5
Royal Bank of Canada	Canada	0.5
IG Group Holdings PLC	United Kingdom	0.5
MetLife Inc	United States	0.5
<b>Health Care</b>		<b>16.4</b>
Johnson & Johnson	United States	2.9
McKesson Corp	United States	2.4
Roche Holding AG	Switzerland	2.3
Novo Nordisk AS	Denmark	1.8
Merck & Co Inc	United States	1.6
Eli Lilly & Co	United States	1.2
Vertex Pharmaceuticals Inc	United States	1.0
Medtronic PLC	United States	0.7
Becton Dickinson and Co	United States	0.6
Cigna Corp	United States	0.5
Bayer AG	Germany	0.5
Sanofi	France	0.5
Novartis AG	Switzerland	0.4

## Portfolio Holdings



As of 31-Dec-22	Country	Equivalent exposure (%)
<b>Industrials</b>		<b>6.8</b>
Singapore Technologies Engineering Ltd	Singapore	1.1
Republic Services Inc	United States	1.1
Eaton Corp PLC	United States	1.0
Knight-Swift Transportation Holdings Inc	United States	0.9
Sankyu Inc	Japan	0.8
Hitachi Ltd	Japan	0.7
Sohgo Security Services Co Ltd	Japan	0.5
General Dynamics Corp	United States	0.4
Secom Co Ltd	Japan	0.4
<b>Information Technology</b>		<b>18.1</b>
Amdocs Ltd	United States	2.9
Microsoft Corp	United States	2.4
Constellation Software Inc/Canada	Canada	1.7
Taiwan Semiconductor Manufacturing Co Ltd ADR	Taiwan	1.3
Samsung Electronics Co Ltd IPS	South Korea	1.3
Fujitsu Ltd	Japan	1.2
Nice Ltd ADR	Israel	1.1
Check Point Software Technologies Ltd	Israel	1.1
Kyocera Corp	Japan	1.1
ACI Worldwide Inc	United States	0.9
NS Solutions Corp	Japan	0.8
SS&C Technologies Holdings Inc	United States	0.6
Venture Corp Ltd	Singapore	0.5
Mastercard Inc	United States	0.4
Visa Inc	United States	0.4
Fiserv Inc	United States	0.4
<b>Materials</b>		<b>2.6</b>
Franco-Nevada Corp	Canada	1.9
Rio Tinto PLC	United Kingdom	0.7
<b>Real Estate</b>		<b>3.0</b>
Life Storage Inc REIT	United States	1.1
Public Storage REIT	United States	0.8
AvalonBay Communities Inc REIT	United States	0.6

As of 31-Dec-22	Country	Equivalent exposure (%)
<b>Real Estate</b>		<b>3.0</b>
Extra Space Storage Inc REIT	United States	0.6
<b>Utilities</b>		<b>6.5</b>
Xcel Energy Inc	United States	1.3
Italgas SpA	Italy	1.2
CLP Holdings Ltd	Hong Kong	1.2
American Electric Power Co Inc	United States	0.9
E.ON SE	Germany	0.6
Energy Inc	United States	0.5
Edison International	United States	0.5
Duke Energy Corp	United States	0.4

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.





## CERTIFICATE OF PORTFOLIO COMPLIANCE

### **MFS Low Volatility Global Equity Fund**

To the best of my knowledge, for the quarter ending December 31, 2022, MFS Investment Management Canada Limited (“MFS”) complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Low Volatility Global Equity Fund. Such certification is subject to the following conditions: (i) MFS’ compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

BY: *Jennifer Argiropoulos*  
**Jennifer Argiropoulos**

DATE: January 11, 2023

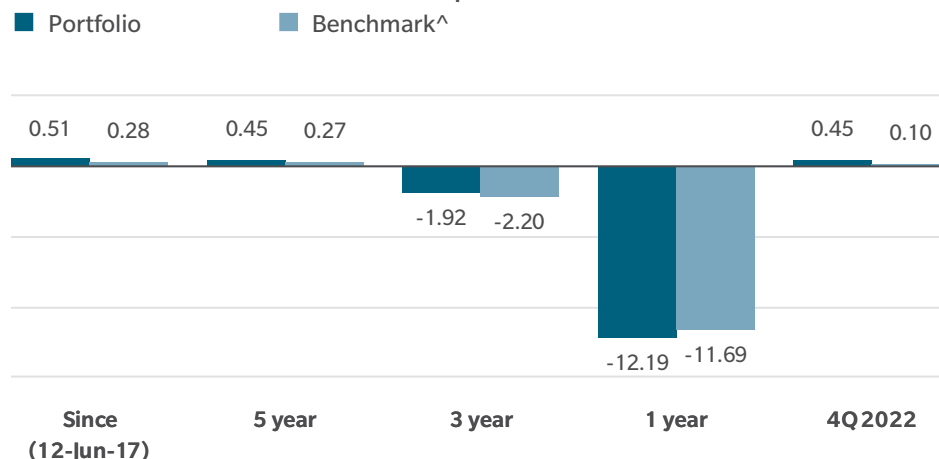


## MFS Canadian Core Plus Fixed Income Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-22



Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

^ FTSE Canada Universe Bond Index

## Asset summary (CAD)

Beginning value as of 30-Sep-22	23,531,686
Contributions	+61,219
Withdrawals	-706,816
Intra-portfolio transfers	+1,700,285
Change in market value	+72,503
Ending value as of 31-Dec-22	24,658,877

## Key characteristics as of 31-Dec-22

	Portfolio	Benchmark <sup>^^</sup>
Average effective duration	7.23yrs	7.27yrs
Yield to worst	5.05%	4.28%

## Portfolio composition (%)

	Portfolio	Benchmark <sup>^^</sup>
Federal	33.27	37.32
Provincial	27.44	34.34
Municipal	0.97	2.05
Corporate	48.67	26.29
Cash & Cash Equivalents	0.94	0.00
Other	-11.29	0.00
Foreign Pay	11.02	0.00

Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

^^ FTSE Canada Universe Bond Index

# Performance Results



Performance results (%) net of expenses (CAD) as of 31-Dec-22

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2022	0.45	0.10	0.34
3Q 2022	0.66	0.52	0.13
2Q 2022	-6.57	-5.66	-0.91
1Q 2022	-7.03	-6.97	-0.06
2022	-12.19	-11.69	-0.50
2021	-1.75	-2.54	0.79
2020	9.34	8.68	0.66
2019	8.04	6.87	1.17
2018	0.34	1.41	-1.07
Since client inception (12-Jun-17)	0.51	0.28	0.23
5 year	0.45	0.27	0.18
3 year	-1.92	-2.20	0.28
1 year	-12.19	-11.69	-0.50

Fund returns are net of fund expenses, and do not reflect any management fees. Had management fees been reflected, the performance shown would be lower. Performance data shown represents past performance and is no guarantee of future results.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

For periods of less than one-year returns are not annualized.

**Past performance is no guarantee of future results.**

<sup>^</sup> FTSE Canada Universe Bond Index

# Significant Impacts on Performance



Relative to FTSE Canada Universe Bond Index - fourth quarter 2022

<b>Contributors</b>	Asset allocation	The portfolio's overweight to corporates and underweight to federals was a notable contributor. Government bond yields rose, while credit spreads fell in the quarter, resulting in the outperformance of corporates. The portfolio's overweight to the energy sector also added excess return, as it was one of the better performing sectors led by strong performance from midstream and pipeline issuers. The portfolio's exposure to US high yield also helped, given the risk-on tone to the quarter, as well as the outperformance of US credits.
	Security selection	Positive selection within energy, industrials and communication were notable contributors to excess return. Within these sectors, positive selection largely came from out-of-benchmark exposure to US IG and HY issuers, as US credits outperformed their Canadian counterparts in the quarter. This offset negative selection within financials.
	Duration	The portfolio's short duration position helped as yields rose across most of the curve.
<b>Detractors</b>	Selection within financials	Negative selection within financials was also a notable detractor, where exposure to out-of-benchmark subordinated hybrid issues from select Banking and Insurance issuers, such as CIBC, TD and Manulife, continued to weigh on relative return as they have underperformed on macro headwinds and higher-than-anticipated supply.

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Positioning



As of 31-Dec-22		Portfolio(%)	Benchmark^ (%)	Underweight/overweight (%)
<b>Portfolio composition</b>	Federal	33.27	37.32	-4.05
	Provincial	27.44	34.34	-6.90
	Municipal	0.97	2.05	-1.08
	Corporate	48.67	26.29	22.38
	Cash & Cash Equivalents	0.94	0.00	0.94
	Other	-11.29	0.00	-11.29
	Foreign Pay	11.02	0.00	11.02
<b>Corporate composition</b>	Communication	4.82	2.42	2.40
	Energy	10.12	5.58	4.54
	Financial	18.02	10.58	7.44
	Industrial	4.21	1.65	2.56
	Infrastructure	5.32	4.04	1.28
	Real Estate	2.53	1.65	0.88
	Securitization	3.65	0.37	3.28

Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

^ FTSE Canada Universe Bond Index

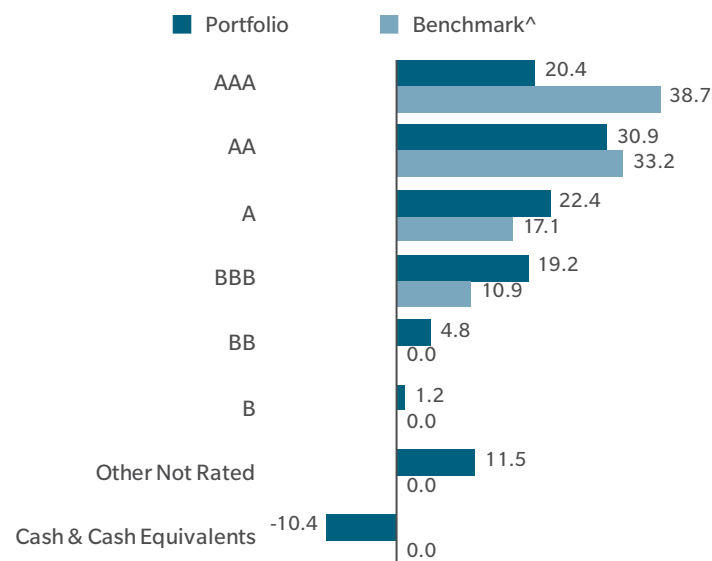
# Characteristics



As of 31-Dec-22	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals</b>		
Average effective duration	7.23yrs	7.27yrs
Yield to worst	5.05%	4.28%
Average coupon	3.39%	2.95%
Average quality <sup>1</sup>	A+	AA
Average effective maturity	10.82yrs	10.01yrs
<b>Diversification</b>		
Number of holdings	188	1,638
<b>Turnover</b>		
Trailing 1 year turnover <sup>2</sup>	43%	-
<b>Risk/reward (5 year)</b>		
Historical tracking error	2.08%	-
Beta	1.11	-
Standard deviation	6.49%	5.55%
Alpha	0.22%	-
Information ratio	0.10	-

Effective term structure as of 31-Dec-22	Portfolio (%)	Benchmark <sup>^</sup>
Less than 1 Year	7.3	0.0
1-3 Years	12.6	25.0
3-5 Years	6.3	18.0
5-10 Years	35.6	27.7
10-20 Years	7.8	9.6
20+ Years	30.3	19.6

Credit quality (% of total assets) as of 31-Dec-22 <sup>^^</sup>



<sup>^</sup> FTSE Canada Universe Bond Index

**Past performance is no guarantee of future results.**

<sup>1</sup> The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

<sup>2</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

The MFS portfolio's quality breakdown is based on MFS' own methodology, which is different from that used by the benchmark provider. MFS has not independently verified the benchmark data.

<sup>^^</sup> For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Dominion Bond Rating Service (DBRS), Standard and Poor's, Moody's Investors Service, and Fitch rating agencies. In cases where the agencies do not agree on the credit rating, the rating is classified according to the following rules: If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings; if three agencies rate a security, use the most common rating; In the rare event that all three agencies disagree, use the middle rating. If four agencies rate a security, use the most common rating; If four agencies rate a security with a two way split, use the lower rating. In the highly unlikely event that all four agencies disagree, consider the three lower ratings applying the three rating methodology rule. If none of the 4 rating agencies listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA rating is assigned. Ratings are shown in the S&P and DBRS scale (e.g., AAA). All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency MBS, and CMOs of U.S. Agency MBS. Other Not Rated includes fixed income securities which have not been rated by any rating agency.

## Market review

The Canadian economy exhibited signs of moderation through the fourth quarter. Monthly GDP figures pointed to a small gain of 0.1% in October, with growth driven by services-producing industries, as these industries have yet to reach their pre-pandemic trend. However, goods sector output declined, with industrial production down 1% month-over-month in October. With preliminary estimates for November GDP suggesting another small gain of 0.1%, it leaves Q4 GDP tracking between 1% to 1.5%, which is below potential, and in an environment of restrictive monetary policy, the economy should continue to stagnate further in the first half of 2023. Economic data continued to soften in Q4 as evidenced by the S&P Canada Manufacturing PMI which dropped to 49.2 in December with forward-looking measures such as new orders pointing to further weakness ahead. Concerns about the slowing global economy weighed on energy prices, which ended the quarter lower. Despite this, domestic demand has been supported by a labour market that remains strong and thus far resilient to the rapid rise in interest rates. After a summer lull, employment grew for four straight months to end the year, bringing the unemployment rate back down to 5%, while wage growth remained robust at over 5% year-over-year. Headline inflation has declined after peaking in June, but progress has been slow. The 6.8% headline rate in November was only a tick lower than the previous month, however, base effects should help bring the figure down in the months ahead. Of greater concern for policymakers, however, is that core inflation remains robust. The three-month annualized core inflation rate is still running well above the Bank of Canada's 2% target, largely due to shelter inflation where rent and mortgage costs have been rising. The BoC raised rates twice in the quarter, albeit at slightly smaller increments, with two 50 basis point hikes. The moves brought the overnight rate well into what is considered 'restrictive' territory at 4.25% — the highest level since 2008. The BoC appears resolute in its commitment to bringing inflation back to target but suggested the tightening campaign could be nearing an end. Current market pricing implies a terminal rate around 4.5% in 1H23.

Against this macro backdrop, the FTSE Canada Universe Bond Index returned 0.10% in Q4, posting its second consecutive positive quarter. Government bond yields ended the period marginally higher across the curve, with short-term yields rising the most. These moves led to a further flattening of the curve, with the 2- to-10-year part of the curve the most inverted in the last 30 years. These moves largely led to negative total returns for Canadian government bonds. Meanwhile corporate credit spreads fell in the quarter, leading to the outperformance of corporate bonds. Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, initially widened to year-to-date highs, reaching 183 bps by late October, before falling to 164 bps, resulting in a decline of 10 bps in the period. These moves led to the best performing quarter of the year for Canadian investment grade corporates. Within corporates, sectors such as pipelines, midstream and telecoms outperformed, while subordinated financials and



# Portfolio Outlook and Positioning



corporate hybrids underperformed due to greater sensitivity to market uncertainty. Corporate bond issuance was strong in Q4 as issuers took advantage of moderating yields and spreads amid expectations of a slower pace of rate hikes. As was the case all year, banks represented the bulk of new issues in the quarter, followed by pipelines.

## **Portfolio positioning**

With Canadian investment-grade credit spreads reaching multi-year highs in October, we tactically added nearly 400 bps to corporate bonds in the quarter. On a global basis, Canadian investment-grade valuations appear attractive, while fundamentals have been robust. Quarterly earnings were largely uneventful with credit metrics staying consistent, and although overall leverage has increased slightly, it remains below pre-Covid levels.

Canadian investment grade corporate spreads widened to 183 bps during October, which is a level only surpassed twice in the last 10 years. In fact, whenever spreads reached this level historically, the subsequent two-year period has almost always resulted in spread compression and the outperformance of credit. We took this opportunity to add corporate exposure at what we felt were attractive through-cycle valuations. Purchases were focused on high quality A and BBB rated issuers, in sectors such as utilities, pipelines and REITs. That said, we still feel a degree of caution remains warranted as economic growth slows and interest rates continue to rise, and so we felt these were prudent pockets in which to add credit exposure. In addition to adding exposure to corporate bonds, we also increased the portfolio's sensitivity to credit spreads by adding spread duration. We did this by extending duration within several holdings, such as TD. From a sector standpoint, we are selectively overweight investment-grade corporates, specifically Canadian investment grade. Our US investment-grade exposure remains near the low end of our range, ending the quarter at 2.5%. US credit valuations continue to look expensive versus their Canadian counterparts, and with the outperformance of US credit in the quarter, that valuation gap is near historic levels. Therefore, we are maintaining discipline and retaining capacity to add non-Canadian exposure. Meanwhile, our high yield exposure has been reduced throughout the last 18 months as slowing growth should place pressure on spreads, especially given the current tightness to investment grade peers. Finally, we maintain modest exposure to securitized credit, typically CLO capital structures. We believe the securities offer attractive value relative to corporates and are mostly floating rate. In our view this area offers a diversified source of return with much less interest rate risk and attractive carry in the most senior tranches, which is where we focus

## Portfolio Outlook and Positioning



After being short duration relative to the benchmark for much of the year, during the quarter we closed the underweight and moved to a more neutral duration position relative to the benchmark. This move was in part driven by our view that the market had priced in the peak in rate hikes. Being short duration was the right thing to do over the past year, but the rate environment appears to be entering a different phase. A change in language from the BoC at their December interest rate announcement seemed to imply we are near the end of the tightening cycle, with the Bank potentially soon pausing to assess how the most aggressive tightening cycle in decades is impacting the economy. If we are indeed near the end of the hiking cycle, combined with the increasing prospect of a recession in 2023, the probability of lower yields ahead is certainly increasing. However, much will depend on the path of inflation as the Bank is resolute in its commitment to bringing inflation back to target. Regardless, the sharp increase in rates is setting up the government bond market for better total returns, recognizing that long-term performance tends to correlate highly with starting yields, which are now significantly higher than they have been for most of the last decade.

The strategy is positioned with credit risk near the mid-point of our range, which is nevertheless overweight versus the index. Although we added to corporate bonds in the quarter, we continue to be positioned for volatility and retain significant ability to add risk into any material back up in spreads. The overweight to corporates is offset by an underweight to federals, and the portfolio maintains a yield and spread advantage relative to the benchmark.

**51980.1**

The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Cash & Cash Equivalents (0.94%)	CASH & CASH EQUIVALENTS			0.94
Communication (4.82%)	BELL TELEPHONE CO OF CANADA OR BELL CANADA/THE	3.800	Aug 21 28	0.97
	CCO HOLDINGS LLC / CCO HOLDINGS CAPITAL CORP	5.000	Feb 01 28	0.40
	CHARTER COMMUNICATIONS OPERATING LLC CHA	5.250	Apr 01 53	0.32
	CSC HOLDINGS LLC	3.375	Feb 15 31	0.13
	PROSUS NV (NASPERS LTD)	3.680	Jan 21 30	0.10
	ROGERS COMMUNICATIONS INC	6.560	Mar 22 41	0.15
	ROGERS COMMUNICATIONS INC	4.550	Mar 15 52	0.43
	ROGERS COMMUNICATIONS INC	5.250	Apr 15 52	0.20
	ROGERS COMMUNICATIONS INC	5.000	Dec 17 81	0.18
	SBA COMMUNICATIONS CORP	3.875	Feb 15 27	0.09
	SBA COMMUNICATIONS CORP	3.125	Feb 01 29	0.27
	SHAW COMMUNICATIONS INC	3.300	Dec 10 29	0.02
	SHAW COMMUNICATIONS INC	2.900	Dec 09 30	0.01
	SHAW COMMUNICATIONS INC	6.750	Nov 09 39	0.10
	SIRIUS XM RADIO INC	5.500	Jul 01 29	0.31
	TELUS CORP	2.350	Jan 27 28	0.31
	TELUS CORP	4.400	Jan 29 46	0.28
	TELUS CORP	3.950	Feb 16 50	0.09
	VIDEOTRON LTD	5.625	Jun 15 25	0.23
	WMG ACQUISITION CORP	3.000	Feb 15 31	0.24
Energy (10.12%)	BRUCE POWER LP	4.010	Jun 21 29	0.14
	BRUCE POWER LP	4.000	Jun 21 30	0.47
	CENOVUS ENERGY INC	3.500	Feb 07 28	0.52
	CU INC	4.722	Sep 09 43	0.61
	CU INC	3.174	Sep 05 51	0.07
	CU INC	4.773	Sep 14 52	1.68
	ENBRIDGE GAS INC	2.900	Apr 01 30	0.12
	ENBRIDGE GAS INC	3.650	Apr 01 50	0.34
	ENBRIDGE GAS INC	3.200	Sep 15 51	0.96

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)	
Energy (continued) (10.12%)	ENBRIDGE INC	4.240	Aug 27 42	0.30	
	ENBRIDGE INC	4.570	Mar 11 44	0.24	
	FIRSTENERGY CORP	3.400	Mar 01 50	0.20	
	INTER PIPELINE LTD/AB	3.983	Nov 25 31	0.22	
	INTER PIPELINE LTD/AB	6.380	Feb 17 33	0.72	
	NEXTERA ENERGY OPERATING PARTNERS LP	4.500	Sep 15 27	0.15	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	4.150	Jun 01 33	0.33	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	3.650	Jun 01 35	0.16	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	3.700	Feb 23 43	0.08	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	4.050	Jul 22 44	0.31	
	ONTARIO POWER GENERATION INC	3.215	Apr 08 30	0.85	
	PARKLAND CORP	4.625	May 01 30	0.27	
	PEMBINA PIPELINE CORP	4.670	May 28 50	0.95	
	TRANSCANADA PIPELINES LTD	3.800	Apr 05 27	0.43	
	Federal (33.27%)	CANADIAN GOVERNMENT	0.000	Mar 22 23	-0.03
		CANADIAN GOVERNMENT	0.000	Mar 22 23	4.09
CANADIAN GOVERNMENT		0.000	Mar 22 23	14.27	
CANADIAN GOVERNMENT BOND		2.000	Sep 01 23	7.24	
CANADIAN GOVERNMENT BOND		1.500	Sep 01 24	0.85	
CANADIAN GOVERNMENT BOND		3.750	Feb 01 25	2.14	
CANADIAN GOVERNMENT BOND		1.000	Jun 01 27	0.66	
CANADIAN GOVERNMENT BOND		1.500	Jun 01 31	4.37	
CANADIAN GOVERNMENT BOND		2.000	Jun 01 32	3.67	
CANADIAN GOVERNMENT BOND		3.500	Dec 01 45	1.87	
CANADIAN GOVERNMENT BOND		1.750	Dec 01 53	0.88	
DOMINICAN REPUBLIC		4.500	Jan 30 30	0.13	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 22 23	-3.97	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 22 23	-1.60	

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Federal (continued) (33.27%)	UNITED STATES TREASURY NOTE/BOND	0.000	Mar 22 23	-1.34
	UNITED STATES TREASURY NOTE/BOND	0.000	Mar 22 23	1.12
	UNITED STATES TREASURY NOTE/BOND	0.000	Mar 31 23	-1.34
	UNITED STATES TREASURY NOTE/BOND	0.000	Mar 31 23	0.26
Financial (18.02%)	AVIVA PLC	4.000	Oct 02 30	0.56
	AVOLON HOLDINGS FUNDING LTD	2.528	Nov 18 27	0.16
	BANK OF MONTREAL	2.370	Feb 03 25	0.20
	BANK OF MONTREAL	4.609	Sep 10 25	0.75
	BANK OF MONTREAL	5.625	May 26 82	0.77
	BANK OF NOVA SCOTIA/THE	2.290	Jun 28 24	0.57
	BANK OF NOVA SCOTIA/THE	2.160	Feb 03 25	0.34
	BANK OF NOVA SCOTIA/THE	2.950	Mar 08 27	0.37
	BANK OF NOVA SCOTIA/THE	7.023	Jul 27 82	0.63
	BROOKFIELD FINANCE II INC	5.431	Dec 14 32	0.46
	CANADIAN IMPERIAL BANK OF COMMERCE	4.000	Jan 28 82	0.42
	CANADIAN IMPERIAL BANK OF COMMERCE	7.150	Jul 28 82	0.93
	CANADIAN WESTERN BANK	2.606	Jan 30 25	0.03
	CANADIAN WESTERN BANK	6.000	Apr 30 81	0.15
	CO-OPERATORS FINANCIAL SERVICES LTD	3.327	May 13 30	0.43
	ELEMENT FLEET MANAGEMENT CORP	1.600	Apr 06 24	0.09
	EMPIRE LIFE INSURANCE CO/THE	2.024	Sep 24 31	0.07
	EMPIRE LIFE INSURANCE CO/THE	3.625	Apr 17 81	0.46
	FAIRFAX FINANCIAL HOLDINGS LTD	4.250	Dec 06 27	0.38
	FAIRFAX FINANCIAL HOLDINGS LTD	3.950	Mar 03 31	0.17
	GREAT-WEST LIFECO INC	3.600	Dec 31 81	0.12
	HONDA CANADA FINANCE INC	1.646	Feb 25 28	0.70
	IGM FINANCIAL INC	4.560	Jan 25 47	0.10
	INTACT FINANCIAL CORP	1.928	Dec 16 30	0.07
	INTACT FINANCIAL CORP	4.125	Mar 31 81	0.19
	JOHN DEERE FINANCIAL INC	2.810	Jan 19 29	0.71

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
<b>Financial (continued) (18.02%)</b>	MANULIFE FINANCIAL CORP	2.818	May 13 35	0.46
	MANULIFE FINANCIAL CORP	3.375	Jun 19 81	0.15
	MANULIFE FINANCIAL CORP	4.100	Mar 19 82	0.23
	NATIONAL BANK OF CANADA	2.983	Mar 04 24	1.37
	NATIONAL BANK OF CANADA	2.237	Nov 04 26	0.46
	NATIONAL BANK OF CANADA	4.050	Aug 15 81	0.21
	PARK AEROSPACE HOLDINGS LTD	5.500	Feb 15 24	0.07
	POWER CORP OF CANADA	4.810	Jan 31 47	0.38
	ROYAL BANK OF CANADA	2.328	Jan 28 27	0.48
	ROYAL BANK OF CANADA	4.500	Nov 24 80	0.22
	ROYAL BANK OF CANADA	4.000	Feb 24 81	0.36
	SAGEN MI CANADA INC	3.261	Mar 05 31	0.53
	TMX GROUP LTD	2.997	Dec 11 24	0.12
	TMX GROUP LTD	3.779	Jun 05 28	1.09
	TORONTO-DOMINION BANK/THE	4.210	Jun 01 27	0.77
	TORONTO-DOMINION BANK/THE	5.376	Oct 21 27	0.21
	TORONTO-DOMINION BANK/THE	3.105	Apr 22 30	0.19
	TORONTO-DOMINION BANK/THE	3.600	Oct 31 81	0.52
	TORONTO-DOMINION BANK/THE	7.283	Oct 31 82	0.37
	<b>Industrial (4.21%)</b>	AIR CANADA	4.625	Aug 15 29
AMERICAN BUILDERS & CONTRACTORS SUPPLY CO INC		4.000	Jan 15 28	0.16
AXALTA COATING SYSTEMS LLC		3.375	Feb 15 29	0.21
BAT CAPITAL CORP		5.650	Mar 16 52	0.34
BWX TECHNOLOGIES INC		4.125	Jun 30 28	0.14
CANWEL BUILDING MATERIALS GROUP LTD		5.250	May 15 26	0.17
CHARLES RIVER LABORATORIES INTERNATIONAL INC		4.000	Mar 15 31	0.19
ENERGEAN ISRAEL FINANCE LTD		4.875	Mar 30 26	0.11
GLOBAL AIRCRAFT LEASING CO LTD		6.500	Sep 15 24	0.08
INDOFOOD CBP SUKSES MAKMUR TBK PT		3.541	Apr 27 32	0.16
IRON MOUNTAIN INC		4.500	Feb 15 31	0.23

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
<b>Industrial (continued) (4.21%)</b>	JAZZ SECURITIES DAC	4.375	Jan 15 29	0.17
	LEVIATHAN BOND LTD	6.750	Jun 30 30	0.15
	LOBLAW COS LTD	4.488	Dec 11 28	0.17
	MAGALLANES INC	5.141	Mar 15 52	0.45
	MATTAMY GROUP CORP	5.250	Dec 15 27	0.19
	MEITUAN	3.050	Oct 28 30	0.09
	METRO INC/CN	5.030	Dec 01 44	0.04
	STANDARD INDUSTRIES INC/NJ	4.750	Jan 15 28	0.13
	STANDARD INDUSTRIES INC/NJ	4.375	Jul 15 30	0.16
	TECK RESOURCES LTD	3.900	Jul 15 30	0.21
	TOLL ROAD INVESTORS PARTNERSHIP II LP	0.000	Feb 15 43	0.12
	TOROMONT INDUSTRIES LTD	3.842	Oct 27 27	0.05
	TRANSDIGM INC	4.625	Jan 15 29	0.20
<b>Infrastructure (5.32%)</b>	ALGONQUIN POWER & UTILITIES CORP	5.250	Jan 31 82	0.30
	ALTALINK LP	4.692	Nov 28 32	0.94
	ALTALINK LP	3.990	Jun 30 42	0.12
	BRITISH COLUMBIA FERRY SERVICES INC	2.794	Oct 15 49	0.15
	CALGARY AIRPORT AUTHORITY/THE	3.199	Oct 07 36	0.19
	EPCOR UTILITIES INC	2.899	May 19 50	0.10
	EPCOR UTILITIES INC	4.725	Sep 02 52	1.08
	HYDRO ONE INC	2.160	Feb 28 30	2.34
	NOVA SCOTIA POWER INC	3.307	Apr 25 50	0.10
	<b>Municipal (0.97%)</b>	NEW JERSEY EDA STATE	7.425	Feb 15 29
REGIONAL MUNICIPALITY OF YORK		2.350	Jun 09 27	0.55
VILLAGE OF BRIDGEVIEW IL		5.140	Dec 01 36	0.21
<b>Other (-11.29%)</b>	OTHER			-11.29
<b>Provincial (27.44%)</b>	PROVINCE OF ALBERTA	2.350	Jun 01 25	1.48
	PROVINCE OF ALBERTA	3.450	Dec 01 43	3.12
	PROVINCE OF ALBERTA	2.950	Jun 01 52	0.86
	PROVINCE OF BRITISH COLUMBIA CANADA	2.200	Jun 18 30	1.14

# Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Provincial (continued) (27.44%)	PROVINCE OF BRITISH COLUMBIA CANADA	2.800	Jun 18 48	0.63
	PROVINCE OF BRITISH COLUMBIA CANADA	2.950	Jun 18 50	1.21
	PROVINCE OF MANITOBA CANADA	4.650	Mar 05 40	0.54
	PROVINCE OF MANITOBA CANADA	4.100	Mar 05 41	0.61
	PROVINCE OF NOVA SCOTIA CANADA	2.100	Jun 01 27	0.88
	PROVINCE OF NOVA SCOTIA CANADA	4.400	Jun 01 42	0.46
	PROVINCE OF ONTARIO CANADA	3.500	Jun 02 24	1.35
	PROVINCE OF ONTARIO CANADA	2.600	Jun 02 25	2.40
	PROVINCE OF ONTARIO CANADA	1.350	Dec 02 30	1.18
	PROVINCE OF ONTARIO CANADA	3.750	Jun 02 32	3.94
	PROVINCE OF ONTARIO CANADA	4.700	Jun 02 37	1.11
	PROVINCE OF ONTARIO CANADA	2.650	Dec 02 50	2.62
	PROVINCE OF ONTARIO CANADA	1.900	Dec 02 51	1.72
	PROVINCE OF ONTARIO CANADA	3.750	Dec 02 53	0.74
	PROVINCE OF QUEBEC	1.900	Sep 01 30	0.75
	PROVINCE OF QUEBEC	3.500	Dec 01 45	0.21
	PROVINCE OF QUEBEC	3.100	Dec 01 51	0.24
PROVINCE OF SASKATCHEWAN CANADA	4.750	Jun 01 40	0.24	
Real Estate (2.53%)	ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST	3.117	Feb 21 30	1.04
	CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST	3.532	Jun 11 29	1.37
	GRANITE REIT HOLDINGS LP	2.378	Dec 18 30	0.12
Securitization (3.65%)	ATRM 12A	5.675	Apr 22 27	0.14
	BABSN 2013-IA	5.493	Jan 20 28	0.14
	BSPRT 2021-FL7 ISSUER LTD	2.150	Dec 15 38	0.06
	CLNC 2019-FL1	6.839	Oct 19 38	0.26
	KREF 2021-FL2 LTD	1.743	Feb 15 39	0.13
	LCCM 2021-FL2 TRUST	6.468	Dec 15 38	0.14
	LNCR2021-CRE5	6.668	Jul 15 36	0.27
	LNCR2021-CRE6	6.218	Nov 15 38	0.37
	MAGNE 2015-16A	5.394	Jan 18 28	0.14



## Portfolio Holdings



As of 31-Dec-22	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Securitization (continued) (3.65%)	MF1 2021-FL6 LTD	6.176	Jun 16 25	0.43
	MF1 2022-FL8 LTD	4.122	Feb 19 37	0.18
	NEUB 2015-15A	5.929	Oct 15 29	0.23
	NEUB 2015-20A	0.000	Jul 15 34	0.12
	OAKCL 2019-1A	6.675	Apr 22 30	0.36
	OCP 2015-10A	5.977	Jan 26 34	0.40
	PFP 2021-8 LTD	6.476	Aug 09 37	0.14
	TICP 2018-IA	5.827	Apr 26 28	0.13

Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.



## CERTIFICATE OF PORTFOLIO COMPLIANCE

### **MFS Canadian Core Plus Fixed Income Fund**

To the best of my knowledge, for the quarter ending December 31, 2022, MFS Investment Management Canada Limited (“MFS”) complied in all material respects with the investment restrictions contained in the applicable Offering Memorandum or Offering Memoranda for the MFS Canadian Core Plus Fixed Income Fund. Such certification is subject to the following conditions: (i) MFS’ compliance testing is performed using portfolio valuation reports derived from its internal security inventory system and not the books and records of the Portfolio; and (ii) MFS is responsible for compliance with the investment restrictions as stated in the applicable Offering Memorandum or Offering Memoranda.

MFS Investment Management Canada Limited.

BY: *Jennifer Argiropoulos*  
**Jennifer Argiropoulos**

DATE: January 11, 2023

## Your MFS Relationship Team



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# Global Capabilities

## MFS Investment Strategies



### Fundamental Equity

#### Global Equity

- Contrarian Value<sup>1</sup>
- Global/Global Concentrated<sup>1</sup>
- Global Growth/Global Growth Concentrated
- Global Intrinsic Value<sup>1</sup>
- Global Research/Global Research Focused
- Global Small-Mid Cap
- Global Strategic
- Global Value<sup>1</sup>
- Transformative Capital

#### International Equity

- International/International Concentrated
- International Diversification<sup>1</sup>
- International Growth/International Growth Concentrated
- International Intrinsic Value<sup>2</sup>
- International Large Cap Value
- International Research
- International Small-Mid Cap<sup>1</sup>

#### Regional Equity

##### Asia/Pacific

- Asia Concentrated
- Asia ex Japan
- Asia Pacific ex Japan
- Japan/Japan Concentrated

##### Canadian

- Canadian
- Canadian Research

##### Emerging Markets

- Emerging Markets
- Emerging Markets Research
- Latin American

##### European

- European ex-U.K.
- European Research<sup>1</sup>
- European Small Cap<sup>1</sup>
- European Value<sup>2</sup>
- U.K.

##### U.S.

- Core/Core Concentrated
- Growth/Growth Concentrated
- Intrinsic Value
- Large Cap Growth/Large Cap Growth Concentrated
- Large Cap Value<sup>1</sup>/Large Cap Value Concentrated<sup>1</sup>
- Mid Cap Growth/Mid Cap Growth Focused
- Mid Cap Value<sup>1</sup>
- Research
- Research – Industry Neutral
- Small Cap Growth<sup>1</sup>
- Small Cap Value<sup>2</sup>

As of 31-Dec-22.

<sup>1</sup> Limited availability.

<sup>2</sup> Closed.

### Blended Research

#### Target Tracking Error

##### Global/Regional Equity

- Emerging Markets
- European
- Global
- International

##### U.S. Equity

- Core
- Large Cap Growth
- Large Cap Value
- Mid Cap
- Small Cap

#### Low Volatility

- Canadian
- Global
- International
- U.S.

#### Income

- Equity Income
- Global High Dividend

### Fixed Income

#### Multi-Sector

##### U.S.

- Core
- Core Plus
- Opportunistic
- Limited Maturity

##### Global

- Core
- Core Plus
- Opportunistic

#### Credit

- Buy & Maintain
- Canada
- European
- Global

#### High Yield

- Global Core
- U.S. Core
- U.S. BB Corporate

#### Emerging Markets Debt

- Hard Currency
- Local Currency
- Corporate
- Opportunities

#### Government

##### Global

- Inflation Adjusted
- Sovereign

##### U.S. Municipal

- High Yield
- Investment Grade
- Limited Maturity
- State-Specific
- Taxable

##### Canadian

- Core
- Core Plus
- Long Term
- Long Term Plus
- Short Term
- Money Market

##### U.S.

- U.S. Long Duration

##### U.S.

- Government
- MBS
- TIPS

### Multi-Asset/Specialty

#### Multi-Asset

- Canadian Core
- Canadian Growth
- Canadian Value
- Global Total Return
- Managed Wealth<sup>1</sup>
- Prudent Capital<sup>1</sup>
- U.S. Total Return

#### Income

- Diversified Income

#### Target Date

- Canadian Target Date<sup>1</sup>
- U.S. Target Date<sup>1</sup>

#### Target Risk

- Canadian Target Risk<sup>1</sup>
- U.S. Target Risk<sup>1</sup>

#### Specialty/Equity

- Global Listed Infrastructure
- Global Real Estate<sup>1</sup>
- Technology
- U.S. Real Estate
- Utilities

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