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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 2023 investment report

Issued in Canada by MFS Investment Management Canada Limited.

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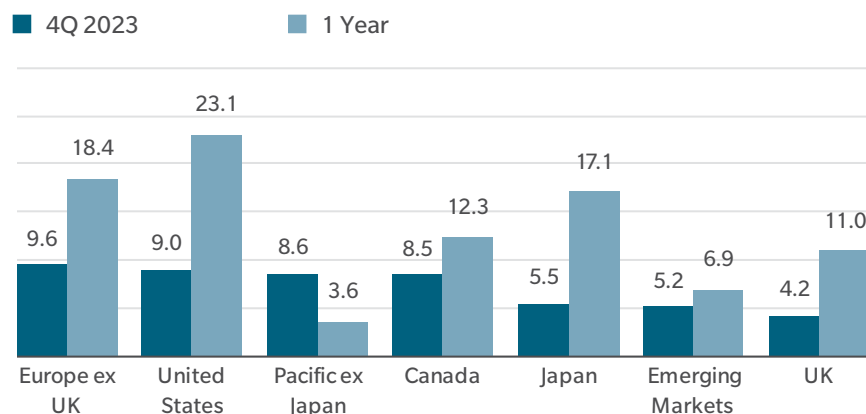
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Country and region information contained in this report is based upon MFS classification methodology which may differ from the methodology used by individual benchmark providers. Portfolio characteristics are based on equivalent exposure, which measures 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

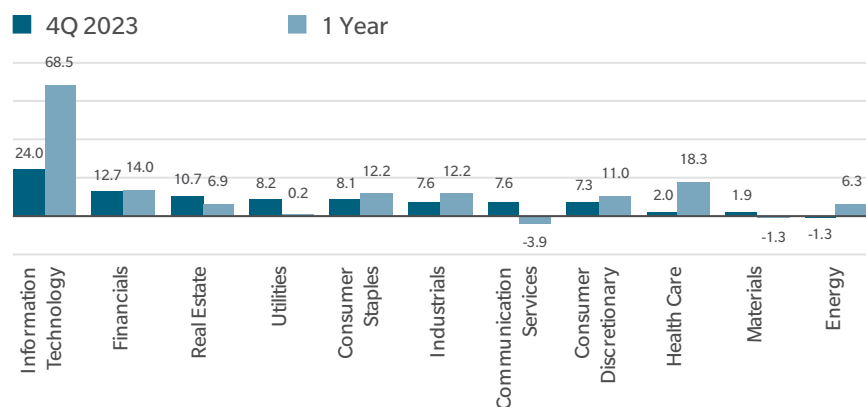


Global Equity performance (%) (CAD) as of 31-Dec-23



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

Canadian Equity performance (%) (CAD) as of 31-Dec-23



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 2023 Global Equity market review

- The global equity market, as measured by the MSCI All Country World Index, rallied in 2023 with a strong finish in Q4, driven by anticipation of an economic soft landing and interest rate cuts in 2024.
- Changing interest rate expectations and investor enthusiasm in artificial intelligence were key drivers to the strong outperformance of large growth stocks in 2023.
- Market concentration reached historically high levels, with performance dominated by a handful of US mega-cap stocks.
- Despite positive sentiment, the equity market may be vulnerable to economic, political and geopolitical risks, and the lagged effects of higher interest rates and tighter credit standards may continue to weigh on the economic and earnings outlook.

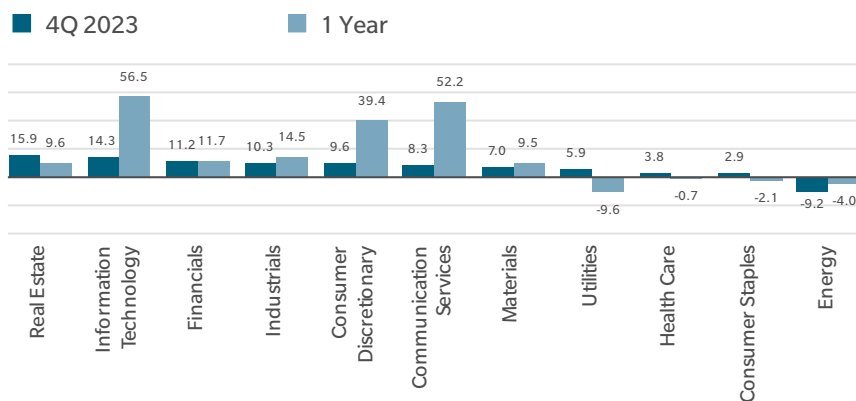
## Fourth quarter 2023 Canadian Equity market review

- Canadian equities leapt 8% in the fourth quarter (S&P/TSX Composite Index, total return basis, CAD). This aligned with broad-based global equity strength as bond yields fell in response to sharply improved inflation data plus signals from the US Federal Reserve that interest rates have likely peaked and may be lowered in 2024.
- The Canadian index performance was led up by strength in technology, followed by interest-sensitive sectors, including financials and real estate, and broad-based strength across cyclical sectors. Only the energy sector declined during the quarter, while materials were flat — both reflecting pressure on commodity pricing.
- The S&P/TSX forward earnings consensus fell for the fifth consecutive quarter. Aggregate 2024 EPS estimates were revised lower by 3% for a cumulative 8% negative revision over the past year and now indicated roughly back in line with 2022 levels. Of the 11 GICs sectors, only the technology and utilities sectors registered positive revisions for 2024 in the quarter.
- The 12-month forward price/earnings multiple for S&P/TSX composite rose to approximately 13.8x during the quarter and remains roughly 10% below the long-term average and 30% below the S&P500.

# Market Overview



## U.S. Equity performance (%) (CAD) as of 31-Dec-23

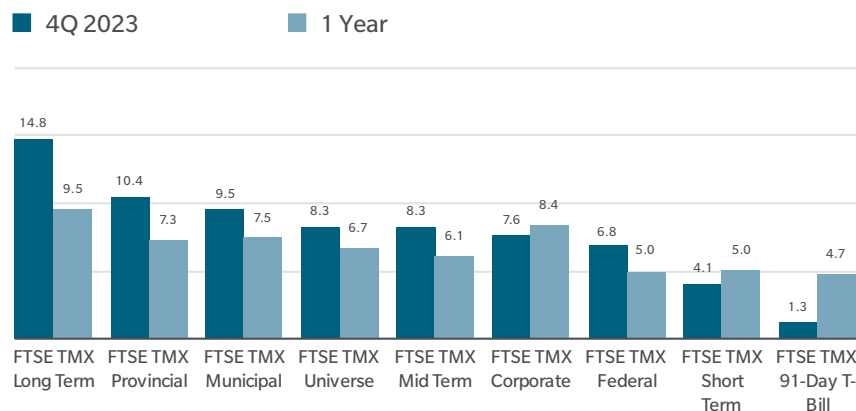


Source: FactSet. Sector performance based on MSCI sector classification. The analysis of S&P 500 Index constituents are broken out by MSCI defined sectors.

### Fourth quarter 2023 U.S. Equity market review

- The US market, as measured by the S&P 500 Index, finished strongly higher in Q4 2023. This was driven by falling long-term interest rates, a resilient economy and easing inflation.
- Economic growth in the United States expanded sharply during Q3 2023, with GDP increasing 4.9%. This was notably higher than the 2.1% for Q2, with the acceleration mainly due to an upturn in exports and an increase in consumer spending. As inflation has continued to come down, the US Federal Reserve updated its long-term projections showing a lower federal funds rate in 2024, which would indicate several rate cuts.
- For the quarter, growth outperformed value in the large-cap and midcap spaces but value outperformed growth in the small-cap space. Real estate, technology and financials were the best-performing sectors, and energy, consumer staples and health care the worst.

## Canadian Fixed Income performance (%) (CAD) as of 31-Dec-23



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

### Fourth quarter 2023 Canadian Fixed Income market review

- The FTSE Canada Universe Bond Index had an exceptionally strong quarter, returning 8.27% in Q4 and resulted in a positive return for the index for the year. The positive total return in Q4 was driven by a combination of declining government bond yields and declining credit spreads.
- The Bank of Canada remained on pause for the third consecutive meeting in December, leaving the overnight rate at 5%. The economy continues to soften under the weight of restrictive monetary policy and underlying inflationary pressures subsided in the period. The BoC retained a 'hawkish' bias in their December statement, but the market has priced in interest rate cuts as soon as April 2024.
- Canadian government bond yields sharply declined across the curve in the quarter. Short-term yields declined more than long-term yields, resulting in a bull steepening of the curve. The 2- to 10-year part of the curve has steepened for two consecutive quarters but still remains deeply inverted.
- Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, declined by 16 basis points in Q4 leading to the outperformance of corporate bonds. Spreads finished the quarter at 131 bps, which was the lowest level for the year (YTD range: 131 to 171). Spreads are now back to levels last seen in early 2022, right before the current rate hike cycle began.

# Performance



Total annual gross performance (%) as of 31-Dec-23	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Portfolio	13.21	9.14	6.05	9.11	1.26	15.45	5.58	12.78	-4.70	10.95
Benchmark^	12.22	6.61	8.33	9.55	-2.70	16.98	10.39	13.36	-10.10	13.09
Excess return	0.99	2.53	-2.28	-0.44	3.96	-1.54	-4.81	-0.58	5.40	-2.14

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.**

^ 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-23	10 Years	5 Years	3 Years	1 Year	4Q 2023
<b>Total Portfolio</b>	<b>7.72</b>	<b>7.77</b>	<b>6.04</b>	<b>10.95</b>	<b>7.56</b>
<b>Benchmark<sup>^</sup></b>	<b>7.47</b>	<b>8.28</b>	<b>4.84</b>	<b>13.09</b>	<b>8.25</b>
MFS Low Volatility Canadian Equity Fund	N/A	11.38	10.30	12.87	8.38
S&P/TSX Capped Composite Index linked to previous benchmark	N/A	11.30	9.59	11.75	8.10
MFS Low Volatility Global Equity Fund	N/A	9.14	8.98	11.96	6.20
MSCI All Country World Index (net div)	N/A	10.94	6.97	18.92	8.29
MFS Canadian Core Plus Fixed Income Fund	N/A	1.88	-2.42	7.70	8.48
FTSE Canada Universe Bond Index	N/A	1.30	-2.80	6.69	8.27

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

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.

# Asset Summary



## MFS' asset mix view as of 31-December-2023

A powerful rally in global equities resulted in the MSCI ACWI finishing 2023 near all-time highs. Weaker than expected inflation reports and an anticipated shift in monetary policy coincided with a peak in bond yields which triggered a significant rally in global equities to finish the year. Market concentration remains a prominent issue; however, it was notable that the “Magnificent 7” underperformed both the equal-weight S&P 500 and ACWI since mid-November, signaling an improvement in market breadth. Global leading indicators continue to signal disparity, with the outlook for manufacturing remaining weak, while global service sector data has been stronger. Q3 earnings reports were better than expected in the US, Europe ex UK and emerging markets, while earnings revisions modestly improved. However, analyst earnings downgrades continue to outnumber upgrades. Regional leadership narrowed significantly post the peak in rates, with the US and Latin American markets outperforming, while Japan, UK, Europe and emerging Asian markets underperformed. The October peak in US bond yields coincided with a swift rotation in sector leadership from defensives to cyclicals. The technology and real estate sectors were notable outperformers, while energy, health care, and utilities sectors all underperformed.

The Canadian economy continued to soften under the weight of restrictive monetary policy. With declining consumer and business spending, real GDP contracted at an annualized rate of 1.1% in Q3. Stalling growth resulted in subsiding inflationary pressures across a broadening range of goods and services. As a result, the Bank of Canada kept rates unchanged at 5% and the market moved to price in rate cuts as soon as April 2024. This led to a notable decline in bond yields across the curve. Meanwhile, with the risk-on tone to the quarter, Canadian credit spreads declined and finished Q4 at their lowest level for the year. Declining government bond yields and credit spreads led to a return of 8.27% for the FTSE Canada Universe Bond Index in Q4, bringing the index into positive territory for the year.

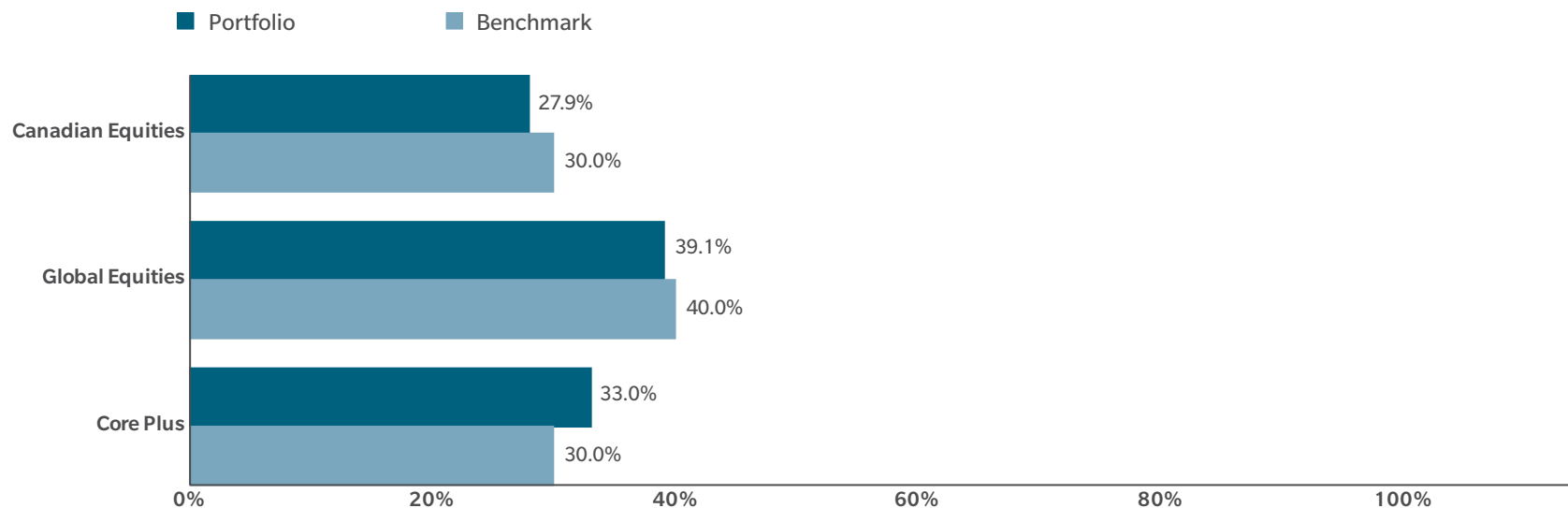
Given the significant rally in risk assets, the asset allocation was adjusted in November to a more defensive posture. Equity valuations have seemingly priced in a soft landing, leaving little margin for error should a recession materialize. Accordingly, the underweight target for equities was moved further underweight, with the underweight concentrated in Canadian equities. The allocation to money markets was also reduced, and the proceeds from both were reinvested into bonds. As witnessed in November and December, we believe bonds should continue to benefit in a slowing growth and inflation environment, with the additional support of attractive starting yields.

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# Asset Summary



Asset allocation as of 31-Dec-23



Activity (CAD)	Beginning value as of 30-Sep-23	Contributions	Withdrawals	Intra-portfolio transfers	Change in market value	Ending value as of 31-Dec-23
<b>Total Portfolio</b>	<b>81,115,177</b>	<b>+144,727</b>	<b>-2,945,632</b>	<b>+1</b>	<b>+6,040,240</b>	<b>84,354,513</b>
Cash	5,729	0	0	0	+149	5,878

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



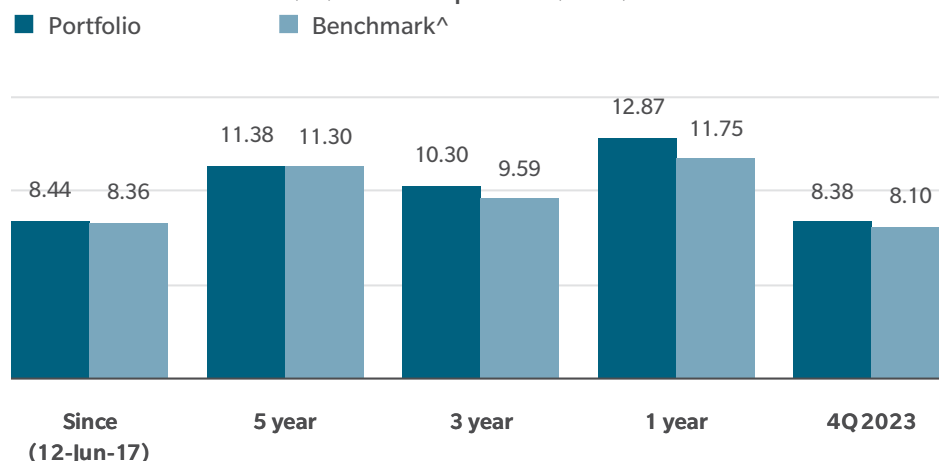


## MFS Low Volatility Canadian Equity Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-23



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-23	22,743,470
Contributions	+39,870
Withdrawals	-811,433
Intra-portfolio transfers	-330,042
Change in market value	+1,856,105
Ending value as of 31-Dec-23	23,497,970

## Position weights (%) as of 31-Dec-23

	Portfolio	Benchmark^^
<b>Top overweights</b>		
PEMBINA PIPELINE CORP	3.9	0.8
LOBLAW COMPANIES LTD (EQ)	3.4	0.6
IA FINANCIAL CORP INC	2.7	0.3
<b>Top underweights</b>		
SHOPIFY INC	-	4.1
BANK OF NOVA SCOTIA/THE	-	2.6
BROOKFIELD CORP	-	2.5

^^ S&P/TSX Capped Composite Index

# Performance Results



Performance results (%) net of expenses (CAD) as of 31-Dec-23

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2023	8.38	8.10	0.27
3Q 2023	-0.99	-2.20	1.21
2Q 2023	0.20	1.10	-0.90
1Q 2023	4.98	4.55	0.43
2023	12.87	11.75	1.12
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
Since client inception(12-Jun-17)	8.44	8.36	0.08
5 year	11.38	11.30	0.08
3 year	10.30	9.59	0.71
1 year	12.87	11.75	1.12

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.

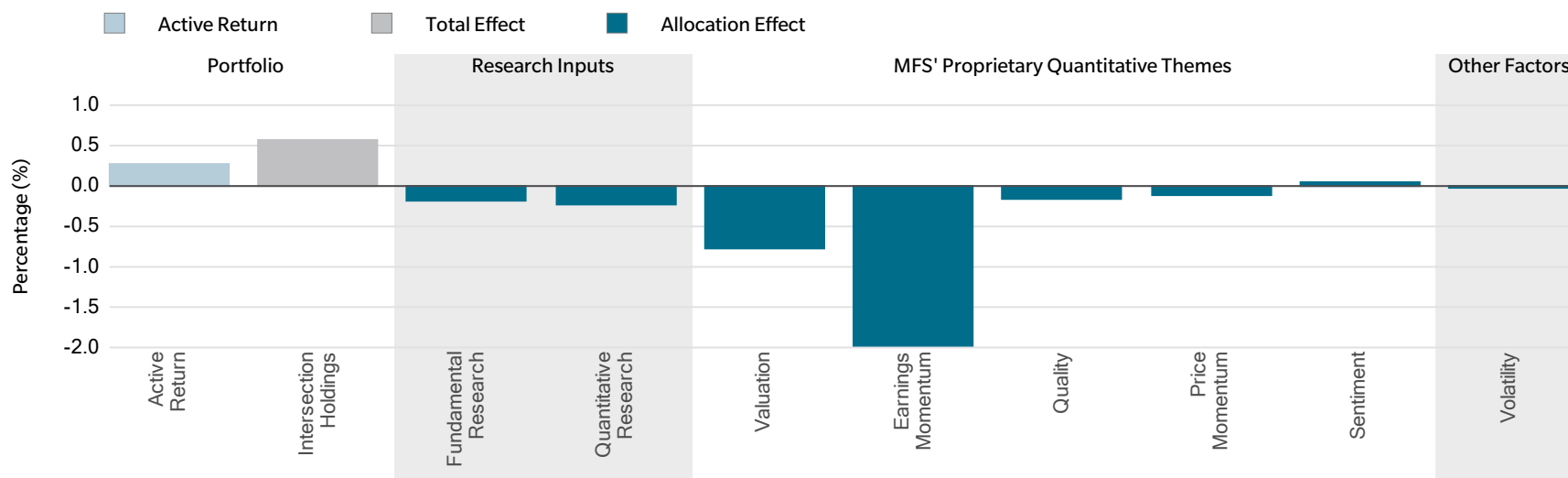
**Past performance is no guarantee of future results.**

<sup>^</sup> 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.

# Investment Process Performance Drivers

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Please note that the figures provided above do not total to the active return.

Active return represents the difference between the portfolio return and the benchmark return over the time period examined. Active return not explained by the total effect of the intersection holdings will be captured by the total effect of non-intersection stocks, and is not shown in this summary. Intersection holdings represent stocks that are considered attractive from both fundamental and quantitative research sources.

Active return not captured by the allocation effects associated with each respective factor within Research Inputs and Quantitative Themes will be captured by selection and interaction effects, which are not included in this summary.

Results are calculated based on a Brinson-Fachler based performance attribution analysis, grouped by a single factor, generated utilizing Factset's Portfolio Analysis platform. Attributions attempt to decompose a portfolio's performance relative to a benchmark by grouping securities into discrete buckets and attributing returns across these groupings along three dimensions: the allocation effect, the selection effect, and the interaction effect. The groupings are based on beginning of period ratings and scores, rebalanced monthly. The groupings do not reflect intra-month ratings and score changes and may not align with the actual trade rebalance dates of the portfolio. Results are based upon daily holdings to generate individual security returns and do not include expenses, intra-day trading, or intra-day pricing impacts. As a result, portfolio and benchmark returns generated through attribution analysis will likely differ from actual returns.

Total effect represents the combination of allocation, selection and interaction effects associated with Intersection Holdings. MFS defines intersection holdings as stocks with a Fundamental buy rating that are scored within the most attractive tercile of MFS' overall Quantitative Model score. MFS Fundamental analysts rate stocks with a buy, hold or sell rating. Not all stocks are fundamentally rated and stocks without a fundamental rating are treated the same as hold rated stocks. MFS' proprietary quantitative stock selection model ranks stocks on a scale of 1-100.

Allocation Effect represents the contribution to relative performance associated with an overweight or underweight to a particular grouping of stocks from a single Brinson Fachler attribution (i.e., the contribution associated with investments in top quintile stocks based on valuation). It is calculated daily as the difference between the stock portfolio weight of a grouping and benchmark weight for that same grouping, multiplied by the difference between the benchmark's stock grouping return and overall benchmark return. The daily allocation effects are geometrically linked over the reporting period.

## Performance Drivers - Fundamental Research

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Fundamental Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Fundamental Buy	8.4	7.4	19.4	-0.1	0.7	0.6
Fundamental Hold/unrated	8.2	9.0	-18.6	-0.2	-0.2	-0.4
Fundamental Sell	-	2.4	-1.7	0.1	-	0.1
Cash	1.2	-	0.9	-0.0	-	-0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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. Stocks without a rating are treated the same as hold rated stocks for the purpose of creating a blended research score. Stocks without a fundamental rating accounted for 1.9% of the portfolio and 12.7% of the index.

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).

## Performance Drivers - Quantitative Research

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Quantitative Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Quant Q1 - Best	7.0	5.8	11.9	-0.3	0.4	0.2
Quant Q2	8.5	10.1	-0.3	-0.1	0.4	0.3
Quant Q3	9.0	7.6	-7.2	-0.0	0.2	0.2
Quant Q4	10.4	10.5	-2.4	-0.0	-0.5	-0.5
Quant Q5 - Worst	5.7	5.0	-2.8	0.1	-0.0	0.1
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.2</b>	<b>0.5</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Valuation

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Valuation	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Valuation Q1 - Best	6.6	6.3	8.8	-0.2	0.1	-0.1
Valuation Q2	10.3	7.3	-0.5	0.0	0.4	0.5
Valuation Q3	18.1	9.3	-2.1	-0.0	1.2	1.1
Valuation Q4	5.2	4.9	-2.1	0.1	0.1	0.1
Valuation Q5 - Worst	7.2	12.8	-4.9	-0.6	-0.7	-1.4
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.8</b>	<b>1.1</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Earnings Momentum

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Earnings Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Earnings Momentum Q1 - Best	37.3	40.1	-4.5	-1.5	0.4	-1.0
Earnings Momentum Q2	2.5	1.0	5.6	-0.4	0.4	0.0
Earnings Momentum Q3	6.7	4.0	-1.1	0.0	0.8	0.8
Earnings Momentum Q4	8.8	8.3	1.8	-0.0	0.2	0.2
Earnings Momentum Q5 - Worst	12.5	8.1	-2.7	-0.1	0.4	0.3
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-2.0</b>	<b>2.3</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).



## Performance Drivers - Quality

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Quality	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Quality Q1 - Best	6.0	7.3	5.5	-0.0	-0.2	-0.2
Quality Q2	3.1	0.9	-0.5	0.1	0.4	0.5
Quality Q3	9.5	9.5	-7.4	-0.2	0.0	-0.2
Quality Q4	10.3	13.6	0.1	0.0	-0.6	-0.6
Quality Q5 - Worst	14.7	7.6	1.5	0.0	0.8	0.8
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Price Momentum

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Price Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Price Momentum Q1 - Best	10.9	6.2	-0.3	-0.0	0.5	0.5
Price Momentum Q2	13.7	14.3	-2.4	-0.1	-0.6	-0.8
Price Momentum Q3	2.5	3.8	-2.7	0.1	-0.4	-0.3
Price Momentum Q4	8.9	5.5	1.7	-0.0	0.9	0.9
Price Momentum Q5 - Worst	8.0	7.0	3.0	-0.0	-0.0	-0.0
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.1</b>	<b>0.4</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Sentiment

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Sentiment	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Sentiment Q1 - Best	1.1	3.4	2.1	-0.1	-0.1	-0.2
Sentiment Q2	10.5	8.8	7.6	-0.0	0.4	0.3
Sentiment Q3	8.7	6.8	-1.0	0.0	0.9	0.9
Sentiment Q4	2.8	9.0	-11.8	-0.0	-0.7	-0.7
Sentiment Q5 - Worst	11.7	13.8	2.3	0.2	-0.2	-0.0
Cash	1.2	-	0.9	-0.0	-	-0.0
Unassigned	-	-4.3	-0.1	0.0	-	0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Volatility

Relative to S&P/TSX Capped Composite Index linked to previous benchmark (CAD) - fourth quarter 2023



Volatility	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Absolute Volatility Cad Quintile 1	-	12.2	-7.4	-0.2	-	-0.2
Absolute Volatility Cad Quintile 2	-2.0	-1.1	-2.6	0.3	-0.1	0.1
Absolute Volatility Cad Quintile 3	6.8	8.6	3.5	0.1	-0.3	-0.2
Absolute Volatility Cad Quintile 4	6.5	7.4	7.6	-0.1	-0.3	-0.4
Absolute Volatility Cad Quintile 5	12.2	9.9	-1.2	-0.0	1.0	1.0
Cash	1.2	-	0.9	-0.0	-	-0.0
N/A	-	14.8	-0.7	-0.0	-	-0.0
<b>Total</b>	<b>8.4</b>	<b>8.1</b>	<b>-</b>	<b>-0.0</b>	<b>0.3</b>	<b>0.3</b>

<sup>1</sup> Stock selection includes 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).

Absolute volatility is defined as the annualized standard deviation measured over the past 24 months at the stock level. The attribution groupings are rebalanced monthly, according to the standard deviation of the previous 24 months of monthly total returns. The groupings do not reflect intra month changes and may not align with the actual trade rebalance dates of the portfolio.

## Performance Drivers - Sectors



Relative to S&P/TSX Capped Composite Index (CAD) - fourth quarter 2023		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	Stock selection <sup>2</sup> (%)	Relative contribution (%)
<b>Contributors</b>	Energy	-1.8	3.1	-1.3	0.2	0.8	0.9
	Materials	-1.2	7.4	1.9	0.0	0.6	0.6
	Consumer Staples	2.4	12.5	8.1	-0.0	0.3	0.3
	Communication Services	-0.8	12.9	7.6	-0.0	0.2	0.2
	Health Care	-0.3	—	2.0	0.0	—	0.0
<b>Detractors</b>	Information Technology	0.7	13.7	24.0	0.2	-0.9	-0.7
	Financials	-1.2	11.3	12.7	-0.1	-0.4	-0.5
	Industrials	2.1	5.3	7.6	-0.0	-0.4	-0.4
	Utilities	-1.5	4.8	8.2	-0.0	-0.1	-0.1
	Consumer Discretionary	1.3	6.5	7.3	-0.0	-0.0	-0.0
	Real Estate	-0.5	10.2	10.7	-0.0	-0.0	-0.0
	Cash	0.9	1.2	—	-0.0	—	-0.0
<b>Total</b>			<b>8.4</b>	<b>8.1</b>	<b>0.3</b>	<b>0.0</b>	<b>0.3</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 2023		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	First Quantum Minerals Ltd	—	0.4	—	-66.2	0.5
	Cenovus Energy Inc	—	1.2	—	-21.4	0.4
	Manulife Financial Corp	3.8	1.7	19.6	19.6	0.2
	Pembina Pipeline Corp	4.1	0.8	13.4	13.4	0.2
	Transcontinental Inc	1.3	0.0	20.1	20.1	0.2
<b>Detractors</b>	Shopify Inc	—	3.6	—	39.1	-1.0
	Franco-Nevada Corp	2.1	1.1	-18.8	-18.8	-0.3
	Imperial Oil Ltd	1.9	0.5	-9.2	-9.2	-0.3
	Canadian Imperial Bank Of Commerce	—	1.8	—	23.4	-0.3
	Brookfield Corp	0.9	2.3	15.0	25.4	-0.3

<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-23 to 31-Dec-23		Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	AGNICO EAGLE MINES LTD	Add	0.8	3.1
	SUNCOR ENERGY INC	Add	0.5	3.0
	PREMIUM BRANDS HOLDINGS CORP	New position	0.5	0.5
	COLLIERS INTERNATIONAL GROUP INC	New position	0.5	0.6
	PET VALU HOLDINGS LTD	New position	0.5	0.5
<b>Sales</b>	MAGNA INTERNATIONAL INC	Trim	-1.3	0.5
	BROOKFIELD CORP	Eliminate position	-1.2	-
	NUTRIEN LTD	Trim	-1.0	0.9
	GIBSON ENERGY INC	Trim	-1.0	1.1
	BARRICK GOLD CORP	Trim	-0.6	1.1

## Sector Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)
Consumer Staples	7.1	4.2	2.9
Industrials	15.9	13.7	2.2
Consumer Discretionary	4.6	3.6	1.0
Information Technology	9.0	8.7	0.3
Equity Warrants	0.0	-	0.0
Real Estate	2.3	2.4	-0.1
Health Care	-	0.3	-0.3
Communication Services	3.1	3.7	-0.6
Materials	10.2	11.0	-0.8
Utilities	3.0	4.0	-1.0
Energy	15.2	17.1	-1.9
Financials	29.2	31.3	-2.1

^ S&P/TSX Capped Composite Index

0.5% Cash & cash equivalents

0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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# Top Overweight and Underweight Positions



As of 31-Dec-23		Portfolio (%)	Benchmark^ (%)
<b>Overweight</b>	PEMBINA PIPELINE CORP	3.9	0.8
	LOBLAW COMPANIES LTD (EQ)	3.4	0.6
	IA FINANCIAL CORP INC	2.7	0.3
	CANADIAN WESTERN BANK	2.4	0.1
	MANULIFE FINANCIAL CORP	4.1	1.8
<b>Underweight</b>	SHOPIFY INC	-	4.1
	BANK OF NOVA SCOTIA/THE	-	2.6
	BROOKFIELD CORP	-	2.5
	ROYAL BANK OF CANADA	4.3	6.3
	CANADIAN IMPERIAL BANK OF COMMERCE	-	2.0

^ S&P/TSX Capped Composite Index

# Characteristics



As of 31-Dec-23	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward)	12.9x	14.1x
Price/cash flow	9.8x	9.3x
Price/sales	1.3x	1.5x
PEG ratio	1.8x	1.8x
Dividend yield	3.1%	3.2%
Return on equity (3-year average)	15.5%	12.8%
Return on invested capital	9.2%	7.8%
IBES long-term EPS growth <sup>1</sup>	8.2%	9.8%
<b>Market capitalisation</b>		
Market capitalisation (CAD) <sup>2</sup>	51.7 bn	65.4 bn
<b>Diversification</b>		
Top ten issues	39%	37%
Number of Issues	57	225
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	31%	—
<b>Risk profile (current)</b>		
Active share	50%	—
<b>Risk/reward (5 year)</b>		
Beta	0.87	—
Historical tracking error	3.82%	—
Standard deviation	14.29%	15.94%
Sharpe ratio	0.67	0.60
Downside capture	85.71%	—
Upside capture	91.52%	—

<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

## Top 10 Issuers



Top 10 issuers as of 31-Dec-23	Portfolio (%)	Benchmark^ (%)
BANK OF MONTREAL	4.8	3.2
ROYAL BANK OF CANADA	4.3	6.3
TORONTO-DOMINION BANK/THE	4.2	5.2
MANULIFE FINANCIAL CORP	4.1	1.8
CONSTELLATION SOFTWARE INC/CANADA	4.1	2.2
PEMBINA PIPELINE CORP	3.9	0.8
ENBRIDGE INC (EQ)	3.7	3.4
LOBLAW COMPANIES LTD (EQ)	3.4	0.6
ALIMENTATION COUCHE-TARD INC - EQ	3.2	1.9
AGNICO EAGLE MINES LTD	3.1	1.2
<b>Total</b>	<b>38.8</b>	<b>26.5</b>

^ S&P/TSX Capped Composite Index

# Portfolio Outlook and Positioning



For the quarter ending December 2023, the portfolio outperformed the S&P/TSX Capped Composite Index. Against the S&P/TSX Composite Low Volatility Index, the portfolio underperformed for the quarter. Relative to the S&P/TSX Capped Composite Index:

## Contributors

- Intersection holdings
- Fundamental research
- Stock selection and an underweight within energy
- Stock selection within materials

## Detractors

- Fundamental research
- Quantitative models: earnings momentum and valuation
- Stock selection within information technology and financials

## Market review

A powerful Q4 rally in global equities resulted in the MSCI All Country World Index (ACWI) finishing 2023 near all-time highs. The US 10-year Treasury yield surpassing 5% and the outbreak of war in Gaza weighed on markets early in the quarter. However, in late October, weaker-than-expected inflation reports and an anticipated shift in monetary policy coincided with a peak in bond yields, which triggered a significant rally in global equities to finish out the year. Alongside the peak in bond yields and an increasingly consensus outlook for an economic soft landing, sector and factor leadership rotated sharply from defensives to cyclical.

Canadian equities leapt 8% in the fourth quarter as inflation readings fell earlier and harder than broadly anticipated. This sparked a consensus view that the interest cycle has peaked and will begin to reverse lower in 2024. The narrative was further fueled by supportive comments from the US Federal Reserve. In Canada, total CPI (Source: Bank of Canada) was reported at 3.1% for both October and November, falling from 3.8% in September, down from a peak of 8.1% recorded in June 2022. The broad-based Canadian Commodity Price Index (BoC) peaked back in May 2023, testing all-time highs, and has since dropped 36% into year-end, also now mid-

## Portfolio Outlook and Positioning



range historically and roughly 50% above all-time lows. Canada's central bank policy rate starts 2024 at 5.25%, currently 4.75% above the low of April 2020 and is now widely expected to fall in 2024. The Canada long-bond yield plummeted approximately 100 basis points in the quarter, fully unwinding the 60 bp increase in just the prior quarter and then some, to finish the year at the low end of the recent 2-year range.

As mentioned, commodity prices, so important to the Canadian equity complex, were volatile and mixed this quarter. The price of oil (WTI) fell roughly 20% in the quarter, while and softwood lumber prices leapt roughly 20% into the year-end, driving price strength in paper and forest product stocks. The prices of copper and gold were relatively flat throughout the quarter as was price performance for the metals and mining sub-industry overall, although this masked very strong gains for junior precious and base metal miners, reflecting the surge buying in risk assets. While discussing the challenges of commodity volatility, we find it noteworthy that the price of lithium has declined roughly 80% in 2023 as the speculation boom deflates, in part led down by negative news regarding excess inventory in electric vehicles.

Consensus forward earnings for Canadian equities overall (S&P/TSX) were revised down another 3% this quarter, for a cumulative reduction of 8% over the past year. Combined with the 8% price gain for the Canadian index, the 12-month forward price/earnings multiple for S&P/TSX composite jumped roughly 10% to 13.8x, roughly 10% below its 20-year average but some 30% below the US benchmark average (S&P 500).

Shifting to the performance drivers, the sharp decline in interest rates in the third quarter fueled a near 10% recovery in broader equity valuation and was felt most beneficially in the long growth–duration technology sector, up 24%. The interest rate–sensitive sectors (and sub-industries) were also strong, led by financials up 12.7%, real estate up 10.7% and utilities up just over 8%. The industrial, communications and consumer discretionary sectors performed roughly in line with the broader index, masking some rather significant gains in a number of the more cyclical stocks including PetValu and Aritzia. The only sector to decline in the quarter was energy, while the materials sector also lagged, eking out just shy of a 2% gain. Broadly speaking, sector performance this quarter was the mirror opposite of the prior quarter, as was the steep reversal in interest rates. The Canadian equity market has lagged that of the US for what we see as two reasons: lower exposure to technology-driven gains so predominant in the US (specifically the Magnificent 7) and higher exposure to weakness in energy and broader commodity-driven sectors, as cited above.

# Portfolio Outlook and Positioning



Factor leadership (sector neutral) also rotated significantly throughout the quarter, starting out defensive and shifting sharply more cyclical around the peak in bond yields. For the quarter overall, high volatility stocks with higher leverage and low trailing multiples such as P/S and P/B were the strongest performers. Somewhat surprisingly, stocks with strong profitability metrics also outperformed as did those with positive earnings revisions. Stocks with strong price momentum and cheap forward valuations as well as those that reported positive earnings surprises were the most notable underperformers.

## **Portfolio performance review**

The portfolio outperformed the 100% S&P/TSX Composite Index Capped 10% Index in the fourth quarter. Intersection holdings — stocks that are buy rated based on both our fundamental and our quantitative research — contributed to relative returns. The overall quantitative input underperformed during the quarter, with earnings momentum and valuation driving negative performance.

At the sector level, the portfolio experienced positive contribution from stock selection and an underweight within energy and stock selection within materials. Sectors which detracted from performance included stock selection within information technology and financials.

## **Outlook**

Going forward, some view that because US inflation is leading the way down, this gives scope for the US Federal Reserve to lower rates earlier and deeper than for the Canadian central bank and other central banks around the world. We are not so sure as Canada already starts from a weaker position, with third quarter inflation-adjusted GDP in Canada contracting -1.3%, while US GDP accelerated from 2.1% in the first and second quarters of 2023 and grew a surprising 4.9% in the third. Further, the outlook for the Canadian economy seems challenged given risks in the Canadian residential housing and mortgage markets. Both have run hot in the past decade, super-fueled by low interest rates and high immigration.

All that said, and as described in our recent client letters, it has been perplexing that amid this most aggressive global interest rate hiking campaign in over 50 years there has yet to be a more significant cooling in the employment statistics. US unemployment continues to bump along at or below 4%! In Canada, however, we may be starting to see early signs of deterioration. The unemployment rate edged up to 5.8% consecutively in the two final months of 2023, up from 5.5% this past summer and about 5.2% in the first quarter of 2023. More worrisome in Canada is that rising wage inflation, believed to be the biggest obstruction to controlling inflation, continues to be

## Portfolio Outlook and Positioning



sticky and high around 5% and is at least anecdotally being fueled by a rise in unionized worker strike activity. These cross-currents likely have Tiff Macklem and his Canadian central banker team on alert, stuck between a weakening economic backdrop and continued rising wage inflation.

In summary, broad financial market fragility is likely to remain until inflation is tamed and higher interest rates are fully digested. The Canadian equity market bias to cyclical-value stocks coupled with the deep valuation discount presents a very differentiated active investing opportunity. In our view, this reinforces the need for a consistent investment discipline of investing in a diversified portfolio of high quality, lower volatility stocks.

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-23	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	2.0
Rogers Communications Inc	1.1
<b>Consumer Discretionary</b>	<b>4.6</b>
Dollarama Inc	2.3
Gildan Activewear Inc	1.3
Pet Valu Holdings Ltd	0.5
Magna International Inc	0.5
<b>Consumer Staples</b>	<b>7.1</b>
Loblaw Cos Ltd	3.4
Alimentation Couche Tard Inc	3.2
Premium Brands Holdings Corp	0.5
<b>Energy</b>	<b>15.2</b>
Pembina Pipeline Corp	3.9
Enbridge Inc	3.7
Suncor Energy Inc	3.0
Imperial Oil Ltd	1.8
Canadian Natural Resources Ltd	1.7
Gibson Energy Inc	1.1
<b>Equity Warrants</b>	<b>0.0</b>
Constellation Software Inc	0.0
<b>Financials</b>	<b>29.2</b>
Bank of Montreal	4.8
Royal Bank of Canada	4.3
Toronto-Dominion Bank	4.2
Manulife Financial Corp	4.1
Industrial Alliance Insurance & Financial Services Inc	2.7
Fairfax Financial Holdings Ltd	2.6
Canadian Western Bank	2.4
National Bank of Canada	1.0
CI Financial Corp	1.0
Intact Financial Corp	0.9

As of 31-Dec-23	Equivalent exposure (%)
<b>Financials</b>	<b>29.2</b>
Laurentian Bank of Canada	0.6
TMX Group Inc	0.5
<b>Industrials</b>	<b>15.9</b>
Canadian Pacific Kansas City Ltd	3.0
Toromont Industries Ltd	2.4
Canadian National Railway Co	1.5
Waste Connections Inc	1.4
Thomson Reuters Corp	1.3
Finning International Inc	1.1
Badger Infrastructure Solutions Ltd	1.1
TFI International Inc	1.1
ATS Automation Tooling Systems Inc	1.0
Air Canada	0.8
GFL Environmental Inc	0.7
CAE Inc	0.6
<b>Information Technology</b>	<b>9.0</b>
Constellation Software Inc/Canada	4.1
CGI Inc	2.2
Enghouse Systems Ltd	1.5
Descartes Systems Group Inc	1.3
<b>Materials</b>	<b>10.2</b>
Agnico Eagle Mines Ltd	3.1
Franco-Nevada Corp	2.1
Transcontinental Inc	1.5
Wheaton Precious Metals Corp	1.5
Barrick Gold Corp	1.1
Nutrien Ltd	0.9
<b>Other</b>	<b>-0.0</b>
Other	-0.0
<b>Real Estate</b>	<b>2.3</b>
Granite Real Estate Investment Trust REIT	1.0
Canadian Apartment Properties REIT REIT	0.7
Colliers International Group Inc	0.6



## Portfolio Holdings



As of 31-Dec-23	Equivalent exposure (%)
<b>Utilities</b>	<b>3.0</b>
AltaGas Ltd	1.2
Brookfield Infrastructure Partners LP	0.8
Boralex Inc	0.5
TransAlta Corp	0.5

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

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 Canadian Equity Fund**

To the best of my knowledge, for the quarter ending December 31, 2023, 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 05, 2024

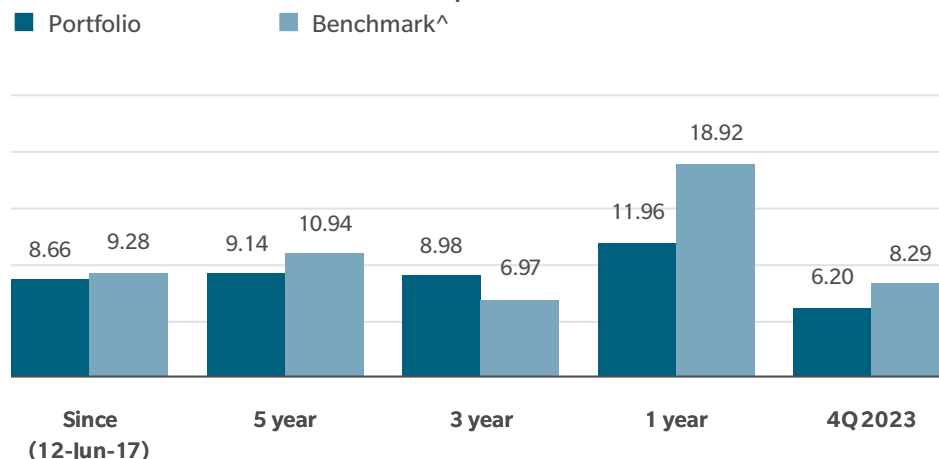


## MFS Low Volatility Global Equity Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-23



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-23	32,803,331
Contributions	+57,891
Withdrawals	-1,178,253
Intra-portfolio transfers	-684,574
Change in market value	+2,011,036
Ending value as of 31-Dec-23	33,009,431

## Position weights (%) as of 31-Dec-23

	Portfolio	Benchmark^^
<b>Top overweights</b>		
DBS GROUP HOLDINGS LTD	2.7	0.1
MCKESSON CORP	2.7	0.1
CONSTELLATION SOFTWARE INC/CANADA	2.2	0.1
<b>Top underweights</b>		
APPLE INC	-	4.5
AMAZON.COM INC (EQ)	-	2.1
NVIDIA CORP	-	1.8

^^ MSCI All Country World Index

# Performance Results



Performance results (%) net of expenses (CAD) as of 31-Dec-23

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2023	6.20	8.29	-2.09
3Q 2023	-0.31	-1.30	1.00
2Q 2023	1.70	3.82	-2.12
1Q 2023	3.98	7.18	-3.20
2023	11.96	18.92	-6.97
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
Since client inception(12-Jun-17)	8.66	9.28	-0.62
5 year	9.14	10.94	-1.79
3 year	8.98	6.97	2.02
1 year	11.96	18.92	-6.97

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.

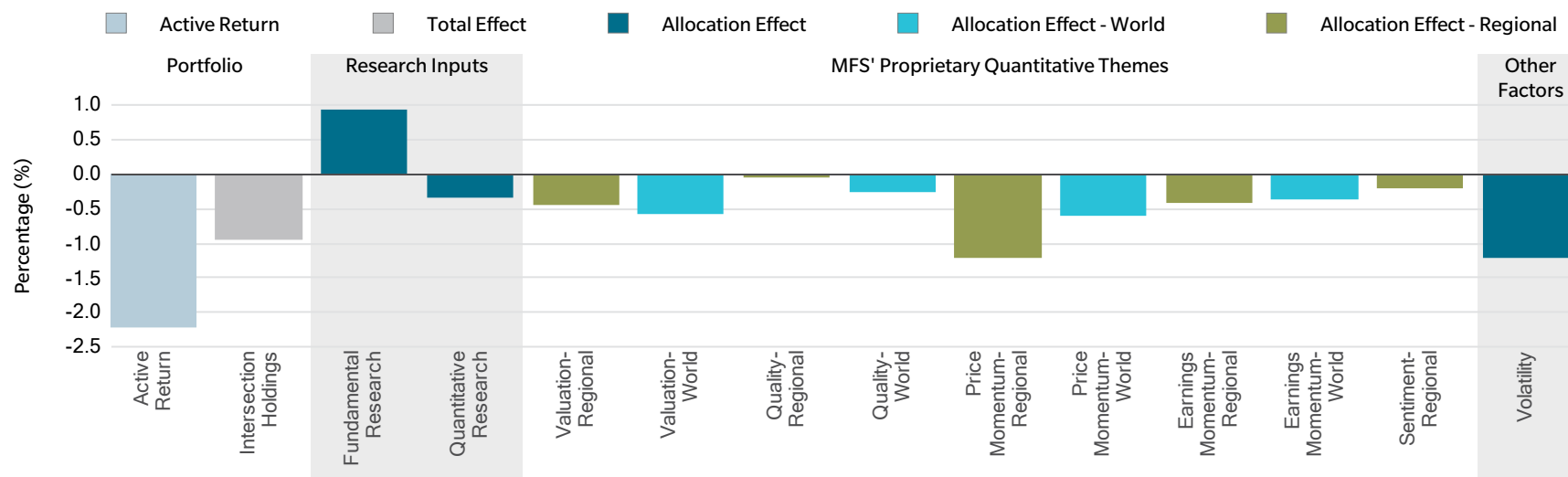
For periods of less than one-year returns are not annualized.

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

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

# Investment Process Performance Drivers

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Please note that the figures provided above do not total to the active return.

Active return represents the difference between the total portfolio return and the benchmark return over the time period examined. Active return not explained by the total effect of the intersection holdings will be captured by the total effect of non-intersection stocks, and is not shown in this summary. Intersection holdings represent stocks that are considered attractive from both fundamental and quantitative research sources.

Active return not captured by the allocation effects associated with each respective factor within Research Inputs and Quantitative Themes will be captured by selection and interaction effects, which are not included in this summary.

Results are calculated based on a Brinson-Fachler based performance attribution analysis, grouped by a single factor, generated utilizing Factset's Portfolio Analysis platform. Attributions attempt to decompose a portfolio's performance relative to a benchmark by grouping securities into discrete buckets and attributing returns across these groupings along three dimensions: the allocation effect, the selection effect, and the interaction effect. The groupings are based on beginning of period ratings and scores, rebalanced monthly. The groupings do not reflect intra-month ratings and score changes and may not align with the actual trade rebalance dates of the portfolio. Results are based upon daily holdings to generate individual security returns and do not include expenses, intra-day trading, or intra-day pricing impacts. As a result, portfolio and benchmark returns generated through attribution analysis will likely differ from actual returns.

Total effect represents the combination of allocation, selection and interaction effects associated with Intersection Holdings. MFS defines intersection holdings as stocks with a Fundamental buy rating that are scored within the most attractive tercile of MFS' overall Quantitative Model score. MFS Fundamental analysts rate stocks with a buy, hold or sell rating. Not all stocks are fundamentally rated and stocks without a fundamental rating are treated the same as hold rated stocks. MFS' proprietary quantitative stock selection model ranks stocks on a scale of 1-100.

MFS' overall global quantitative model comprise the world view model and five regional models - Emerging Markets, Europe, Japan, Asia Pacific ex Japan and North America. The world view model evaluates a company relative to its global sector peers, while a regional model evaluates a company relative to its regional sector counterparts. For each stock, the regional model ranking and world view model ranking are combined into a global composite quantitative ranking.

Allocation Effect represents the contribution to relative performance associated with an overweight or underweight to a particular grouping of stocks from a single Brinson Fachler attribution (i.e., the contribution associated with investments in top quintile stocks based on valuation). It is calculated daily as the difference between the stock portfolio weight of a grouping and benchmark weight for that same grouping, multiplied by the difference between the benchmark's stock grouping return and overall benchmark return. The daily allocation effects are geometrically linked over the reporting period.

# Performance Drivers - Fundamental Research

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Fundamental Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Fundamental Buy	6.1	9.8	32.5	0.5	-2.9	-2.4
Fundamental Hold/unrated	6.6	7.6	-30.2	0.3	-0.2	0.1
Fundamental Sell	-	1.3	-3.4	0.2	-	0.2
Cash	1.2	-	1.1	-0.1	-	-0.1
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>0.9</b>	<b>-3.1</b>	<b>-2.2</b>

<sup>1</sup> Stock selection includes 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. Stocks without a rating are treated the same as hold rated stocks for the purpose of creating a blended research score. Stocks without a fundamental rating accounted for 8.2% of the portfolio and 14.7% of the index.

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).

# Performance Drivers - Quantitative Research

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Quantitative Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Quant Q1 - Best	7.2	9.6	-6.2	-0.1	-0.3	-0.4
Quant Q2	5.3	7.7	7.5	-0.1	-0.8	-0.8
Quant Q3	7.1	8.0	7.0	-0.1	-0.4	-0.4
Quant Q4	8.8	8.6	-1.6	-0.1	0.2	0.1
Quant Q5 - Worst	-10.4	7.9	-7.8	-0.0	-0.6	-0.6
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.3</b>	<b>-1.9</b>	<b>-2.2</b>

<sup>1</sup> Stock selection includes 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).



# Performance Drivers - Valuation<sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Valuation	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Valuation Q1 - Best	8.2	6.8	7.6	-0.1	0.3	0.2
Valuation Q2	6.6	8.4	2.5	0.0	-0.3	-0.3
Valuation Q3	6.1	7.3	-1.5	0.0	-0.2	-0.1
Valuation Q4	5.4	7.8	1.3	0.0	-0.7	-0.7
Valuation Q5 - Worst	4.7	11.0	-11.0	-0.3	-0.9	-1.2
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.4</b>	<b>-1.8</b>	<b>-2.2</b>

<sup>1</sup> Regional model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Valuation<sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Valuation	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Valuation Q1 - Best	9.9	6.1	8.8	-0.2	0.7	0.5
Valuation Q2	7.2	9.0	4.9	-0.0	-0.3	-0.3
Valuation Q3	5.2	9.1	-1.3	-0.1	-0.9	-1.0
Valuation Q4	6.5	7.9	3.4	-0.0	-0.5	-0.5
Valuation Q5 - Worst	-3.0	9.1	-16.8	-0.1	-0.7	-0.8
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.6</b>	<b>-1.6</b>	<b>-2.2</b>

<sup>1</sup> World model sector-relative.

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# Performance Drivers - Quality<sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Quality	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Quality Q1 - Best	5.2	10.0	-3.5	-0.1	-1.4	-1.4
Quality Q2	4.1	3.7	-0.3	0.1	-0.0	0.1
Quality Q3	5.4	9.5	3.2	0.0	-1.0	-0.9
Quality Q4	10.7	10.6	1.1	0.0	0.0	0.0
Quality Q5 - Worst	8.5	6.9	-1.5	-0.0	0.1	0.1
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.0</b>	<b>-2.2</b>	<b>-2.2</b>

<sup>1</sup> Regional model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Quality<sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Quality	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Quality Q1 - Best	4.0	9.9	-4.7	-0.1	-1.6	-1.7
Quality Q2	6.0	8.7	0.7	-0.0	-0.7	-0.7
Quality Q3	8.3	6.6	-0.2	0.0	0.4	0.4
Quality Q4	6.6	6.9	5.0	-0.1	-0.1	-0.2
Quality Q5 - Worst	10.2	8.9	-1.9	-0.0	-0.0	-0.0
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.2</b>	<b>-2.0</b>	<b>-2.2</b>

<sup>1</sup> World model sector-relative.

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# Performance Drivers - Price Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Price Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Price Momentum Q1 - Best	2.6	11.0	-7.5	-0.3	-1.0	-1.3
Price Momentum Q2	7.1	9.7	-1.7	-0.3	-0.6	-0.9
Price Momentum Q3	7.8	8.3	2.5	-0.0	-0.0	-0.1
Price Momentum Q4	7.3	5.3	6.8	-0.5	0.8	0.3
Price Momentum Q5 - Worst	7.1	8.3	-1.2	-0.1	-0.1	-0.2
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-2.2</b>

<sup>1</sup> Regional model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Price Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Price Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Price Momentum Q1 - Best	8.0	10.2	-3.4	-0.1	-0.6	-0.7
Price Momentum Q2	6.7	9.6	-1.1	-0.1	-0.7	-0.8
Price Momentum Q3	3.2	7.3	2.0	0.0	-0.8	-0.8
Price Momentum Q4	6.6	5.6	4.8	-0.3	0.5	0.2
Price Momentum Q5 - Worst	9.3	9.1	-3.5	-0.1	0.0	-0.1
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.6</b>	<b>-1.6</b>	<b>-2.2</b>

<sup>1</sup> World model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Earnings Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Earnings Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Earnings Momentum Q1 - Best	5.3	8.8	-6.4	-0.1	-0.5	-0.6
Earnings Momentum Q2	4.6	6.1	9.1	-0.2	-0.6	-0.8
Earnings Momentum Q3	5.4	7.5	1.1	-0.0	-0.5	-0.5
Earnings Momentum Q4	8.1	11.6	-0.4	0.0	-0.6	-0.6
Earnings Momentum Q5 - Worst	14.1	8.1	-4.4	-0.0	0.4	0.4
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.4</b>	<b>-1.8</b>	<b>-2.2</b>

<sup>1</sup> Regional model sector-relative.

<sup>2</sup> Stock selection includes 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).

# Performance Drivers - Earnings Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Earnings Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Earnings Momentum Q1 - Best	4.5	7.7	-5.5	0.0	-0.6	-0.6
Earnings Momentum Q2	4.6	8.6	6.4	0.0	-0.6	-0.6
Earnings Momentum Q3	7.5	7.4	6.3	-0.3	-0.2	-0.5
Earnings Momentum Q4	4.7	9.8	-2.9	0.1	-0.8	-0.7
Earnings Momentum Q5 - Worst	12.2	9.0	-5.4	-0.0	0.3	0.2
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	6.3	-21.8	-0.1	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.3</b>	<b>-1.9</b>	<b>-2.2</b>

<sup>1</sup> World model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Sentiment

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Sentiment	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Sentiment Q1 - Best	6.6	7.2	-3.5	-0.0	-0.2	-0.2
Sentiment Q2	6.4	7.8	-1.1	0.0	-0.2	-0.2
Sentiment Q3	6.9	9.8	3.0	0.1	-0.9	-0.9
Sentiment Q4	1.8	8.7	-2.5	0.1	-0.7	-0.6
Sentiment Q5 - Worst	-8.3	12.4	-2.2	-0.1	-0.4	-0.5
Cash	1.2	-	1.1	-0.1	-	-0.1
Unassigned	8.7	5.4	5.2	-0.1	0.4	0.2
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-0.2</b>	<b>-2.0</b>	<b>-2.2</b>

<sup>1</sup> Stock selection includes 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).

## Performance Drivers - Volatility

Relative to MSCI All Country World Index  
(CAD) - fourth quarter 2023



Volatility	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Absolute Volatility Cad Quintile 1	-	8.8	-11.8	-0.0	-	-0.0
Absolute Volatility Cad Quintile 2	14.1	12.7	-13.6	-0.6	0.0	-0.6
Absolute Volatility Cad Quintile 3	12.5	9.4	-7.8	-0.1	0.3	0.2
Absolute Volatility Cad Quintile 4	4.0	6.6	1.3	-0.1	-0.8	-0.8
Absolute Volatility Cad Quintile 5	5.9	6.8	31.2	-0.4	-0.6	-1.0
Cash	1.2	-	1.1	-0.1	-	-0.1
N/A	6.3	2.8	-0.4	0.0	0.0	0.0
<b>Total</b>	<b>6.2</b>	<b>8.4</b>	<b>-</b>	<b>-1.2</b>	<b>-1.0</b>	<b>-2.2</b>

<sup>1</sup> Stock selection includes 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).

Absolute volatility is defined as the annualized standard deviation measured over the past 24 months at the stock level. The attribution groupings are rebalanced monthly, according to the standard deviation of the previous 24 months of monthly total returns. The groupings do not reflect intra month changes and may not align with the actual trade rebalance dates of the portfolio.

## Performance Drivers - Sectors



Relative to MSCI All Country World Index (CAD) - fourth quarter 2023		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	+ Stock selection <sup>2</sup> (%)	+ Currency effect (%)	= Relative contribution (%)
<b>Contributors</b>	Energy	-4.3	0.6	-5.1	0.6	0.0	0.0	0.7
	Consumer Discretionary	-3.5	8.2	7.2	0.0	0.0	0.0	0.1
	Utilities	4.8	8.9	8.2	-0.0	0.1	-0.0	0.0
<b>Detractors</b>	Financials	1.0	5.0	9.8	0.0	-0.8	0.0	-0.8
	Materials	-2.7	-18.8	9.1	0.0	-0.5	-0.0	-0.5
	Communication Services	2.2	3.0	6.7	-0.0	-0.6	0.2	-0.4
	Consumer Staples	4.6	2.1	3.0	-0.3	-0.0	-0.0	-0.3
	Information Technology	-6.1	14.8	14.7	-0.4	-0.2	0.3	-0.3
	Industrials	-1.1	7.8	10.5	-0.0	-0.3	0.0	-0.3
	Health Care	4.8	3.4	3.4	-0.3	0.0	0.0	-0.2
	Cash	1.1	1.2	—	-0.1	—	0.0	-0.1
	Real Estate	-0.6	12.3	13.2	-0.0	0.0	-0.0	-0.0
<b>Total</b>			<b>6.2</b>	<b>8.4</b>	<b>-0.4</b>	<b>-2.3</b>	<b>0.5</b>	<b>-2.2</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 2023		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Aci Worldwide Inc	0.9	—	32.3	—	0.2
	Exxon Mobil Corp	—	0.7	—	-16.3	0.2
	Constellation Software Inc/Canada	2.1	0.1	17.2	17.2	0.2
	Fujitsu Ltd	1.0	0.0	24.8	24.8	0.1
	Sankyo Co Ltd	0.9	—	23.9	—	0.1
<b>Detractors</b>	Franco-Nevada Corp	1.7	0.0	-18.8	-18.8	-0.5
	Everest Reinsurance	2.0	0.0	-6.8	-6.8	-0.3
	BDO Unibank Inc	1.2	0.0	-7.8	-7.8	-0.2
	DBS Group Holdings	2.7	0.1	1.7	1.7	-0.2
	Johnson & Johnson	2.4	0.6	-1.1	-1.1	-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-23 to 31-Dec-23		Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	BDO UNIBANK INC	Add	0.8	1.5
	ANALOG DEVICES INC	New position	0.8	0.9
	EDISON INTERNATIONAL	Add	0.8	1.2
	MOTOROLA SOLUTIONS EQ	New position	0.8	0.8
	CHURCH & DWIGHT CO INC	Add	0.6	1.0
<b>Sales</b>	FAIRFAX FINANCIAL HOLDINGS LTD	Eliminate position	-1.7	-
	NICE LTD	Eliminate position	-1.0	-
	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Eliminate position	-0.9	-
	CHECK POINT SOFTWARE TECHNOLOGIES LTD	Trim	-0.6	0.6
	AMDOCS LTD	Trim	-0.6	1.0

## Sector Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)
Utilities	7.9	2.6	5.3
Consumer Staples	11.5	6.8	4.7
Health Care	15.8	11.2	4.6
Communication Services	9.5	7.3	2.2
Financials	16.3	15.9	0.4
Equity Warrants	0.0	-	0.0
Real Estate	1.8	2.4	-0.6
Industrials	9.5	10.7	-1.2
Materials	1.7	4.5	-2.8
Consumer Discretionary	7.9	11.1	-3.2
Energy	0.5	4.5	-4.0
Information Technology	16.6	22.9	-6.3

^ MSCI All Country World Index

0.9% Cash & cash equivalents

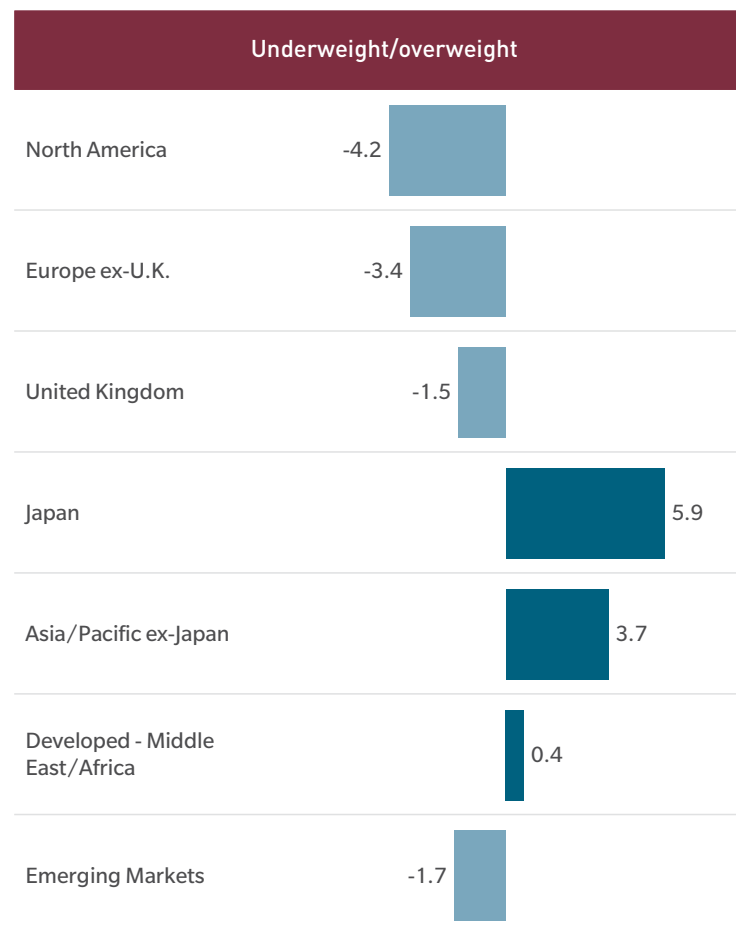
0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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## Region and Country Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>North America</b>	<b>61.1</b>	<b>65.3</b>	<b>-4.2</b>
Canada	5.2	2.9	2.3
United States	55.8	62.4	-6.6
<b>Europe ex-U.K.</b>	<b>9.0</b>	<b>12.4</b>	<b>-3.4</b>
Switzerland	4.2	2.4	1.8
Italy	1.1	0.7	0.4
Denmark	0.6	0.8	-0.2
Netherlands	0.7	1.2	-0.5
France	1.6	2.9	-1.3
Germany	0.8	2.1	-1.3
Other countries <sup>1</sup>	0.0	2.4	-2.4
<b>United Kingdom</b>	<b>2.0</b>	<b>3.5</b>	<b>-1.5</b>
<b>Japan</b>	<b>11.3</b>	<b>5.4</b>	<b>5.9</b>
<b>Asia/Pacific ex-Japan</b>	<b>6.5</b>	<b>2.8</b>	<b>3.7</b>
Singapore	5.0	0.3	4.7
Hong Kong	1.4	0.5	0.9
Other countries <sup>1</sup>	0.0	1.9	-1.9
<b>Developed - Middle East/Africa</b>	<b>0.6</b>	<b>0.2</b>	<b>0.4</b>
Israel	0.6	0.2	0.4
<b>Emerging Markets</b>	<b>8.8</b>	<b>10.5</b>	<b>-1.7</b>
Philippines	3.3	0.1	3.2
South Korea	3.4	1.4	2.0
Thailand	1.6	0.2	1.4
Brazil	0.5	0.6	-0.1
Other countries <sup>1</sup>	0.0	8.3	-8.3



^ MSCI All Country World Index

0.9% Cash & cash equivalents

0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

<sup>1</sup> The portfolio does not own any securities in countries represented in the benchmark in the following percentages: China 2.8%; Australia 1.8%; India 1.8%; Taiwan 1.7%; Sweden 0.8%; Spain 0.6% and 24 countries with weights less than 0.5% which totals to 3.0%.

# Top Overweight and Underweight Positions



As of 31-Dec-23		Portfolio (%)	Benchmark^ (%)
<b>Overweight</b>	DBS GROUP HOLDINGS LTD	2.7	0.1
	MCKESSON CORP	2.7	0.1
	CONSTELLATION SOFTWARE INC/CANADA	2.2	0.1
	KDDI CORP	2.1	0.1
	MERCK & CO INC	2.3	0.4
<b>Underweight</b>	APPLE INC	-	4.5
	AMAZON.COM INC (EQ)	-	2.1
	NVIDIA CORP	-	1.8
	MICROSOFT CORP	2.6	3.9
	META PLATFORMS INC	-	1.2

^ MSCI All Country World Index



# Characteristics



As of 31-Dec-23	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward)	14.7x	17.2x
Price/cash flow	12.1x	13.6x
Price/sales	1.5x	1.9x
PEG ratio	1.8x	1.9x
Dividend yield	2.5%	2.1%
Return on equity (3-year average)	20.0%	25.3%
Return on invested capital	12.9%	14.4%
IBES long-term EPS growth <sup>1</sup>	10.3%	12.1%
<b>Market capitalisation</b>		
Market capitalisation (CAD) <sup>2</sup>	269.1 bn	621.9 bn
<b>Diversification</b>		
Top ten issues	23%	18%
Number of Issues	98	2,921
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	38%	—
<b>Risk profile (current)</b>		
Active share	83%	—
<b>Risk/reward (5 year)</b>		
Beta	0.62	—
Historical tracking error	6.49%	—
Standard deviation	9.20%	13.07%
Sharpe ratio	0.81	0.70
Downside capture	57.64%	—
Upside capture	68.70%	—

<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

## Top 10 Issuers



Top 10 issuers as of 31-Dec-23	Portfolio (%)	Benchmark^ (%)
DBS GROUP HOLDINGS LTD	2.7	0.1
MCKESSON CORP	2.7	0.1
MICROSOFT CORP	2.6	3.9
JOHNSON & JOHNSON	2.4	0.6
MERCK & CO INC	2.3	0.4
CONSTELLATION SOFTWARE INC/CANADA	2.2	0.1
KDDI CORP	2.1	0.1
ROCHE HOLDING AG	2.0	0.3
ELI LILLY & CO	1.8	0.7
JPMORGAN CHASE & CO	1.8	0.7
<b>Total</b>	<b>22.5</b>	<b>7.0</b>

^ MSCI All Country World Index

# Portfolio Outlook and Positioning



For the quarter ending December 2023, the portfolio underperformed the MSCI All Country World Index. Against the MSCI All Country World Minimum Volatility Index, the portfolio outperformed for the quarter. Relative to the MSCI All Country World Index:

## **Detractors**

- Volatility allocation
- Intersection holdings
- Quantitative models: price momentum and valuation
- Stock selection within financials and materials
- Stock selection within North America and Europe Ex-UK

## **Contributors**

- Fundamental research
- Underweight energy
- Stock selection within the United Kingdom and Japan

## **Market review**

A powerful Q4 rally in global equities resulted in the MSCI All Country World Index (ACWI) finishing 2023 near all-time highs. The US 10-year Treasury yield surpassing 5% and the outbreak of war in Gaza weighed on markets early in the quarter. However, in late October, weaker-than-expected inflation reports and an anticipated shift in monetary policy coincided with a peak in bond yields, which triggered a significant rally in global equities to finish out the year. Alongside the peak in bond yields and an increasingly consensus outlook for an economic soft landing, sector and factor leadership rotated sharply from defensives to cyclicals. Market concentration remains a prominent issue; however, it was notable that the “Magnificent 7” price index underperformed both the equal-weighted S&P 500 and ACWI indices since mid-November, signaling an improvement in market breadth.

As noted above, inflation reports across the developed world have surprised to the downside in recent months, which allowed the European Central Bank (ECB), the US Federal Reserve and the Bank of England to hold rates unchanged in December. Fed Chair Powell

# Portfolio Outlook and Positioning



subsequently commented that the tightening of monetary policy is likely over and that three quarter-point cuts are forecasted for 2024; the market is currently pricing in six rate cuts. In Europe, half of workers covered under the ECB's wage tracker are negotiating new contracts in the first half of 2024, with the outcome having consequences for inflation and the ECB's ability to cut rates. Emerging economy inflation also generally continues to retreat, with central banks, particularly those in Europe and Latin America, continuing to cut rates.

Global leading indicators continue to signal disparity across geographies and segments. The outlook for manufacturing remains weak overall as the global manufacturing PMI continues to signal contraction, with only 27% of countries in the expansion zone (above 50) and just 46% of countries reporting a monthly improvement in December. Regionally, manufacturing data improved in several European countries during the quarter while remaining steady in emerging economies and deteriorating in North America and Japan. Global service sector data has been relatively strong, particularly in the US, UK and Japan, with the most recent PMI reports showing renewed strength in December in most countries.

Q3 earnings reports were better than expected, with above-historical-median beat rates (reported earnings higher than consensus expectations) in the US, Europe ex UK and emerging markets. On a sector basis, beat rates were above or in line with historical medians in all except materials and health care. Earnings revisions (outlook) modestly improved in Q4, although analyst earnings downgrades continued to outnumber upgrades globally, with Japan the only region where the revision ratio is positive. In December, the revisions ratio improved in all regions except Europe and in all sectors except energy and materials.

Shifting to the market impact, regional (local currency) leadership narrowed significantly post the peak in rates, with only the US and Latin American markets outperforming for the quarter overall. Japan and the UK were the worst-performing markets, as the former was negatively impacted by a rally in the yen while the latter was weighed down by its large exposure to energy and defensive sectors. Emerging Asia also underperformed by a wide margin, with the technology-led strength in Taiwan and South Korea and the broad-based outperformance in India more than offset by the significant wide-ranging underperformance in China. The Pacific ex-Japan region also underperformed due in part to disappointing Q3 earnings reports while Europe was held back by a deteriorating economic and earnings outlook.

The late October peak in the US 10-year bond yield coincided with a swift rotation in sector leadership from defensives to cyclicals. The

## Portfolio Outlook and Positioning



technology sector outperformed throughout the period, led by the software and services segment early in the quarter and subsequently broadening out to include the more cyclical hardware and semiconductor segments. The real estate sector also outperformed by a wide margin with the higher-dividend-yielding REIT segment benefiting from the pullback in interest rates. Industrials were broadly strong, benefiting from increased expectations of a soft landing and weaker commodity prices. Financials outperformed more modestly, with leadership shifting from the more defensive insurance segment early in the quarter to the more cyclical banks and capital-markets-levered industries. Energy was the worst-performing sector, dragged down by weakness in crude, which is suffering from both strong supply and weak demand dynamics. As would be expected with the more constructive economic outlook, the defensive consumer staples, health care and utilities sectors all underperformed. The consumer discretionary sector, despite strong performance by the more interest-sensitive retail and housing segments, also underperformed due to weakness in the auto-related and more defensive services segments. Finally, while the “Magnificent 7” constituents within the communication services sector outperformed significantly, the sector underperformed overall.

Factor leadership also rotated significantly throughout the quarter. Through late October, lower-volatility stocks with higher profitability metrics and those returning capital to shareholders in the form of dividends or buybacks outperformed, while those with attractive valuations, higher leverage and strong price momentum lagged. As interest rates began to retreat, the risk-on rally across the final two months of the year coincided with a rotation into higher-volatility stocks with cheap valuations as well as those reporting positive earnings surprises and earnings revisions. As the economic outlook improved, stocks with high growth expectations and strong profitability metrics faltered as their growth commanded less of a premium, and they ultimately underperformed for the quarter. While there was some variation across regions, by the end of the quarter, overall factor leadership (sector neutral) generally favored higher-volatility stocks with attractive valuations, including those paying higher dividend yields. Stocks with higher leverage and stronger return metrics such as ROE and ROIC, and those with positive earnings revisions and buying back stocks, also outperformed.

### **Portfolio performance review**

The portfolio underperformed 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 — detracted from relative returns. Factor models which contributed negatively to results for the quarter were price momentum and valuation.

# Portfolio Outlook and Positioning



At the sector level, the portfolio experienced negative contribution from stock selection within financials and materials. An underweight to energy contributed positively to performance. From a region perspective, the weakest contribution came from stock selection within North America and Europe Ex-UK. Outperformance came from stock selection within the United Kingdom and Japan.

## Outlook

The consensus is now firmly in the soft-landing camp with expectations for rate cuts and strong earnings growth supporting the recent rally and risk-on rotation. While we have clearly been too cautious, many of the indicators we monitor such as monetary policy, yield curves and leading economic indicators continue to suggest the economic and earnings outlook could be challenged in the coming quarters. Many of the pillars that have supported the economy have reversed, including the excess savings from the massive Covid fiscal stimulus. Robust labor markets, which have supported consumer spending and have been a prominent driver of the sticky core inflation, continue to show signs of normalizing, although widespread layoffs have not materialized. In summary, the lagged effects of higher interest rates will likely weigh on the economic and earnings outlook, and we are skeptical that the current expectation for double-digit earnings growth will be realized if the Fed needs to cut the policy rate six times in 2024 as is currently expected by the market. Alternatively, if the economy remains resilient and earnings growth meets current expectations, it seems unlikely the Fed will need to cut rates to the extent the market is currently pricing in.

Based on this outlook we expect renewed weakness in equity markets as the earnings outlook disappoints expectations. A weak economic/earnings environment has historically aligned 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. While the shift in monetary policy has arguably begun, and has indeed driven a cyclical rally, we are conscious of the Fed rate cut cycles during the tech bubble and GFC which coincided with recessions and significant market selloffs that bottomed alongside a trough and reacceleration in the economy, which currently isn't evident. If the economy does indeed recover alongside central bank rate cuts and inflation continues to retreat, then we would expect the recent early-cycle leadership to persist, which has historically favored high-volatility and value factors.

For your Blended Research portfolio, we continue to be encouraged by the relatively broad factor leadership despite the all-time high in market concentration. 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 as was evident in 2020. Based on our analysis of factor

## Portfolio Outlook and Positioning



performance through the economic cycle, contracting leading economic indicators and earnings revisions typically coincide with sustained outperformance of price momentum factors coupled with 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. While our macro-outlook has been off target, it is encouraging that factor leadership over the past year has generally tracked our OECD composite leading indicator framework.

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-23	Country	Equivalent exposure (%)
<b>Cash &amp; Cash Equivalents</b>		<b>0.9</b>
Cash & Cash Equivalents		0.9
<b>Communication Services</b>		<b>9.5</b>
KDDI Corp	Japan	2.1
Electronic Arts Inc	United States	1.7
Advanced Info Service PCL	Thailand	1.6
Alphabet Inc Class A	United States	1.5
Comcast Corp	United States	0.8
Koninklijke KPN NV	Netherlands	0.7
Orange SA	France	0.6
T-Mobile US Inc	United States	0.5
<b>Consumer Discretionary</b>		<b>7.9</b>
Jollibee Foods Corp	Philippines	1.7
Starbucks Corp	United States	1.2
McDonald's Corp	United States	1.1
Sankyo Co Ltd	Japan	1.1
Dollarama Inc	Canada	0.9
AutoZone Inc	United States	0.8
TJX Cos Inc	United States	0.7
Bridgestone Corp	Japan	0.4
<b>Consumer Staples</b>		<b>11.5</b>
General Mills Inc	United States	1.4
PepsiCo Inc	United States	1.3
Colgate-Palmolive Co	United States	1.2
Kimberly-Clark Corp	United States	1.1
Church & Dwight Co Inc	United States	1.0
Walmart Inc	United States	0.9
Nestle SA	Switzerland	0.8
Mondelez International Inc	United States	0.8
Tesco PLC	United Kingdom	0.7
J M Smucker Co	United States	0.7
Sundrug Co Ltd	Japan	0.7
Procter & Gamble Co	United States	0.6
British American Tobacco PLC	United Kingdom	0.3

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Energy</b>		<b>0.5</b>
TotalEnergies SE	France	0.5
<b>Equity Warrants</b>		<b>0.0</b>
Constellation Software Inc	Canada	0.0
<b>Financials</b>		<b>16.3</b>
DBS Group Holdings Ltd	Singapore	2.7
JPMorgan Chase & Co	United States	1.8
Everest Group Ltd	United States	1.7
BDO Unibank Inc	Philippines	1.5
Samsung Fire & Marine Insurance Co Ltd	South Korea	1.3
Reinsurance Group of America Inc	United States	1.1
MetLife Inc	United States	0.9
KB Financial Group Inc	South Korea	0.7
Zurich Insurance Group AG	Switzerland	0.7
Chubb Ltd	United States	0.6
Royal Bank of Canada	Canada	0.5
Wells Fargo & Co	United States	0.5
Fiserv Inc	United States	0.5
Mastercard Inc	United States	0.5
IG Group Holdings PLC	United Kingdom	0.5
Visa Inc	United States	0.4
Mitsubishi UFJ Financial Group Inc	Japan	0.4
<b>Health Care</b>		<b>15.8</b>
McKesson Corp	United States	2.7
Johnson & Johnson	United States	2.4
Merck & Co Inc	United States	2.3
Roche Holding AG	Switzerland	2.0
Eli Lilly & Co	United States	1.8
Vertex Pharmaceuticals Inc	United States	1.2
Cigna Group	United States	0.7
Novo Nordisk AS	Denmark	0.6
Novartis AG	Switzerland	0.6
Medtronic PLC	United States	0.6
Becton Dickinson & Co	United States	0.5



## Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Health Care</b>		<b>15.8</b>
Sanofi SA	France	0.5
<b>Industrials</b>		<b>9.5</b>
Republic Services Inc	United States	1.6
Eaton Corp PLC	United States	1.4
Singapore Technologies Engineering Ltd	Singapore	1.2
General Dynamics Corp	United States	0.9
Sankyu Inc	Japan	0.7
Knight-Swift Transportation Holdings Inc	United States	0.7
Secom Co Ltd	Japan	0.6
SS&C Technologies Holdings Inc	United States	0.6
Hitachi Ltd	Japan	0.6
Serco Group PLC	United Kingdom	0.5
Sohgo Security Services Co Ltd	Japan	0.4
West Japan Railway Co	Japan	0.4
<b>Information Technology</b>		<b>16.6</b>
Microsoft Corp	United States	2.6
Constellation Software Inc/Canada	Canada	2.2
NS Solutions Corp	Japan	1.4
Kyocera Corp	Japan	1.3
Samsung Electronics Co Ltd IPS	South Korea	1.3
Accenture PLC	United States	1.3
Venture Corp Ltd	Singapore	1.1
ACI Worldwide Inc	United States	1.1
Fujitsu Ltd	Japan	1.1
Amdocs Ltd	United States	1.0
Analog Devices Inc	United States	0.9
Motorola Solutions Inc	United States	0.8
Check Point Software Technologies Ltd	Israel	0.6
<b>Materials</b>		<b>1.7</b>
Franco-Nevada Corp	Canada	1.7
<b>Other</b>		<b>-0.0</b>
Other		-0.0

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Real Estate</b>		<b>1.8</b>
Public Storage REIT	United States	0.8
AvalonBay Communities Inc REIT	United States	0.6
ProLogis REIT	United States	0.4
<b>Utilities</b>		<b>7.9</b>
CLP Holdings Ltd	Hong Kong	1.4
Edison International	United States	1.2
Italgas SpA	Italy	1.1
Xcel Energy Inc	United States	1.0
E.ON SE	Germany	0.8
PG&E Corp	United States	0.7
Duke Energy Corp	United States	0.6
Eergy Inc	United States	0.6
Equatorial Energia SA	Brazil	0.5

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

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, 2023, 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 05, 2024

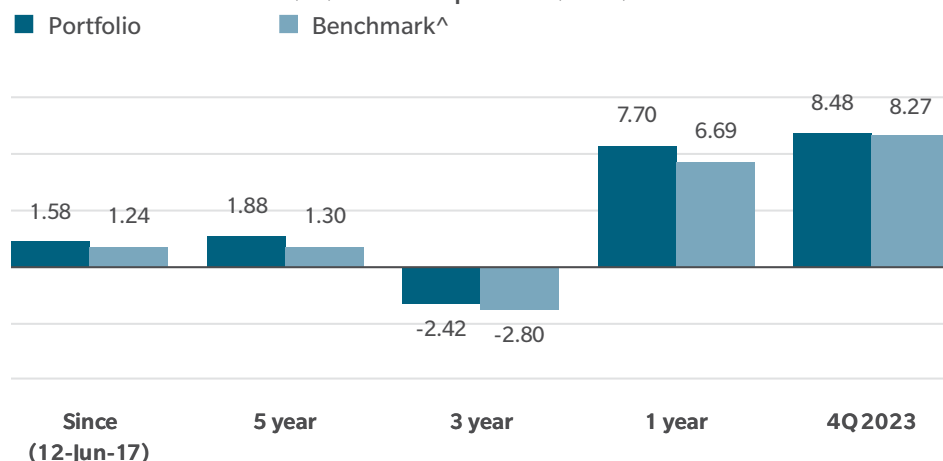


## MFS Canadian Core Plus Fixed Income Fund

# Executive Summary



## Performance results (%) net of expenses (CAD) as of 31-Dec-23



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-23	25,562,647
Contributions	+46,967
Withdrawals	-955,947
Intra-portfolio transfers	+1,014,617
Change in market value	+2,172,950
Ending value as of 31-Dec-23	27,841,234

## Key characteristics as of 31-Dec-23

	Portfolio	Benchmark ^^
Average effective duration	7.28yrs	7.27yrs
Yield to worst <sup>1</sup>	4.55%	3.94%

<sup>1</sup> Weighted average yield-to-worst of all portfolio holdings excluding cash & derivatives. Yield-to-worst is the annual anticipated yield on a portfolio considering factors such as call provisions, prepayments, and other features that may affect the bond's cash flow; assumes that the bond doesn't default.

## Portfolio composition (%)

	Portfolio	Benchmark ^^
Federal	49.58	39.05
Provincial	22.49	33.76
Municipal	0.52	1.95
Corporate	45.04	25.24
Cash & Cash Equivalents	1.99	0.00
Other	-19.62	0.00
Foreign Pay	9.40	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-23

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2023	8.48	8.27	0.21
3Q 2023	-3.60	-3.87	0.27
2Q 2023	-0.30	-0.69	0.39
1Q 2023	3.29	3.22	0.08
2023	7.70	6.69	1.01
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
Since client inception(12-Jun-17)	1.58	1.24	0.34
5 year	1.88	1.30	0.59
3 year	-2.42	-2.80	0.38
1 year	7.70	6.69	1.01

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 2023

<b>Contributors</b>	Security selection	Positive selection within the financial and communication sectors were notable contributors to excess return. Within financials, exposure to out-of-benchmark subordinated issues from Manulife and TD helped. Within communication, exposure to select US issuers helped as US credit outperformed its Canadian counterpart.
	Asset allocation	The portfolio's overweight to corporate bonds and underweight to federal bonds helped as corporate credit spreads compressed. Within corporates, the portfolio's overweight to financials and energy were notable contributors. With the risk-on environment, the portfolio's overweight to BBBs and exposure to out-of-benchmark high yield aided excess return.
<b>Detractors</b>	Duration/Yield curve	While portfolio duration remained close to neutral, a slight duration underweight hurt as yields fell sharply in November and December.

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-23		Portfolio(%)	Benchmark^ (%)	Underweight/overweight (%)
<b>Portfolio composition</b>	Federal	49.58	39.05	10.53
	Provincial	22.49	33.76	-11.27
	Municipal	0.52	1.95	-1.43
	Corporate	45.04	25.24	19.80
	Cash & Cash Equivalents	1.99	0.00	1.99
	Other	-19.62	0.00	-19.62
	Foreign Pay	9.40	0.00	9.40
<b>Corporate composition</b>	Communication	3.21	2.44	0.77
	Energy	10.02	5.60	4.42
	Financial	18.44	9.73	8.71
	Industrial	2.81	1.68	1.13
	Infrastructure	4.36	3.94	0.42
	Real Estate	1.83	1.58	0.25
	Securitization	4.37	0.27	4.10

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

^ FTSE Canada Universe Bond Index

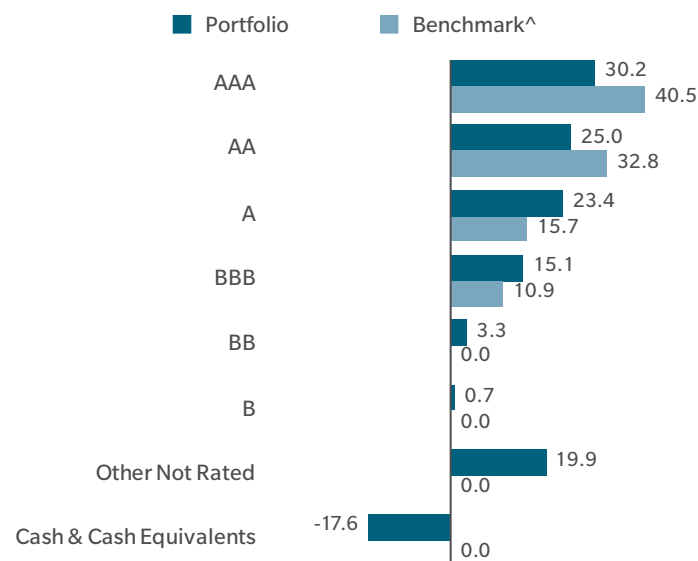
# Characteristics



As of 31-Dec-23	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals</b>		
Average effective duration	7.28yrs	7.27yrs
Yield to worst <sup>1</sup>	4.55%	3.94%
Average coupon	3.58%	3.24%
Average quality <sup>2</sup>	AA-	AA
Average effective maturity	10.13yrs	9.94yrs
<b>Diversification</b>		
Number of Issues	184	—
Number of Issuers	101	—
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	26%	—
<b>Risk/reward (5 year)</b>		
Historical tracking error	2.07%	—
Beta	1.10	—
Standard deviation	7.32%	6.43%
Alpha	0.52%	—
Information ratio	0.30	—

Effective term structure as of 31-Dec-23	Portfolio (%)	Benchmark <sup>^</sup>
Less than 1 Year	2.4	0.0
1-3 Years	11.0	23.6
3-5 Years	16.9	18.8
5-10 Years	35.8	28.9
10-20 Years	9.9	9.6
20+ Years	24.1	19.2

Credit quality (% of total assets) as of 31-Dec-23 <sup>^^</sup>



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

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

<sup>1</sup> Weighted average yield-to-worst of all portfolio holdings excluding cash & derivatives. Yield-to-worst is the annual anticipated yield on a portfolio considering factors such as call provisions, prepayments, and other features that may affect the bond's cash flow; assumes that the bond doesn't default.

<sup>2</sup> The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

<sup>3</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. The index rating methodology may differ.



# Portfolio Outlook and Positioning



## Market review

It appears as though the effects of tighter monetary policy are beginning to take a bite out of the Canadian economy. With declining consumer and business spending, real GDP contracted at an annualized rate of 1.1% in Q3. In fact, October GDP data marked five consecutive months of flat-to- negative monthly economic growth, a notable setback given the economic impulse of record immigration. Conversely, growth in the United States has been stronger than expected. Based on the historical lags of monetary policy, the environment is likely to remain difficult heading into 2024 as the full effects of past rate hikes will be felt as mortgage renewals occur, particularly in Canada. As the economy softened in the quarter, underlying inflationary pressures subsided, suggesting that the economy may no longer be in excess demand. November CPI inflation came in at 3.1% year over year, with the Bank of Canada seeing reduced inflationary pressures across a broadening range of goods and services. As a result, the BoC kept rates unchanged at 5% at its third consecutive meeting in December. Communication from the Governing Council remained hawkish as they want to see a sustained easing in core inflation; however, the market moved swiftly to price in rate cuts for 2024. Admittedly, this was in part driven by the long-awaited US Federal Reserve pivot. As the year ended, the market priced in five rate cuts in 2024, beginning with the April meeting. This contrasted with beginning-of-quarter expectations of one more rate hike in 2024.

The change in expectations for the path of interest rates sparked a rally in both rates and credit spreads. In rates, bond yields fell across the entire curve, with the biggest declines, amounting to around 100 basis points, seen in the belly of the curve. With short-term yields declining more than long-term ones, there was a bull steepening of the yield curve in the quarter. The 2- to 10-year part of the curve has steepened for two consecutive quarters but remains deeply inverted. Meanwhile, with the risk-on tone of the quarter, Canadian credit spreads declined sharply. Canadian investment-grade spreads, as represented by the Bloomberg Canada Aggregate Corporate Index, declined by 16 bps in Q4, finishing the quarter at 131 bps, which was the lowest level for the year (YTD range: 131 to 171.) Spreads are now back to levels last seen in early 2022, right before the current rate hike cycle began, but they remain slightly cheaper than the 10-year average level. Conversely, US IG spreads finished the year at 99 bps, which is more expensive than both the 5- and 10-year average. Declining government bond yields and credit spreads led to a record quarterly return of 8.27% for the FTSE Canada Universe Bond Index in Q4, bringing the index into positive territory for the year.

# Portfolio Outlook and Positioning



## Portfolio positioning

Slower growth has arrived, and the effects of prior rate increases should increasingly impact the economy in 2024. Though some risk assets are seemingly pricing in a soft landing, a recession remains a distinct possibility. That said, with strong consumer and corporate balance sheets heading into this period, the decline in growth could be shallower than in past recessions. Credit spreads moved lower despite stagnating economic growth and at current levels leave little margin for error in a fragile economic and geopolitical environment. As a result, during the quarter we took the opportunity to reduce portfolio risk by trimming the corporate exposure by 2% to 3%, bringing it down to the low point of our historical range, which is nevertheless overweight versus the index. We selectively reduced risk in credit sectors and names we felt no longer compensated us for potential recession risk. On the other side of these trades, we increased portfolio liquidity and defensiveness by adding to our federal bond exposure. This reallocation has been consistent with our well-established practice of replenishing the portfolio's store of liquidity as credit valuations tighten.

Portfolio duration remained in line with that of the index, as it had been for much of the year. However, changes were made to yield curve positioning in the quarter: The portfolio was adjusted to favour a potential steepening of the curve. With the BoC seemingly done with rate hikes, the economy stalling and inflationary pressures easing, our outlook is for the yield curve to steepen from deeply inverted levels.

From a sector standpoint, we are selectively overweight investment-grade corporates, specifically Canadian investment grade, the corporate valuations of which continued to look attractive relative to other global fixed income sectors. Meanwhile our US IG exposure remains near the low end of our range as US credit valuations continue to look more expensive than Canada's, with the spread differential still at historic levels. Consequently, we are maintaining discipline and retaining the capacity to add non-Canadian exposure on any future credit event. Our high-yield exposure was trimmed in the quarter and is at the low end of our historical range as slowing growth should place pressure on spreads, especially given the current tightness to investment-grade peers. Finally, we maintain modest exposure to securitised credit, typically CLO capital structures. We believe these securities offer attractive value relative to corporates while also offering 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



With the sharp move down in credit spreads, corporate valuations leave little room for the prospect of recession, just as the lagged impact of past monetary policy decisions put increasing pressure on the economy. Given this, we reduced portfolio risk and increased defensiveness by adding liquidity via federal bond exposure while we wait for market dislocations to create better entry points. Despite the risk reduction, the portfolio retains a yield and spread advantage over the benchmark. We believe fixed income, supported by attractive starting yields, should continue to benefit in a slowing growth and inflation environment, as it did in November and December.

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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-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Cash & Cash Equivalents (1.99%)	CASH & CASH EQUIVALENTS			1.99
Communication (3.21%)	CCO HOLDINGS LLC / CCO HOLDINGS CAPITAL CORP	5.000	Feb 01 28	0.28
	CHARTER COMMUNICATIONS OPERATING LLC CHA	5.250	Apr 01 53	0.23
	CSC HOLDINGS LLC	3.375	Feb 15 31	0.19
	ROGERS COMMUNICATIONS INC/ONTARIO	3.300	Dec 10 29	0.01
	ROGERS COMMUNICATIONS INC/ONTARIO	2.900	Dec 09 30	0.01
	ROGERS COMMUNICATIONS INC/ONTARIO	6.750	Nov 09 39	0.07
	ROGERS COMMUNICATIONS INC/ONTARIO	6.560	Mar 22 41	0.10
	ROGERS COMMUNICATIONS INC/ONTARIO	4.550	Mar 15 52	0.32
	ROGERS COMMUNICATIONS INC/ONTARIO	5.250	Apr 15 52	0.15
	ROGERS COMMUNICATIONS INC/ONTARIO	5.000	Dec 17 81	0.13
	SBA COMMUNICATIONS CORP	3.125	Feb 01 29	0.19
	SIRIUS XM RADIO INC	5.500	Jul 01 29	0.22
	SIRIUS XM RADIO INC	4.125	Jul 01 30	0.09
	TELUS CORP	2.350	Jan 27 28	0.22
	TELUS CORP	2.850	Nov 13 31	0.24
	TELUS CORP	4.400	Jan 29 46	0.20
	TELUS CORP	3.950	Feb 16 50	0.07
	VIDEOTRON LTD	5.625	Jun 15 25	0.16
	WARNERMEDIA HOLDINGS INC	5.141	Mar 15 52	0.35
Energy (10.02%)	BRUCE POWER LP	4.000	Jun 21 30	0.75
	CENOVUS ENERGY INC	3.500	Feb 07 28	0.35
	CU INC	4.722	Sep 09 43	0.43
	CU INC	3.174	Sep 05 51	0.05
	CU INC	4.773	Sep 14 52	1.52
	ENBRIDGE GAS INC	2.900	Apr 01 30	1.18
	ENBRIDGE GAS INC	3.650	Apr 01 50	0.24
	ENBRIDGE GAS INC	3.200	Sep 15 51	0.70
	ENBRIDGE INC	4.240	Aug 27 42	0.22
	ENBRIDGE INC	4.570	Mar 11 44	0.18

# Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)	
Energy (continued) (10.02%)	INTER PIPELINE LTD	6.380	Feb 17 33	0.51	
	INTER PIPELINE LTD/AB	3.983	Nov 25 31	0.15	
	NEXTERA ENERGY OPERATING PARTNERS LP	4.500	Sep 15 27	0.11	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	4.150	Jun 01 33	0.46	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	3.650	Jun 01 35	0.71	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	3.700	Feb 23 43	0.06	
	NORTHWEST REDWATER PARTNERSHIP NWR FINANCING CO LT	4.050	Jul 22 44	0.22	
	ONTARIO POWER GENERATION INC	3.215	Apr 08 30	0.81	
	PARKLAND CORP	4.625	May 01 30	0.38	
	PEMBINA PIPELINE CORP	4.670	May 28 50	0.70	
	TRANSCANADA PIPELINES LTD	3.800	Apr 05 27	0.30	
	Federal (49.58%)	CANADIAN GOVERNMENT	0.000	Mar 19 24	0.11
		CANADIAN GOVERNMENT	0.000	Mar 19 24	4.68
CANADIAN GOVERNMENT		0.000	Mar 19 24	20.47	
CANADIAN GOVERNMENT BOND		3.750	Feb 01 25	4.64	
CANADIAN GOVERNMENT BOND		1.000	Sep 01 26	1.86	
CANADIAN GOVERNMENT BOND		3.250	Sep 01 28	3.99	
CANADIAN GOVERNMENT BOND		1.500	Jun 01 31	3.22	
CANADIAN GOVERNMENT BOND		2.750	Jun 01 33	9.86	
CANADIAN GOVERNMENT BOND		3.500	Dec 01 45	3.49	
CANADIAN GOVERNMENT BOND		1.750	Dec 01 53	2.03	
DOMINICAN REPUBLIC		4.500	Jan 30 30	0.09	
ELECTRICITE DE FRANCE SA		5.993	May 23 30	0.50	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 19 24	-2.63	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 19 24	-1.07	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 19 24	-0.76	
UNITED STATES TREASURY NOTE/BOND		0.000	Mar 19 24	0.51	
UNITED STATES TREASURY NOTE/BOND	0.000	Mar 28 24	-0.85		

# Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Federal (continued) (49.58%)	UNITED STATES TREASURY NOTE/BOND	0.000	Mar 28 24	-0.56
Financial (18.44%)	AVIVA PLC	4.000	Oct 02 30	0.39
	AVOLON HOLDINGS FUNDING LTD	2.528	Nov 18 27	0.12
	BANK OF MONTREAL	4.609	Sep 10 25	0.50
	BANK OF MONTREAL	3.190	Mar 01 28	0.91
	BANK OF MONTREAL	5.625	May 26 82	0.53
	BANK OF NOVA SCOTIA/THE	2.160	Feb 03 25	0.24
	BANK OF NOVA SCOTIA/THE	2.950	Mar 08 27	1.33
	BANK OF NOVA SCOTIA/THE	7.023	Jul 27 82	0.43
	CANADIAN IMPERIAL BANK OF COMMERCE	4.000	Jan 28 82	0.29
	CANADIAN IMPERIAL BANK OF COMMERCE	7.150	Jul 28 82	0.63
	CANADIAN WESTERN BANK	2.606	Jan 30 25	0.02
	CANADIAN WESTERN BANK	6.000	Apr 30 81	0.10
	CHARLES SCHWAB CORP/THE	5.643	May 19 29	0.59
	CO-OPERATORS FINANCIAL SERVICES LTD	3.327	May 13 30	0.30
	ELEMENT FLEET MANAGEMENT CORP	1.600	Apr 06 24	0.06
	EMPIRE LIFE INSURANCE CO/THE	2.024	Sep 24 31	0.05
	EMPIRE LIFE INSURANCE CO/THE	3.625	Apr 17 81	0.30
	FAIRFAX FINANCIAL HOLDINGS LTD	3.950	Mar 03 31	0.60
	GREAT-WEST LIFECO INC	3.600	Dec 31 81	0.09
	HONDA CANADA FINANCE INC	1.646	Feb 25 28	0.88
	HYUNDAI CAPITAL CANADA INC	3.196	Feb 16 27	0.73
	IGM FINANCIAL INC	4.560	Jan 25 47	0.07
	INTACT FINANCIAL CORP	1.928	Dec 16 30	0.05
	INTACT FINANCIAL CORP	4.125	Mar 31 81	0.13
	JOHN DEERE FINANCIAL INC	2.810	Jan 19 29	0.50
	MANULIFE FINANCIAL CORP	2.818	May 13 35	0.33
	MANULIFE FINANCIAL CORP	3.375	Jun 19 81	0.10
	MANULIFE FINANCIAL CORP	4.100	Mar 19 82	0.15
	NATIONAL BANK OF CANADA	2.983	Mar 04 24	0.47

# Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Financial (continued) (18.44%)	NATIONAL BANK OF CANADA	2.237	Nov 04 26	0.32
	NATIONAL BANK OF CANADA	5.219	Jun 14 28	1.22
	NATIONAL BANK OF CANADA	4.050	Aug 15 81	0.14
	PARK AEROSPACE HOLDINGS LTD	5.500	Feb 15 24	0.05
	POWER CORP OF CANADA	4.810	Jan 31 47	0.28
	ROYAL BANK OF CANADA	2.328	Jan 28 27	0.34
	ROYAL BANK OF CANADA	4.642	Jan 17 28	0.95
	ROYAL BANK OF CANADA	4.500	Nov 24 80	0.16
	ROYAL BANK OF CANADA	4.000	Feb 24 81	0.26
	SAGEN MI CANADA INC	5.909	May 19 28	0.31
	SAGEN MI CANADA INC	3.261	Mar 05 31	0.37
	TMX GROUP LTD	3.779	Jun 05 28	0.75
	TORONTO-DOMINION BANK/THE	4.210	Jun 01 27	0.53
	TORONTO-DOMINION BANK/THE	5.376	Oct 21 27	0.36
	TORONTO-DOMINION BANK/THE	3.105	Apr 22 30	0.13
	TORONTO-DOMINION BANK/THE	3.600	Oct 31 81	0.35
	TORONTO-DOMINION BANK/THE	7.283	Oct 31 82	0.25
	TOYOTA CREDIT CANADA INC	4.330	Jan 24 28	0.79
	Industrial (2.81%)	AIR CANADA	4.625	Aug 15 29
BAT CAPITAL CORP		5.650	Mar 16 52	0.25
BROOKFIELD FINANCE II INC		5.431	Dec 14 32	0.32
BWX TECHNOLOGIES INC		4.125	Jun 30 28	0.09
CHARLES RIVER LABORATORIES INTERNATIONAL INC		4.000	Mar 15 31	0.13
DOMAN BUILDING MATERIALS GROUP LTD		5.250	May 15 26	0.12
GLOBAL AIRCRAFT LEASING CO LTD		6.500	Sep 15 24	0.06
IRON MOUNTAIN INC		4.500	Feb 15 31	0.16
LEVIATHAN BOND LTD		6.750	Jun 30 30	0.10
LOBLAW COS LTD		4.488	Dec 11 28	0.12
MATCH GROUP HOLDINGS II LLC		3.625	Oct 01 31	0.12
MATTAMY GROUP CORP		5.250	Dec 15 27	0.13

# Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
<b>Industrial (continued) (2.81%)</b>	METRO INC/CN	5.030	Dec 01 44	0.03
	REGAL REXNORD CORP	6.400	Apr 15 33	0.36
	STANDARD INDUSTRIES INC/NJ	4.750	Jan 15 28	0.09
	STANDARD INDUSTRIES INC/NJ	4.375	Jul 15 30	0.12
	TECK RESOURCES LTD	3.900	Jul 15 30	0.14
	TOLL ROAD INVESTORS PARTNERSHIP II LP	0.000	Feb 15 43	0.09
	TOROMONT INDUSTRIES LTD	3.842	Oct 27 27	0.03
	TRANSDIGM INC	4.625	Jan 15 29	0.14
<b>Infrastructure (4.36%)</b>	ALGONQUIN POWER & UTILITIES CORP	5.250	Jan 31 82	0.21
	ALTALINK LP	4.692	Nov 28 32	0.66
	ALTALINK LP	3.990	Jun 30 42	0.09
	BRITISH COLUMBIA FERRY SERVICES INC	2.794	Oct 15 49	0.11
	CALGARY AIRPORT AUTHORITY/THE	3.199	Oct 07 36	0.13
	EPCOR UTILITIES INC	2.899	May 19 50	0.07
	EPCOR UTILITIES INC	4.725	Sep 02 52	0.78
	HYDRO ONE INC	2.160	Feb 28 30	1.13
	HYDRO ONE INC	3.630	Jun 25 49	0.58
	HYDRO ONE INC	3.640	Apr 05 50	0.52
	NOVA SCOTIA POWER INC	3.307	Apr 25 50	0.07
<b>Municipal (0.52%)</b>	REGIONAL MUNICIPALITY OF YORK	2.350	Jun 09 27	0.38
	VILLAGE OF BRIDGEVIEW IL	5.140	Dec 01 36	0.14
<b>Other (-19.62%)</b>	OTHER			-19.62
<b>Provincial (22.49%)</b>	PROVINCE OF ALBERTA	2.350	Jun 01 25	1.01
	PROVINCE OF ALBERTA	2.900	Dec 01 28	0.61
	PROVINCE OF ALBERTA	3.450	Dec 01 43	2.19
	PROVINCE OF ALBERTA	2.950	Jun 01 52	0.61
	PROVINCE OF BRITISH COLUMBIA CANADA	2.200	Jun 18 30	0.79
	PROVINCE OF BRITISH COLUMBIA CANADA	2.800	Jun 18 48	0.45
	PROVINCE OF BRITISH COLUMBIA CANADA	2.950	Jun 18 50	0.86
	PROVINCE OF MANITOBA CANADA	4.650	Mar 05 40	0.38



# Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Provincial (continued) (22.49%)	PROVINCE OF MANITOBA CANADA	4.100	Mar 05 41	0.43
	PROVINCE OF NOVA SCOTIA CANADA	2.100	Jun 01 27	0.61
	PROVINCE OF NOVA SCOTIA CANADA	4.400	Jun 01 42	0.32
	PROVINCE OF ONTARIO CANADA	3.500	Jun 02 24	1.69
	PROVINCE OF ONTARIO CANADA	2.600	Jun 02 25	1.64
	PROVINCE OF ONTARIO CANADA	1.350	Dec 02 30	1.55
	PROVINCE OF ONTARIO CANADA	3.750	Jun 02 32	3.74
	PROVINCE OF ONTARIO CANADA	4.700	Jun 02 37	0.77
	PROVINCE OF ONTARIO CANADA	2.650	Dec 02 50	1.87
	PROVINCE OF ONTARIO CANADA	1.900	Dec 02 51	1.25
	PROVINCE OF ONTARIO CANADA	3.750	Dec 02 53	0.70
	PROVINCE OF QUEBEC	1.900	Sep 01 30	0.52
	PROVINCE OF QUEBEC	3.500	Dec 01 45	0.15
	PROVINCE OF QUEBEC	3.100	Dec 01 51	0.17
	PROVINCE OF SASKATCHEWAN CANADA	4.750	Jun 01 40	0.17
Real Estate (1.83%)	ALLIED PROPERTIES REAL ESTATE INVESTMENT TRUST	3.117	Feb 21 30	0.70
	CHOICE PROPERTIES REAL ESTATE INVESTMENT TRUST	3.532	Jun 11 29	0.97
	CROMBIE REAL ESTATE INVESTMENT TRUST	5.244	Sep 28 29	0.07
	GRANITE REIT HOLDINGS LP	2.378	Dec 18 30	0.09
Securitization (4.37%)	BAIN CAPITAL CREDIT	7.916	Oct 20 36	0.47
	BSVRT 2021-FL7 ISSUER LTD	2.150	Dec 15 38	0.04
	CLNC 2019-FL1	7.870	Aug 20 35	0.18
	GMF CANADA LEASING TRUST	5.785	Aug 20 26	0.20
	KREF 2021-FL2 LTD	1.743	Feb 15 39	0.09
	LCCM 2021-FL2 TRUST	7.626	Dec 13 38	0.09
	LNCR2021-CR5X	7.826	Jul 15 36	0.19
	LNCR2021-CRE6	7.376	Nov 15 38	0.25
	MAGNE 2023-39A	7.200	Oct 25 33	0.39
	MANPOWERGROUP INC	8.362	Jul 20 35	0.40
	MF1 2021-FL6 LTD	7.323	Jul 16 36	0.29

## Portfolio Holdings



As of 31-Dec-23	Issuer	Coupon	Maturity Date	Equivalent exposure (%)
Securitization (continued) (4.37%)	MF1 2022-FL8 LTD	4.122	Feb 19 37	0.12
	MF1 2023-FL12	8.078	Oct 19 38	0.51
	NEUB 2013-15A	7.505	Oct 15 29	0.16
	NEUB 2015-20A	0.000	Jul 15 34	0.08
	NEUB 2023-53A	7.617	Oct 24 32	0.31
	OAKCL 2019-1A	8.024	Apr 22 30	0.25
	OCP 2015-10A	7.291	Jan 26 34	0.27
	PFP 2021-8 LTD	7.626	Aug 09 37	0.10

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, 2023, 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 05, 2024

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# Global Capabilities

## MFS Investment Strategies



### Fundamental Equity

#### Global Equity

- Contrarian Value<sup>1</sup>/Capital
- 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

#### International Equity

- International/International Concentrated
- International Diversification<sup>1</sup>
- International Growth<sup>1</sup>/International Growth Concentrated<sup>1</sup>
- 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-23.

<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.
- U.S. Long Duration

##### U.S.

- Government
- MBS
- TIPS

### Multi-Asset/Specialty

#### Multi-Asset

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

#### Target Date

- Canadian Target Date
- U.S. Target Date

#### Target Risk

- Canadian Target Risk
- U.S. Target Risk

#### Specialty/Equity

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

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