Prospectus

24 April 2023

# MFS Meridian® Funds

# TABLE OF CONTENTS


**Directory** 2

**Summary of Main Features** 3

- Asia Ex-Japan Fund 7
- Blended Research® European Equity Fund 12
- Continental European Equity Fund 18
- Contrarian Value Fund 22
- Diversified Income Fund 27
- Emerging Markets Debt Fund 34
- Emerging Markets Debt Local Currency Fund 39
- Emerging Markets Equity Fund 44
- Emerging Markets Equity Research Fund 48
- Euro Credit Fund 53
- European Core Equity Fund 59
- European Research Fund 63
- European Smaller Companies Fund 67
- European Value Fund 73
- Global Concentrated Fund 78
- Global Credit Fund 83
- Global Equity Fund 88
- Global Equity Income Fund 93
- Global High Yield Fund 99
- Global Intrinsic Value Fund 104
- Global New Discovery Fund 109
- Global Opportunistic Bond Fund 113
- Global Research Focused Fund 119
- Global Strategic Equity Fund 123
- Global Total Return Fund 127
- Inflation-Adjusted Bond Fund 133
- Japan Equity Fund 138
- Limited Maturity Fund 142
- Managed Wealth Fund 147
- Prudent Capital Fund 154
- Prudent Wealth Fund 160
- U.K. Equity Fund 167
- U.S. Concentrated Growth Fund 171
- U.S. Corporate Bond Fund 176
- U.S. Government Bond Fund 181
- U.S. Growth Fund 186
- U.S. Total Return Bond Fund 190
- U.S. Value Fund 195

**Investment Policies and Risks** 200

- General Information Regarding Investment Policies and Instruments 200
- Investment Guidelines 207
- Risk Factors 222

**Other Practical Information** 280

- General Information about Share Classes 280
- How to Buy Shares 290
- How to Sell Shares 292
- How to Exchange Shares 293
- Calculation of Net Asset Value 301
- Distribution Policy 306
- Taxation 308
- General Information about the Company (Including Service Providers) 312
- Index Provider Information 341

**Additional Information for Investors in the Federal Republic of Germany** 344

**Sustainable Finance Disclosure Annexes** 349

## Registered Office

4, rue Albert Borschette
L-1246, Luxembourg
Grand Duchy of Luxembourg
R.C.S. Luxembourg B 39346

## Board of Directors

Lina M. MEDEIROS (Chairperson)
Head of Office
MFS Investment Management Company (Lux) S.à r.l.
4, rue Albert Borschette
L-1246, Luxembourg
Grand Duchy of Luxembourg

Amrit KANWAL
Chief Financial Officer
Massachusetts Financial Services Company

James R. JULIAN, Jr.
Chief Executive Officer
University of Massachusetts Foundation
Independent Director

Malcolm W. MACNAUGHT
Senior Managing Director
Massachusetts Financial Services Company

Thomas A. BOGART
Independent Director

## Management Company

MFS Investment Management Company (Lux) S.à.r.l
4, rue Albert Borschette
L-1246, Luxembourg
Grand Duchy of Luxembourg
("MFS Lux" or the "Management Company")

## Investment Manager

Massachusetts Financial Services Company
111 Huntington Avenue
Boston, Massachusetts USA 02199
("MFS" or the "Investment Manager")

## Depositary, Administration, Registrar and Transfer Agent

State Street Bank International GmbH, Luxembourg Branch
49, Avenue J.F. Kennedy,
L-1855 Luxembourg
Grand-Duchy of Luxembourg
(the "Depositary," the "Administration Agent," the "Registrar" and the "Transfer Agent")

## Independent Auditor

Ernst & Young S.A.
35E, Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

## Legal Advisers

Arendt & Medernach
41A, Avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

## Summary of Main Features

**IMPORTANT:** This Prospectus (the "Prospectus") contains important information about MFS Meridian Funds (the "Company") and its various portfolios (each a "Fund") and share classes (each a "Class"). For more information before you invest, please consult the Key Information Document ("KID") for each available Class of each Fund. If you are in any doubt about the contents of this Prospectus, you should consult your Financial Intermediary or the Company's Transfer Agent. As used in this Prospectus, the term "Financial Intermediary" shall include any broker, dealer, bank (including bank trust departments), investment adviser, financial planner, retirement plan administrator, third-party administrator, insurance company and any other institution having a selling, administration or any similar agreement with the Fund's Management Company or authorized affiliated sub-distributor of the Management Company (for purposes of this Prospectus, the "Distributor"). Any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Prospectus, the periodic financial reports, or any of the documents referred to herein and which may be consulted by the public shall be solely at the risk of the purchaser. Applications to transact in Fund shares ("Shares") are subject to acceptance by the Company.

The directors of the MFS Meridian Funds, whose names appear in the Directory (the "Directors" or collectively, the "Board of Directors"), are the persons responsible for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors, the information contained in this Prospectus is materially in accordance with the facts and does not omit anything likely to materially affect the importance of such information. The Directors accept responsibility accordingly. Statements made in this Prospectus are based on the laws and practice currently in force in the Grand-Duchy of Luxembourg, and are subject to changes in those laws.

## Specific Country Considerations

Prospective purchasers of Shares of a Fund should inform themselves as to the legal requirements, exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile. All references to laws or regulations include any amendments, restatements or successor laws or regulations thereto.

**Prospective investors resident in Austria, Denmark, Germany, Ireland, Singapore, Switzerland and the United Kingdom should note that an addendum for their respective country should be read in conjunction with this Prospectus. Such Addendum includes additional disclosure regarding investment in the Funds in such countries, and can be found by accessing the Prospectus at meridian.mfs.com and selecting the relevant country option. In certain other jurisdictions, your respective financial intermediary may also**

**have to provide additional documentation along with this Prospectus. Please refer to your Financial Intermediary for more details.**

**Prospective investors resident in Hong Kong should refer to the separate "Prospectus for Hong Kong Investors" together with the addendum "Important Information for Residents of Hong Kong" available through your Financial Intermediary.**

This Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

- ***Taiwan:*** The Taiwan Financial Supervisory Commission requires that the total value of a Fund's non-offset short position in derivatives for hedging purposes do not exceed the total market value of the relevant securities held by such Fund and the risk exposure of such Fund's non-offset position in derivatives for purposes of increasing investment efficiency do not exceed forty percent (40%) of the net asset value of such Fund, except as otherwise permitted by applicable Taiwanese laws and regulations.
- ***United States:*** Neither the Company nor any Fund has been registered under the U.S. Investment Company Act of 1940, as amended. In addition, the Shares of the Company have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, its territories or possessions or to a U.S. Person (see "Eligible Investors" in the section entitled "Practical Information"). The Company's articles of incorporation (the "Articles of Incorporation") generally prohibit the sale and transfer of Shares to U.S. Persons.

## FOR RESIDENTS OF HONG KONG ONLY

WARNING

THE CONTENTS OF THIS DOCUMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. INVESTORS ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER. IF INVESTORS ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS DOCUMENT, THEY SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THE SUB-FUNDS MENTIONED IN THIS DOCUMENT MAY BE CONSIDERED "COMPLEX PRODUCTS" FOR THE PURPOSES OF THE CODE OF CONDUCT FOR PERSONS LICENSED BY OR REGISTERED WITH THE SECURITIES AND FUTURES COMMISSION. THIS OFFER IS NOT BEING MADE IN HONG KONG OTHER THAN (1) TO "PROFESSIONAL INVESTORS" WITHIN THE MEANING OF THE SECURITIES AND FUTURES ORDINANCE (CAP. 571) OF HONG KONG (THE "SFO") AND ANY RULES MADE UNDER THE SFO; OR (2) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THE DOCUMENT

BEING A "PROSPECTUS" AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CAP. 32) OF HONG KONG (THE "CWUMPO") OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE CWUMPO.

NO ACTION HAS BEEN TAKEN, IN HONG KONG OR ELSEWHERE, TO PERMIT THE DISTRIBUTION OF THIS DOCUMENT TO THE PUBLIC OF HONG KONG OR IN A MANNER IN WHICH THIS DOCUMENT MAY BE ACCESSED OR READ BY THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG). THIS DOCUMENT IS DISTRIBUTED ON A CONFIDENTIAL BASIS. NO INTEREST IN THE ISSUER WILL BE ISSUED TO ANY PERSON OTHER THAN THE PERSON TO WHOM THIS DOCUMENT HAS BEEN SENT. NO PERSON IN HONG KONG OTHER THAN THE PERSON TO WHOM THE COPY OF THIS DOCUMENT HAS BEEN ADDRESSED MAY TREAT THE SAME AS CONSTITUTING AN INVITATION TO HIM TO INVEST. THIS DOCUMENT MAY NOT BE REPRODUCED IN ANY FORM OR TRANSMITTED TO ANY PERSON OTHER THAN THE PERSON TO WHOM IT IS ADDRESSED. THE ADVISER AND ITS CONNECTED PERSONS MAY SHARE ANY FEES THEY RECEIVE WITH INTERMEDIARIES, AGENTS OR OTHER PERSONS INTRODUCING INVESTORS OR REMUNERATE SUCH PERSONS OUT OF THEIR OWN RESOURCES.

AN INVESTMENT IN THE FUND IS NOT GUARANTEED OR PRINCIPAL PROTECTED. PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

## The Company and the Funds

The Company is an umbrella fund established in Luxembourg as an investment company with variable capital (Société d'Investissement à Capital Variable or "SICAV"), and is registered pursuant to Part I of the law of 17 December 2010 on undertakings for collective investment, as amended (the "Law"). The Company qualifies as an undertaking for collective investment in transferable securities (a "UCITS") in accordance with the Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014, on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (the "UCITS Directive"). The Company is comprised of separate compartments (each a "Fund"), each of which relates to a separate portfolio of securities with specific investment objectives. Each Fund shall be liable for its own debts and obligations. Each Fund is a separate entity with, but not limited to, its own contributions, liabilities, capital gains, losses, charges and expenses. Each Fund is denominated in a single currency (the "Base Currency"), which may be U.S. dollars, euros, sterling or Japanese yen, but may have Classes denominated

in currencies other than the Base Currency. The capital of the Company is expressed in euros. The Board of Directors may decide, at any time to establish new Funds consisting of eligible assets as mentioned in Article 41(1) of the Law. Upon the establishment of such additional Funds, the Prospectus and the applicable KIDs shall be updated accordingly.

The Company was established at the initiative of MFS. The name of each Fund is preceded by "MFS Meridian Funds":

1. Asia Ex-Japan Fund
2. Blended Research® European Equity Fund
3. Continental European Equity Fund
4. Contrarian Value Fund
5. Diversified Income Fund
6. Emerging Markets Debt Fund
7. Emerging Markets Debt Local Currency Fund
8. Emerging Markets Equity Fund
9. Emerging Markets Equity Research Fund
10. Euro Credit Fund
11. European Core Equity Fund
12. European Research Fund
13. European Smaller Companies Fund
14. European Value Fund
15. Global Concentrated Fund
16. Global Credit Fund
17. Global Equity Fund
18. Global Equity Income Fund
19. Global High Yield Fund
20. Global Intrinsic Value Fund
21. Global New Discovery Fund
22. Global Opportunistic Bond Fund
23. Global Research Focused Fund
24. Global Strategic Equity Fund
25. Global Total Return Fund
26. Inflation-Adjusted Bond Fund
27. Japan Equity Fund
28. Limited Maturity Fund
29. Managed Wealth Fund
30. Prudent Capital Fund
31. Prudent Wealth Fund
32. U.K. Equity Fund
33. U.S. Concentrated Growth Fund
34. U.S. Corporate Bond Fund
35. U.S. Government Bond Fund
36. U.S. Growth Fund
37. U.S. Total Return Bond Fund
38. U.S. Value Fund

On the following pages you will find information about each Fund in its Fund Profile, in addition to the information provided in the KID for the respective Class of each Fund.

Certain Funds promote the MFS Low Carbon Transition characteristic, which is an environmental characteristic within the meaning of Article 8 of the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial sector ("SFDR"). This is prominently indicated in the Fund Profile of each applicable Fund. All other Funds fall within Article 6 of SFDR, which is also indicated in the Fund Profile of the relevant Funds.

| ASIA EX-JAPAN FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in Asian equity securities excluding Japanese equity securities. Asia includes Hong Kong, Mainland China, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand. Many of the countries in Asia are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the MSCI All Country Asia (ex-Japan) Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities. You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Asia and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets, including many of the countries in Asia, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or

the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

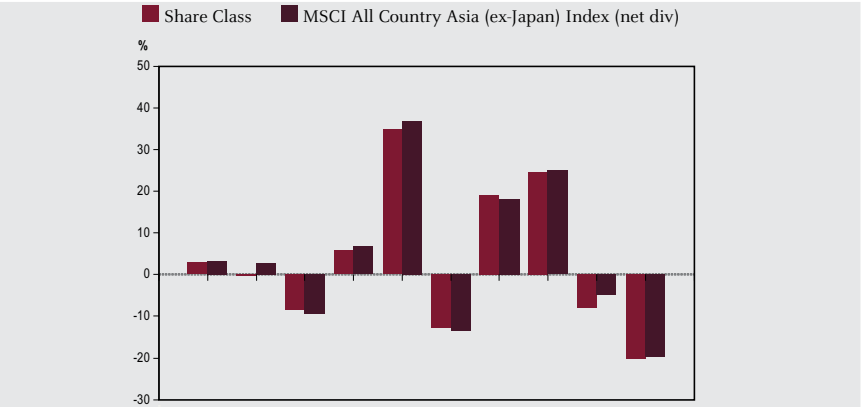
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in Asian equity securities excluding Japanese equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^ | 14^ | 15^ | 16^ | 17^ | 18^ | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 3.0 | (0.4) | (8.5) | 5.9 | 34.9 | (12.8) | 19.0 | 24.6 | (7.9) | (20.2) |
| ■ | 3.4 | 2.8 | (9.4) | 6.8 | 37.0 | (13.6) | 18.2 | 25.0 | (4.7) | (19.7) |

^ *Performance for periods prior to 1 August 2018 reflects different investment policies and the performance of the fund's prior benchmark, MSCI All Country Asia Pacific (ex-Japan) Index (net div).*

## Fund Benchmark

MSCI All Country Asia (ex-Japan) Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## ASIA EX-JAPAN FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 1.05% | 1.05% | 1.05% | n/a | 0.80% | 0.75% | 1.05% | ‡ |
| Distribution Fees[1] . . . . . | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.20%[3] | 0.20%[3] | 0.20%[3] | 0.20%[3] | 0.20%[3] | 0.15%[3] | n/a | 0.15%[3] |
| **Total Expense Ratio. . . . . .** | **2.00%** | **2.75%** | **2.50%** | **2.00%** | **1.00%** | **0.90%** | **1.00%[4]** | **0.15%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.20% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

**Base Currency:** Euro (€)

**Launch Date:** 22 August 2011.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in European equity securities. Some of the countries in Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund generally focuses its investments in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of countries and/or a particular geographic region. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex.

The Investment Manager uses a bottom-up approach to buying and selling investments for the Fund. Investments are selected primarily based on blending fundamental and quantitative research. The Investment Manager uses fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions to determine a fundamental rating for an issuer. Factors considered may include analysis of an issuer's earnings, cash flows, competitive position, and management ability. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis. The Investment Manager uses quantitative analysis, including quantitative models that systematically evaluate an issuer's valuation, price and earnings momentum, earnings quality, and other factors to determine a quantitative rating for an issuer. The Investment Manager combines the fundamental rating with the quantitative rating to create a blended rating for an issuer. When the Investment

Manager's fundamental rating is not available, the Investment Manager treats the issuer as having a neutral fundamental rating. The Investment Manager then constructs the portfolio using a portfolio optimization process that considers the blended rating, as well as issuer, industry, and sector weightings, market capitalization, measures of expected volatility of the Fund's returns and other factors. The portfolio managers have the discretion to adjust the inputs and parameters used in the optimization process and the Fund's portfolio holdings based on factors such as the desired portfolio characteristics and the portfolio managers' qualitative assessment of the optimization results. The Investment Manager's goal is to construct a portfolio with a target predicted tracking error of approximately 2% compared to the MSCI Europe Index (the "Index"). There is no assurance that the Fund's predicted tracking error will equal its target predicted tracking error at any point in time or consistently for any period of time, or that the Fund's predicted tracking error and actual tracking error will be similar. Tracking error generally measures how the differences between the Fund's returns and the Index's returns have varied over a period of time. A higher tracking error means that the differences between the Fund's returns and the Index's returns have varied more over time while a lower tracking error means the differences between the Fund's returns and the Index's returns have varied less over time. Third party quantitative risk models are used in the portfolio construction process and to measure the predicted tracking error of the Fund's portfolio.

Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these

conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets, including some of the countries in Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- The equity securities of large cap companies can underperform the overall equity market.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Fund's strategy to target a predicted tracking error of approximately 2% compared to the MSCI Europe Index and to blend fundamental and quantitative research may not produce the intended results. In addition, the Investment Manager's fundamental research is not available for all issuers. There is no assurance that the Fund's predicted tracking error will equal its target predicted tracking error at any point in time or consistently for any period of time, or that the Fund's predicted tracking error and actual tracking error will be similar.

- The Investment Manager's investment analysis, its development and use of quantitative models and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. The quantitative models used by the Investment Manager (both proprietary and third-party) may not produce the intended results for a variety of reasons, including the factors used in the models, the weight placed on each factor in the models, changes from the market factors' historical trends, changing sources of market return or market risk, and technical issues in the design, development, implementation, application and maintenance of the models (e.g., incomplete, outdated or inaccurate data, programming or other software issues, coding errors and technology failures). In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

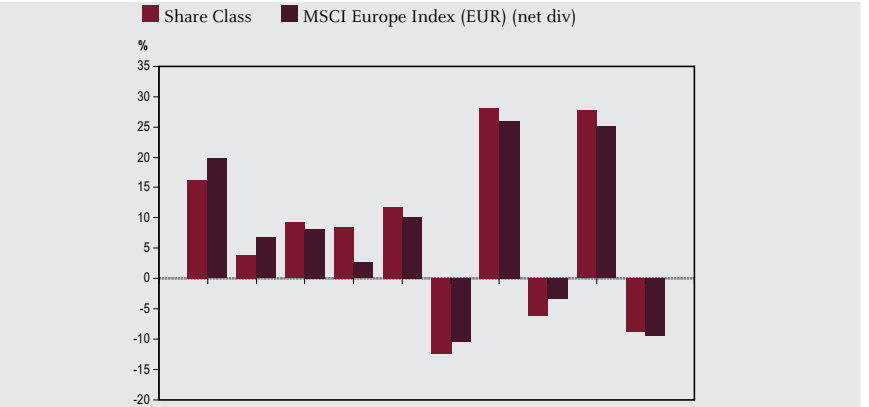
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in European equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13† | 14† | 15† | 16† | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 16.2 | 3.8 | 9.2 | 8.4 | 11.7 | (12.4) | 28.1 | (6.2) | 27.7 | (8.8) |
| ■ | 19.8 | 6.8 | 8.2 | 2.6 | 10.2 | (10.6) | 26.0 | (3.3) | 25.1 | (9.5) |

† *Performance for periods prior to 29 June 2016 reflects different investment policies.*

## Fund Benchmark

MSCI Europe Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## BLENDED RESEARCH® EUROPEAN EQUITY FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.60% | 0.60% | 0.60% | n/a | 0.50% | 0.45% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.35% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.20%[3] | 0.15%[3] | 0.15%[3] |
| **Total Expense Ratio** | **1.60%** | **2.35%** | **2.10%** | **1.60%** | **0.70%** | **0.60%** | **0.15%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| CONTINENTAL EUROPEAN EQUITY FUND | |
|---|---|

**Base Currency:** Euro (€)
**Launch Date:** 27 February 2006.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in continental European equity securities. Some of the countries in continental Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmark, the MSCI Europe (ex-UK) Index (EUR), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets, including some of the countries in continental Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

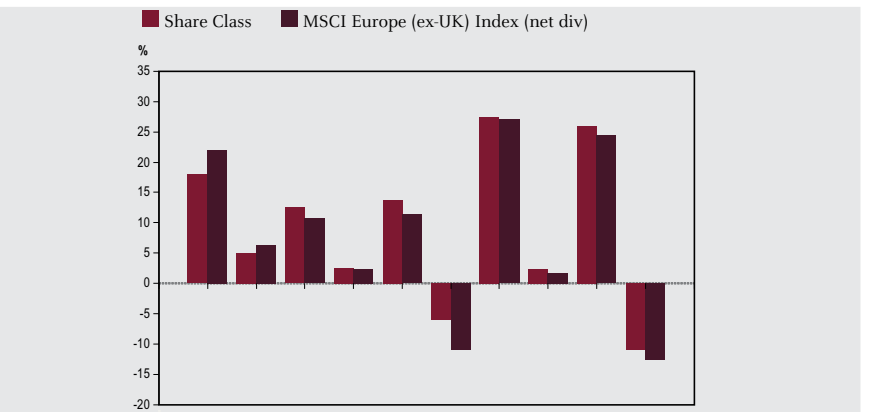
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in continental European equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 17.9 | 5.0 | 12.6 | 2.5 | 13.7 | (6.0) | 27.4 | 2.4 | 26.0 | (11.0) |
| | 22.1 | 6.4 | 10.7 | 2.4 | 11.4 | (10.9) | 27.1 | 1.7 | 24.4 | (12.6) |

## Fund Benchmark

MSCI Europe (ex-UK) Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.06%[3] | 0.06%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.76%** | **0.06%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| CONTRARIAN VALUE FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 21 August 2019.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's investment objective is to seek capital appreciation measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities. The Fund focuses its equity investments in developed market equity securities, but may also invest in emerging market equity securities. The Fund generally invests in 50 or fewer companies.

The Fund generally focuses its investments in companies whose shares the Investment Manager believes are priced at a significant discount to their intrinsic value, which may be due to adverse market sentiment, a restructuring or other issuer-specific challenges. The Fund may also invest in debt instruments, including up to 10% in below investment grade debt instruments, and up to 10% in cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions), based on the Investment Manager's view of the available set of investment opportunities.

The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of countries or a particular geographic region. Investments are selected primarily based on fundamental analysis of individual issuers, and quantitative screening tools that systematically evaluate issuers may also be considered.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmarks, the MSCI World Value Index (USD) and MSCI World Index (USD), are indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmarks, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment

opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of companies that the Investment Manager believes are undervalued compared to their intrinsic value can continue to be undervalued for long periods of time, not realize their expected value during certain stages of the market cycle and be more volatile than the market in general.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty, or other entity, or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.

- Exposure to emerging markets, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Because the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

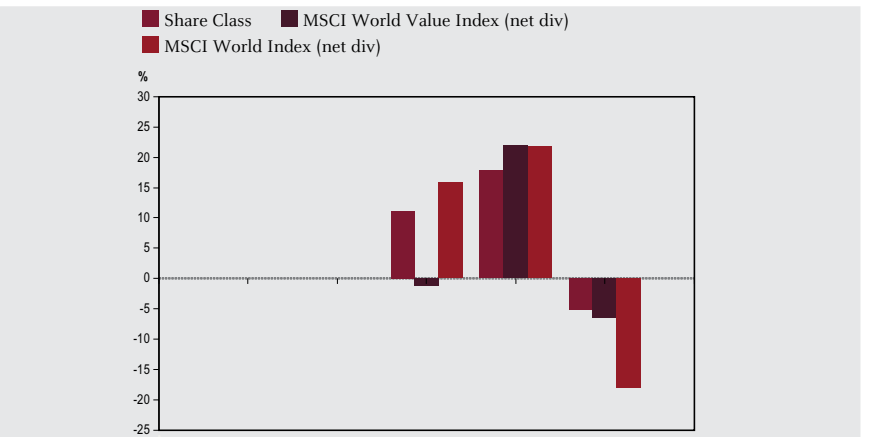
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|
| | | | 11.1 | 17.8 | (5.1) |
| | | | (1.2) | 21.9 | (6.5) |
| | | | 15.9 | 21.8 | (18.1) |

## Fund Benchmarks

*Primary Benchmark:* MSCI World Value Index (net div) (USD)

*Secondary Benchmark:* MSCI World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| DIVERSIFIED INCOME FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 31 October 2014.

**Distribution Frequency:** Monthly or annually, depending on selected share class

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is total return with an emphasis on current income, but also considering capital appreciation, measured in U.S. dollars. The Fund invests primarily in a broad range of debt instruments and equity securities of issuers located in developed and emerging markets, including convertible securities and real estate-related investments. The Fund allocates assets across these categories based on investment management's interpretation of economic and money market conditions, fiscal and monetary policy and asset class and/or security values. When the Investment Manager's assessment of the relative attractiveness of asset classes and markets is neutral, the Fund's exposure to these asset classes is expected to be approximately 15% in debt instruments of issuers located in emerging markets (which may include below investment grade debt instruments), 25% in other below investment grade debt instruments, 15% in investment-grade corporate debt instruments, 10% in U.S. Government securities, 20% in dividend-paying equity securities and 15% in real estate-related investments. These allocations may vary significantly from time to time.

For the debt portion, the Fund focuses on (i) U.S. Government securities (including mortgage-backed securities), (ii) below-investment-grade debt instruments, (iii) debt instruments of issuers located in emerging markets and (iv) investment grade corporate debt instruments of issuers in developed markets. The Fund may invest up to 100% of the debt portion in below-investment-grade debt instruments. In purchasing or selling mortgage-backed securities, the Fund may do so directly or through to-be-announced (TBA) transactions.

For the equity portion, the Fund focuses its investments in dividend-paying equity securities of companies in developed and emerging markets. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies) or in a combination of growth and value companies. The Fund generally focuses its equity investments in larger companies, but may invest in companies of any size. Equity investments are selected primarily based on blending fundamental analysis of individual issuers and instruments, and quantitative research based on models that systematically evaluate issuers and instruments.

For the real estate-related portion, the Fund primarily invests in equity interests in closed-ended real estate investment trusts (REITs) and equity securities of other companies principally engaged in the real estate industry. The Fund

generally focuses its real-estate related investments in equity REITS, but may also invest in mortgage REITs and other transferable securities of companies principally engaged in the real estate industry. Issuers of real estate-related investments tend to be small- to medium-sized.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmarks, the Standard & Poor's 500 Index (USD) and custom blended benchmark, are indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The Fund's assessment of the risk/return potential of the asset classes may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument

can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.

- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Mortgage-backed securities and other securitized instruments may be subject to prepayment and/or extension, which can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended. Please refer to "Securitized Instruments Risk" and "Mortgage-Backed Securities Risk" under "Investment Policies and Risks – Risk Factors" for additional information.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- To the extent that the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions prevailing in that region and could be more volatile than the performance of more geographically diversified funds.
- The risks of investing in real estate-related investments include certain risks associated with the direct ownership of real estate and the real estate industry in general. Real estate-related investments are affected by general, regional and local economic conditions; difficulties in valuing and disposing of real

estate; fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulations, and other governmental action; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; and other factors. Many real estate-related issuers, including REITs, utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect the issuer's operations and market value in periods of rising interest rates. The securities of real estate-related issuers that have small to medium market capitalizations can be more volatile and less liquid than securities of larger issuers and such issuers can have more limited financial resources.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis, its development and use of quantitative models, and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. The quantitative models used by the Investment Manager (both proprietary and third-party) may not produce the intended results for a variety of reasons, including the factors used in the models, the weight placed on each factor in the models, changes from the market factors' historical trends, changing sources of market return or market risk, and technical issues in the design, development,

implementation, application and maintenance of the models (e.g., incomplete, outdated or inaccurate data, programming or other software issues, coding errors and technology failures). In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- The Fund's strategy to blend fundamental and quantitative research for its equity investments may not produce the intended results. In addition, the Investment Manager's fundamental research is not available for all issuers.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

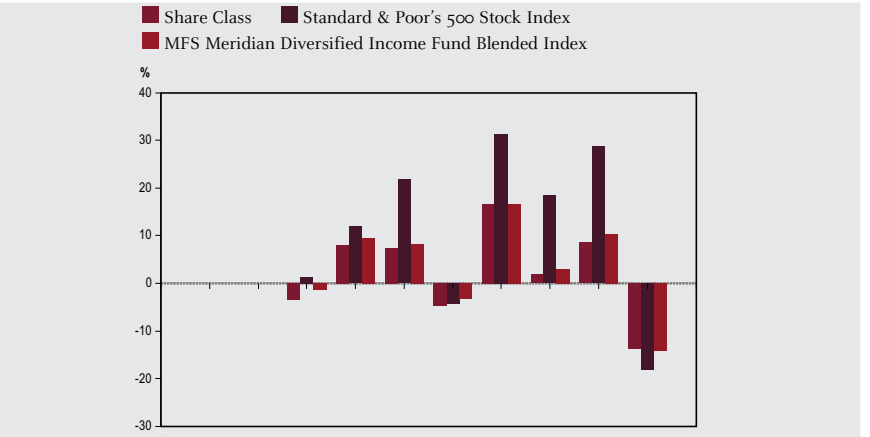
## Typical Investor Profile

- The Fund is intended for total return with an emphasis on current income, but also considering capital appreciation, through investment in a broad range of debt instruments and equity securities of issuers located in developed and emerging markets, including convertible securities and real estate-related investments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13 | 14 | 15# | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | (3.5) | 8.1 | 7.4 | (4.7) | 16.6 | 1.8 | 8.5 | (13.8) |
| | | | 1.4 | 12.0 | 21.8 | (4.4) | 31.5 | 18.4 | 28.7 | (18.1) |
| | | | (1.3) | 9.6 | 8.2 | (3.4) | 16.7 | 3.0 | 10.5 | (14.1) |

# *Secondary Benchmark performance for periods prior to 1 July 2015 reflects the performance of the fund's prior benchmark, MVI KIID Blended Benchmark 2015.*

## Fund Benchmarks

*Primary Benchmark:* Standard & Poor's 500 Stock Index (USD)

*Secondary Blended Benchmark:* 25% Bloomberg U.S. High-Yield Corporate Bond 2% Issuer Capped Index, 15% Bloomberg US Credit Index, 10% Bloomberg U.S. Government/ Mortgage Bond Index, 20% MSCI ACWI High Dividend Yield Index (net div), 15% MSCI U.S. REIT Index (net div), and 15% JPMorgan EMBI Global Diversified (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets

and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.85% | 0.85% | 0.85% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.35% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.60%** | **2.60%** | **2.10%** | **1.60%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EMERGING MARKETS DEBT FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 1 October 2002.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is total return, measured in U.S. dollars. The Fund invests primarily (at least 70%) in emerging market debt instruments. The Fund generally focuses its investments in U.S. dollar denominated emerging market debt instruments but may also invest in emerging market debt instruments issued in other currencies. Such emerging market countries are located in Latin America, Asia, Africa, the Middle East, and the developing countries of Europe, primarily Eastern Europe. The Fund generally focuses its investments in government and government-related debt instruments but may also invest in corporate debt instruments. The Fund may invest all of its assets in below investment grade debt instruments. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the JPMorgan Emerging Markets Bond Index Global Diversified, is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant, however, factors such as a low volatility environment, high correlation among issuers or lack of attractive investment opportunities outside the benchmark may limit the Fund's ability to achieve performance differentiation versus the benchmark for a given period.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in emerging market countries and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can

be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

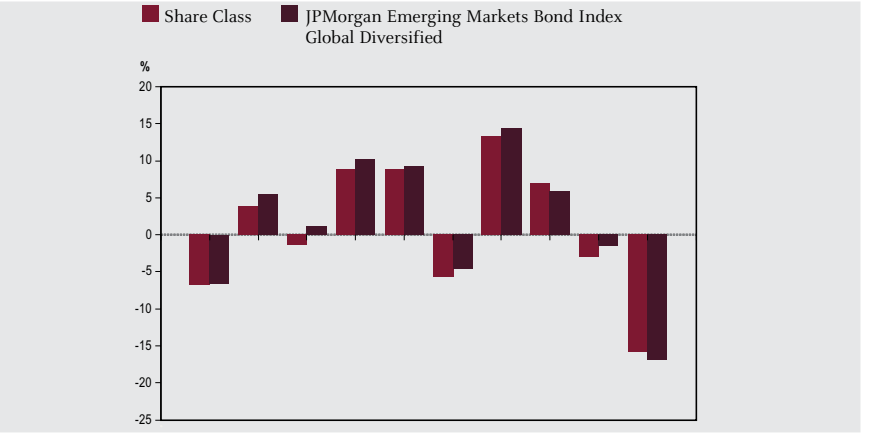
- The Fund is intended for investors seeking total return through investment primarily in emerging market debt instruments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions.

Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^ | 14^ | 15^ | 16^ | 17^ | 18^ | 19^ | 20^ | 21^ | 22^ |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | (6.8) | 3.9 | (1.4) | 8.9 | 8.9 | (5.7) | 13.3 | 7.0 | (3.0) | (15.9) |
| ■ | (6.6) | 5.5 | 1.2 | 10.2 | 9.3 | (4.6) | 14.4 | 5.9 | (1.5) | (16.9) |

*^ Performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, JP Morgan Emerging Markets Bond Index Global.*

## Fund Benchmark

JPMorgan Emerging Markets Bond Index Global Diversified (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## EMERGING MARKETS DEBT FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.90% | 0.90% | 0.90% | n/a | 0.80% | 0.70% | 0.90% | ‡ |
| Distribution Fees[1] . . . . . | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.40% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.15%[3] | 0.12%[3] | 0.12%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.08% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **1.55%** | **2.52%** | **2.02%** | **1.55%** | **0.90%** | **0.75%** | **0.98%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EMERGING MARKETS DEBT LOCAL CURRENCY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 March 2009.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Relative Value-at-Risk or "VaR"

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is total return, measured in U.S. dollars. The Fund invests primarily (at least 70%) in debt or other instruments issued in or related to the currencies of emerging market countries. Such emerging market countries are located in Latin America, Asia, Africa, the Middle East, and the developing countries of Europe, primarily Eastern Europe. The Fund may also invest in U.S. dollar denominated emerging market debt instruments. The Fund may also invest on an ancillary basis in debt or other instruments (such as interest rate and currency swaps) issued in or related to the currencies of developed market countries. The Fund generally focuses its investments in government and government-related debt instruments but may also invest in corporate debt instruments. The Fund may invest all of its assets in below investment grade debt instruments. The Fund may invest a relatively large percentage of the Fund's assets in a small number of issuers, countries or a particular geographic region. The Fund may invest up to 20% of net assets in securities traded on the China Interbank Bond Market.

The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund is expected to use derivatives extensively for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments.

As part of the Management Company's risk-management process applicable to the Fund, the global exposure of the Fund is measured by a relative VaR approach, which limits the maximum VaR that the Fund can have relative to its benchmark (the JPMorgan Government Bond Index Emerging Markets Global Diversified (USD)), as determined by the Management Company taking into account the Fund's investment policy and risk profile. Please refer to the Fund's Annual Report for the VaR limits calculated for the applicable financial year. The expected level of leverage may vary between 0% and 375% (measured using the sum of the notional value of derivatives used by the Fund), based on the net asset value of the Fund. In addition, the Management Company supplementally monitors the expected level of leverage measured using the commitment approach, which may vary between 0% and 125% based on the net asset value of the Fund. Under certain circumstances, such as unusual market conditions or temporary operational factors, the level of leverage might exceed the ranges noted above.

Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments

issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in emerging market countries and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- The Fund may have a net leveraged exposure of more than 100% of its net asset value. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses for the Fund. Leverage can cause increased volatility by magnifying gains or losses.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

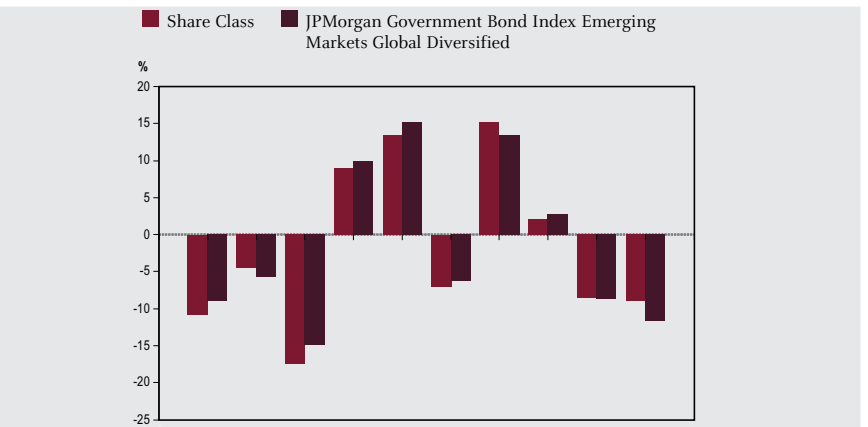
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment primarily in debt or other instruments issued in or related to the currencies of emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13† | 14† | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| Share Class | (10.8) | (4.5) | (17.5) | 9.0 | 13.5 | (7.0) | 15.2 | 2.2 | (8.5) | (9.0) |
| JPMorgan Government Bond Index Emerging Markets Global Diversified | (9.0) | (5.7) | (14.9) | 9.9 | 15.2 | (6.2) | 13.5 | 2.7 | (8.7) | (11.7) |

† *The Fund's investment policies changed to permit increased derivatives usage on 31 October 2014; performance shown prior to this date reflects the Fund's investment policies prior to this change.*

## Fund Benchmark

JPMorgan Government Bond Index Emerging Markets Global Diversified (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.90% | 0.90% | 0.90% | n/a | 0.80% | 0.75% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.40% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.50%** | **2.50%** | **2.00%** | **1.50%** | **0.90%** | **0.80%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EMERGING MARKETS EQUITY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 1 September 2006.

**Distribution Frequency:** Quarterly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in emerging markets equity securities. Such emerging market countries are located in Latin America, Asia, Africa, the Middle East, and the developing countries of Europe, primarily Eastern Europe. The Fund may also invest in developed market equity securities. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the MSCI Emerging Markets Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in emerging market countries and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region and could be more volatile than the performance of more geographically-diversified funds.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

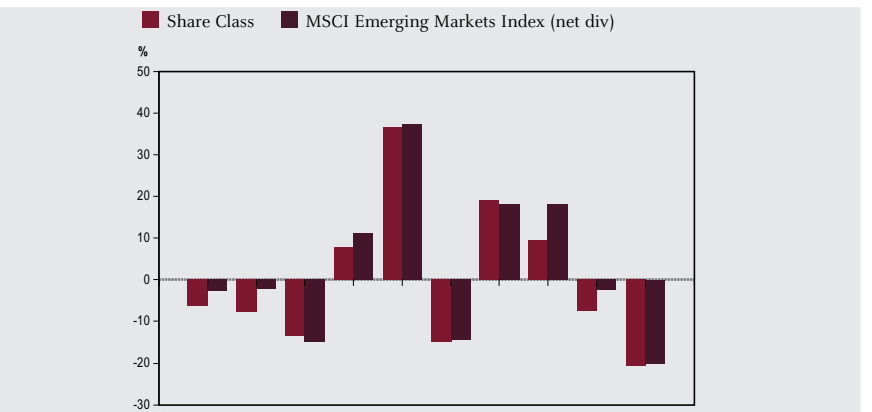
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in emerging markets equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | (6.2) | (7.7) | (13.5) | 7.9 | 36.8 | (14.9) | 19.2 | 9.5 | (7.5) | (20.6) |
| | (2.6) | (2.2) | (14.9) | 11.2 | 37.3 | (14.6) | 18.4 | 18.3 | (2.5) | (20.1) |

## Fund Benchmark

MSCI Emerging Markets Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.15% | 1.15% | 1.15% | n/a | 0.95% | 0.90% | 1.15% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.90% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | n/a | 0.05%[3] |
| **Total Expense Ratio** | **2.00%** | **2.75%** | **2.50%** | **2.00%** | **1.05%** | **0.95%** | **1.00%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EMERGING MARKETS EQUITY RESEARCH FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 9 July 2021.

**Distribution Frequency:** Quarterly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in emerging markets equity securities. Such emerging market countries are located in Latin America, Asia, Africa, the Middle East, and the developing countries of Europe, primarily Eastern Europe. The Fund may also invest in developed market equity securities. The Investment Manager generally manages the Fund to maintain allocations across sectors that are similar to the Fund's index, the MSCI Emerging Markets Index (USD) and seeks to add value through stock selection based on fundamental investment analysis ("research"). The benchmark does not otherwise limit investment selection. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of companies, countries or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

In addition to guiding sector allocation, the Fund's benchmark is also indicated for performance comparison. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in emerging market countries and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region and could be more volatile than the performance of more geographically-diversified funds.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

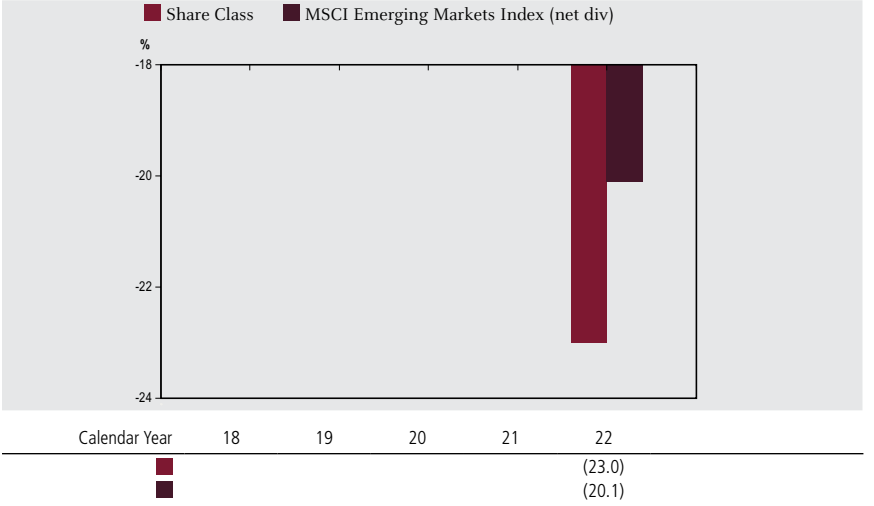
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in emerging markets equity securities.

- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




## Fund Benchmark

MSCI Emerging Markets Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## EMERGING MARKETS EQUITY RESEARCH FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.15% | 1.15% | 1.15% | n/a | 0.95% | 0.90% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.90% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **2.00%** | **2.75%** | **2.50%** | **2.00%** | **1.05%** | **0.95%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Class Z shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EURO CREDIT FUND | |
|---|---|

**Base Currency:** Euro (€)

**Launch Date:** 15 February 2019.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Relative Value-at-Risk (VaR) Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is total return, with an emphasis on current income but also considering capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in investment grade euro corporate and quasi-government debt instruments (i.e., denominated in, or hedged into, euros). The Fund may also invest in below investment grade debt instruments, government and government-related debt instruments, securitized instruments and non-euro debt instruments, including debt instruments of issuers in emerging markets. The Fund may invest a relatively large percentage of its assets in a small number of countries, or a particular geographic region.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund is expected to use derivatives extensively for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate, credit, or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund may use futures, forwards, options and swaps on eligible assets and indices as well as currencies. Some portion of the Fund's assets will be held in cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions) due to collateral requirements for the Fund's investments in derivatives, purchase and redemption activity, and other short term cash needs.

As part of the Management Company's risk-management process applicable to the Fund, the global exposure of the Fund is measured by a relative VaR approach, which limits the maximum VaR that the Fund can have relative to its benchmark (the Bloomberg Euro Aggregate Corporate Index (EUR)), as determined by the Management Company taking into account the Fund's investment policy and risk profile. Please refer to the Fund's Annual Report for the VaR limits calculated for the applicable financial year. The expected level

of leverage may vary between 0% and 275% (measured using the sum of the notional value of derivatives used by the Fund), based on the net asset value of the Fund. In addition, the Management Company supplementally monitors the expected level of leverage measured using the commitment approach, which may vary between 0% and 125% based on the net asset value of the Fund. Under certain circumstances , such as unusual market conditions or temporary operational factors, the level of leverage might exceed the ranges noted above.

Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty, or other entity, or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.

- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.

- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment debt instruments are regarded as having

predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.

- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.
- The Fund may have a net leveraged exposure of more than 100% of its net asset value. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses for the Fund. Leverage can cause increased volatility by magnifying gains or losses.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial

transactions are primarily in currencies other than the base currency of the Fund (EUR) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

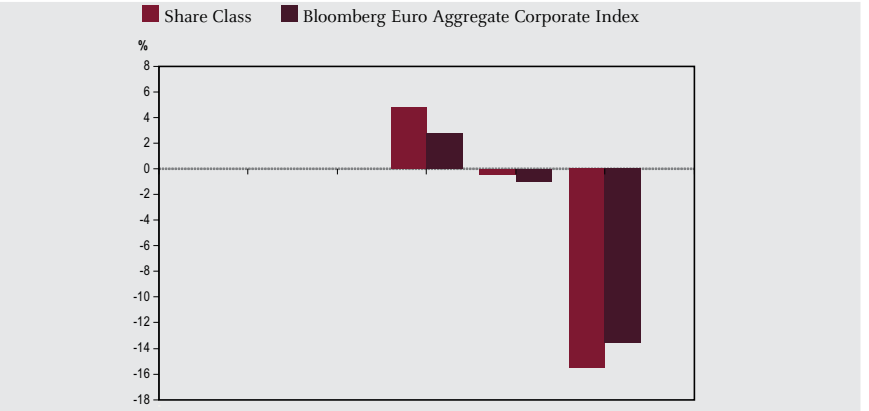
## Typical Investor Profile

- The Fund is intended for investors seeking total return with an emphasis on current income but also considering capital appreciation, through investment primarily in euro corporate debt instruments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|
| | | | 4.8 | (0.4) | (15.5) |
| | | | 2.8 | (1.0) | (13.6) |

## Fund Benchmark

Bloomberg Euro Aggregate Corporate Index (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.50% | 0.50% | 0.50% | n/a | 0.45% | 0.40% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.00% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.21%[3] | 0.21%[3] | 0.21%[3] | 0.21%[3] | 0.16%[3] | 0.11%[3] | 0.11%[3] |
| **Total Expense Ratio** | **1.21%** | **2.21%** | **1.71%** | **1.21%** | **0.61%** | **0.51%** | **0.11%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.20% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.15% annually of the average daily net assets of the Fund's Class W shares, and 0.10% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EUROPEAN CORE EQUITY FUND | |
|---|---|

**Base Currency:** Euro (€)

**Launch Date:** 1 October 2002.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in European equity securities. Some of the countries in Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies) or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmark, the MSCI Europe Index (EUR), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the section entitled "Risk Factors" for further details and risks with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets, including some of the countries in Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

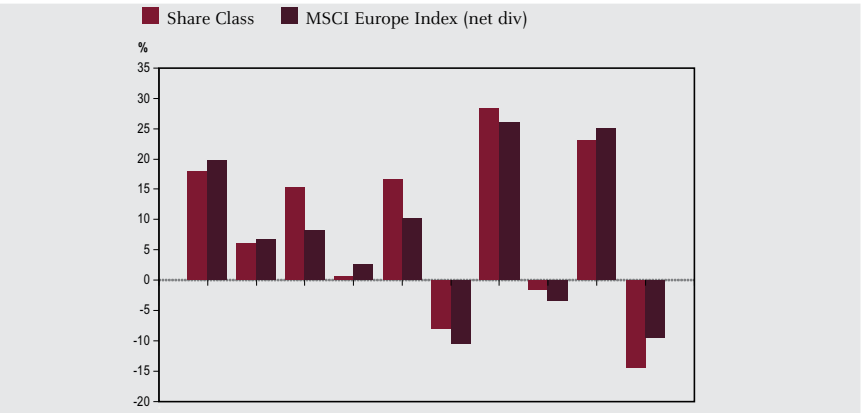
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in European equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 18.0 | 6.1 | 15.3 | 0.5 | 16.6 | (8.1) | 28.3 | (1.6) | 23.1 | (14.5) |
| ■ | 19.8 | 6.8 | 8.2 | 2.6 | 10.2 | (10.6) | 26.0 | (3.3) | 25.1 | (9.5) |

## Fund Benchmark

MSCI Europe Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 0.80% | 0.75% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.20%[3] | 0.15%[3] | 0.15%[3] |
| **Total Expense Ratio** | **2.05%** | **2.80%** | **2.55%** | **2.05%** | **1.00%** | **0.90%** | **0.15%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EUROPEAN RESEARCH FUND | |
|---|---|

**Base Currency:** Euro (€)

**Launch Date:** 12 March 1999.

**Distribution Frequency:** Quarterly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in European equity securities. Some of the countries in Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmark, the MSCI Europe Index (EUR), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.

- Exposure to emerging markets, including some of the countries in Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

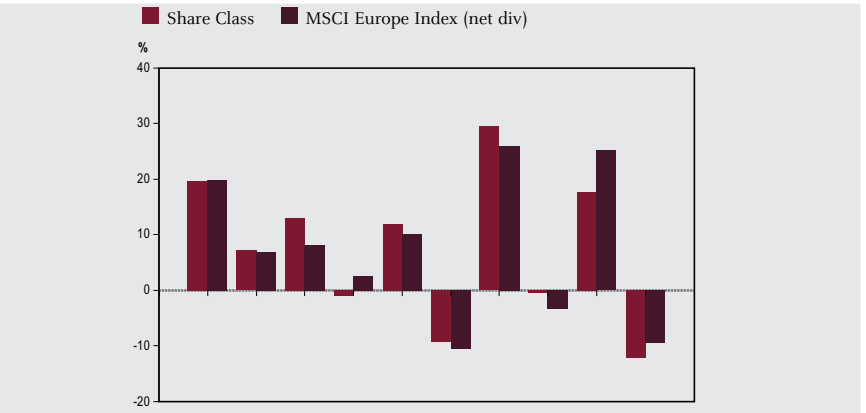
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in European equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 19.7 | 7.2 | 13.1 | (1.1) | 11.9 | (9.4) | 29.5 | (0.5) | 17.6 | (12.1) |
| ■ | 19.8 | 6.8 | 8.2 | 2.6 | 10.2 | (10.6) | 26.0 | (3.3) | 25.1 | (9.5) |

## Fund Benchmark

MSCI Europe Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 0.80% | 0.75% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.16%[3] | 0.18%[3] | 0.16%[3] | 0.12%[3] | 0.17%[3] | 0.15%[3] | 0.09%[3] |
| **Total Expense Ratio** | **1.96%** | **2.73%** | **2.46%** | **1.92%** | **0.97%** | **0.90%** | **0.09%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EUROPEAN SMALLER COMPANIES FUND | |
|---|---|

**Base Currency:** Euro (€)

**Launch Date:** 5 November 2001.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

*Effective as of the close of trading on November 16, 2015, the European Smaller Companies Fund is closed to new accounts and/or new investors, subject to certain exceptions. Existing investors (which held Shares directly or via a Financial Intermediary holding an account with the Fund) as of the close of business on November 13, 2015 can continue to make additional purchases and reinvest distributions in the Fund in any account that held Shares of the Fund as of such date. In addition, Fund Shares may continue to be purchased by the following:*

- *A Financial Intermediary that held the Fund in a discretionary model portfolio (i.e., where the model portfolio is managed by the financial intermediary) as of the close of business on November 13, 2015 may continue to purchase the Fund for new and existing discretionary clients of such model as well as add the Fund to new discretionary model portfolios. Approved or recommended lists are not considered model portfolios.*
- *Retirement or similar pension plans. Participants in a plan may not open a new account outside of the plan under this exception.*
- *A fund-of-funds that included the Fund as an underlying portfolio as of the close of business on November 13, 2015 may continue to purchase the Fund even if related investments are attributable to new underlying investors in the fund-of-funds. In addition, fund-of-funds' managers that included the Fund as an underlying fund in a fund-of-funds portfolio as of the close of business on November 13, 2015 may add the Fund to new fund-of-funds portfolios.*

*The Management Company reserves the right to make additional exceptions, reject any investment or limit the above exceptions, or close or re-open the Fund with immediate effect at any time without prior notice. The closing does not restrict you from redeeming Shares of the Fund.*

*Financial Intermediaries are responsible for enforcing these restrictions. The Management Company's ability to monitor Financial Intermediaries' enforcement of these restrictions is limited by operational systems and the cooperation of the Financial Intermediaries. In addition, with respect to omnibus accounts (accounts held in the name of the Financial Intermediary on behalf of multiple underlying shareholders), the Management Company's ability to monitor is also limited by the lack of information with respect to the underlying shareholder accounts.*

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in equity securities of European smaller companies. The Investment Manager generally defines smaller market capitalization issuers as issuers with market capitalizations similar to those of issuers included in the MSCI Europe Small Mid Cap Index, the Fund's benchmark, over the last 13 months at the time of purchase. Some of the countries in Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies) or in a combination of growth and value companies. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark is also indicated for performance comparison. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- The equity securities of small cap companies can be more volatile than equity securities of larger companies.
- Exposure to emerging markets, including some of the countries in Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

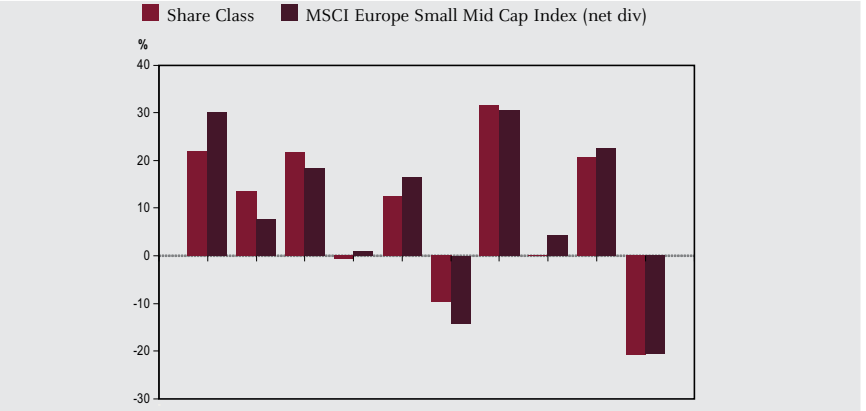
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of smaller European companies.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^ | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 22.0 | 13.5 | 21.8 | (0.6) | 12.6 | (9.8) | 31.6 | 0.1 | 20.7 | (20.8) |
| ■ | 30.0 | 7.8 | 18.5 | 0.8 | 16.4 | (14.3) | 30.6 | 4.4 | 22.6 | (20.7) |

^ *Performance for periods prior to 18 February 2013 reflects the performance of the fund's prior benchmark, MSCI European Small Cap Index (net div).*

## Fund Benchmark

MSCI Europe Small Mid Cap Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## EUROPEAN SMALLER COMPANIES FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 1.05% | 0.85% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.21%[3] | 0.20%[3] | 0.15%[3] | 0.15%[3] |
| **Total Expense Ratio** | **2.05%** | **2.80%** | **2.55%** | **2.01%** | **1.25%** | **1.00%** | **0.15%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| EUROPEAN VALUE FUND | |
|---|---|

**Base Currency:** Euro (€)

**Launch Date:** 1 October 2002.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

*Effective as of the close of trading on April 20, 2015, the European Value Fund is closed to new accounts and/or new investors, subject to certain exceptions. Existing investors (which held shares directly or via a Financial Intermediary holding an account with the Fund) as of the close of business on April 17, 2015 can continue to make additional purchases and reinvest distributions in the Fund in any account that held shares of the Fund as of such date. In addition, Fund Shares may continue to be purchased by the following:*

- *A Financial Intermediary that held the Fund in a discretionary model portfolio (i.e., where the model portfolio is managed by the financial intermediary) as of the close of business on April 17, 2015 may continue to purchase the Fund for new and existing discretionary clients of such model. Approved or recommended lists are not considered model portfolios.*
- *Retirement or similar pension plans that offered the Fund as of close of business on April 17, 2015 may open new participant accounts within the plan. Participants in a plan may not open a new account outside of the plan under this exception.*
- *A fund-of-funds that included the Fund as an underlying portfolio as of the close of business on April 17, 2015 may continue to purchase the Fund even if related investments are attributable to new underlying investors in the fund-of-funds.*

*The Management Company reserves the right to make additional exceptions, reject any investment or limit the above exceptions, or close or re-open the Fund with immediate effect at any time without prior notice. The closing does not restrict you from redeeming shares of the Fund.*

*Financial Intermediaries are responsible for enforcing these restrictions. The Management Company's ability to monitor Financial Intermediaries' enforcement of these restrictions is limited by operational systems and the cooperation of the Financial Intermediaries. In addition, with respect to omnibus accounts (accounts held in the name of the Financial Intermediary on behalf of multiple underlying shareholders), the Management Company's ability to monitor is also limited by the lack of information with respect to the underlying shareholder accounts.*

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in euros. The Fund invests primarily (at least 70%) in European equity securities. Some of the countries in Europe, primarily those in Eastern Europe, are currently considered emerging market economies. The Fund generally focuses its investments in companies it believes to be undervalued compared to their intrinsic value (value companies). The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmarks, the MSCI Europe Index (EUR) and MSCI Europe Value Index (EUR), are indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these

conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Europe and could be more volatile than the performance of more geographically-diversified funds.
- The equity securities of companies that the Investment Manager believes are undervalued compared to their intrinsic value can continue to be undervalued for long periods of time, not realize their expected value during certain stages of the market cycle and be more volatile than the market in general.
- Exposure to emerging markets, including some of the countries in Europe, primarily Eastern Europe, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (euro) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

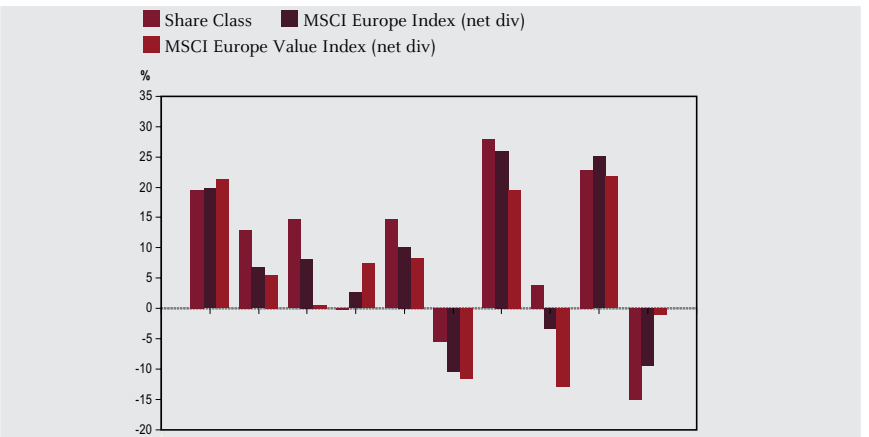
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in European equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – € Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 19.5 | 12.9 | 14.7 | (0.3) | 14.7 | (5.5) | 27.8 | 3.8 | 22.8 | (15.1) |
| | 19.8 | 6.8 | 8.2 | 2.6 | 10.2 | (10.6) | 26.0 | (3.3) | 25.1 | (9.5) |
| | 21.3 | 5.6 | 0.6 | 7.4 | 8.3 | (11.6) | 19.6 | (12.9) | 21.8 | (1.1) |

## Fund Benchmarks

*Primary Benchmark:* MSCI Europe Index (net div) (EUR)

*Secondary Benchmark:* MSCI Europe Value Index (net div) (EUR)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | n/a | 1.05% | 0.85% | ‡ |
| Distribution Fees[1] | 0.75% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | 1.80% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.15%[3] | 0.11%[3] | 0.11%[3] | 0.20%[3] | 0.09%[3] | 0.07%[3] |
| **Total Expense Ratio** | **1.95%** | **2.41%** | **1.91%** | **1.25%** | **0.94%** | **0.07%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL CONCENTRATED FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The Fund focuses its investments in equity securities of companies located in developed market countries. The Fund generally invests in 50 or fewer companies. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund generally focuses its investments in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the MSCI World Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of large cap companies can underperform the overall equity market.
- Because the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance will be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

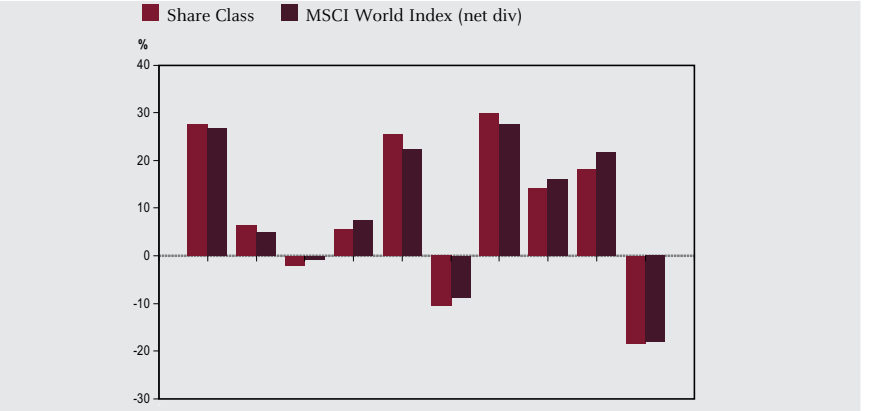
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 27.5 | 6.4 | (2.0) | 5.5 | 25.6 | (10.5) | 29.9 | 14.3 | 18.1 | (18.5) |
| ■ | 26.7 | 4.9 | (0.9) | 7.5 | 22.4 | (8.7) | 27.7 | 15.9 | 21.8 | (18.1) |

## Fund Benchmark

MSCI World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL CONCENTRATED FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 1.15% | 1.15% | 1.15% | n/a | 1.15% | 0.95% | 1.15% | ‡ |
| Distribution Fees[1] . . . . . | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.90% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.25%[3] | 0.20%[3] | 0.11%[3] | n/a | 0.11%[3] |
| **Total Expense Ratio . . . . . .** | **2.05%** | **2.80%** | **2.55%** | **2.15%** | **1.35%** | **1.06%** | **1.00%[4]** | **0.11%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL CREDIT FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 22 December 2009.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Relative Value-at-Risk or "VaR"

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is total return, with an emphasis on current income, but also considering capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in debt instruments. The Fund generally focuses its investments in investment grade corporate debt instruments of issuers located in developed countries, but may also invest in below investment grade debt instruments, government and government-related debt instruments, and debt instruments of issuers located in emerging markets. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries, or a particular geographic region.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund is expected to use derivatives extensively for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund may use futures, forwards, options and swaps on eligible assets and indices as well as currencies. Some portion of the Fund's assets will be held in cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions) due to collateral requirements for the Fund's investments in derivatives, purchase and redemption activity, and other short-term cash needs.

As part of the Management Company's risk-management process applicable to the Fund, the global exposure of the Fund is measured by a relative VaR approach, which limits the maximum VaR that the Fund can have relative to its benchmark (the Bloomberg Global Aggregate Credit Index (USD)), as determined by the Management Company taking into account the Fund's investment policy and risk profile. Please refer to the Fund's Annual Report for the VaR limits calculated for the applicable financial year. The expected level of leverage may vary between 0% and 275% (measured using the sum of the notional value of derivatives used by the Fund), based on the net asset value of the Fund. In

addition, the Management Company supplementally monitors the expected level of leverage measured using the commitment approach, which may vary between 0% and 125% based on the net asset value of the Fund. Under certain circumstances, such as unusual market conditions or temporary operational factors, the level of leverage might exceed the ranges noted above.

Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default and may also increase liquidity risk for the Fund, which can cause the value of such instrument to significantly decline and result in losses to the Fund.

- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.

- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.

- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors

can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.

- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- The Fund may have a net leveraged exposure of more than 100% of its net asset value. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses for the Fund. Leverage can cause increased volatility by magnifying gains or losses.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

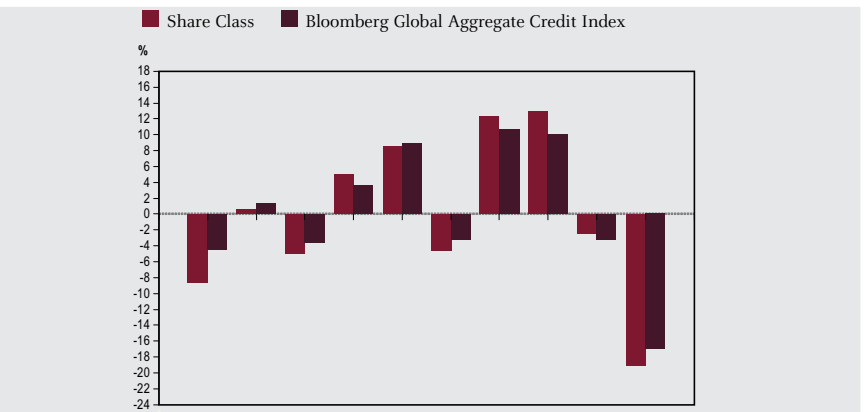
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment primarily in debt instruments of issuers located in developed countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^ | 14^ | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | (8.6) | 0.6 | (5.0) | 5.0 | 8.6 | (4.6) | 12.3 | 13.0 | (2.5) | (19.1) |
| ■ | (4.5) | 1.4 | (3.6) | 3.7 | 8.9 | (3.2) | 10.7 | 10.0 | (3.2) | (17.0) |

^ *Performance for periods prior to 31 October 2014 reflects different investment policies and the performance of the fund's prior benchmark, JPMorgan Global Government Bond Index (Unhedged).*

## Fund Benchmark

Bloomberg Global Aggregate Credit Index (USD)

Strategy-Hedged Share Classes only: Bloomberg Global Aggregate Credit Index (USD Hedged)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.55% | 0.55% | 0.55% | n/a | 0.50% | 0.45% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.05% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.20%** | **2.20%** | **1.70%** | **1.20%** | **0.60%** | **0.50%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL EQUITY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 12 March 1999.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green”)

## Investment Objective and Policy

The Fund’s objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies,) or in a combination of growth and value companies. The Fund generally focuses its investments in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund’s assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund’s objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund’s investment objective or for investment purposes.

The Fund’s benchmark, the MSCI World Index (USD), is indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled “General Information Regarding Investment Policies and Instruments,” “Techniques and Instruments” and “Risk Factors” for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of large cap companies can underperform the overall equity market.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

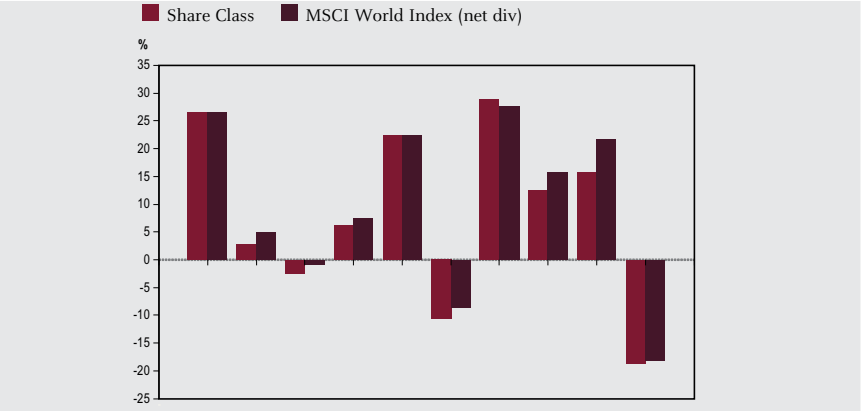
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 26.5 | 2.7 | (2.5) | 6.2 | 22.5 | (10.7) | 29.0 | 12.5 | 15.9 | (18.7) |
| ■ | 26.7 | 4.9 | (0.9) | 7.5 | 22.4 | (8.7) | 27.7 | 15.9 | 21.8 | (18.1) |

## Fund Benchmark

MSCI World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL EQUITY FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 1.05% | 1.05% | 1.05% | n/a | 1.05% | 0.85% | 1.05% | ‡ |
| Distribution Fees[1] . . . . . | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.13%[3] | 0.11%[3] | 0.11%[3] | 0.25%[3] | 0.16%[3] | 0.09%[3] | n/a | 0.07%[3] |
| **Total Expense Ratio . . . . . .** | **1.93%** | **2.66%** | **2.41%** | **2.05%** | **1.21%** | **0.94%** | **1.00%[4]** | **0.07%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL EQUITY INCOME FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 22 September 2015.

**Distribution Frequency:** Quarterly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's investment objective is to seek total return through a combination of current income and capital appreciation, measured in US dollars. The Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The Fund normally primarily invests in income-producing equity securities. The Fund invests the majority of its assets in dividend-paying common stocks, but may invest in other types of income-producing securities, including convertible securities, preferred stocks and equity interests in closed-ended real estate investment trusts (REITs) or equity securities of companies principally engaged in the real estate industry. The Fund may also invest in non-income-producing equity securities.

In selecting investments for the Fund, the Investment Manager is not constrained to any particular investment style. The Fund may invest its assets in the equity securities of companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the equity securities of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund generally focuses in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of countries and/or a particular geographic region.

The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes although it may use derivatives for hedging, to increase exposure to securities or to manage currency exposure.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex.

The Investment Manager uses a bottom-up approach to buying and selling investments for the Fund. Investments are selected primarily based on blending fundamental and quantitative research. The Investment Manager uses fundamental analysis of individual issuers and their potential in light of their financial condition, and market, economic, political, and regulatory conditions to determine a fundamental rating for an issuer. Factors considered may

include analysis of an issuer's earnings, cash flows, competitive position and management ability. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis. The Investment Manager uses quantitative analysis, including quantitative models that systematically evaluate an issuer's valuation, price and earnings momentum, earnings quality, and other factors to determine a quantitative rating for an issuer. The Investment Manager combines the fundamental rating with the quantitative rating to create a blended rating for an issuer. When the Investment Manager's fundamental rating is not available, the Investment Manager treats the issuer as having a neutral fundamental rating. The Investment Manager constructs the portfolio using a portfolio optimization process that considers the blended rating as well as issuer, industry, and sector weightings, market capitalization, measures of expected volatility of the Fund's returns (e.g., predicted beta and predicted tracking error) and other factors. The portfolio managers have the discretion to adjust the inputs and parameters used in the optimization process and the Fund's portfolio holdings based on factors such as the desired portfolio characteristics and the portfolio managers' qualitative assessment of the optimization results. Third party quantitative risk models are used in the portfolio construction process.

The Fund's benchmark, the MSCI All Country World Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security,

issuers within a broad market sector, industry or geographic region, or the market in general.

- The equity securities of large cap companies can underperform the overall equity market.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent that the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions prevailing in that region.
- Convertible securities are subject to the risks of equity securities and debt instruments. The price of a convertible security may change in response to changes in the price of the underlying equity security, the credit quality of the issuer, and interest rates. In general, the price of a convertible security falls when interest rates rise and rises when interest rates fall. Convertible securities are more subject to the risks of equity securities when the underlying equity security price is near or higher than the conversion price and debt instruments when the underlying equity price is lower than the conversion price. A convertible security generally has less potential for gain or loss than the underlying equity security.
- The risks of investing in REITs include certain risks associated with the direct ownership of real estate and the real estate industry in general. REITs are affected by general, regional, and local economic conditions; difficulties in valuing and disposing of real estate; fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulations, and other governmental action; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; and other factors. Many real estate-related issuers, including REITs, utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect the issuer's operations and market value in periods of rising interest rates. The securities of smaller real estate-related issuers can be more volatile and less liquid than securities of larger issuers and their issuers can have more limited financial resources.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can

be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- The Fund's strategy to blend fundamental and quantitative research may not produce the intended results. In addition, the Investment Manager's fundamental research is not available for all issuers.
- The Investment Manager's investment analysis, its development and use of quantitative models, and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. The quantitative models used by the Investment Manager (both proprietary and third-party) may not produce the intended results for a variety of reasons, including the factors used in the models, the weight placed on each factor in the models, changes from the market factors' historical trends, changing sources of market return or market risk, and technical issues in the design, development, implementation, application and maintenance of the models (e.g., incomplete, outdated or inaccurate data, programming or other software issues, coding errors and technology failures). In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

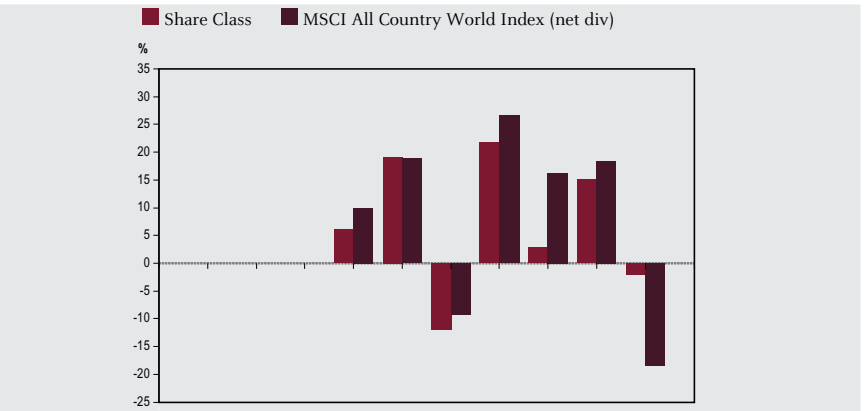
- The Fund is intended for investors seeking total return through a combination of current income and capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.

- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16^ | 17^ | 18^ | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 6.0 | 19.2 | (12.0) | 21.8 | 2.9 | 15.1 | (2.1) |
| | | | | 10.0 | 18.9 | (9.4) | 26.6 | 16.3 | 18.5 | (18.4) |

^ *Performance for periods prior to 1 January 2018 reflects the performance of the fund's prior benchmark, MSCI All Country World High Dividend Yield Index (net div).*

## Fund Benchmark

MSCI All Country World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.70% | 0.70% | 0.70% | n/a | 0.60% | 0.55% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.45% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.25%[3] | 0.20%[3] | 0.15%[3] | 0.15%[3] |
| **Total Expense Ratio** | **1.70%** | **2.45%** | **2.20%** | **1.70%** | **0.80%** | **0.70%** | **0.15%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL HIGH YIELD FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 1 July 1997.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is total return, with an emphasis on high current income but also considering capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in below investment grade debt instruments of issuers located in developed and emerging market countries. The Fund generally focuses its investments in corporate debt instruments, but may also invest in government or government related or other non-corporate debt instruments. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the ICE BofA Global High Yield - Constrained Index (USD Hedged), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

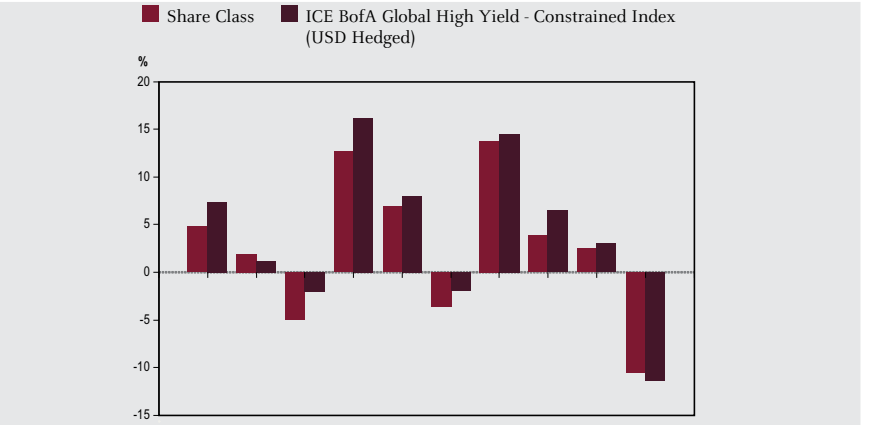
## Typical Investor Profile

- The Fund is intended for investors seeking total return with an emphasis on high current income while also considering capital appreciation through investment primarily in below investment grade debt instruments of issuers located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^ | 14^ | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 4.8 | 1.9 | (5.0) | 12.7 | 6.9 | (3.6) | 13.8 | 3.9 | 2.5 | (10.6) |
| ■ | 7.4 | 1.2 | (2.0) | 16.2 | 8.0 | (1.9) | 14.5 | 6.5 | 3.0 | (11.4) |

*^ Performance for periods prior to 31 October 2014 reflects the performance of the fund's prior benchmark, Bloomberg U.S. Corporate High-Yield 2% Issuer Capped Index.*

## Fund Benchmark

ICE BofA Global High Yield - Constrained Index (USD Hedged)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL HIGH YIELD FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.75% | 0.75% | 0.75% | n/a | 0.60% | 0.55% | 0.75% | ‡ |
| Distribution Fees[1] . . . . . | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.25% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.19% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **1.40%** | **2.40%** | **1.90%** | **1.40%** | **0.70%** | **0.60%** | **0.94%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N, and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL INTRINSIC VALUE FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 15 February 2019.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green”)

## Investment Objective and Policy

The Fund’s objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily in (at least 70%) equity securities. The Fund focuses its investments in equity securities of companies located in developed market countries, but may also invest in equity securities of companies located in emerging market countries. The Fund generally focuses its investments in companies it believes to be undervalued compared to their intrinsic value. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund’s assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund’s objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund’s investment objective or for investment purposes.

The Fund’s benchmark, the MSCI World Index (USD), is indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled “General Information Regarding Investment Policies and Instruments,” “Techniques and Instruments” and “Risk Factors” for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security ca n decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of companies that the Investment Manager believes are undervalued compared to their intrinsic value can continue to be undervalued for long periods of time, not realize their expected value during certain stages of the market cycle and be more volatile than the market in general.
- Exposure to emerging markets, can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the

fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

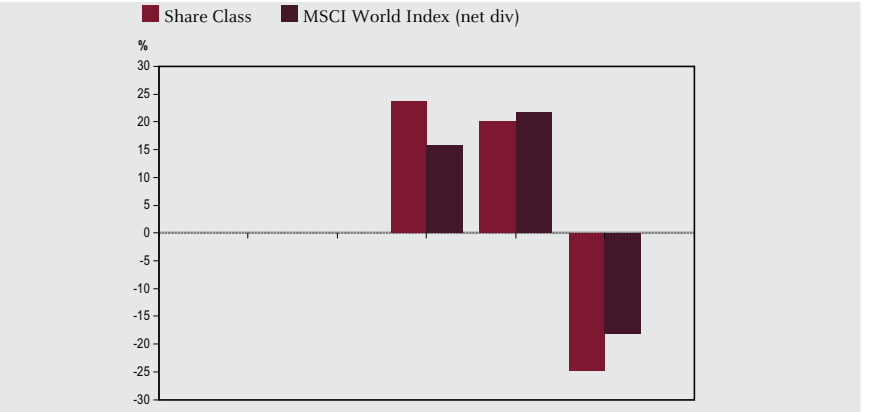
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|
| | | | 23.8 | 20.0 | (24.7) |
| | | | 15.9 | 21.8 | (18.1) |

## Fund Benchmark

MSCI World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL INTRINSIC VALUE FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL NEW DISCOVERY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 2 December 2020.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies,) or in a combination of growth and value companies. The Fund generally focuses its investments in companies with small to medium market capitalizations, but may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the MSCI All Country World Small Mid Cap Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of small and medium cap companies can be more volatile than equity securities of larger companies.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take positions that are positively or negatively correlated to the value of the underlying indicator(s) on which the derivative is based. Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries with small to medium capitalizations.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.

| Calendar Year | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|
| ■ | | | | 10.9 | (27.7) |
| ■ | | | | 16.2 | (18.7) |

## Fund Benchmark

MSCI All Country World Small Mid Cap Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.85% | 0.80% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.95%** | **0.85%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL OPPORTUNISTIC BOND FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 12 July 2016.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Relative Value-at-Risk (VaR) Approach

**SFDR Classification:** Article 8 (“Light Green")

## Investment Objective and Policy

The Fund’s objective is total return, measured in U.S. dollars. The Fund will invest primarily (at least 70%) in debt instruments. The Fund normally focuses its investments in issuers located in developed markets, but may also invest in issuers located in emerging markets. The Fund will invest in corporate and government issuers, mortgage-backed securities and other securitized instruments as well as investment grade and below investment grade debt instruments. The Fund may invest a relatively large percentage of its assets in a small number of countries, or a particular geographic region.

In pursuing the Fund’s objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund is expected to use derivatives extensively for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate, credit, or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. Some portion of the Fund’s assets will be held in cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions) due to collateral requirements for the Fund’s investments in derivatives, purchase and redemption activity, and other short term cash needs. The Fund may invest up to 15% of net assets in securities traded on the China Interbank Bond Market.

As part of the Management Company’s risk-management process applicable to the Fund, the global exposure of the Fund is measured by a relative VaR approach, which limits the maximum VaR that the Fund can have relative to its benchmark (the Bloomberg Global Aggregate Index (USD Hedged)), as determined by the Management Company taking into account the Fund’s investment policy and risk profile. Please refer to the Fund’s Annual Report for the VaR limits calculated for the applicable financial year. The expected level

of leverage may vary between 0% and 400% (measured using the sum of the notional value of derivatives used by the Fund), based on the net asset value of the Fund. In addition, the Management Company supplementally monitors the expected level of leverage measured using the commitment approach, which may vary between 0% and 200% based on the net asset value of the Fund. Under certain circumstances, such as unusual market conditions or temporary operational factors, the level of leverage might exceed the ranges noted above.

Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having

predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests

- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region

- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.

- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.

- The Fund may have a net leveraged exposure of more than 100% of its net asset value. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses for the Fund. Leverage can cause increased volatility by magnifying gains or losses.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

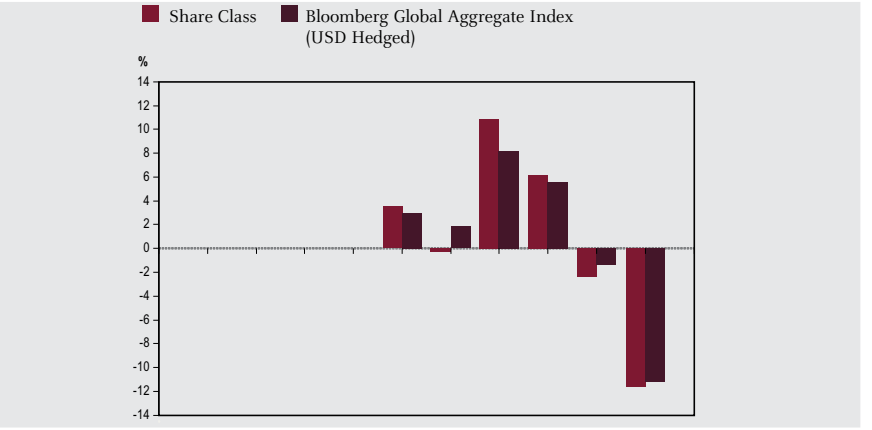
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment in investment grade and below investment grade government and corporate bonds, mortgage-backed securities and other securitized instruments and who understand and are comfortable with the risks and returns from a strategy which uses derivatives to adjust the risk profile of the Fund.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 3.5 | (0.3) | 10.9 | 6.2 | (2.4) | (11.6) |
| | | | | | 3.0 | 1.8 | 8.2 | 5.6 | (1.4) | (11.2) |

## Fund Benchmark

Bloomberg Global Aggregate Index (USD Hedged)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL OPPORTUNISTIC BOND FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.55% | 0.55% | 0.55% | n/a | 0.50% | 0.45% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.05% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.10%[3] | 0.10%[3] |
| **Total Expense Ratio** | **1.20%** | **2.20%** | **1.70%** | **1.20%** | **0.65%** | **0.55%** | **0.10%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N, P and W shares and 0.10% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL RESEARCH FOCUSED FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The Investment Manager generally manages the Fund to maintain allocations across sectors that are similar to the Fund's index, the MSCI All Country World Index (USD). The benchmark does not otherwise limit investment selection. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

In addition to guiding sector allocation, the Fund's benchmark is also indicated for performance comparison. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

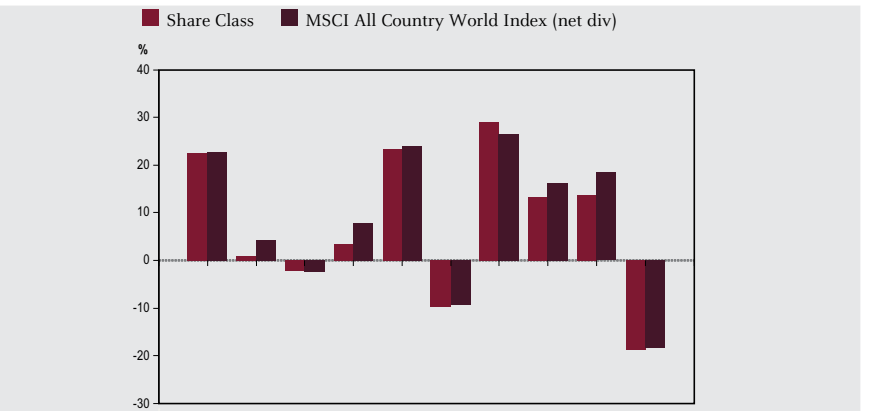
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of companies located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13† | 14† | 15† | 16† | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 22.5 | 1.0 | (2.1) | 3.3 | 23.3 | (9.7) | 29.1 | 13.2 | 13.7 | (18.8) |
| ■ | 22.8 | 4.2 | (2.4) | 7.9 | 24.0 | (9.4) | 26.6 | 16.3 | 18.5 | (18.4) |

*† Performance for periods prior to 29 June 2016 reflects different investment policies.*

## Fund Benchmark

MSCI All Country World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | 1.00% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | n/a | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **1.00%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL STRATEGIC EQUITY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 18 May 2022.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in equity securities. The Fund focuses its equity investments in developed market equity securities, but may also invest in emerging market equity securities. The Fund generally invests in 50 or fewer companies.

The Fund generally focuses its investments in companies it believes to have above average earnings growth potential compared to other companies (growth companies). The Fund generally focuses its investments in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmark, the MSCI All Country World Index (net div) (USD) , is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of large cap companies can underperform the overall equity market.
- Because the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance will be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar

investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in equity securities of 50 or fewer companies focusing on developed market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The Fund is newly established. Performance history and average annual returns for a full calendar year are not available.

## Fund Benchmark

MSCI All Country World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL STRATEGIC EQUITY FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| GLOBAL TOTAL RETURN FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Distribution Frequency:** Quarterly or annually, depending on selected share class

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is total return, measured in U.S. dollars. The Fund invests in a combination of equity securities and debt instruments of issuers located in developed and emerging market countries. Historically the Fund has invested approximately 60% of its assets in equity securities and 40% of its assets in debt instruments, but these allocations may vary generally between 50% and 75% in equity securities and 25% and 50% in debt instruments. The Fund generally focuses its equity investments in larger companies it believes to be undervalued compared to their perceived worth (value companies), and normally invests a portion of its assets in income-producing equity securities. Equity investments are selected primarily based on fundamental analysis of individual issuers and instruments, which may consider quantitative screening tools. A segment of equity investments is selected based on blending the results of fundamental analysis of individual issuers, and quantitative research based on models that systematically evaluate issuers. For this segment, the Investment Manager combines the fundamental rating with the quantitative rating to create a blended rating for an issuer. When Investment Manager's fundamental rating is not available, the Investment Manager treats the issuer as having a neutral fundamental rating.

The Fund generally focuses its debt investments in corporate, government and mortgage-backed debt instruments. The Fund invests substantially all of its debt investments in investment grade debt instruments. The Fund may invest a relatively large percentage of the Fund's assets in a small number of countries and/or a particular geographic region.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's custom blended benchmark is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objective and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.

- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.

- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.

- The equity securities of large cap companies can underperform the overall equity market.
- The equity securities of value companies can continue to be undervalued for long periods of time, not realize their expected value during certain stages of the market cycle and can be more volatile than the market in general.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- To the extent the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in that region.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis, its development and use of quantitative models, and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. MFS' strategy to blend fundamental and quantitative research for a segment of the equity portion of the fund may not produce the intended results. The quantitative models used by the Investment Manager (both proprietary and third-party) may not produce the intended results for a variety of reasons, including the factors used in the models, the weight placed on each factor in the models, changes from the market factors' historical trends, changing sources of market return or market risk, and technical issues in the design, development,

implementation, application and maintenance of the models (e.g., incomplete, outdated or inaccurate data, programming or other software issues, coding errors and technology failures). In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- The Fund's strategy to blend fundamental and quantitative research for a segment of its equity investments may not produce the intended results. In addition, the Investment Manager's fundamental research is not available for all issuers.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

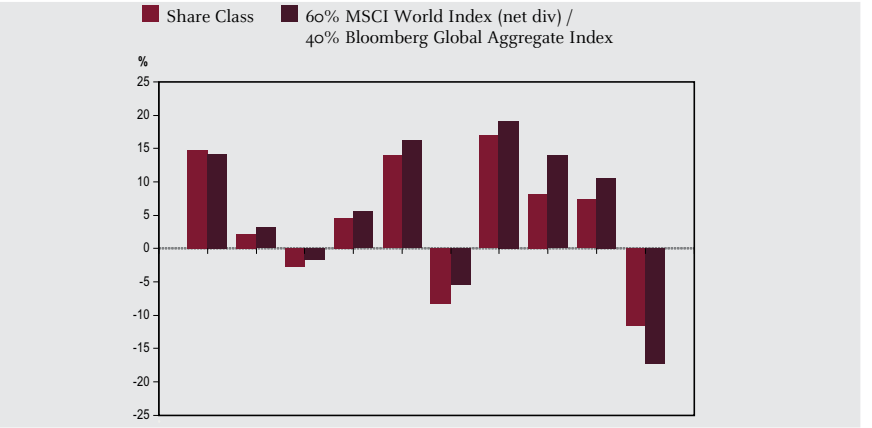
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment in a combination of equity securities and debt instruments of issuers located in developed and emerging market countries.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 14.8 | 2.2 | (2.7) | 4.6 | 13.9 | (8.3) | 17.0 | 8.2 | 7.4 | (11.6) |
| ■ | 14.2 | 3.2 | (1.6) | 5.5 | 16.2 | (5.5) | 19.1 | 13.9 | 10.6 | (17.2) |

## Fund Benchmark

60% MSCI World Index (net div) / 40% Bloomberg Global Aggregate Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## GLOBAL TOTAL RETURN FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 1.05% | 0.75% | 1.05% | ‡ |
| Distribution Fees[1] | 0.65% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.70% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.13%[3] | 0.13%[3] | 0.25%[3] | 0.18%[3] | 0.15%[3] | n/a | 0.09%[3] |
| **Total Expense Ratio** | **1.95%** | **2.68%** | **2.43%** | **1.95%** | **1.23%** | **0.90%** | **1.00%[4]** | **0.09%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| INFLATION-ADJUSTED BOND FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Distribution Frequency:** At least quarterly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is total return that exceeds the rate of inflation as measured in the U.S. over the long term, measured in U.S. dollars. The Fund invests primarily (at least 70%) in inflation-adjusted debt instruments. The Fund invests primarily in U.S. Treasury inflation-adjusted debt instruments, but may also invest in (i) inflation-linked swaps, (ii) inflation-adjusted debt instruments issued by other U.S. and foreign government and corporate entities and (iii) non-inflation-adjusted debt instruments, including corporate bonds and securitized instruments. The Fund invests substantially all of its assets in investment grade debt instruments. The Fund may invest a relatively large percentage of its assets in a small number of issuers. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the Bloomberg U.S. Treasury Inflation Protected Securities Index (USD), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant, however, factors such as a low volatility environment, high correlation among issuers or lack of attractive investment opportunities outside the benchmark may limit the Fund's ability to achieve performance differentiation versus the benchmark for a given period.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- Because the Fund focuses its investments on U.S. Treasury inflation-adjusted debt instruments, the Fund's performance will be closely tied to that one issuer, and could be more volatile than the performance of more diversified funds.
- Interest payments on inflation-adjusted debt instruments can be unpredictable and vary based on the level of inflation. If inflation is negative, principal and income can both decline.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying

indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

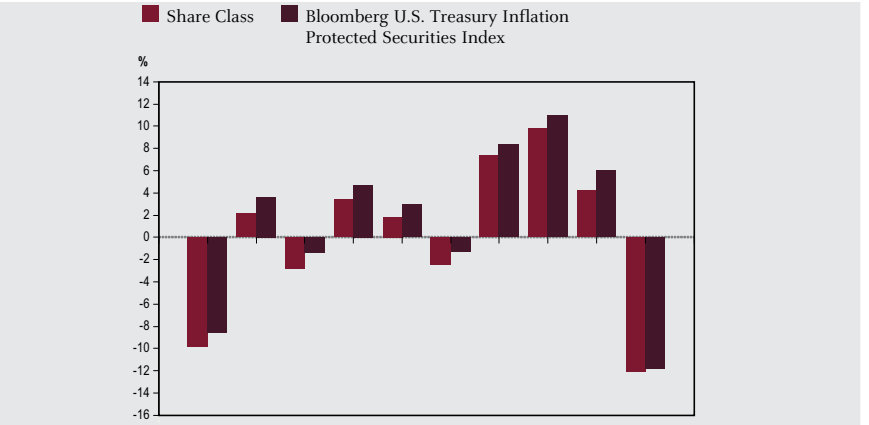
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment primarily in inflation-adjusted debt instruments, but also in non-inflation-adjusted debt instruments, including corporate bonds and securitized instruments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | (9.8) | 2.2 | (2.8) | 3.4 | 1.8 | (2.4) | 7.4 | 9.8 | 4.2 | (12.1) |
| | (8.6) | 3.6 | (1.4) | 4.7 | 3.0 | (1.3) | 8.4 | 11.0 | 6.0 | (11.8) |

## Fund Benchmark

Bloomberg U.S. Treasury Inflation Protected Securities Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## INFLATION-ADJUSTED BOND FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.50% | 0.50% | 0.50% | n/a | 0.50% | 0.45% | 0.50% | ‡ |
| Distribution Fees[1] . . . . . | 0.40% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 0.90% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.05%[3] | 0.16% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **0.98%** | **2.08%** | **1.58%** | **0.98%** | **0.58%** | **0.50%** | **0.66%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.08% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| JAPAN EQUITY FUND | |
|---|---|

**Base Currency:** Japanese Yen (¥)

**Launch Date:** 1 August 2007.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in Japanese yen. The Fund invests primarily (at least 70%) in Japanese equity securities. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the MSCI Japan Index (net div) (JPY), is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in Japan and could be more volatile than the performance of more geographically-diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (JPY) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

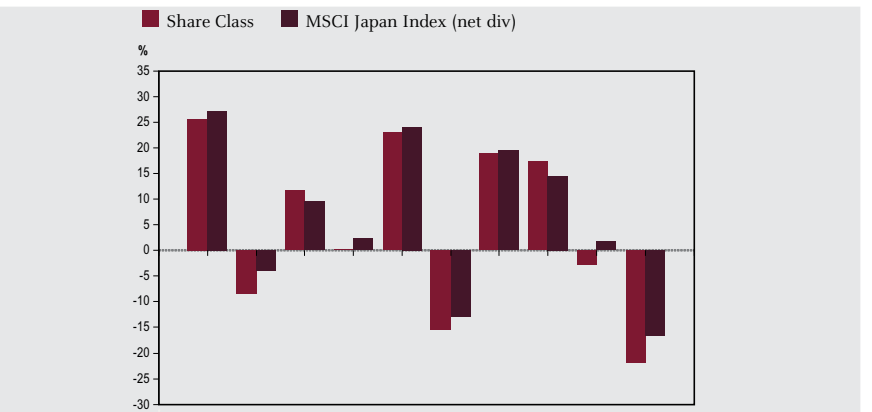
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in Japanese equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13† | 14† | 15† | 16† | 17† | 18† | 19† | 20† | 21† | 22† |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 25.7 | (8.6) | 11.7 | 0.2 | 22.9 | (15.5) | 18.9 | 17.3 | (2.7) | (22.0) |
| ■ | 27.2 | (4.0) | 9.6 | 2.4 | 24.0 | (12.9) | 19.6 | 14.5 | 1.7 | (16.6) |

*† Performance for periods prior to 7 June 2022 reflects different investment policies.*

## Fund Benchmark

MSCI Japan Index (net div) (JPY)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| LIMITED MATURITY FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green")

## Investment Objective and Policy

The Fund’s objective is total return, with an emphasis on current income but also considering capital preservation, measured in U.S. dollars. The Fund invests primarily in debt instruments issued in U.S. dollars, including U.S. and non-U.S. corporate, government, and mortgage-backed securities and other securitized instruments. The Fund invests substantially all of its assets in investment grade debt instruments. The average maturity of the Fund’s investments (taking into account features of the investments that are expected to shorten an investment’s maturity such as prepayments) will generally not exceed five years.

In pursuing the Fund’s objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund’s investment objective or for investment purposes.

The Fund’s benchmark, the Bloomberg 1-3 Year U.S. Government / Credit Bond Index (USD), is indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- During periods of low or negative interest rates, the Fund's ability to earn income on its investments will be reduced. If the annual ongoing charges of a Class are greater than income, this may result in losses to investors in the Class as a result of a decline in net asset value, and no distributions will be paid to investors in the Class. Low or negative interest rates may persist for an extended period of time.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the currency of a Fund share class, changes in

currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

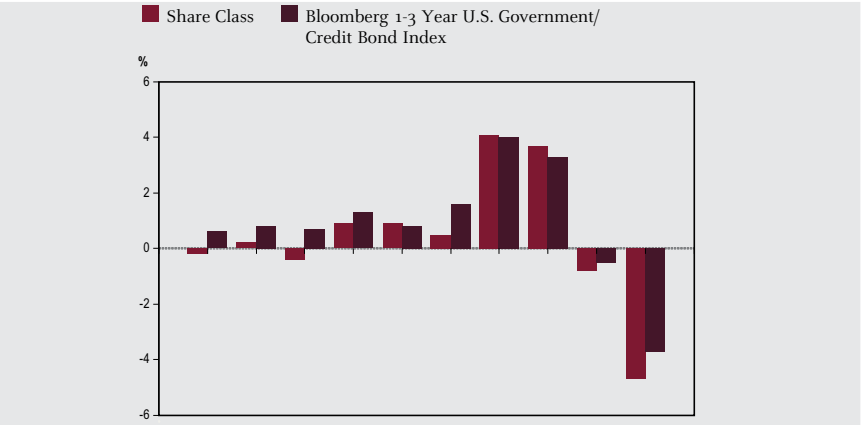
## Typical Investor Profile

- The Fund is intended for investors seeking total return while also considering capital preservation through investment primarily in debt instruments issued in U.S. dollars, including U.S. and non-U.S. corporate, government, and mortgage-backed debt instruments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | (0.2) | 0.2 | (0.4) | 0.9 | 0.9 | 0.5 | 4.1 | 3.7 | (0.8) | (4.7) |
| ■ | 0.6 | 0.8 | 0.7 | 1.3 | 0.8 | 1.6 | 4.0 | 3.3 | (0.5) | (3.7) |

## Fund Benchmark

Bloomberg 1-3 Year U.S. Government / Credit Bond Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## LIMITED MATURITY FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.60% | 0.60% | 0.60% | n/a | 0.50% | 0.45% | 0.60% | ‡ |
| Distribution Fees[1] . . . . . | 0.40% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.00% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.15%[3] | 0.14%[3] | 0.14%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.10% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **1.15%** | **2.24%** | **1.74%** | **1.15%** | **0.60%** | **0.50%** | **0.70%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| MANAGED WEALTH FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 22 September 2015.

**Methodology to Calculate Global Exposure:** Absolute Value-at-Risk ("VaR") Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's investment objective is to seek total return measured in U.S. dollars. The Fund seeks to generate returns by (i) investing in individual securities, normally focusing on equity securities of companies in developed and emerging markets, and (ii) using a tactical asset allocation overlay primarily using derivative instruments to seek to decrease the volatility of the Fund's returns relative to the global equity markets as represented by the MSCI World Index (net div), by reducing the Fund's exposure to the equity and/or currency markets associated with the investments held in the Fund's portfolio and also to potentially expose the Fund to asset classes and/or markets in which the Fund has little or no exposure (e.g., below-investment-grade debt instruments). In addition, the Fund may seek to limit its exposure to certain extreme market events.

In selecting individual investments for the Fund, the Fund normally focuses its investments in U.S. equity securities, but will also invest in non-U.S. equity securities, including emerging markets securities. The Fund generally focuses its equity investments in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in the equity securities of companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

In selecting individual investments, the Fund may also use derivatives for different purposes (hedging or investment), to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. Some portion of the Fund's assets typically will be held in cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions), due to collateral requirements for the Fund's investments in derivatives, purchase and redemption activity, and other short term cash needs. It is expected that the Fund will

generally have lower volatility than the overall equity market and will generally underperform the equity markets during periods of rising equity markets.

After taking into account the tactical asset allocation overlay, the Fund's total market exposure will normally be between 10% and 90% of the Fund's assets. (The Fund's total market exposure includes the Fund's exposure to the equity market through its portfolio investments and exposure to any other markets through the tactical overlay.) When the Investment Manager's assessment of the relative attractiveness of asset classes and markets is neutral, the Fund's exposure to the equity market is expected to be approximately 50% of the Fund's assets. The Fund's tactical asset allocation process will typically make extensive use of derivatives.

As part of the Management Company's risk-management process applicable to the Fund, the global exposure of the Fund is measured by the absolute VaR approach, which limits the maximum VaR that the Fund can have relative to its net asset value, as determined by the Management Company taking into account the Fund's investment policy and risk profile. Please refer to the Fund's Annual Report for the VaR limits calculated for the applicable financial year. The expected level of leverage may vary between 0% and 200% (measured using the sum of the notional value of derivatives used by the Fund), based on the net asset value of the Fund. In addition, the Management Company supplementally monitors the expected level of leverage measured using the commitment approach, which may vary between 0% and 100% based on the net asset value of the Fund. Under certain circumstances, such as unusual market conditions or temporary operational factors, the level of leverage might exceed the ranges noted above.

In light of the Fund's principal investment strategies, the Investment Manager believes it is reasonable to compare the Fund's performance (net of Fund expenses) over a full market cycle relative to the performance of (i) the MSCI World Index (net div) and (ii) the ICE BofA 0-3 Month U.S. Treasury Bill Index (USD) plus 2% to 4%. The Investment Manager does not seek to achieve a specific rate of return in managing the Fund and there is no assurance that the Fund will outperform these indices over the long term or for any year or period of years. The Fund's benchmarks are indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The Fund's strategy to use a tactical asset allocation overlay to reduce its exposure to the equity and/or currency markets and to potentially expose the Fund to asset classes and/or markets in which the portfolio has little or no exposure may not produce the intended results. There is no assurance that the Fund will be less volatile than the overall equity market over the long term or for any year or period of years. In addition, the strategies the Investment Manager may implement to limit the Fund's exposure to certain extreme market events may not work as intended, and the costs associated with such strategies will reduce the Fund's returns. It is expected that the Fund will generally underperform the equity markets during periods of strong, rising equity markets.
- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty, or other entity, or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.

- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses for the Fund. Leverage can cause increased volatility by magnifying gains or losses.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Transactions involving a counterparty or third party other than the issuer of the instrument are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction.
- The Investment Manager's investment analysis, its development and use of quantitative models, and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. The quantitative models used by the Investment Manager (both proprietary and third-party) may not produce the intended results for a variety of reasons, including the factors used in the models, the weight placed on each factor in the models, changes from the market factors' historical trends, changing sources of

market return or market risk, and technical issues in the design, development, implementation, application and maintenance of the models (e.g., incomplete, outdated or inaccurate data, programming or other software issues, coding errors and technology failures). In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

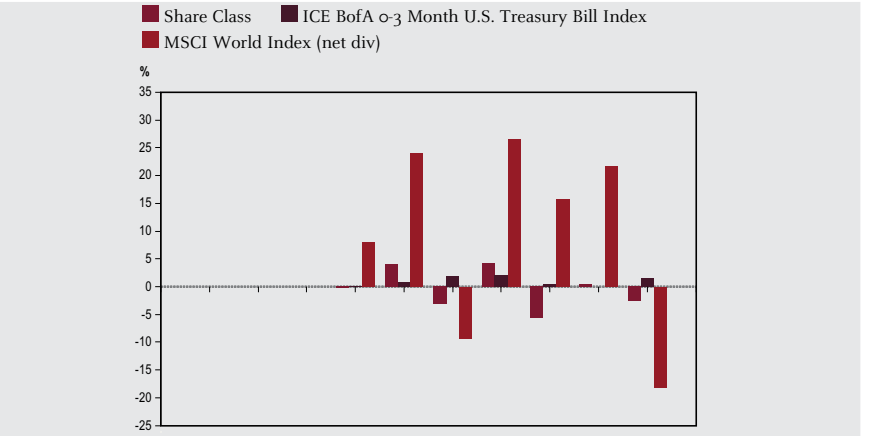
## Typical Investor Profile

- The Fund is intended for investors seeking total return through investment in equity securities of issuers located in developed and emerging market countries and who understand and are comfortable with the risks and returns from a strategy which uses derivatives to adjust the risk profile of the Fund.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13 | 14 | 15 | 16†# | 17†# | 18†# | 19†# | 20†# | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | (0.3) | 4.0 | (3.1) | 4.2 | (5.6) | 0.4 | (2.6) |
| | | | | 0.2 | 0.8 | 1.8 | 2.2 | 0.5 | 0.0 | 1.5 |
| | | | | 7.9 | 24.0 | (9.4) | 26.6 | 15.8 | 21.8 | (18.1) |

† *Performance for periods prior to 18 September 2020 reflects different investment policies.*

# *Secondary Benchmark performance for periods prior to 18 September 2020 reflects the performance of the fund's prior benchmark, MSCI All Country World Index (net div).*

## Fund Benchmarks

*Primary Benchmark:* ICE BofA 0-3 Month U.S. Treasury Bill Index (USD)

*Secondary Benchmark:* MSCI World Index (net div) (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the

highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.80% | 0.75% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.12%[3] | 0.12%[3] | 0.13%[3] | 0.12%[3] | 0.22%[3] | 0.17%[3] | 0.17%[3] |
| **Total Expense Ratio** | **1.87%** | **2.62%** | **2.38%** | **1.87%** | **1.02%** | **0.92%** | **0.17%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| PRUDENT CAPITAL FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Distribution Frequency:** Quarterly or annually, depending on selected share class

**Launch Date:** 3 November 2016.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green")

## Investment Objective and Policy

The Fund’s objective is capital appreciation, measured in U.S. dollars. The Investment Manager normally invests the Fund’s assets across different asset classes, including an allocation to equity securities and an allocation to debt instruments and cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions), based on its view of the relative value of different types of securities and/or other market conditions. The Investment Manager expects the Fund’s allocations among asset classes will normally fall within the following ranges: 50% to 90% in equity securities, and 10% to 50% in debt instruments and cash-equivalents. However, the Fund may invest outside of these ranges and its exposure to these asset classes may vary significantly from time to time. The Investment Manager seeks to reduce the volatility of the Fund’s returns relative to the global equity markets, as represented by the MSCI World Index (USD).

With respect to its equity investments, the Fund may invest in issuers located in developed and emerging market countries. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund generally focuses its equity investments in larger companies, but may invest in companies of any size.

With respect to its debt investments, the Fund normally invests in corporate debt instruments and U.S. government securities but may also invest in non-U.S. government securities and securitized instruments of developed and emerging market issuers. The Fund may invest its debt investments without limit in below-investment-grade issuers and may invest a relatively large percentage of these investments in a small number of issuers. The Fund may invest its debt investments without limit in short-term government securities, and cash-equivalents, subject to the general limit on ancillary liquid assets described under “Investment Policies and Risks – Investment Guidelines – Investment Restrictions and Risk Diversification – paragraph 2(ii)."

In pursuing the Fund’s objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other

Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

In light of the Fund's principal investment strategy, the Investment Manager believes it is reasonable to compare the Fund's performance (net of Fund expenses) over a full market cycle relative to the performance of (i) the MSCI World Index (USD) and (ii) ICE BofA Merrill Lynch 0-3 Month U.S. Treasury Bill Index (USD) plus 3% to 5%. The Fund's benchmarks are indicated for performance (including volatility) comparison only. The Investment Manager does not seek to achieve a specific rate of return in managing the Fund and there is no assurance that the Fund will outperform these indices over the long term or for any year or period of years. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The equity securities of large cap companies can underperform the overall equity market.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty, or other entity, or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.

- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.

- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.

- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.

- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.

- To the extent that the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions prevailing in that region and could be more volatile than the performance of more geographically diversified funds.

- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value

of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. There is no assurance that the Fund will have a positive rate of return or be less volatile than the global equity markets over the long term or for any year or period of years. It is expected that the Fund will generally underperform the equity markets during periods of strong, rising equity markets. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

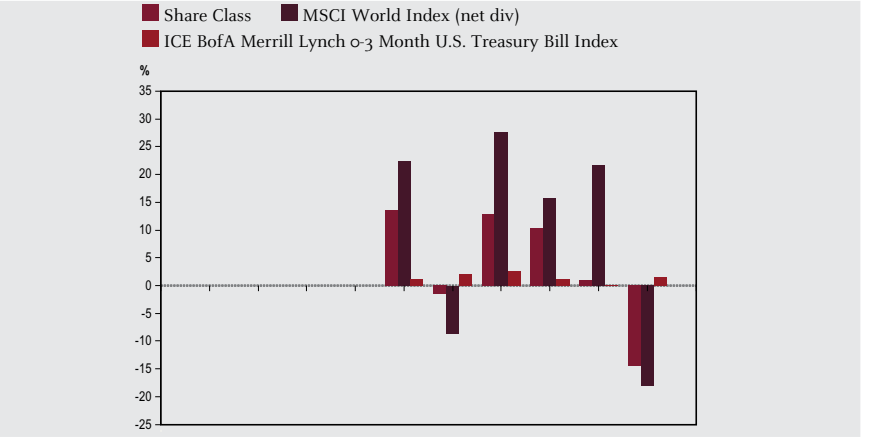
- The Fund is intended for investors seeking capital appreciation through an investment that normally focuses in equity securities of issuers located in developed and emerging market countries, while also investing in debt instruments.

- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17# | 18# | 19# | 20# | 21# | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 13.6 | (1.4) | 12.9 | 10.3 | 1.0 | (14.5) |
| | | | | | 22.4 | (8.7) | 27.7 | 15.9 | 21.8 | (18.1) |
| | | | | | 1.1 | 2.1 | 2.6 | 1.1 | 0.2 | 1.5 |

*# Secondary Benchmark performance for periods prior to 21 August 2021 reflects the performance of the fund's prior benchmark, ICE BofA U.S. Dollar LIBOR (3 M Constant Maturity).*

## Fund Benchmark

*Primary Benchmark:* MSCI World Index (net div) (USD)

*Secondary Benchmark:* ICE BofA Merrill Lynch 0-3 Month U.S. Treasury Bill Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 0.80% | 0.75% | 1.05% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.25%[3] | 0.10%[3] | 0.10%[3] | 0.14%[3] | 0.20%[3] | 0.09%[3] | n/a | 0.11%[3] |
| **Total Expense Ratio** | **2.05%** | **2.65%** | **2.40%** | **1.94%** | **1.00%** | **0.84%** | **1.00%[4]** | **0.11%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| PRUDENT WEALTH FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 4 March 2008.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green")

*Effective as of August 1, 2016, the Prudent Wealth Fund is closed to new investors, subject to certain exceptions. Existing investors (which held Shares directly or via a Financial Intermediary holding an account with the Fund) as of the close of business on July 29, 2016 can continue to make additional purchases and reinvest distributions in the Fund. In addition, Fund Shares may continue to be purchased by the following:*

- *A Financial Intermediary that held the Fund in a discretionary model portfolio (i.e., where the model portfolio is managed by the financial intermediary) as of the close of business on July 29, 2016 may continue to purchase the Fund for new and existing discretionary clients of such model. Approved or recommended lists are not considered model portfolios.*
- *Retirement or similar pension plans that offered the Fund as of close of business on July 29, 2016 may open new participant accounts within the plan. Participants in a plan may not open a new account outside of the plan under this exception.*
- *A fund-of-funds that included the Fund as an underlying portfolio as of the close of business on July 29, 2016 may continue to purchase the Fund even if related investments are attributable to new underlying investors in the fund-of-funds.*

*The Management Company reserves the right to make additional exceptions, reject any investment or limit the above exceptions, or close or re-open the Fund with immediate effect at any time without prior notice. The closing does not restrict you from redeeming Shares of the Fund.*

*Financial Intermediaries are responsible for enforcing these restrictions. The Management Company's ability to monitor Financial Intermediaries' enforcement of these restrictions is limited by operational systems and the cooperation of the Financial Intermediaries. In addition, with respect to omnibus accounts (accounts held in the name of the Financial Intermediary on behalf of multiple underlying shareholders), the Management Company's ability to monitor is also limited by the lack of information with respect to the underlying shareholder accounts.*

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund normally focuses its investments in equity securities of issuers located in developed

and emerging market countries, however the Fund may invest without limit in debt instruments of corporate and government issuers and securitized instruments, as well as cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions), based on the Investment Manager's view of the relative value of different types of securities and/or other market conditions. The Investment Manager seeks to reduce the volatility of the Fund's returns relative to the global equity markets, as represented by the MSCI World Index (USD). The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies ), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest in below investment grade debt instruments. The Fund may invest a relatively large percentage of its assets in a small number of issuers.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

In light of the Fund's principal investment strategy, the Investment Manager believes it is reasonable to compare the Fund's performance (net of Fund expenses) over a full market cycle relative to the performance of (i) the MSCI World Index (USD) and (ii) the ICE BofA Merrill Lynch 0-3 Month U.S. Treasury Bill Index (USD) plus 3% to 5%. The Fund's benchmarks are indicated for performance (including volatility) comparison only. The Investment Manager does not seek to achieve a specific rate of return in managing the Fund and there is no assurance that the Fund will outperform these indices over the long term or for any year or period of years. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.

- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- To the extent that the Fund invests a relatively large percentage of its assets in a single region, the Fund's performance would be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions prevailing in that region and could be more volatile than the performance of more geographically diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. There is no assurance that the Fund will have a positive rate of return or will be less volatile than the global equity markets over the long term or for any year or period of years. It is expected that the Fund will generally underperform the equity markets during periods of strong, rising equity markets. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

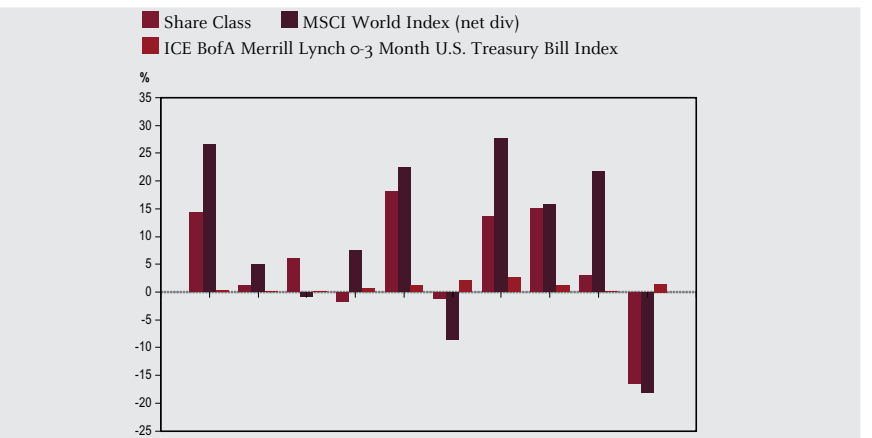
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment in a combination of equity securities and debt instruments with a normal focus on equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13# | 14# | 15# | 16# | 17# | 18# | 19# | 20# | 21# | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 14.2 | 1.1 | 6.0 | (1.8) | 18.1 | (1.2) | 13.7 | 15.1 | 3.0 | (16.6) |
| | 26.7 | 4.9 | (0.9) | 7.5 | 22.4 | (8.7) | 27.7 | 15.9 | 21.8 | (18.1) |
| | 0.3 | 0.2 | 0.2 | 0.7 | 1.1 | 2.1 | 2.6 | 1.1 | 0.2 | 1.5 |

*# Secondary Benchmark performance for periods prior to 27 August 2021 reflects the performance of the fund's prior benchmark, ICE BofA U.S. Dollar LIBOR (3 M Constant Maturity).*

## Fund Benchmarks

*Primary Benchmark:* MSCI World Index (net div) (USD)

*Secondary Benchmark:* ICE BofA Merrill Lynch 0-3 Month U.S. Treasury Bill Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.15% | 1.15% | 1.15% | n/a | 1.15% | 0.95% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.90% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.12%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.15%[3] | 0.08%[3] | 0.07%[3] |
| **Total Expense Ratio** | **2.02%** | **2.75%** | **2.50%** | **2.00%** | **1.30%** | **1.03%** | **0.07%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund' s Class A, C, N and P Shares, 0.20% annually of the average

daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.K. EQUITY FUND | |
|---|---|

**Base Currency:** Sterling (£)

**Launch Date:** 27 February 2006.

**Distribution Frequency:** Semiannual

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in Sterling. The Fund invests primarily (at least 70%) in U.K. equity securities. The Fund may also invest in other equity securities, including other European equity securities. The Fund may invest in companies it believes to have above average earnings growth potential compared to other companies (growth companies), in companies it believes are undervalued compared to their perceived worth (value companies), or in a combination of growth and value companies. The Fund may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of companies.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmark, the FTSE All-Share 5% Capped Index (GBP), is indicated for performance comparison only. The Fund is actively managed within its objectives and is not constrained by the benchmark. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.K. and could be more volatile than the performance of more geographically-diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (GBP) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

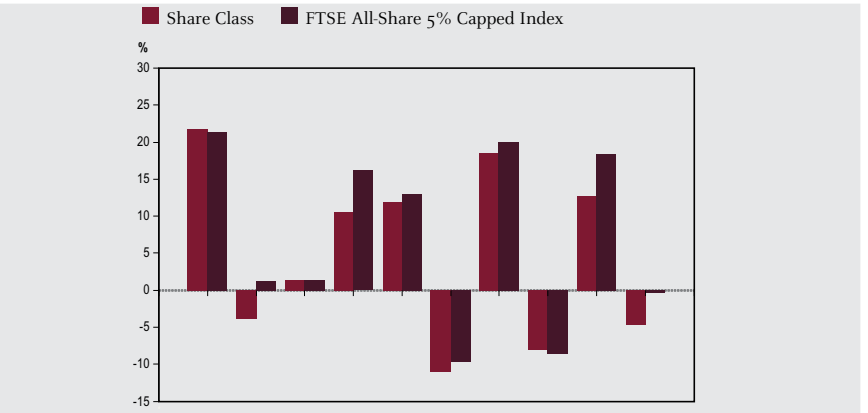
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in U.K. equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – £ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| Share Class | 21.8 | (3.9) | 1.4 | 10.5 | 12.0 | (11.0) | 18.5 | (8.1) | 12.7 | (4.7) |
| FTSE All-Share 5% Capped Index | 21.4 | 1.3 | 1.4 | 16.2 | 13.0 | (9.7) | 20.1 | (8.7) | 18.4 | (0.4) |

## Fund Benchmark

FTSE All-Share 5% Capped Index (GBP)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. CONCENTRATED GROWTH FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 12 March 1999.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green”)

## Investment Objective and Policy

The Fund’s objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in U.S. equity securities. The Fund may also invest in non-U.S. equity securities. The Fund generally invests in 50 or fewer companies. The Fund generally focuses its investments in companies it believes to have above average earnings growth potential compared to other companies (growth companies). The Fund generally focuses its investments in larger companies, but may invest in companies of any size.

In pursuing the Fund’s objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund’s investment objective or for investment purposes.

The Fund’s benchmarks, the Russell 1000® Growth Index (net div) and Standard & Poor’s 500 Stock Index (net div), are indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled “General Information Regarding Investment Policies and Instruments,” “Techniques and Instruments” and “Risk Factors” for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of issuers, the Fund's performance could be closely tied to those issuers, and could be more volatile than the performance of more diversified funds.
- The equity securities of large cap companies can underperform the overall equity market.
- The equity securities of growth companies can be more sensitive to the company's earnings and more volatile than the market in general.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

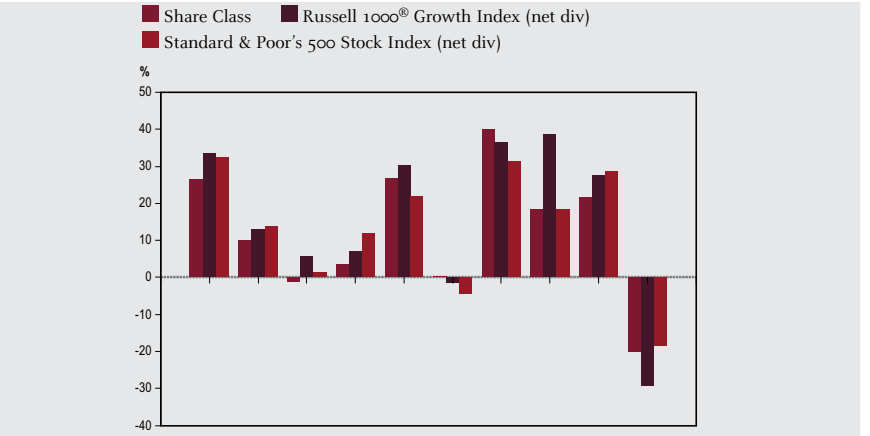
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in U.S. equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 13^# | 14^# | 15^# | 16^# | 17^# | 18^# | 19^# | 20^# | 21^# | 22^# |
|---|---|---|---|---|---|---|---|---|---|---|
| | 26.5 | 10.1 | (1.3) | 3.5 | 26.7 | 0.2 | 40.0 | 18.4 | 21.4 | (20.0) |
| | 33.5 | 13.0 | 5.7 | 7.1 | 30.2 | (1.5) | 36.4 | 38.5 | 27.6 | (29.3) |
| | 32.4 | 13.7 | 1.4 | 12.0 | 21.8 | (4.4) | 31.5 | 18.4 | 28.7 | (18.4) |

*^ Primary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Russell 1000® Growth Index.*

*# Secondary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Standard & Poor's 500 Stock Index.*

## Fund Benchmarks

*Primary Benchmark:* Russell 1000® Growth Index (net div)

*Secondary Benchmark:* Standard & Poor's 500 Stock Index (net div)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross

Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 1.15% | 1.15% | 1.15% | n/a | 1.00% | 0.95% | 1.15% | ‡ |
| Distribution Fees[1] . . . . . | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.90% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.16%[3] | 0.16%[3] | 0.16%[3] | 0.16%[3] | 0.15%[3] | 0.12%[3] | n/a | 0.12%[3] |
| **Total Expense Ratio . . . . . .** | **2.06%** | **2.81%** | **2.56%** | **2.06%** | **1.15%** | **1.07%** | **1.00%[4]** | **0.12%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.15% annually of the average daily net assets of the Fund's Class W, I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. CORPORATE BOND FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 19 February 2013.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is total return, with an emphasis on current income but also considering capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in U.S. dollar-denominated corporate debt instruments. The Fund generally focuses its investments in investment grade corporate debt instruments of U.S. issuers, but may also invest in below investment grade debt instruments, government and government-related debt instruments, securitized instruments, and debt instruments of non-U.S. issuers, including issuers in emerging markets.

In pursuing the Fund's objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the Bloomberg U.S. Credit Index, is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty, or other entity, or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Instruments subject to prepayment and/or extension can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.
- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying

indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

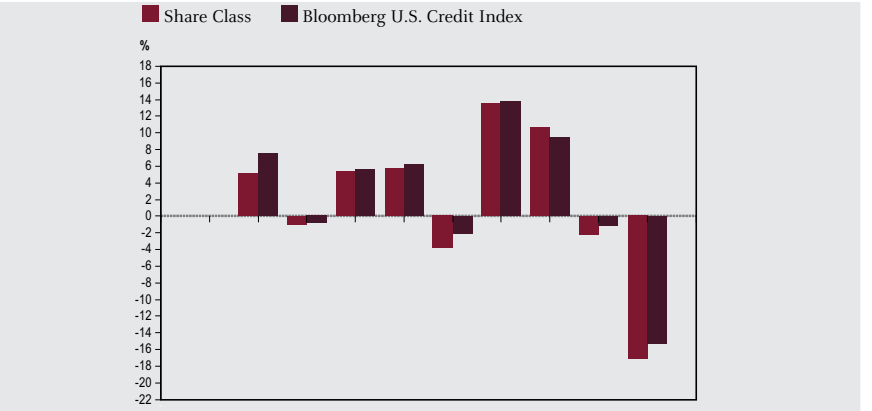
## Typical Investor Profile

- The Fund is intended for investors seeking total return with an emphasis on current income but also considering capital appreciation, through investment primarily in U.S. dollar-denominated debt instruments.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Funds past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | | 5.1 | (1.0) | 5.4 | 5.7 | (3.8) | 13.6 | 10.7 | (2.2) | (17.1) |
| ■ | | 7.5 | (0.8) | 5.6 | 6.2 | (2.1) | 13.8 | 9.4 | (1.1) | (15.3) |

## Fund Benchmark

Bloomberg U.S. Credit Index

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## U.S. CORPORATE BOND FUND

| Class | A | C | N | P | W | I | Z |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 0.60% | 0.60% | 0.60% | n/a | 0.50% | 0.45% | ‡ |
| Distribution Fees[1] | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.10% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.25%** | **2.25%** | **1.75%** | **1.25%** | **0.60%** | **0.50%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. GOVERNMENT BOND FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 6

## Investment Objective and Policy

The Fund's objective is total return with an emphasis on current income but also considering capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in U.S. government securities, including mortgage-backed securities. The Fund may also invest in other debt instruments. The Fund invests substantially all of its assets in investment grade debt instruments. The Fund may invest a relatively large percentage of its assets in a small number of issuers. In purchasing or selling mortgage-backed securities, the Fund may do so directly or through to-be-announced (TBA) transactions. The Investment Manager may consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund's investment objective or for investment purposes.

The Fund's benchmark, the Bloomberg U.S. Government/Mortgage Index, is indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

As this Fund falls within Article 6 of SFDR, please note that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- During periods of low or negative interest rates, the Fund's ability to earn income on its investments will be reduced. If the annual ongoing charges of a Class are greater than income, this may result in losses to investors in the Class as a result of a decline in net asset value, and no distributions will be paid to investors in the Class. Low or negative interest rates may persist for an extended period of time.
- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Mortgage-backed securities and other securitized instruments may be subject to prepayment and/or extension, which can reduce the potential for gain for the instrument's holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended. Please refer to "Securitized Instruments Risk" and "Mortgage-Backed Securities Risk" under "Investment Policies and Risks – Risk Factors" for additional information.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- Because the Fund focuses its investments on U.S. government securities, the Fund's performance will be closely tied to that one issuer, and could be more volatile than the performance of more diversified funds.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the currency of a Fund share class, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

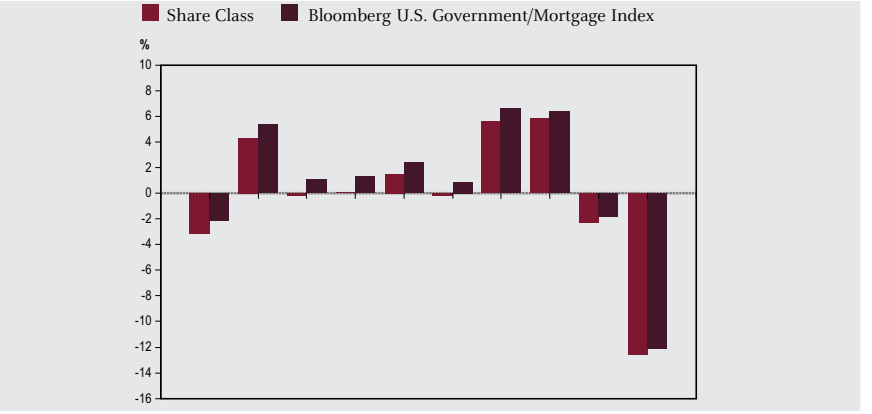
## Typical Investor Profile

- The Fund is intended for investors seeking total return while also considering capital appreciation through investment primarily in U.S. government securities, including mortgage-backed securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | (3.2) | 4.3 | (0.2) | 0.1 | 1.5 | (0.2) | 5.6 | 5.8 | (2.3) | (12.6) |
| ■ | (2.1) | 5.4 | 1.1 | 1.3 | 2.4 | 0.9 | 6.6 | 6.4 | (1.8) | (12.1) |

## Fund Benchmark

Bloomberg U.S. Government/Mortgage Index

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the

highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.50% | 0.50% | 0.50% | n/a | 0.50% | 0.45% | 0.50% | ‡ |
| Distribution Fees[1] . . . . . | 0.40% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 0.90% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.08%[3] | 0.05%[3] | 0.15% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **0.98%** | **2.08%** | **1.58%** | **0.98%** | **0.58%** | **0.50%** | **0.65%**[4] | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses" excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.08% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares, and 0.05% annually of the average daily net assets of the Fund's Class I and Z shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. GROWTH FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 21 August 2019.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 ("Light Green")

## Investment Objective and Policy

The Fund's objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in U.S. equity securities. The Fund may also invest in non-U.S. equity securities. The Fund generally focuses its investments in companies it believes to have above average earnings growth potential compared to other companies (growth companies). The Fund generally focuses its investments in larger companies, but may invest in companies of any size. The Fund may invest a relatively large percentage of its assets in a small number of industries or sectors. The Fund will not maintain a material exposure to derivative instruments.

In pursuing the Fund's objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund's benchmarks, the Russell 1000® Growth Index (net div) and Standard & Poor's 500 Stock Index (net div), are indicated for performance comparison only. Although the Fund's investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund's deviation from the benchmark will be significant.

You should consult the sections entitled "General Information Regarding Investment Policies and Instruments," "Techniques and Instruments" and "Risk Factors" for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled "Risk Factors" for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.
- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- The equity securities of growth companies can be more sensitive to the company's earnings and more volatile than the market in general.
- The equity securities of large cap companies can underperform the overall equity market.
- To the extent the Fund invests a relatively large percentage of its assets in a small number of industries or sectors, the Fund's performance could be closely tied to those industries or sectors, and could be more volatile than the performance of more diversified funds.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

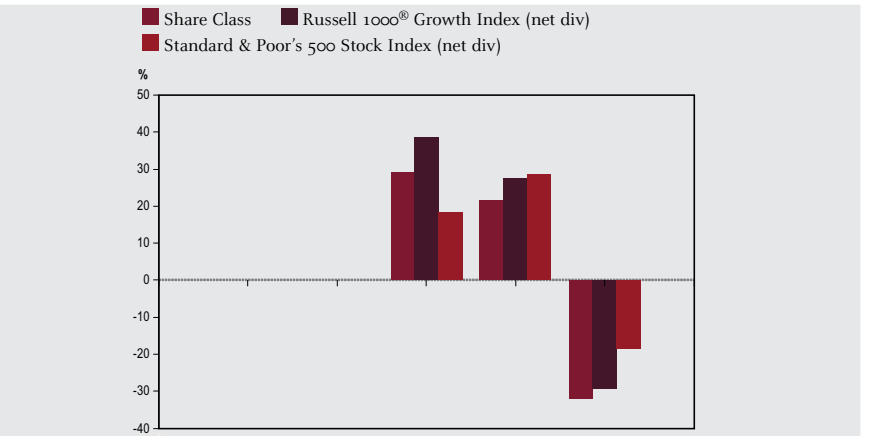
## Typical Investor Profile

- The Fund is intended for investors seeking capital appreciation through investment primarily in U.S. equity securities.
- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmarks is also shown.




| Calendar Year | 18 | 19 | 20^# | 21^# | 22^# |
|---|---|---|---|---|---|
| | | | 29.3 | 21.6 | (31.9) |
| | | | 38.5 | 27.6 | (29.3) |
| | | | 18.4 | 28.7 | (18.4) |

*^ Primary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Russell 1000® Growth Index.*

*# Secondary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Standard & Poor's 500 Stock Index.*

## Fund Benchmark

*Primary Benchmark:* Russell 1000® Growth Index (net div)

*Secondary Benchmark:* Standard & Poor's 500 Stock Index (net div)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **Z** |
|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.00% | 1.00% | 1.00% | n/a | 0.75% | 0.70% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.75% | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.10%[3] | 0.05%[3] | 0.05%[3] |
| **Total Expense Ratio** | **1.85%** | **2.60%** | **2.35%** | **1.85%** | **0.85%** | **0.75%** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.10% annually of the average daily net assets of the Fund's Class A, C, N, P and W Shares and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. TOTAL RETURN BOND FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 26 September 2005.

**Distribution Frequency:** Monthly

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green")

## Investment Objective and Policy

The Fund’s objective is total return, measured in U.S. dollars. The Fund invests primarily (at least 70%) in investment grade U.S. debt instruments, including U.S. government securities, mortgage-backed securities and other securitized instruments, and corporate debt instruments. The Fund may also invest in debt instruments of non-U.S. issuers located in developed and emerging market countries and below investment grade debt instruments. In purchasing or selling mortgage-backed securities, the Fund may do so directly or through to-be-announced (TBA) transactions.

In pursuing the Fund’s objective of total return, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors. The Fund may use derivatives for hedging and/or investment purposes, including to increase or decrease exposure to a particular market, segment of the market, or security, to manage interest rate or currency exposure or other characteristics of the Fund, or as alternatives to direct investments. The Fund will not extensively or primarily use derivatives to achieve the Fund’s investment objective or for investment purposes.

The Fund’s benchmark, the Bloomberg U.S. Aggregate Bond Index (USD), is indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled “General Information Regarding Investment Policies and Instruments,” “Techniques and Instruments” and “Risk Factors” for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled “Risk Factors” for further details regarding these and other risks.

- The price of a debt instrument depends, in part, on the credit quality of the issuer, borrower, counterparty or other entity responsible for payment, or underlying collateral and can decline in response to changes in the financial condition of the issuer, borrower, counterparty or other entity or underlying collateral, or changes in specific or general market, economic, industry, political, regulatory, geopolitical, public health or other conditions. To the extent an investment grade debt instrument is downgraded, such instrument can involve a substantially greater risk of default or may already be in default, which can cause the value of such instrument to significantly decline and result in losses to the Fund.
- In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest.
- Below investment grade debt instruments can involve a substantially greater risk of default or can already be in default, and their values can decline significantly. Below investment grade debt instruments are regarded as having predominantly speculative characteristics and tend to be more sensitive to adverse news about the issuer, or the market or economy in general, than higher quality or investment grade debt instruments.
- Mortgage-backed securities and other securitized instruments may be subject to prepayment and/or extension, which can reduce the potential for gain for the instrument’s holders if the instrument is prepaid and increase the potential for loss if the maturity of the instrument is extended. Please refer to “Securitized Instruments Risk" and "Mortgage-Backed Securities Risk" under "Investment Policies and Risks – Risk Factors” for additional information.
- The Fund’s performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- Exposure to emerging markets can involve additional risks relating to market, economic, political, regulatory, geopolitical, or other conditions. These factors can make emerging markets investments more volatile and less liquid than developed markets investments. Emerging markets can have less developed markets and less developed legal, regulatory, and accounting systems, and greater political, social, and economic instability than developed markets.

- Derivatives can be used to take both long and synthetic short positions (i.e., the value of a derivative can be positively or negatively related to the value of the underlying indicator(s) on which the derivative is based). Derivatives can be highly volatile and involve risks in addition to the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can involve leverage.

- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.

- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

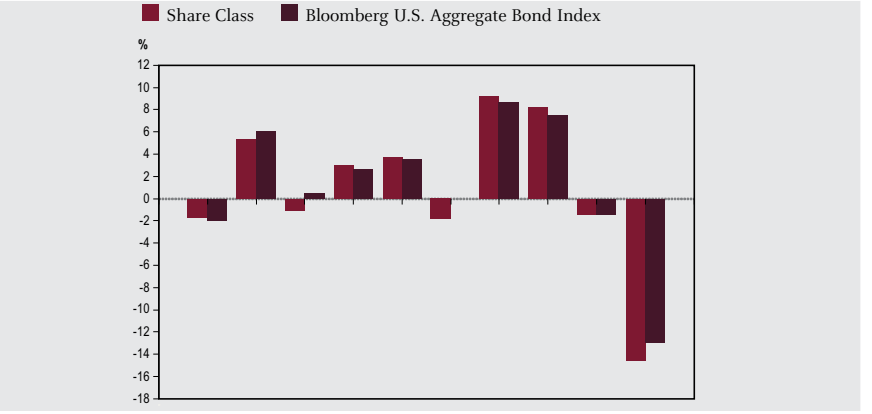
- The Fund is intended for investors seeking total return through investment primarily in investment grade U.S. debt instruments, including U.S. government, mortgage-backed, and corporate debt instruments.

- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | (1.7) | 5.3 | (1.1) | 3.0 | 3.7 | (1.8) | 9.2 | 8.2 | (1.5) | (14.6) |
| ■ | (2.0) | 6.0 | 0.5 | 2.6 | 3.5 | 0.0 | 8.7 | 7.5 | (1.5) | (13.0) |

## Fund Benchmark

Bloomberg U.S. Aggregate Bond Index (USD)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

## U.S. TOTAL RETURN BOND FUND

| Class | A | C | N | P | W | I | S | Z |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] . . | 0.55% | 0.55% | 0.55% | n/a | 0.50% | 0.45% | 0.55% | ‡ |
| Distribution Fees[1] . . . . . | 0.50% | 1.00% | 1.00% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] . . . . . | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] . . | n/a | n/a | n/a | 1.05% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] . . . . . | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.15%[3] | 0.10%[3] | 0.05%[3] | 0.12% | 0.05%[3] |
| **Total Expense Ratio . . . . . .** | **1.20%** | **2.20%** | **1.70%** | **1.20%** | **0.60%** | **0.50%** | **0.67%[4]** | **0.05%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.15% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.10% annually of the average daily net assets of the Fund's Class W shares and 0.05% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

‡ The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

| U.S. VALUE FUND | |
|---|---|

**Base Currency:** U.S. Dollar ($)

**Launch Date:** 1 February 2002.

**Methodology to Calculate Global Exposure:** Commitment Approach

**SFDR Classification:** Article 8 (“Light Green")

## Investment Objective and Policy

The Fund’s objective is capital appreciation, measured in U.S. dollars. The Fund invests primarily (at least 70%) in U.S. equity securities. The Fund may also invest in non-U.S. equity securities. The Fund generally focuses its investments in companies it believes to be undervalued compared to their perceived worth (value companies). The Fund generally focuses its investments in larger companies, but may invest in companies of any size.

In pursuing the Fund’s objective of capital appreciation, the Fund will also promote the MFS Low Carbon Transition Characteristic, an environmental characteristic under Article 8 of SFDR. Please refer to the section "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" in this Prospectus, and to the attached SFDR Annex. The Investment Manager may also consider environmental, social and governance (ESG) factors in its fundamental investment analysis alongside other factors.

The Fund’s benchmarks, the Russell 1000® Value Index (net div) and Standard & Poor’s 500 Stock Index (net div), are indicated for performance comparison only. Although the Fund’s investments will generally be represented in the benchmark, components are likely to be weighted differently from the benchmark and the Fund is likely to invest outside of the benchmark to take advantage of attractive investment opportunities. The Fund is actively managed within its objectives and the investment strategy will not restrict the extent to which portfolio holdings may deviate from the benchmark. It is expected that the Fund’s deviation from the benchmark will be significant.

You should consult the sections entitled “General Information Regarding Investment Policies and Instruments,” “Techniques and Instruments” and “Risk Factors” for further details with respect to the various investment instruments in which the Fund may invest.

## Key Risks

The following summarizes the key risks of investing in the Fund. You should consult the section entitled “Risk Factors” for further details regarding these and other risks.

- Equity markets are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions.

The price of an equity security can decrease significantly in response to these conditions, and these conditions can affect a single issuer or type of security, issuers within a broad market sector, industry or geographic region, or the market in general.

- The Fund's performance will be closely tied to the market, currency, economic, political, regulatory, geopolitical, or other conditions in the U.S. and could be more volatile than the performance of more geographically-diversified funds.
- The equity securities of large cap companies can underperform the overall equity market.
- The equity securities of value companies can continue to be undervalued for long periods of time, not realize their expected value during certain stages of the market cycle and can be more volatile than the market in general.
- Currency rates fluctuate in response to market, economic, political, regulatory, geopolitical or other conditions. Because a Fund can invest in instruments issued in currencies other than the Fund's base currency or share class currency, changes in currency rates can affect the value of such instrument and the value of your investment. Investors whose financial transactions are primarily in currencies other than the base currency of the Fund (USD) or the currency of the class should consider the potential risk of loss from the fluctuations in the rate of exchange between such currencies. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.
- The Investment Manager's investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Fund's promotion of the MFS Low Carbon Transition characteristic may affect the composition of the Fund, and may result in purchase and sales decisions that negatively impact the investment performance of the Fund.
- **There can be no guarantee that the Fund will achieve its investment objective. The value of your investment can go down as well as up and you may not get back the amount invested.**

## Typical Investor Profile

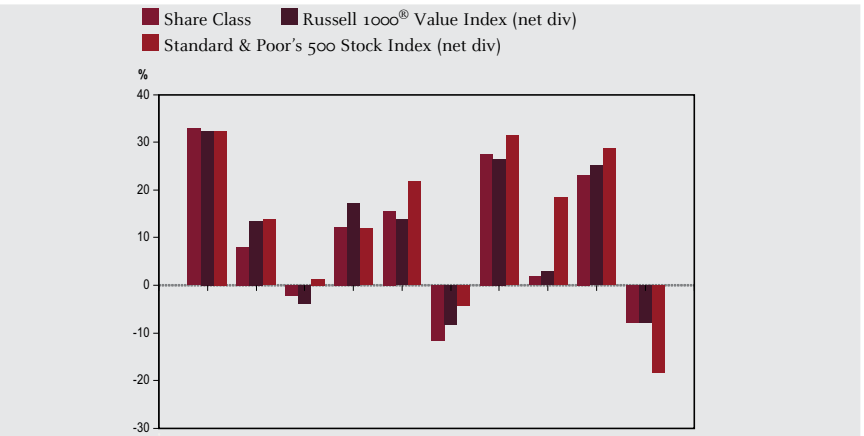
- The Fund is intended for investors seeking capital appreciation through investment primarily in U.S. equity securities.

- The Fund is intended as a long term investment. Investors' risk tolerance levels and investment time horizons may differ based on the individual circumstances of each investor. You should consult your Financial Intermediary for advice regarding your own risk tolerance and investment horizons before investing in the Fund.

## Performance

The following chart provides past performance information. The Fund's past performance does not necessarily indicate how the Fund will perform in the future. The chart does not reflect the impact of sales charges you may pay when purchasing or redeeming Shares, or taxes you may incur on these transactions. Any sales charges or taxes would reduce the returns shown.

*Bar Chart:* The chart shows the annual total returns of the Fund's Class A1 – $ Shares as of 31 December of each year. Performance for the Fund's benchmark is also shown.




| Calendar Year | 13^# | 14^# | 15^# | 16^# | 17^# | 18^# | 19^# | 20^# | 21^# | 22^# |
|---|---|---|---|---|---|---|---|---|---|---|
| ■ | 33.0 | 8.1 | (2.2) | 12.3 | 15.6 | (11.8) | 27.5 | 1.8 | 23.2 | (7.9) |
| ■ | 32.5 | 13.5 | (3.8) | 17.3 | 13.7 | (8.3) | 26.5 | 2.8 | 25.2 | (7.9) |
| ■ | 32.4 | 13.7 | 1.4 | 12.0 | 21.8 | (4.4) | 31.5 | 18.4 | 28.7 | (18.4) |

*^ Primary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Russell 1000® Value Index.*

*# Secondary Benchmark performance for periods prior to 13 May 2022 reflects the performance of the fund's prior benchmark, Standard & Poor's 500 Stock Index.*

## Fund Benchmarks

*Primary Benchmark:* Russell 1000® Value Index (net div)

*Secondary Benchmark:* Standard & Poor's 500 Stock Index (net div)

## Fund's Ongoing Charges

The following ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on expenses for the year ended 31 January 2023. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate as of the date of this Prospectus. These expenses are paid out of Class level assets and are fully reflected in the relevant Share price. The table below reflects the highest expense ratio among the categories of Shares available as of the date of this Prospectus for each respective Class (e.g., Income or Gross Income Shares, Roll-up Shares, Hedged Share Classes and various currency denominations). Please see the KID of the relevant Class for the most recent expense information. Except as noted for Class Z Shares, these expenses are not charged directly to shareholders.

| **Class** | **A** | **C** | **N** | **P** | **W** | **I** | **S** | **Z** |
|---|---|---|---|---|---|---|---|---|
| Investment Management Fees[1] | 1.05% | 1.05% | 1.05% | n/a | 0.80% | 0.75% | 1.05% | ‡ |
| Distribution Fees[1] | 0.75% | 1.00% | 1.25% | n/a | n/a | n/a | n/a | n/a |
| Service Fees[1] | n/a | 0.50% | n/a | n/a | n/a | n/a | n/a | n/a |
| Annual Management Charge[1] | n/a | n/a | n/a | 1.80% | n/a | n/a | n/a | n/a |
| Estimated Other Expenses[2] | 0.15%[3] | 0.11%[3] | 0.11%[3] | 0.25%[3] | 0.20%[3] | 0.11%[3] | n/a | 0.07%[3] |
| **Total Expense Ratio** | **1.95%** | **2.66%** | **2.41%** | **2.05%** | **1.00%** | **0.86%** | **1.00%[4]** | **0.07%** |

[1] The Investment Manager and the Distributor, each in its discretion, may waive any or all of its respective fee and share all or a portion of its fee with Financial Intermediaries. Class P shares pay fees for investment management and distribution services as a single combined Annual Management Charge.

[2] "Other Expenses" generally include all direct Fund expenses other than investment management, distribution and service fees. "Other Expenses" include fees paid to the Management Company, Depositary and Transfer Agent, legal and audit fees, share class hedging expenses, certain expenses associated with the Fund's investment activities including interest, and expenses in connection with the Fund's operation and central administration in Luxembourg, among others. "Other Expenses" do not include brokerage commissions and transaction costs or currency conversion costs.

[3] The Investment Manager has voluntarily agreed to bear certain of the Fund's "Other Expenses," excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that these expenses do not exceed 0.25% annually of the average daily net assets of the Fund's Class A, C, N and P Shares, 0.20% annually of the average daily net assets of the Fund's Class W shares and 0.15% annually of the average daily net assets of the Fund's Class I and Z Shares. To the extent "Estimated Other Expenses" exceed the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[4] The Investment Manager has voluntarily agreed to bear direct expenses of Class S Shares, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities such as interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually. To the extent the "Total Expense Ratio" exceeds the expense cap rate, the difference is attributable to certain Other Expenses that are excluded from the expense cap arrangement, such as interest expenses associated with the Fund's investment activities.

[‡] The Investment Management fee for Class Z Shares will be administratively levied and paid directly by the shareholder to the Management Company (an affiliate of MFS) or an affiliate in relation to investment management services provided by MFS to the Fund.

## General Information Regarding Investment Policies and Instruments

You may invest in a variety of different Funds, each of which has its own investment objective which it pursues through separate investment policies. The objective and essential policies for each Fund are set out in each Fund's KID, with additional details provided above in the respective Fund's "Fund Profile." Below you will find additional details regarding certain investment policies and instruments in which the Funds may invest, including the definition of certain key investment terms. The risk profile of each Fund will depend upon the securities and instruments in which that Fund invests. You should review carefully the risk profile in each "Fund Profile" and the description of various risks in "Risk Factors" below prior to making an investment in a Fund.

All investment tests, unless otherwise noted, are based on net assets of the Funds. Each Fund may count certain derivative instruments towards its primary investment policy, which is described for each Fund in "Fund Profiles."

*Equity securities* represent an ownership interest, or the right to acquire an ownership interest, in a company or other issuer. Different types of equity securities provide different voting and dividend rights and priorities in the event of bankruptcy of the issuer. A Fund that invests in equity and equity-related securities may invest in all types of equity securities, including, unless otherwise indicated, common, preferred and preference stocks, warrants or rights and depositary receipts for those securities, restricted securities, securities of other investment companies and other similar interests in an issuer.

The Funds may invest in special purpose acquisition companies ("SPACs") or similar special purpose entities that pool funds to seek potential acquisition or merger opportunities. Please refer to the section below titled "Risk Factors – Special Purpose Acquisition Company Risk" for more discussion of SPACs and related risks. For each Fund, investments in SPACs will not exceed 10% of net assets.

*Debt instruments* represent obligations of corporations, governments, and other entities to repay money borrowed, or other instruments believed to have debt-like characteristics. The issuer or borrower usually pays a fixed, variable, or floating rate of interest, and must repay the amount borrowed, usually at the maturity of the instrument. Debt instruments generally trade in the over-the-counter market and can be less liquid than other types of investments, particularly during adverse market and economic conditions. During certain market conditions, debt instruments in some or many segments of the debt market can trade at a negative interest rate, i.e., the price to purchase the debt instrument is more than the present value of the expected interest payments and principal due at the maturity of the instrument. Some debt instruments, such as zero coupon bonds or payment-in-kind bonds, do not pay current interest. Other debt instruments, such as certain mortgage-backed securities and other securitized instruments, make periodic payments of interest and/or principal. Some debt instruments are partially or fully secured by collateral supporting the payment of interest and principal.

Debt-related instruments eligible for purchase by the Funds include sukuk, which are certificates specially structured to comply with Shariah law and its investment principles. Like bonds, sukuk are issued for an upfront payment and entitle the holder to an income stream and repurchase at par value by the issuer at a future date. For more information please see "Risk Factors – Sukuk Risk."

The Diversified Income Fund, Limited Maturity Fund, U.S. Total Return Bond Fund and U.S. Government Bond Fund may invest 20% or more of their respective net assets in mortgage–backed securities and/or securitized instruments. It is intended that each other Fund will not invest more than 20% of net assets in such securities. The Global Strategic Equity Fund will not exceed 5% of net assets in such securities.

Certain Funds that invest in debt instruments may only invest in, or may focus their investments in or are required to limit their investments in, debt securities with certain credit quality characteristics, such as those considered to be "high quality," "investment grade" or "below investment grade." High quality debt instruments are debt instruments rated in one of the top two rating categories by a Nationally Recognised Securities Rating Organisation ("NRSRO"), such as Moody's Investors Service ("Moody's"), Standard & Poor's ("S&P") or Fitch Ratings ("Fitch") using the methodology described below. Investment grade debt instruments are debt instruments rated in one of the top four rating categories by a NRSRO. Below investment grade debt instruments (also commonly known as "junk bonds") are debt instruments rated below the top four rating categories using the methodology described below. For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. If none of the 3 Rating Agencies above assign a rating, but the security is rated by DBRS Morningstar, then the DBRS Morningstar rating is assigned. 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. U.S. treasuries, U.S. agency mortgage-backed securities, and other U.S. agency securities are included within AAA even if the process described above would have assigned a lower rating. Other Not Rated includes other fixed income securities not rated by any rating agency. Ratings are shown in the S&P and Fitch scale (e.g., AAA). All ratings are subject to change.

For Funds that invest in below-investment-grade debt instruments, such investments may include distressed securities, which are securities of issuers in extremely weak financial condition that will materially affect their ability to meet their financial obligations. However, no Fund will invest more than 10% of its net assets in securities that are distressed at the time of purchase. If distressed securities exceed 10% of a Fund's net assets due to deterioration in

the condition of an issuer held by the Fund, the Investment Manager will take action as soon as possible in light of market liquidity considerations to bring the Fund into conformity with the limit. See "Investment Policies and Risks – Lower Quality (Below-Investment-Grade) Debt Instruments Risk" below for additional discussion of distressed securities.

Some convertible securities are issued as so-called contingent convertible bonds (or "Coco" bonds), where the conversion of the bond into equity occurs at a stated conversion rate if a pre-specified trigger event occurs. See "Investment Policies and Risks – Convertible Securities Risk" below for more information. Each Fund may invest to a limited extent in Coco bonds. The Euro Credit Fund and Global Credit Fund may each invest up to 10% in Coco bonds. For the other Funds such investments may not exceed 5% of its net assets.

In determining an instrument's effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a call, put, pre-refunding, prepayment or redemption provision, or an adjustable coupon) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

For Funds that invest in U.S. Government securities, these securities include securities issued or guaranteed by the U.S. Treasury, by an agency or instrumentality of the U.S. Government, or by a U.S. Government-sponsored entity. Certain U.S. Government securities may not be supported as to the payment of principal and interest by the full faith and credit of the U.S. Treasury or the ability to borrow from the U.S. Treasury.

*Global Funds* means a Fund that invests in issuers located in countries anywhere in the world. A global fund may generally correspond with the geographic concentration of its benchmark (noting, however, that each of the Funds are actively managed) and of issuers within the relevant asset class. For example, a global equity fund and its benchmark will generally feature a significant allocation to the U.S.

*Regional or Country-Specific Funds:* For purposes of a Fund's investment policies, companies in particular geographic region or country include companies that are based in that geographic region or country, or exercise a preponderant part of their economic activity in that geographic region or country. As used in the Prospectus and the KID with respect to the Funds' investment policies, the countries and regions below are defined as follows:

*Asia ex-Japan* Region includes Hong Kong, Mainland China, India, Indonesia, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand.

*China* includes Mainland China, Hong Kong, and Taiwan. A Fund may obtain equity exposure to Mainland Chinese companies through indirect or non-local equity securities, including "H shares," "B shares," Depositary Receipts and

Participatory or related notes. Each Fund does not invest more than 15% of its net assets in "B shares." A Fund may also invest directly in equity securities of certain Mainland Chinese companies by acquiring "A shares" through the Hong Kong-Shanghai or Hong Kong-Shenzhen Stock Connect Programmes (each a "Stock Connect Programme"). A Fund may also invest directly in fixed income instruments of Mainland Chinese government and corporate issuers through the China Interbank Bond Market (the "CIBM"), including through the Bond Connect Programme.

The Asia Ex-Japan Fund, Emerging Markets Equity Fund and Emerging Markets Equity Research Fund may each invest up to30% of net assets in Stock Connect Securities (as defined under "Risk Factors – Geographic Concentration Risk – Stock Connect Securities"). All other Funds may invest up to 5% of net assets in Stock Connect Securities.

The Emerging Markets Debt Local Currency Fund may invest up to 20% of net assets in CIBM Securities (as defined under "Risk Factors – Geographic Concentration Risk – China – China Interbank Bond Market Securities"). The Global Opportunistic Bond Fund may invest up to 15% of net assets in CIBM Securities. The Emerging Markets Debt Fund may invest up to 10% of net assets in CIBM Securities. All other Funds may invest up to 5% of net assets in CIBM Securities. Such investments may be made through the Bond Connect Programme (see "Risk Factors – Geographic Concentration Risk – China – Bond Connect Securities").

*Emerging Market Countries* include any country determined by MFS to have an emerging market economy, taking into account a number of factors, which may include whether the country has a low to middle-income economy according to the International Bank for Reconstruction and Development (the "World Bank"), the country's designation by the International Monetary Fund as an emerging market, the country's inclusion in an emerging or frontier emerging market index, and other factors that demonstrate that the country's financial and capital markets are in the development phase. MFS determines whether an issuer's principal activities are located in an emerging market country by considering such factors as its country of organisation, the principal trading market for its securities and the source of its revenues and assets. Such emerging market countries are located in Latin America, Asia, Africa, the Middle East, and the developing countries of Europe, primarily Eastern Europe.

*Europe:* For the purposes of this policy, European countries are generally considered to be those in continental Europe, the United Kingdom, the European Economic Area and Eastern Europe (including Belarus, Bulgaria, Czech Republic, Hungary, Moldova, Poland, Romania, Russia, Slovakia, Turkey and Ukraine).

*Member State* means a Member State of the European Union. The States that are contracting parties to the Agreement creating the European Economic Area other than the Member States of the European Union, within the limits set forth by

this Agreement and related acts, are considered as equivalent to Member States of the European Union.

*European Economic Area* or "EEA" includes each of the Member States of the European Union and the three States of the European Free Trade Association (Iceland, Liechtenstein, and Norway).

*Latin America:* The Latin America region includes countries or territories in South America, Central America, the Caribbean, and Mexico.

*Sectors:* Sectors are broad sections of the economy consisting of business or industries with similar operating characteristics. The Investment Manager relies on its own proprietary definitions of sectors.

*Derivatives* are financial instruments whose value is based on the value of one or more underlying indicators or the difference between underlying indicators. Underlying indicators may include a security or other financial instrument, asset, currency, interest rate, credit rating, volatility measure or index. The Funds may use derivatives for hedging or investment (which includes efficient portfolio management) purposes. Derivatives used for efficient portfolio management purposes are used where the Investment Manager believes such techniques will reduce overall risk of the portfolio, to reduce tax impact or costs of investing in eligible securities, to more efficiently or effectively gain access to eligible assets or to generate additional capital or income, providing that the portfolio's risk levels remain consistent. Derivatives may include futures, forward contracts, options, warrants, certain types of structured securities, inverse floating rate instruments, swaps (including credit default swaps), caps, floors, collars, synthetic equity securities and hybrid instruments. Derivatives may be used to take both long and synthetic short positions (subject to limitations set forth under applicable Law).

Investing in derivatives entails special risks. You can find more information about investing in derivatives in the "Risk Factors" section below. Under normal market conditions, the primary types of derivatives expected to be used include (i) for Funds focusing on equity securities, forward contracts and options, and (ii) for other Funds, forward contracts, options, futures and swaps.

While the Management Company and the Investment Manager believe that the Fund will be able to establish multiple counterparty business relationships to permit the Fund to effect transactions in the over-the-counter (OTC) market (including credit default swaps, total return swaps and other swaps market as applicable), there can be no assurance that it will be able to do so. The Funds will only enter into OTC derivative transactions with those counterparties which are financial institutions specialized in the relevant type of transaction, which are located in the United States, the European Union, Australia, Switzerland or Canada and the Investment Manager believes to present an acceptable risk. Such counterparties may include (without limitation) JPMorgan Chase Bank N.A., Merrill Lynch International and Goldman Sachs International. The Investment

Manager considers a number of factors in assessing counterparty risk, including, but not limited to, long and short term credit ratings (as published by one or more international rating agency) and bank financial strength ratings of the counterparty or counterparty's parent organization, where applicable, and (if any) the guarantor. When selecting counterparties, the Investment Manager will only consider those entities with a short-term credit rating of A-1 or P-1 or equivalent long term credit ratings or otherwise judged by the Investment Manager to present acceptable credit risk. The Investment Manager will generally not enter into derivative transactions pursuant to which (i) the counterparty would assume discretion over the composition or management of a Fund's portfolio or the underlying assets of the financial derivative instruments (except in the case that the underlying of the derivative is an index that happens to be published by the counterparty or an affiliate), or (ii) the approval of the counterparty would be required in relation to any Fund portfolio transaction.

*Structured Securities.* Each Fund may invest in structured securities, the interest rate or principal of which is determined by an underlying indicator. Certain types of complex structured securities are considered to be derivative instruments. Structured securities may include securitized instruments, mortgage-backed securities, other mortgage-related derivatives, collateralized bond, debt and loan obligations, index-linked, credit-linked or other structured notes. The value of the principal of and/or interest on structured securities is determined by reference to the value of one or more underlying indicators or the difference between underlying indicators. In the case of certain "1:1 Structured Securities" or "1:1 Certificates," where the value of the principal and/or interest of the structured security is directly based on that of the underlying indicator (e.g., no leverage and, therefore, not embedding a derivative), the underlying indicators may include those items listed above as well as commodities, commodities indices, and real estate indices.

*Risk Management Process.* The Management Company must employ a risk management process which enables it to monitor and measure at any time the risk of the positions in its portfolios and their contribution to the overall risk profile of its portfolios. The Management Company's Risk Management Program will ensure that the global exposure of the underlying assets shall not exceed the total net value of a Fund. Generally, the global exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, future market movements and the time available to liquidate the positions. The global exposure relating to financial derivative instruments may be calculated through the "commitment approach" or through a Value-at-Risk ("VaR") methodology. Generally, a Fund that uses derivatives more extensively or as part of its investment objective will utilize the VaR methodology, and a Fund that uses derivatives less extensively will utilize the commitment approach. Refer to each "Fund Profile" to see which methodology each Fund uses to calculate its global exposure. The commitment approach is based, in part, on the principle of converting the exposure to derivative instruments into equivalent positions

of the underlying assets and quantifying the exposure in absolute value of the total commitments (which may account for coverage and netting). VaR provides a measure of the potential loss that could arise over a given time interval under normal market conditions, and at a given confidence level. The VaR approach is measured daily using a one-tailed confidence level of 99% and based on a time horizon of one month. For Funds using an absolute VaR methodology, the absolute VaR cannot be greater than 20% of its net asset value. For Funds using a relative VaR methodology, the relative VaR cannot exceed 200% of the VaR of the relevant reference portfolio. The holding period relating to financial derivative instruments, for the purpose of calculating global exposure under the VaR methodology, is one month.

*Short-Term Liquid Investments.* Each Fund may hold "ancillary liquid assets," defined as bank deposits at sight, up to 20% of its assets. This limit may only be exceeded temporarily when strictly necessary under exceptionally unfavorable market conditions to protect the best interests of investors. Liquid assets held in margin accounts in connection with financial derivative instruments are not "ancillary liquid assets" subject to this limit. Each Fund may also invest in deposits with credit institutions, money market instruments and units of money market funds, and may engage in reverse repurchase transactions. The investments referenced in this paragraph may be held for investment purposes or treasury purposes, or for temporary defensive purposes when adverse market, economic or political conditions exist. For any Fund that expects to maintain a material exposure on a continuing basis to such investments, they will be disclosed in the description of the Fund's investment strategy under "Investment Objective and Policy" in the Fund Profile.

*Benchmarks Used by the Funds.* On 1 January 2018, Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the "EU Benchmark Regulation") became effective subject to certain transitional provisions. It regulates, among other things, the Funds' use of benchmarks. As of the date of this Prospectus, the Funds only use (within the meaning of the EU Benchmark Regulation) benchmarks in accordance with the provisions of the EU Benchmark Regulation and its transitional provisions. In accordance with the relevant provisions of the EU Benchmark Regulation, benchmarks used by the Funds are provided by administrators that appear in the register of authorized European Union benchmark administrators maintained by the European Securities and Markets Authority, are authorized for use in the European Union pursuant to applicable third country provisions, qualify for continued use by the Funds under the transitional provisions set forth in the EU Benchmark Regulation and applicable guidance, or qualify for an exemption from the EU Benchmark Regulation.

The following table reflects the benchmarks currently used by the Funds, within the meaning of the EU Benchmark Regulation, as of the date of this prospectus and

whether each benchmark is provided by an administrator that has been authorized under the EU Benchmark Regulation, is an approved third country benchmark, or is eligible for continued use pursuant to the available transitional provisions. Other benchmarks that are referenced in the Prospectus are not "used" by the Funds for purposes of the EU Benchmark Regulation.

| Fund Name | Benchmark Name | Benchmark Administrator | Date of Inclusion in the Register |
|---|---|---|---|
| Blended Research® European Equity Fund | MSCI Europe Index | MSCI Limited | 7 March 2018 |
| Emerging Markets Equity Research Fund | MSCI Emerging Markets Index | MSCI Limited | 7 March 2018 |
| European Smaller Companies Fund | MSCI Europe Small Mid Cap Index | MSCI Limited | 7 March 2018 |
| Global Research Focused Fund | MSCI All Country World Index | MSCI | 7 March 2018 |

As required under the EU Benchmark Regulation, the Management Company maintains, on behalf of the Funds, a written plan addressing circumstances in which a benchmark used by the Funds materially changes or ceases to be provided. A copy of such written plan is available to shareholders free of charge at the registered office of the Management Company.

Additionally, certain Funds may invest in derivative instruments that reference a benchmark to determine the amount payable by the parties to the financial instrument.

## Investment Guidelines

The Company's investments shall be subject to the following guidelines, which are based on the Law. Each Fund shall be regarded as a separate UCITS for the purposes of the present section.

### *Investment Instruments*

The investments of the Company shall comprise only one or more of the following:

1) transferable securities and money market instruments admitted to or dealt in on a "regulated market," as defined in item 14 of Article 4 of Directive 2004/39/EC;

2) transferable securities and money market instruments dealt in on another market in a Member State which is regulated, operates regularly and is recognised and open to the public;

3) transferable securities and money market instruments admitted to official listing on a stock exchange in a country in Europe (other than a Member

State), North- and South America, Asia, Australia, New Zealand or Africa or dealt in on another market in one of these countries or regions which is regulated, operates regularly and is recognised and open to the public;

4) recently issued transferable securities and money market instruments, provided that:

– the terms of issue include an undertaking that applications will be made for admission to official listing on a stock exchange or to another regulated market which operates regularly and is recognised and open to the public in a country in Europe (including a Member State), North- and South America, Asia, Australia, New Zealand or Africa;

– such admission is scheduled to be secured within a year of issue.

5) units of UCITS authorised according to the UCITS Directive and/or other undertakings for collective investment within the meaning of Article 1 paragraph (2), points a) b) of the UCITS Directive whether or not established in a Member State, provided that:

– such other undertakings for collective investment are authorised under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in European Community law ("Community Law"), and that cooperation between authorities is sufficiently ensured,

– the level of protection for unitholders in the other undertakings for collective investment is equivalent to that provided for unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of transferable securities and money market instruments are equivalent to the requirements of the UCITS Directive,

– the business of the other undertakings for collective investment is reported in half-yearly and annual reports to enable an assessment to be made of the assets and liabilities, income and operations over the reporting period, and

– no more than 10% of the assets of the UCITS' or the other undertakings for collective investment, whose acquisition is contemplated, can, according to their fund rules or instruments of incorporation, be invested in aggregate in units of other UCITS or other undertakings for collective investment;

A Fund may, to the widest extent permitted by and under the conditions set forth in applicable Luxembourg laws and regulations, subscribe, acquire and/or hold shares to be issued by one or more other sub-funds of the Company. In such case and subject to conditions set forth in applicable Luxembourg laws and regulations, the voting rights, if any, attaching to these shares are suspended for as long as they are held by the Fund concerned. In addition and

as long as these shares are held by a Fund, their value will not be taken into consideration for the calculation of the net assets of the Company for purposes of verifying the minimum threshold of net assets imposed by the Law.

6) deposits with credit institutions which are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of the credit institution is situated in a third country, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in Community Law;

7) financial derivative instruments, including equivalent cash-settled instruments, dealt in on a regulated market referred to in 1), 2) and 3) hereinabove, and/or financial derivative instruments dealt in over-the-counter ("OTC derivatives"), provided that:

   – the underlying consists of instruments covered by this paragraph, financial indices, interest rates, foreign exchange rates or currencies or other underlying indicators as allowed under regulations applicable to the Company, in which the Company may invest according to its investment objectives,

   – the counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF, and

   – the OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Company's initiative;

8) money market instruments other than those dealt in on a regulated market, if the issue or issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that they are:

   – issued or guaranteed by a central, regional or local authority or central bank of a Member State, the European Central Bank, the European Union or the European Investment Bank, a non Member State or, in the case of a Federal State by one of the members making up the federation, or by a public international body to which one or more Member States belong, or

   – issued by an undertaking any securities of which are dealt in on regulated markets referred to in 1), 2) or 3) hereinabove, or

   – issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by Community Law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by Community Law; or

– issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent of this paragraph 8), and provided that the issuer is a company whose capital and reserves amount to at least EUR 10 million and which presents and publishes its annual accounts in accordance with Directive 78/660/EEC, is an entity which, within a group of companies which includes one or several listed companies, is dedicated to the financing of the group or is an entity which is dedicated to the financing of securitisation vehicles which benefit from a banking liquidity line; and

9) any other instrument permitted under Luxembourg law up to the investment limitations permitted under Luxembourg law; the investment limitations for the instruments identified above should be those permitted under Luxembourg law.

### *Investment Restrictions and Risk Diversification*

1) The Company may invest no more than 10% of each Fund's assets in transferable securities or money market instruments other than those referred to in the section "Investment Instruments."

2) i) The Company will invest no more than 10% of the net assets of any Fund in transferable securities or money market instruments issued by the same issuing body. Moreover where the Company holds on behalf of a Fund investments in transferable securities or money market instruments of any issuing body which individually exceed 5% of the net assets of such Fund, the total of all such investments must not account for more than 40% of the total net assets of such Fund provided that this limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision;

ii) The Company may invest no more than 20% of the assets of a Fund in deposits made with the same body;

iii) The risk exposure to a counterparty of the Company in an OTC derivative transaction may not exceed 10% of the assets of the relevant Fund when the counterparty is a credit institution referred to in paragraph 6) of the section "Investment Instruments" above or 5% of the relevant Fund's assets in other cases.

iv) Notwithstanding the individual limits laid down in paragraphs i), ii) and iii), the Company may not, for each Fund, combine

– investments in transferable securities or money market instruments issued by a single body,

– deposits made with a single body, and/or

– exposures arising from OTC derivative transactions undertaken with a single body in excess of 20% of the Fund's assets.

v) The limit of 10% laid down in sub-paragraph 2) i) above may be increased to a maximum of 35% in respect of transferable securities or money market instruments which are issued or guaranteed by a Member State, its local authorities, or by a non Member State or by public international bodies of which one or more Member States are members.

vi) The limit of 10% referred to in paragraph 2) i) may be raised to maximum 25% for certain debt securities if they are issued by a credit institution whose registered office is situated in a Member State and which is subject, by virtue of law to particular public supervision for the purpose of protecting the holders of such debt securities. In particular, the amounts resulting from the issue of such debt securities must be invested pursuant to the law in assets which sufficiently cover, during the whole period of validity of such debt securities, the liabilities arising therefrom and which are assigned to the preferential repayment of capital and accrued interest in the case of default by the issuer. If a Fund invests more than 5% of its net assets in such debt securities and issued by the same issuer, the total value of such investments may not exceed 80% of the value of the Fund's net assets.

vii) The transferable securities referred to in paragraphs 2) v) and 2) vi) above are not included in the calculation of the limit of 40% laid down in paragraph 2) i).

viii) The limits set out in sub-paragraphs i), ii) iii), iv) v) and vi) may not be aggregated and accordingly, investments in transferable securities or money market instruments issued by the same issuing body, in deposits or derivative instruments made with this body effected in accordance with sub-paragraphs i), ii) iii), iv) and v) above may not, in any event exceed a total of 35% of any Fund's net assets. A Fund may cumulatively invest up to 20% of its assets in transferable securities and money market instruments within the same group. Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 83/349/EEC or in accordance with recognised international accounting rules, are regarded as a single body for the purpose of calculating the limits within the same group.

Notwithstanding the limits set out in 2), in accordance with Article 44 of the Law, each Fund is authorised to invest up to 20% of its net assets in shares and/or debt securities issued by the same body when such Funds' investment policy is to replicate the composition of a certain equity or debt securities index which is recognised by the CSSF on the following basis:

– its composition is sufficiently diversified,

– the index represents an adequate benchmark for the market to which it refers,

– it is published in an appropriate manner.

**Notwithstanding 2) above, in accordance with Article 45 of the Law, the Company is authorised to invest up to 100% of the net assets of each Fund in transferable securities and money market instruments issued or guaranteed by (i) a Member State or, one or more of its local authorities, (ii) by a member state of the Organization for Economic Cooperation and Development ("OECD") or the Group of Twenty ("G-20") or the Republic of Singapore, or (iii) public international bodies of which one or more Member States are members, in each case on the condition that the respective Fund's net assets are diversified on a minimum of six separate issues, and each issue may not account for more than 30% of the total net asset value of the Fund.**

3) i) The Company may not acquire any Shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body.

ii) The Company may acquire no more than (a) 10% of the non-voting shares of the same issuer, or (b) 10% of the debt securities of the same issuer, (c) 10% of the money market instruments of any single issuer, or (d) 25% of the units of the same collective investment undertaking provided that such limits laid down in (b), (c) and (d) may be disregarded at the time of acquisition if at that time the gross amount of debt securities or of the money market instruments or the net amount of the instruments in issue cannot be calculated.

iii) The limits laid down in i) and ii) above shall not apply to the following:

– the securities referred to under Article 48, paragraph 3), sub-paragraphs a), b) and c) of the Law, or

– to investment by a Fund in one or more companies incorporated in a non-Member State which invests its assets mainly in the securities of issuing bodies having their registered office in that State, where under the legislation of that State, such a holding represents the only way in which the Company can invest in the securities of issuing bodies of that State, provided that in its investment policy the company from the non-Member State complies with the limits laid down in the investment policies and restrictions referred to in the current Prospectus of the Company, as amended from time to time, or

- shares held by the Company in the capital of subsidiary companies which, exclusively on its behalf carry on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares at the request of shareholders.

4) In addition the Company will not for each Fund:

i) Make investments in, or enter into transactions involving precious metals or certificates representing them;

ii) Purchase or sell movable or immovable property or any option, right or interest therein, provided the Company may invest in securities secured by real estate or interests therein, issued by companies which invest in real estate or interests therein or certificates or other notes representing real estate or related index allowed under applicable law and except that the Company may acquire such property which is essential for the direct pursuit of its business;

iii) Invest more than 10%, in aggregate, of the net assets attributable to the Fund in securities of UCITS or other UCIs referred to in paragraph 5) of the section "Investment Instruments" above, provided that

- The Investment Manager may not charge any management, subscription or redemption fees if they purchase target funds (a) which are managed directly or indirectly by the Investment Manager or (b) which are managed by a company linked to the Investment Manager by (i) common management (ii) common control or (iii) by direct or indirect interest of more than 10% of the share capital or of the voting rights;

iv) Purchase any securities on margin (except that the Company may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make uncovered sales of transferable securities, money market instruments or other financial instruments referred to in paragraphs 5), 7), and 8) of "Investment Instruments" above; deposits or other accounts in connection with option, forward or financial futures contracts, permitted within the limits referred to above, are not considered margins for this purpose;

v) Make loans to, or act as a guarantor on behalf of third parties, provided that for the purpose of this restriction i) the acquisition of transferable securities, money market instruments or other financial assets referred to in the section "Investment Instruments" above in partly paid form and ii) the permitted lending of portfolio securities shall be deemed not to constitute the making of a loan;

vi) Borrow for the account of any Fund amounts in excess of 10% of the total net assets of that Fund taken at market value, any such borrowing to be effected only as a temporary measure. Back-to-back loans shall not fall under this restriction provided that such loans will be used only in order to acquire foreign currencies and in addition, acquisition of securities in partly-paid form shall not fall under this restriction;

vii) Mortgage, pledge, hypothecate or in any manner encumber any assets of a Fund, except as may be necessary in connection with permitted borrowings (within the above 10% limit) (this will not prevent a Fund from depositing securities or other assets in a separate account as may be required in constituting margins in connection with option, financial futures or swap transactions;

viii) Make investments in any asset involving the assumption of unlimited liability;

5) i) The Company will employ a risk management process which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio; it will employ a process for accurate and independent assessment of the value of OTC derivative instruments and ensure that each portfolio's global risk exposure relating to financial derivative instruments does not exceed the limits specified in the prospectus, the Law or other applicable laws. The Company will provide to the CSSF such information about its derivatives activity and at such intervals as required by Luxembourg law and regulations.

ii) The Company shall ensure that each Fund's global exposure relating to derivative instruments does not exceed the total net value of its portfolio. The exposure is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. A Fund may invest, as part of its investment policy and within the limits laid down in 2) viii) above in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in 2) above. When a Fund invests in index-based financial derivative instruments, these investments do not have to be combined to the limits laid down in 2 above. When a transferable security or money market instrument embeds a derivative, the latter must be taken into account when complying with the requirements of this paragraph 5.

The Company needs not to comply with the limits laid down in this Section when exercising subscription rights attaching to transferable securities or money market instruments which form part of their assets.

If the limitations in 2), 3), 4) or 5) are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its shareholders.

*German Investment Tax Act 2018 (Germany)*. The following Funds will continuously invest at least 50% of net assets in equities within the meaning of Section 2 paragraph 8 of the German Investment Tax Act ("GITA") with the purpose of qualifying as "Equity Funds" *(Aktienfonds)* within the meaning of Section 2 paragraph 6 of GITA: Asia Ex-Japan Fund, Blended Research® European Equity Fund, Continental European Equity Fund, Contrarian Value Fund, Emerging Markets Equity Fund, Emerging Markets Equity Research Fund, European Core Equity Fund, European Research Fund, European Smaller Companies Fund, European Value Fund, Global Concentrated Fund, Global Equity Fund, Global Equity Income Fund, Global Intrinsic Value Fund, Global New Discovery Fund, Global Research Focused Fund, Global Strategic Equity Fund, Global Total Return Fund, Japan Equity Fund, Managed Wealth Fund, U.K. Equity Fund, U.S. Concentrated Growth Fund, U.S. Growth Fund and U.S. Value Fund.

The following Funds will continuously invest at least 25% of net assets in equities within the meaning of Section 2 paragraph 8 of GITA with the purpose of qualifying as "Mixed Funds" *(Mischfonds)* within the meaning of Section 2 paragraph 7 of GITA: Prudent Capital Fund and Prudent Wealth Fund.

### *Techniques and Instruments*

In accordance with the provisions of article 42(2) of the Law and more specifically, in accordance with the provisions of CSSF Circular 08/356 (as amended, including by CSSF Circular 13/559) and other applicable laws, regulations, and the administrative practice of the CSSF (including rules relating to risk management, counterparty exposure and collateral requirements), the Fund may, for efficient portfolio management purposes (e.g., to reduce risk, to reduce costs, generate additional income with appropriate risk, etc.), enter into securities lending transactions, sale or purchase with option to repurchase transactions and repurchase/reverse repurchase transactions. Additionally, each Fund is subject to the requirements of Regulation (EU) 2015/2365 on transparency of securities financing transactions and of reuse, requiring among other things that certain disclosure be made regarding each Fund's use of total return swaps and securities financing transactions ("SFTs"), which include securities lending transactions, repurchase agreements and reverse repurchase agreements. Specifically, this disclosure must indicate the types of instruments and extent of use by the Fund's the criteria used to select counterparties, the accepted collateral and the valuation of such collateral, allocation of revenue generated from use and information pertaining to risks and safe-keeping arrangements. This information regarding each Fund's use of SFTs and total return swaps is included in the following

sections of this Prospectus and further information can be found in the most recent annual and semiannual shareholder reports.

Under no circumstances will these techniques and instruments cause a Fund to diverge from its investment objective or subject the Fund to substantially higher risk than contemplated in its risk profile. All the revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs, are returned to the Fund.

Each Fund may enter into these transactions with those counterparties which are financial institutions specialized in the relevant type of transaction, are subject to prudential supervision rules, located in either an OECD or G20 member state as of the date of this prospectus and which the Investment Manager believes to present an acceptable risk, with limitations on exposure to each counterparty in accordance with Luxembourg regulations. The Investment Manager considers a number of factors in assessing counterparty risk, including, but not limited to, long and short term credit ratings (as published by one or more international rating agency) and bank financial strength ratings of the counterparty or counterparty's parent organization, where applicable, and (if any) the guarantor. When selecting counterparties for securities lending and reverse repurchase agreements, the Investment Manager will only consider those entities with a short-term credit rating of A-1 or P-1 or equivalent long term credit ratings or otherwise judged by the Investment Manager to present acceptable credit risk.

The volume of these techniques and instruments shall be kept at a level such that each Fund is able, at all times, to meet its redemption obligations.

The Investment Manager, acting as delegate of its affiliate the Management Company, holds discretion over whether and to what extent the Funds engage in efficient portfolio management techniques. All efficient portfolio management techniques are undertaken with third parties unaffiliated with the Investment Manager, Management Company, or any related entity, at market rates or negotiated at arms' length. Neither the Management Company, Investment Manager, or any of their affiliates financially benefit from efficient portfolio management techniques undertaken by the Funds. Accordingly, the Board of the Company and the Management Company have not identified any conflicts of interest related to efficient portfolio management techniques.

*Specific Factors for Securities Lending.* Securities lending involves a Fund lending securities in its portfolio to another party in exchange for a fee. The Funds engage in securities lending in order to generate income from such securities lending fees and if collateral is received in cash, reinvestment of the collateral subject to the conditions set forth below under "Collateral Management for the Funds." Securities lending activity is solely for the benefit of the Funds and all securities lending revenue, net of fees to third parties unaffiliated with the Management Company or Investment Manager, accrues to the relevant Fund. Funds that participate in securities lending will continuously make their

securities available for lending; however, whether lending actually occurs will depend on the extent to which a Fund's portfolio securities are in demand by borrowers. Each Fund may lend securities up to 25% of the global valuation of its securities portfolio, however, under normal conditions, it is expected that such activity will average less than 5% of the global valuation of the securities portfolio for each Fund. Under the Company's current securities lending agreement, the Funds will only lend portfolio securities that are classified as equity securities. When one party lends portfolio securities to another party, the lender has the right to call the loan and obtain the securities loaned at any time on customary industry settlement notice (which will not usually exceed five business days). For the duration of a loan, the borrower pays the lender an amount equal to any interest or dividends received on the securities loaned. To the extent the collateral is reinvested by the borrower, the lender may also receive a fee from the borrower or compensation from the investment of the collateral, less a fee paid to the borrower (if the collateral is in the form of cash). Income received under securities lending transactions accrues to the respective Fund in accordance with the relevant securities lending agreements, under which a portion of such income may be paid to the Fund's lending agent, Goldman Sachs Agency Lending (which is not a related party to the Fund, Management Company, Investment Manager or Depositary). Under the current securities lending agreement, the Company has agreed to pay the lending agent 15% of income generated up to $4 million from securities lending transactions and 12.5% of income exceeding $4 million from securities lending transactions. A nominal account maintenance and per-transaction fee is also paid to the Depositary Trust Clearing Corporation in connection with collateral maintenance. These amounts are included as part of the "Estimated Other Expenses" reported in the ongoing charges table in each Fund's "Fund Profile." There are no additional direct or indirect fees related to securities lending activity.

When securities are out on loan, the lender does not have the right to vote any securities having voting rights during the existence of the loan, but it can attempt to call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment; however, it is sometimes not feasible, particularly in the case of foreign securities, to recall the securities in time to vote the shares. A Fund's performance will continue to reflect changes in the value of the securities loaned and will also reflect the receipt of interest, through investment of cash collateral by the Fund if applicable or a fee. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the lender may not be able to recover the securities loaned or gain access to the collateral. These delays and costs could be greater for foreign securities. If the lender is not able to recover the securities loaned, the lender may sell the collateral and purchase a replacement investment in the market. The value of the collateral could decrease below the value of the replacement investment and related transaction costs by the time the replacement

investment is purchased. Certain risks are mitigated by the lending agent's agreement with the Funds to compensate certain losses suffered by a Fund if a counterparty fails to return lent securities.

*Specific Factors for Repurchase Agreements.* A repurchase agreement is an agreement under which a buyer would acquire a security for a relatively short period of time (usually not more than a week) subject to the obligation of the seller to repurchase and the buyer to resell such security at a fixed time and price (representing the seller's cost plus interest). From the standpoint of the seller this is called a "repurchase transaction" and from the standpoint of the buyer a "reverse repurchase transaction." Income received under a repurchase agreement (which is effectively interest income) accrues to the buyer. The Funds will only enter into reverse repurchase transactions and, as such, the Funds will only act as buyer and provide cash in connection with such transactions. The Funds' objective in doing so is to generate this interest income on U.S. dollar cash balances. It is expected that the Funds will participate continuously in repurchase agreements. Each Fund may invest up to 10% of its net assets in reverse repurchase transactions, however it is expected that each Fund, with the exception of the Prudent Capital Fund and the Prudent Wealth Fund, will not exceed more than 5% of its net assets in reverse repurchase transactions. For the Prudent Capital Fund and the Prudent Wealth Fund investment in reverse repurchase transactions is expected to vary between 5% and 10% of net assets.

The buyer bears the risk of loss in the event that the seller defaults on its obligations and the buyer is delayed or prevented from exercising its rights to dispose of the collateral. This includes the risk of procedural costs or delays. In addition, the buyer would be subject to a risk of loss on the collateral if its value should fall below the repurchase price (whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded). If collateral is maintained by a third party custodian, the buyer is also subject to the credit risk of the third party custodian. The seller is subject to the risk that the buyer will be unable or unwilling to complete the transaction as scheduled, which may result in losses to the seller.

A Fund, as buyer, may engage in reverse repurchase transactions that have been novated by the seller to the Fixed Income Clearing Corporation ("FICC"). FICC acts as the common counterparty to all reverse repurchase transactions entered into under the FICC's repurchase agreement clearing program and guarantees that participants will receive their cash or securities collateral (as applicable) at the close of the transaction. While this guarantee is intended to mitigate the counterparty risk and credit risk that exist in the case of a bilateral reverse repurchase agreement transaction, the Fund is exposed to the risk of delays or losses in the event of a bankruptcy or other default by the FICC or the FICC sponsoring member through which the Fund transacts.

All income generated from reverse repurchase transactions accrues to the respective Fund. The Depositary imposes a transaction-based fee paid by the relevant Fund for each reverse repurchase transaction using a tri-party custodial agreement entered into by the Fund. Refer to the annual report for details on the amount of such fee paid for the previous fiscal year. In addition, a collateral management fee may apply to the services relating to tri-party custodial arrangements required to ensure optimal transfer of collateral between a Fund and its counterparty to the transaction. Such collateral management fee is paid to the tri-party custodian (which would not be an affiliate of the Fund, Management Company, Investment Manager or Depositary) by the Fund's counterparty and not the Fund.

### *Collateral Management for the Funds*

Assets received from counterparties for securities lending transactions, reverse repurchase transactions, and OTC derivative transactions, including total return swaps, constitute collateral. Collateral may offset counterparty exposure for purposes of complying with applicable regulatory limits, provided it complies with the following regulatory criteria at all times:

a) Liquidity – any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing in order that it can be sold quickly at a price that is close to pre-sale valuation. Collateral received should also comply with the provisions of Article 48 of the 2010 Law regarding issuer concentration limits.

b) Valuation – collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitably conservative haircuts are in place.

c) Issuer credit quality – collateral received should be of high quality.

d) Correlation – the collateral received by the Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty.

e) Collateral diversification (asset concentration) – collateral should be sufficiently diversified in terms of country, markets and issuers. The criterion of sufficient diversification with respect to issuer concentration is considered to be respected if the Fund receives from a counterparty of efficient portfolio management and over-the-counter financial derivative transactions a basket of collateral with a maximum exposure to a given issuer of 20% of its net asset value. When Funds are exposed to different counterparties, the different baskets of collateral should be aggregated to calculate the 20% limit of exposure to a single issuer. By way of derogation from the foregoing, a Fund may be fully collateralised in different transferable securities and money market instruments issued or guaranteed by a Member State, one or more

of its local authorities, by a member state of the OECD or the G-20 or the Republic of Singapore, or a public international body to which one or more Member States belong. Such a Fund should receive securities from at least six different issues, but securities from any single issue should not account for more than 30% of the UCITS' net asset value.

f) Risks linked to the management of collateral, such as operational and legal risks, should be identified, managed and mitigated by the risk management process.

g) Where there is a title transfer, the collateral received should be held by the depositary of the Fund. For other types of collateral arrangements, the collateral can be held by a third party custodian which is subject to prudential supervision, and which is unrelated to the provider of the collateral.

h) Collateral received should be capable of being fully enforced by the Fund at any time without reference to or approval from the counterparty.

In offsetting exposure the value of collateral is reduced by a percentage (a "haircut") which provides, inter alia, for short term fluctuations in the value of the exposure and of the collateral, taking into account the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, and price volatility. The percentage is asset class-specific and is typically 0% for cash and at least 1% for short-term U.S. government securities, 2% for longer-term U.S. government securities and 5% for non-U.S. government and other securities constituting eligible collateral as described below. Collateral levels are maintained to ensure that net counterparty exposure does not exceed the limits per counterparty as set out in section 2 (iii) of "Investment Restrictions and Risk Diversification" of this Prospectus. If a Fund were to hold collateral in excess of 30% of its assets, additional stress tests involving normal and exceptional liquidity scenarios would be carried out to enable the Fund to assess the liquidity risk associated with the collateral. The liquidity stress testing policy will at least prescribe the following: (a) design of stress test scenario analysis including calibration, certification and sensitivity analysis; (b) empirical approach to impact assessment, including back-testing of liquidity risk estimates; (c) reporting frequency and limit/loss tolerance threshold(s); and (d) mitigation actions to reduce loss including haircut policy and gap risk protection.

Collateral received by each Fund in relation to OTC derivative transactions, including total return swaps, primarily consists of cash and highly rated U.S. government and agency debt with a maximum maturity of up to 10 years, and may be subject to a credit support annex to the derivatives agreements (e.g., International Swaps and Derivatives Association (ISDA) Master Agreement) that obligate the counterparty to post collateral to each Fund to cover any mark to market exposures of the transaction as long as the exposure is above a minimum transfer amount. Such collateral will be subject to appropriate pre-determined haircuts and will be valued on a daily basis by the Investment

Manager in accordance with the valuation methodology for portfolio securities (see "Valuation") and will be subject to daily variation margin requirements. All collateral received by the Funds in such transactions will be held in custody with the Depositary. For collateral provided by the Funds' in such transactions where the Funds have entered into an ISDA which includes a tri-party agreement with the Depositary, such collateral will be held in custody with the Depositary. For those transactions in which the ISDA does not include a tri-party agreement with the Depositary, the Funds will only provide cash as collateral, which will be held by the counterparty.

Collateral received by the Fund in connection with securities lending or reverse repurchase transactions will be at least equal to the market value of the securities loaned or cash placed and must normally take the form of (i) liquid assets (e.g., cash (with reinvestment restrictions), short term bank certificates, money market instruments, irrevocable letter of credit from a first-class institution); (ii) bonds issued or guaranteed by a Member State of the OECD or by their local public authorities or by supranational institutions and undertakings with EU, regional or world-wide scope; (iii) shares or units issued by money market funds calculating a daily net asset value and being assigned a rating of AAA or its equivalent; (iv) shares or units issued by other UCITS investing mainly in bonds/shares mentioned in (v) and (vi) below; (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity; (vi) shares admitted to or dealt in on a regulated market of a Member State of the EU or on a stock exchange of a Member State of the OECD, on the condition that these shares are included in a main index; or (vii) other collateral types allowed in accordance with Luxembourg regulations applicable to the Funds. There is no specific limitation regarding the maturity of the collateral received in securities lending or reverse repurchase transactions.

Collateral received by the Funds in securities lending transactions is valued by the securities lending agent in accordance with the valuation methodology set forth in the Company's current securities lending agreement. Pursuant to this agreement, collateral is valued by the securities lending agent on a daily basis utilizing electronic feeds from third party pricing services which are reviewed daily for reasonableness. The amount of such collateral is subject to adjustment on a daily basis as calculated by the securities lending agent to ensure such transactions remain collateralized at 105% of the value of the portfolio securities lent by the Funds. Collateral received by the Funds and portfolio securities that are lent by the Funds as part of securities lending transactions will be held in custody with the Depositary.

Collateral received by the Funds for reverse repurchase transactions is valued by the Investment Manager on a daily basis in accordance with the valuation methodology for portfolio securities (see "Valuation") and is subject to daily

variation margin requirements. All collateral received by the Funds for reverse repurchase transactions will be held in custody with the Depositary.

As set forth under "Investment Policies and Risks – Counterparty and Third Party Risk," assets held in custody with the Depositary may be held with a sub-custodian within the Depositary's network of sub-custodians.

The Funds may be exposed to certain risks that are linked to the management of collateral, such as operational, legal, liquidity, credit, counterparty, and custody risks. Operational risk generally refers to the risk that deficiencies in the effectiveness and accuracy of information systems used by the Company, Investment Manager or relevant third parties or applicable internal controls used in the management of collateral will result in a material loss. Legal risk pertaining to collateral management generally refers to the risk that the Company has not entered into sufficient legal agreements to identify and protect its legal right to certain collateral and that the Company will not be able to enforce such rights in the event of a default by the counterparty and may suffer a loss as result. Investors should consult the following sections: "Credit Risk", "Counterparty and Third Party Risk" and "Liquidity Risk" of the Risk Factors section of this Prospectus for information concerning these specific risks. The Company maintains a risk management process which identifies specific processes that have been implemented by the Company to mitigate the effects of the above risks.

Collateral received in the form of securities may not be sold, reinvested or pledged. To the extent a Fund receives cash as collateral, such cash collateral would only be placed on deposit with credit institutions allowed under Luxembourg law, and if applicable may only be reinvested in high quality government bonds, reverse repurchase transactions (provided the transactions are with credit institutions subject to prudential supervision and the Fund is able to recall at any time the full amount of cash on accrued basis) or short-term money market funds allowed by Luxembourg law in order to mitigate the risk of losses on reinvestment. To the extent that cash collateral is reinvested there is a risk that the value received in return of the reinvested cash collateral may not be sufficient to cover the amount required to be repaid to the counterparty and, in such circumstance, the applicable Fund would be required to cover the shortfall out of its assets.

## Risk Factors

In addition to the risks described in each Fund's KID and "Fund Profile," your Fund may be subject to other risks described below. Because the following is a combined description of the risks for all Funds, certain matters described herein may not apply to your Fund.

**The price of the Company's Shares and any income earned on the Shares may go down as well as up. Future earnings and investment performance can be affected by many factors not necessarily within the control of the Company or its Directors or officers. No guarantees as to future performance of, or future return from, the Company can be given by the Company itself, or by any Director or officer of the Company, the Management Company, Investment Manager, or any of its affiliates, or by any of their directors or officers, or by any Financial Intermediary.**

## Allocation Risk

The assessment of the risk/return potential of asset classes, markets and currencies and the resulting allocation among asset classes by the Investment Manager or its delegate may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.

## Borrowing Risk

If the Fund borrows money, its share price may be subject to greater fluctuation until the borrowing is paid off. If the Fund makes additional investments while borrowings are outstanding, this may be considered a form of leverage and may cause a Fund to liquidate investments when it would not otherwise do so. Money borrowed will be subject to interest charges and may be subject to other fees or requirements which would increase the cost of borrowing above the stated interest rate.

## Company Risk

Changes in the financial condition of a company or other issuer, changes in specific market, economic, industry, political, regulatory, geopolitical, public health and other conditions that affect a particular type of investment or issuer, and changes in general market, economic, political, regulatory, geopolitical and other conditions can adversely affect the price of an investment. The value of an investment held by the fund may decline due to factors directly related to the issuer, such as competitive pressures, cybersecurity incidents, financial leverage, historical and/or prospective earnings, management performance, labour and supply shortages, investor perceptions, and other factors.

## Convertible Securities Risk

Convertible securities are bonds, debentures, notes, or other securities that may be converted into or exchanged for (by the holder or by the issuer) shares of stock (or cash or other securities of equivalent value) of the same or a different issuer at a stated exchange ratio. Convertible securities are senior to common

stock in a corporation's capital structure, but are usually subordinated to senior debt obligations of the issuer. A convertible security provides holders, through its conversion feature, an opportunity to participate in increases in the market price of their underlying securities. A convertible security may also be called for redemption or conversion by the issuer after a particular date and under certain circumstances (including a specified price) established upon issue.

Convertible securities generally have less potential for gain or loss than common stocks. Convertible securities generally provide yields higher than the underlying common stocks, but generally lower than comparable non-convertible securities. Because of this higher yield, a convertible security generally sells at prices above its "conversion value," which is the current market value of the stock to be received upon conversion. The difference between this conversion value and the price of a convertible security will vary over time generally depending on changes in the value of the underlying common stock and interest rates. When the underlying common stock declines in value, a convertible security will tend not to decline to the same extent because of the interest or dividend payments and the repayment of principal at maturity for certain types of convertible securities. In general, a convertible security performs more like a stock when the conversion value exceeds the value of the convertible security without the conversion feature and more like a debt instrument when its conversion value is less than the value of the convertible security without the conversion feature. However, a security that is convertible other than at the option of the holder generally does not limit the potential for loss to the same extent as a security convertible at the option of the holder. When the underlying common stock rises in value, the value of the convertible security may also be expected to increase. At the same time, however, the difference between the market value of the convertible security and its conversion value will narrow, which means that the value of the convertible security will generally not increase to the same extent as the value of the underlying common stock. Because a convertible security may also be interest-rate sensitive, its value may increase as interest rates fall and decrease as interest rates rise. A convertible security is also subject to credit risk, and is often a lower-quality security.

A contingent convertible security or contingent capital security (a "CoCo bond") is a type of hybrid security that is intended to either convert into an equity security or have its principal written down or written off upon the occurrence of certain trigger events. An automatic write down, write off, or conversion event will typically be triggered by a reduction in the issuer's capital level or an action by the issuer's regulator, but may also be triggered by other factors. Due to the contingent write down, write off, or conversion feature, a contingent convertible security may have a greater risk of principal loss than other securities in times of financial stress. If the trigger level is breached, the value of the contingent convertible security may decrease to zero with no opportunity for an increase in value even if the issuer continues to operate.

## Counterparty and Third Party Risk

Transactions involving a counterparty other than the issuer of the instrument, including clearing organizations, or a third party responsible for servicing the instrument or effecting the transaction, are subject to the credit risk of the counterparty or third party, and to the counterparty's or third party's ability or willingness to perform in accordance with the terms of the transaction. A loss may be sustained by a Fund as a result of the failure of a counterparty to a derivative instrument to comply with the terms of the derivative instrument contract. The counterparty risk for derivative instruments that are cleared through a clearing house is generally less than for uncleared derivative instruments, because the clearing house is the issuer or counterparty to each cleared derivative instrument. This is supported by a daily payment system (i.e. margin requirements) operated by the clearing house in order to reduce overall credit risk. For uncleared derivative instruments, there is no similar clearing agency guarantee. Therefore, the creditworthiness of each counterparty to an uncleared derivative instrument is considered in evaluating potential counterparty risk for such instruments. Counterparty risk may be mitigated by collateral; however, certain types of uncleared derivative instruments (e.g., currency forward contracts) may not call for the posting of collateral by the counterparty.

Fund assets held by a custodian or other third party are subject to the credit risk of the custodian or other third party, and to the custodian's or third party's ability or willingness to perform in accordance with the terms of the arrangement. If such a counterparty, custodian, or other third party becomes insolvent or declares bankruptcy, the Fund may be limited in its ability to exercise rights to obtain the return of Fund assets or in exercising other rights against the counterparty or third party. In addition, bankruptcy and liquidation proceedings take time to resolve, which can limit or preclude a Fund's ability to exercise its rights, including terminating an arrangement or transaction or obtaining Fund assets in a timely manner.

If a counterparty or third party fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Fund could miss investment opportunities, lose value on its investments, or otherwise hold investments it would prefer to sell, resulting in losses for the Fund.

*Counterparty Risk to the Depositary*. The assets of the Company are held with the Depositary. The assets of the Company should be identified in the Depositary's books as belonging to the Company. Securities held by the Depositary should be segregated from other assets of the Depositary which mitigates but does not exclude the risk of non-restitution in case of bankruptcy of the Depositary. The investors are therefore exposed to the risk of the Depositary not being able to fully meet its obligation to return Company assets in the case of the Depositary's bankruptcy.

The Depositary does not keep all Company assets itself but uses a network of sub-custodians which are not always part of the same group of companies as the Depositary.

A Fund may invest in markets where custodial and/or settlement systems are not fully developed. The assets of the Fund that are traded in such markets and which have been entrusted to such sub-custodians may be exposed to custody risk. The Depositary is strictly liable for losses by a Fund at the level of a sub-custodian. The Depositary is also strictly liable for losses at the level of a sub-custodian by certain of its other clients, including other pooled vehicles registered under the Law and other pooled vehicles managed by managers regulated under the Luxembourg Law of 12 July 2013. Accordingly, the Depositary may incur losses due to this liability which may result in the Depositary's bankruptcy and the risk of non-restitution of assets as set forth above.

## Credit Risk

The price of a debt instrument depends, in part, on the issuer's or borrower's or other entity responsible for payment's credit quality or ability to pay principal and interest when due. The price of a debt instrument is likely to fall if an issuer, borrower or other party defaults on its obligation to pay principal or interest or if the instrument's credit rating is downgraded by a credit rating agency. The price of a debt instrument can also decline in response to changes in the financial condition of the issuer or borrower, changes in specific market, economic, industry, political, regulatory, geopolitical, and other conditions that affect a particular type of instrument, issuer, or borrower, and changes in general market, economic, industry, political, regulatory, geopolitical, and other conditions. Certain unanticipated events, such as natural disasters, terrorist attacks, war, and other geopolitical events can have a dramatic adverse effect on the price of a debt instrument. For certain types of instruments, including derivatives, the price of the instrument depends in part on the credit quality of the counterparty to the transaction. For other types of debt instruments, including securitized instruments, the price of the debt instrument also depends on the credit quality and adequacy of the underlying assets or collateral as well as whether there is a security interest in the underlying assets or collateral. Enforcing rights, if any, against the underlying assets or collateral may be difficult, or the underlying assets or collateral may be insufficient, if the issuer defaults.

*U.S. Government Securities*. U.S. Government securities are securities issued or guaranteed as to the payment of principal and interest by the U.S. Treasury, by an agency or instrumentality of the U.S. Government, or by a U.S. Government-sponsored entity. Certain U.S. Government securities are not supported as to the payment of principal and interest by the full faith and credit of the U.S. Treasury or the ability to borrow from the U.S. Treasury. Some U.S. Government securities are supported as to the payment of principal and interest only by the credit

of the entity issuing or guaranteeing the security. U.S. Government securities include mortgage-backed securities and other types of securitized instruments issued or guaranteed by the U.S. Treasury, by an agency or instrumentality of the U.S. Government, or by a U.S. Government-sponsored entity.

*Sovereign Debt Obligations*. Sovereign debt obligations are issued, guaranteed or supported by governments or their agencies, semi-governmental entities or supranational entities, or debt instruments issued by entities organized and operated for the purpose of restructuring outstanding government securities, including debt of developed and emerging market countries. Sovereign debt may be in the form of conventional securities or other types of debt instruments such as loans or loan participations. Sovereign debt of emerging countries may involve a high degree of risk, and may be in default or present the risk of default. Governmental entities responsible for repayment of the debt may be unable or unwilling to repay principal and pay interest when due, and may require renegotiation or rescheduling of debt payments. Any restructuring of sovereign debt obligations will likely have a significant adverse effect on the value of the obligations. There is little legal recourse against sovereign issuers other than what such an issuer may determine to provide. In addition, prospects for repayment of principal and payment of interest may depend on political as well as economic factors including the issuer's cash flow, the size of its reserves, its access to foreign exchange, and the relative size of its debt service burden to its economy as a whole. Although some sovereign debt is collateralized by U.S. Government securities, repayment of principal and payment of interest is not guaranteed by the U.S. Government.

## Currency Risk

Currency risks include exchange rate fluctuations, international and regional political and economic developments and the possible imposition of exchange controls or other local governmental laws or restrictions applicable to such investments. Since a Fund may invest in portfolio securities and instruments denominated in currencies other than its Base Currency or Class denominations, changes in currency rates may affect the value of such holdings and the value of your investment. Currency rate changes may also affect the financial condition of the issuers in which the Fund invests.

Currency transactions can be made on a spot (i.e., cash) or forward basis (i.e., by entering into forward contracts to purchase or sell currencies). Although foreign exchange dealers generally do not charge a fee for such conversions, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a currency at one rate, while offering a lesser rate of exchange should the counterparty desire to resell that currency to the dealer.

By entering into forward currency exchange contracts, a Fund may be required to forego the benefits of advantageous changes in exchange rates and, in the case of forward contracts entered into for the purpose of increasing return, a Fund may sustain losses which will reduce its gross income. Forward currency exchange contracts involve the risk that the party with which a Fund enters the contract may fail to perform its obligations to the Fund.

In the case of a net asset flow to or from a Hedged Share Class or fluctuation in the Net Asset Value of such Class, the hedging strategy may not, or not immediately, be adjusted, unless the flow or fluctuation is significant. The hedging strategy for the Hedged Share Classes will not completely eliminate the exposure to currency movements. There can be no guarantee that returns of such Classes will exceed those of Unhedged Classes. Shareholders of Hedged Share Classes should note that the hedging strategy utilized for such Classes may limit their ability to benefit from the currency diversification undertaken within the portfolio (including partially offsetting the currency hedging undertaken at the level of the Fund's portfolio).

The gains/losses from hedging transactions will accrue solely to the relevant Hedged Share Class(es). However, there is a risk that, under certain circumstances, currency hedging transactions in relation to a Hedged Class could negatively affect the net asset value of the other Classes (including Unhedged Classes) of the same Fund. For example, given that there is no segregation of liabilities among Classes of a Fund, if a currency hedging transaction in respect of a Hedged Class were to result in liabilities that the Hedged Class has insufficient assets to cover, assets attributable to the other Classes of the Fund may be used to cover the liabilities. Further, collateral posting requirements, which may become more burdensome in light of recent regulatory developments, may require the Fund to maintain a larger allocation to cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions) than the Investment Manager would otherwise determine to hold. This could negatively affect performance for the Fund as a whole, even where the corresponding derivative transactions are in respect of the Hedged Classes alone. For a current list of Funds that have one or more Hedged Share Classes, and therefore may subject holders of Unhedged Classes to the foregoing risks, please see ***meridian.mfs.com***.

No intentional leveraging should result from currency hedging transactions for a Hedged Share Class, although hedging may exceed 100% for short periods between a redemption instruction and execution of the hedge trade. The foreign exchange rate used for the hedging strategy for the Hedged Share Classes may differ from the spot rate used for determining the net asset value of the non-base currency Classes thus potentially resulting in gains or losses for the Hedged Share Classes based on currency movements between the respective spot rate times.

## Cybersecurity Risk

The Fund does not directly have any operational or security system or infrastructure that is potentially subject to cybersecurity risks, but the Fund is exposed through its service providers (including, but not limited to, the Management Company, MFS, the Depositary, the Transfer Agent, the Independent Auditor and financial intermediaries) to cybersecurity risks. With the increased use of technologies such as mobile devices and cloud-based computing solutions and the dependence on the Internet and computer systems to perform necessary business functions, the Fund's service providers are susceptible to operational and information security risks that could result in losses to the Fund and its shareholders. Cybersecurity incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, infection by computer viruses or other malicious software code, unauthorized access to the service providers' digital systems through system-wide "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on the service providers' systems or websites, rendering them unavailable to intended users, or via "ransomware" that renders the systems inoperable until specified actions are taken. In addition, authorized persons could inadvertently or intentionally release confidential or proprietary information stored on the service providers' systems.

Cybersecurity failures or breaches resulting from the Fund's service providers or the issuers of securities in which the Fund invests may negatively impact the value of the Fund's investments and cause disruptions and impact the service providers' and the Fund's business operations, potentially resulting in financial losses, the inability of shareholders to transact business and the Fund to process transactions, the inability to calculate the Fund's net asset value, impediments to trading, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, and/or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting counterparties with which the Fund engages in transactions, governmental and other regulatory authorities, exchanges and other financial market operators, and other parties. The Fund may incur incremental costs to prevent cybersecurity incidents in the future which could negatively impact the Fund and shareholders. While MFS and the Management Company have established information security plans, business continuity plans and risk management systems designed to prevent or reduce the impact of such cybersecurity incidents, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been adequately identified. Furthermore, the Fund cannot directly control any cybersecurity plans and systems put in place by service providers, or by issuers in which the Fund invests.

## Debt Market Risk

Debt markets can be volatile and can decline significantly in response to changes in, or investor perceptions of changes in, market, economic, industry, political, regulatory, geopolitical and other conditions that affect a particular type of instrument, issuer or borrower, or that affect the debt market generally. Certain changes or events, such as political, social, market or economic developments, including increasing and negative interest rates, regulatory or government actions, including the imposition of tariffs or other protectionist actions and changes in fiscal, monetary or tax policies, market closure and/or trading halts, natural disasters, outbreaks of pandemic and epidemic diseases, terrorist attacks, war and other geopolitical events can have a dramatic adverse effect on the debt market and may lead to periods of high volatility and reduced liquidity in the debt market or a portion of the debt market. These risks may be greater due to the current period of historically low interest rates. Markets may be susceptible to market manipulation or other fraudulent practices that could disrupt the orderly functioning of these markets or adversely affect the value of instruments that trade in such markets.

## Depositary Receipts Risk

Depositary receipts are securities that evidence ownership interests in a security or a pool of securities that have been deposited with a "depository." Depositary receipts may be sponsored or unsponsored and include American Depositary Receipts (ADRs), European Depositary Receipts (EDRs) and Global Depositary Receipts (GDRs). In sponsored programs, an issuer has made arrangements to have its securities trade in the form of ADRs, EDRs, or GDRs. In unsponsored programs, the issuer may not be directly involved in the creation of the program. For ADRs, the depository is typically a U.S. financial institution and the underlying securities are issued by a foreign issuer. For other depositary receipts, the depository may be a foreign or a U.S. entity, and the underlying securities may have a foreign or a U.S. issuer. Depositary receipts will not necessarily be denominated in the same currency as their underlying securities. Generally, ADRs are issued in registered form, denominated in U.S. dollars, and designed for use in the U.S. securities markets. Other depositary receipts, such as GDRs and EDRs, may be issued in bearer form and denominated in other currencies, and may be offered privately in the United States and are generally designed for use in securities markets outside the U.S. The deposit agreement sets out the rights and responsibilities of the underlying issuer, the depository, and the depositary receipt holders. Depositary receipts denominated in a currency other than the currency of the underlying securities subjects the investors to the currency risk of the depositary receipt and the underlying security.

With sponsored facilities, the underlying issuer typically bears some of the costs of the depositary receipts (such as dividend payment fees of the depository), although most sponsored depositary receipt holders may bear costs such as

deposit and withdrawal fees. Depositories of most sponsored depositary receipts agree to distribute notices of shareholder meetings, voting instructions, and other shareholder communications and financial information to the depositary receipt holders at the underlying issuer's request.

Holders of unsponsored depositary receipts generally bear all the costs of the facility. The depository usually charges fees upon the deposit and withdrawal of the underlying securities, the conversion of dividends into U.S. dollars or other currency, the disposition of non-cash distributions, and the performance of other services. The depository of an unsponsored facility frequently is under no obligation to distribute shareholder communications received from the underlying issuer or to pass through voting rights to depositary receipt holders with respect to the underlying securities.

Investments in local securities markets through ADRs, EDRs and GDRs and other types of depositary receipts generally involve risks applicable to other types of investments in such markets. Investments in depositary receipts may be less liquid and more volatile than the underlying securities in their primary trading market.

## Derivatives Risk

Derivatives are financial contracts whose value is based on the value of one or more underlying indicators. Underlying indicators may include a security or other financial instrument, currency, interest rate, credit rating, commodity, volatility measure or index. Derivatives often involve a counterparty to the transaction and therefore are subject to the credit risk of the counterparty and to the counterparty's ability or willingness to perform in accordance with the terms of the derivative. Derivatives include futures, forward contracts, options, inverse floating rate instruments, swaps and certain complex structured securities. Derivatives can be highly volatile and involve risks in addition to, and potentially greater than, the risks of the underlying indicator(s). Gains or losses from derivatives can be substantially greater than the derivatives' original cost and can sometimes be unlimited due to leverage. Derivatives can be complex instruments and can involve analysis and processing that differs from that required for other investment types used by the relevant Fund. If the value of a derivative does not correlate well with the particular market or other asset class the derivative is intended to provide exposure to, the derivative may not have the effect intended. Derivatives can also reduce the opportunity for gain or result in losses by offsetting positive returns in other investments. Derivatives can be less liquid than other types of investments. Legislation and regulation of derivatives in the U.S., the E.U and other jurisdictions, including asset segregation, margin, clearing, trading and reporting requirements, and leveraging and position limits, may make derivatives more costly and/or less liquid, limit the availability of certain types of derivatives, cause the Fund to change its use of derivatives, or otherwise adversely affect a Fund's use of derivatives. The following is a general discussion of important risk factors and issues concerning the use of derivatives.

*Hedging Risk*: When a derivative is used as a hedge against an opposite position that a Fund also holds or against portfolio exposure, any loss generated by the derivative should be substantially offset by gains on the hedged investment or portfolio exposure, and vice versa. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains and could result in losses.

*Correlation Risk*: When a Fund uses derivatives to hedge or gain exposure to an asset, it takes the risk that changes in the value of the derivative will not match those of the asset. Incomplete correlation or lack of correlation can result in unanticipated losses.

*Investment/Leverage Risk*: When a Fund uses derivatives to gain market exposure, rather than for hedging purposes, any loss on the derivative investment will not be offset by gains on another hedged investment. A Fund is therefore directly exposed to the risks of that derivative. Gains or losses from derivative investments may be substantially greater than the derivative's original cost. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment.

*Availability Risk*: Derivatives may not be available to a Fund upon acceptable terms. As a result, a Fund may be unable to use derivatives for hedging or other purposes.

*Counterparty Risk:* Please refer to the section above entitled "Counterparty and Third Party Risk."

*Equity Risk* is the sensitivity of security or portfolio value to movement in the equity markets. See "Equity Market Risk."

*Spread risk* is the sensitivity of security value due to changes in option-adjusted spread (OAS). OAS is a spread measure that adjusts for options embedded in a bond issue (e.g., calls, puts, and sinking funds) and allows for valid comparison among issues, both with and without embedded options. The components of spread risk include industry, credit quality and issuer specific factors.

*Valuation Risk* contemplates the difficulty of valuing an investment given its liquidity, complexity, etc. The value of an investment for purposes of calculating the Fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the Fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that a Fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the Fund determines its net asset value per share.

*Volatility risk* is the sensitivity of an option to changes in the overall level of market volatility.

*Liquidity Risk*: Derivatives can be less liquid than other types of investments, and a Fund may not be able to initiate a transaction or sell derivatives that

are in a loss position or otherwise at an acceptable price. Privately negotiated or over-the-counter derivatives may be subject to greater liquidity risk than exchange-traded derivatives.

*Additional Information Regarding Derivatives*: Below is additional information about some of the types of derivatives a Fund may invest:

*Futures Contracts*. A futures contract is an agreement between two parties to buy or sell in the future a specific quantity of an asset, currency, interest rate, index, instrument or other indicator at a specific price and time. Futures contracts are standardized, exchange-traded contracts and the price at which the purchase and sale will take place is fixed when the buyer and seller enter into the contract. The value of a futures contract typically fluctuates in correlation with the increase or decrease in the value of the underlying indicator. The buyer of a futures contract enters into an agreement to purchase the underlying indicator on the settlement date and is said to be "long" the contract. The seller of a futures contract enters into an agreement to sell the underlying indicator on the settlement date and is said to be "short" the contract. Futures on indices and futures not calling for physical delivery of the underlying indicator will be settled through cash payments. In the case of cash settled futures contracts, the cash settlement amount is equal to the difference between the final settlement price on the last trading day of the contract and the price at which the contract was entered into.

If a Fund is the purchaser or seller of a futures contract, the Fund is required to deposit "initial margin" with a clearing member when the futures contract is entered into. The clearing member acts as the agent of the Fund to the clearinghouse. Initial margin is typically calculated as a percentage of the contract's notional amount. The minimum margin required for a futures contract is set by the exchange on which the contract is traded and may be increased by the clearing member during the term of the contract. A futures contract held by a Fund is valued daily at the official settlement price of the exchange on which it is traded. Each day a Fund pays or receives cash (called "variation margin") equal to the daily change in value of the futures contract.

The risk of loss in trading futures contracts can be substantial, because of the low margin required, the extremely high degree of leverage involved in futures pricing, and the potential high volatility of the futures markets. As a result, a relatively small price movement in a futures position may result in immediate and substantial loss (or gain) to the investor (i.e., the Fund), and with respect to certain futures contracts, short futures positions may theoretically result in unlimited losses. In the event of adverse price movements, an investor would continue to be required to make daily cash payments equal to the daily change in value of the futures contract. In addition, on the settlement date, an investor in physically settled futures may be required to make delivery of the indicators underlying the futures positions it holds.

Futures can be sold until their last trading date, or can be closed out by offsetting purchases or sales of futures contracts before then if a liquid market is available. It may not be possible to liquidate or close out a futures contract at any particular time or at an acceptable price and an investor would remain obligated to meet margin requirements until the position is closed. Moreover, most futures exchanges limit the amount of fluctuation permitted in futures contract prices during a single trading day. The daily limit establishes the maximum amount that the price of a futures contract may vary either up or down from the previous day's settlement price at the end of a trading session. Once the daily limit has been reached in a particular type of contract, no trades may be made on that day at a price beyond that limit. The daily limit governs only price movement during a particular trading day and therefore does not limit potential losses, because the limit may prevent the liquidation of unfavorable positions. Futures contract prices have occasionally moved to the daily limit for several consecutive trading days with little or no trading, thereby preventing prompt liquidation of future positions and subjecting some futures traders to substantial losses. The inability to close futures positions also could have an adverse impact on the ability to hedge a portfolio investment or to establish a substitute for a portfolio investment.

Futures are subject to the creditworthiness of the clearing member and clearing organizations involved in the transaction. Futures contracts in different national markets may be subject to differing levels of regulation, and futures clearing houses may follow different trading, settlement and margin procedures. Such contracts may not involve a clearing mechanism or related guarantees and may involve greater risk of loss, including due to insolvency of a local clearing member, clearing house or other party that may owe margin to a Fund.

If a Fund attempts to use a futures contract as a hedge against, or as a substitute for, a portfolio investment, the futures position may not correlate as expected with the portfolio investment, resulting in losses to the Fund. While hedging strategies involving futures products can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in other Fund investments.

*Options*: An option is a contract which conveys to the holder of the option the right, but not the obligation, to purchase (in the case of a call option) or sell (in the case of a put option) a specific amount or value of a particular underlying interest at a specific price (called the "exercise" or "strike" price) at one or more specific times before the option expires. The underlying interest of an option contract can be a security, currency, index, future, swap, commodity, or other type of financial instrument. The seller of an option is called an option writer. The purchase price of an option is called the premium. The potential loss to an option purchaser is limited to the amount of the premium plus transaction costs. This will be the case, for example, if the option is held and not exercised prior to its expiration date.

Options can be traded either through established exchanges ("exchange traded options") or privately negotiated transactions (over-the-counter or "OTC options"). Exchange traded options are standardized with respect to, among other things, the underlying interest, expiration date, contract size and strike price. The terms of OTC options are generally negotiated by the parties to the option contract which allows the parties greater flexibility in customizing the agreement, but OTC options are generally less liquid than exchange traded options.

All option contracts involve credit risk if the counterparty to the option contract (e.g., the clearing house for cleared options or counterparty for uncleared options) or the third party effecting the transaction in the case of cleared options (i.e., the clearing member) fails to perform. The credit risk in OTC options that are not cleared is dependent on the credit worthiness of the individual counterparty to the contract and may be greater than the credit risk associated with cleared options.

The purchaser of a put option obtains the right (but not the obligation) to sell a specific amount or value of a particular interest to the option writer at a fixed strike price. In return for this right, the purchaser pays the option premium. The purchaser of a typical put option can expect to realize a gain if the price of the underlying interest falls. However, if the underlying interest's price does not fall enough to offset the cost of purchasing the option, the purchaser of a put option can expect to suffer a loss (limited to the amount of the premium, plus related transaction costs).

The purchaser of a call option obtains the right (but not the obligation) to purchase a specified amount or value of a particular interest from the option writer at a fixed strike price. In return for this right, the purchaser pays the option premium. The purchaser of a typical call option can expect to realize a gain if the price of the underlying interest rises. However, if the underlying interest's price does not rise enough to offset the cost of purchasing the option, the buyer of a call option can expect to suffer a loss (limited to the amount of the premium, plus related transaction costs).

The purchaser of a call or put option may terminate its position by allowing the option to expire, exercising the option or closing out its position by entering into an offsetting option transaction if a liquid market is available. If the option is allowed to expire, the purchaser will lose the entire premium. If the option is exercised, the option purchaser would complete the purchase from or sale to the option writer (as applicable) of the underlying interest at the strike price.

The writer of a put or call option takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the writer assumes the obligation to buy or sell (depending on whether the option is a put or a call) a specified amount or value of a particular interest at the strike price if the

purchaser of the option chooses to exercise it.

Generally, an option writer sells options with the goal of obtaining the premium paid by the option purchaser. If an option sold by an option writer expires without being exercised, the writer retains the full amount of the premium. The option writer's loss, if any, will equal the amount the option is "in-the-money" when the option is exercised offset by the premium received when the option was written. A call option is in-the-money if the value of the underlying interest exceeds the strike price of the option, and so the call option writer's loss is theoretically unlimited. A put option is in-the-money if the strike price of the option exceeds the value of the underlying interest. Generally, any profit realized by an option purchaser represents a loss for the option writer. The writer of an option may seek to terminate a position in the option before exercise by entering into an offsetting option transaction if a liquid market is available. If the market is not liquid for an offsetting option, however, the writer must continue to be prepared to sell or purchase the underlying asset at the strike price while the option is outstanding, regardless of price changes.

The writer of a cleared option is required to deposit initial margin. Additional margin may also be required. The writer of an uncleared option may be required to deposit initial margin and additional margin.

A physical delivery option gives its owner the right to receive physical delivery (if it is a call), or to make physical delivery (if it is a put) of the underlying interest when the option is exercised. A cash-settled option gives its owner the right to receive a cash payment based on the difference between a determined value of the underlying interest at the time the option is exercised and the fixed exercise price of the option. In the case of physically settled options, it may not be possible to terminate the position at any particular time or at an acceptable price. A cash-settled call conveys the right to receive a cash payment if the determined value of the underlying interest at exercise exceeds the exercise price of the option, and a cash-settled put conveys the right to receive a cash payment if the determined value of the underlying interest at exercise is less than the exercise price of the option.

The principal factors affecting the market value of a put or call option include supply and demand, interest rates, the current market price of the underlying interest in relation to the exercise price of the option, the volatility of the underlying interest and the remaining period to the expiration date.

If a trading market in particular options were illiquid, investors in those options would be unable to close out their positions until trading resumes, and option writers may be faced with substantial losses if the value of the underlying interest moves adversely during that time. There can be no assurance that a liquid market will exist for any particular options product at any specific time. Lack of investor interest, changes in volatility, or other factors or conditions

might adversely affect the liquidity, efficiency, continuity, or even the orderliness of the market for particular options. Exchanges or other facilities on which options are traded may establish limitations on options trading, may order the liquidation of positions in excess of these limitations, or may impose other sanctions that could adversely affect parties to an options transaction.

Many options, in particular OTC or uncleared options, are complex and often valued based on subjective factors. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Fund.

*Forward Contracts*: Forward contracts are customized transactions that require a specific amount of a security, currency or other asset to be delivered at a specific price or exchange rate on a specific date or range of dates in the future. Transactions that require delivery of a specified currency are referred to as deliverable forwards. Depending on time to settlement and certain other characteristics, certain deliverable forwards can be referred to as "spot" foreign currency transactions. Foreign currency transactions that do not provide for physical settlement of the two currencies but instead are settled by a single cash payment calculated as the difference between the agreed upon exchange rate and current rate at settlement based upon an agreed upon notional amount are referred to as non-deliverable forwards. Depending on whether a foreign currency transaction is deemed to be a spot, a deliverable forward or a non-deliverable forward in a particular jurisdiction, the transaction may be subject to no or different regulatory requirements, including but not limited to reporting, margin, clearing and exchange trading or trading on other public facilities. Numerous regulatory changes related to foreign currency transactions are expected to occur over time and could materially and adversely affect the ability of the Fund to enter into foreign currency transactions or could increase the cost of foreign currency transactions. In the future, certain foreign currency transactions may be required to be subject to initial as well as variation margin requirements. Foreign currency transactions that are not centrally cleared are subject to the creditworthiness of the counterparty to the foreign currency transaction (usually large commercial banks), and their values may decline substantially if the counterparty's creditworthiness deteriorates. In a cleared foreign currency transaction, performance of the transaction will be effected by a central clearinghouse rather than by the original counterparty to the transaction. Foreign currency transactions that are centrally cleared will be subject to the creditworthiness of the clearing member and the clearing organization involved in the transaction.

Forward contracts can be used to hedge against a decline in the value of existing investments denominated in foreign currency due to currency movement. Such a hedge, sometimes referred to as a "position hedge," would tend to offset both positive and negative currency fluctuations, but would not offset changes in security values caused by other factors. Forward contracts can also be used to shift investment exposure from one currency into another. This type of strategy, sometimes known as a "cross-hedge," will tend to reduce or eliminate exposure to

the currency that is sold, and increase exposure to the currency that is purchased, much as if a Fund had sold a security denominated in one currency and purchased an equivalent security denominated in another. Cross-hedges protect against losses resulting from a decline in the hedged currency, but will cause a Fund to assume the risk of fluctuations in the value of the currency it purchases.

A “settlement hedge” or “transaction hedge” attempts to protect against an adverse change in currency values between the date a security is purchased or sold and the date on which payment is made or received. Entering into a forward contract for the purchase or sale of the amount of currency involved in an underlying security transaction for a fixed amount of U.S. dollars “locks in” the U.S. dollar price of the security. Forward contracts to purchase or sell a currency may also be used in anticipation of future purchases or sales of securities denominated in another currency, even if the specific investments have not yet been selected.

An investor could also hedge the position by selling another currency expected to perform similarly to the currency to be hedged. This type of hedge, sometimes referred to as a “proxy hedge,” could offer advantages in terms of cost, yield, or efficiency, but generally would not hedge currency exposure as effectively as a direct hedge into the relevant home currency. Proxy hedges may result in losses if the currency used to hedge does not perform similarly to the currency in which the hedged securities are denominated.

Swap agreements, indexed securities, hybrid securities and options and futures contracts relating to currencies can be used for the same purposes.

Successful use of tactical currency management strategies will depend on the Investment Manager’s skill in analysing currency values. Currency management strategies may increase the volatility of a Fund's returns and could result in significant losses to a Fund if currencies do not perform as the Investment Manager anticipates. For example, if a currency's value rose at a time when the Investment Manager had hedged a Fund by selling that currency in exchange for another, a Fund would not participate in that currency's appreciation. If the Investment Manager hedges currency exposure through proxy hedges, a Fund could realize currency losses from both the hedge and the security position if the two currencies do not move in tandem. Similarly, if the Investment Manager increases a Fund's exposure to a foreign currency and that currency's value declines, a Fund will realize a loss. There is no assurance that the Investment Manager's use of currency management strategies will be advantageous to a Fund or that it will hedge at appropriate times.

*Swaps (including Credit Default Swaps).* A swap is an agreement between two parties pursuant to which each party agrees to make one or more payments to the other, based on the value of one or more underlying indicators or the difference between underlying indicators. A swap enables the parties to obtain either long or short exposure to an asset or other underlying indicator without owning or transacting directly in that asset or indicator. Underlying indicators

may include a security or other financial instrument, asset, currency, interest rate, credit rating, commodity, volatility measure or index. Swaps include "caps," "floors," "collars" and options on swaps, or "swaptions," may be entered into for the same types of hedging or non-hedging purposes as swaps. A "cap" transaction is one in which one party pays a single or periodic fixed amount and the other party pays a floating amount equal to the amount by which a specified fixed or floating rate or other indicator exceeds another rate or indicator (multiplied by a notional amount). A "floor" transaction is one in which one party pays a single or periodic fixed amount and the other party pays a floating amount equal to the excess, if any, of a specified rate or other indicator over a different rate or indicator (multiplied by a notional amount). A "collar" transaction is a combination of a cap and a floor in which one party pays the floating amount on the cap and the other party pays the floating amount on the floor. A swaption is an option to enter into a swap agreement. Like other types of options, the buyer of a swaption pays a non-refundable premium for the option and obtains the right, but not the obligation, to enter into the underlying swap on the agreed-upon terms. Swaps can take many different forms and are known by a variety of names and other types of swap agreements may be available.

Swaps can be closed out by physical delivery of the underlying indicator(s) or payment of the cash settlement on settlement date, depending on the terms of the particular agreement. For example, in certain credit default swaps on a specific security, in the event of a credit event one party agrees to pay par on the security while the other party agrees to deliver the security. Other swap agreements provide for cash settlement. For example, in a typical interest rate swap, one party agrees to pay a fixed rate of interest determined by reference to a specified interest rate or index multiplied by a specified amount (the "notional amount"), while the other party agrees to pay an amount equal to a floating rate of interest determined by reference to an interest rate or index which is reset periodically and multiplied by the same notional amount. In a total return swap, one party agrees to make a series of payments to another party based on the income and price return of the underlying indicator during a specified period, while the other party agrees to make a series of payments calculated by reference to an interest rate or other agreed-upon amount. On each payment date, the obligations of parties are netted against each other, with only the net amount paid by one party to the other. A party may enter into a total return swap for hedging purposes or to gain long or short exposure to the underlying instrument without physically owning the underlying instrument. All income generated from a total return swap accrues to the respective Fund. A Fund may incur transaction-based costs and commissions as a result of entering into a total return swap. Any such costs or commissions will be allocated to the relevant Fund.

Certain Funds may be permitted to use total return swaps in their investment policies, however under normal circumstances, it is not expected that such Funds will use these instruments and, as such, the expected proportion of assets under management for each of these Funds that could be subject to total return

swaps is 0%. The maximum permitted exposure to total return swaps is 50% for the following Funds: Diversified Income Fund, Emerging Markets Debt Fund, Emerging Markets Debt Local Currency Fund, Euro Credit Fund, Global Credit Fund, Global Opportunistic Bond Fund, Global High Yield Fund, Global Total Return Fund, Prudent Capital Fund, Prudent Wealth Fund, U.S. Corporate Bond Fund, and U.S. Total Return Bond Fund. These Funds have a higher maximum permitted exposure than other Funds because, due to the nature of the fixed income markets in which they invest, it may be necessary from time to time to take a temporary total return swap position in order to gain efficient and timely exposure to a particular instrument, category of instrument or market. The maximum permitted exposure to total return swaps is 10% for the following Funds: Asia Ex-Japan Fund, Emerging Markets Equity Fund, Emerging Markets Equity Research Fund, Inflation-Adjusted Bond Fund, Limited Maturity Fund, Managed Wealth Fund and U.S. Government Bond Fund. The maximum permitted exposure to total return swaps is 5% for all other Funds. Subject to these limits, a Fund may participate in total return swaps that are either funded or unfunded.

It may not be possible to close out the swap at any particular time or at an acceptable price. The inability to close swap positions also could have an adverse impact on the ability to hedge a portfolio investment or to establish a substitute for a portfolio investment. Swaps can provide exposure to a variety of different types of investments or market factors. The most significant factor in the performance of swaps, caps, floors, and collars is the change in the underlying price, rate, index level or other indicator that determines the amount of payments to be made under the arrangement. The risk of loss in trading swaps can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in swaps, and the potential high volatility of the swaps markets. As a result, a relatively small price movement in a swap may result in immediate and substantial loss (or gain) to the investor (i.e., the Fund). Thus, a purchase or sale of a swap may result in unlimited losses. In the event of adverse price movements, an investor would continue to be required to make daily cash payments to maintain its required margin. In addition for physically settled swaps, on the settlement date, an investor may be required to make delivery of the indicators underlying the swaps it holds. Swaps may be entered into for hedging or non-hedging purposes. If a Fund attempts to use a swap or related investment as a hedge against, or as a substitute for, a portfolio investment, the swap or related derivative may not correlate as expected with the portfolio investment, resulting in losses to the Fund. While hedging strategies involving swaps and related derivatives can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Fund investments.

Legislation has been enacted that has, and will continue to, result in numerous regulatory changes related to swaps and other derivative transactions, including margin, clearing, trading and reporting requirements. These regulatory changes are

expected to occur over time and could materially and adversely affect the ability of the Fund to buy or sell swaps and increase the cost of swaps. In the future, swaps will be required to be subject to initial as well as variation margin requirements. Initial margin is typically calculated as a percentage of the swap's notional amount. Additional variation margin will be required based on changes in the daily market value of the swap.

Swaps may also be subject to liquidity risk because it may not be possible to close out the swap prior to settlement date and an investor would remain obligated to meet margin requirements until the swap is closed.

In addition, because the purchase and sale of certain swaps currently are not centrally cleared, these are subject to the creditworthiness of the counterparty to the swap, and their values may decline substantially if the counterparty's creditworthiness deteriorates. The credit risk in uncleared swaps is dependent on the creditworthiness of the individual counterparty to the swap and may be greater than the credit risk associated with cleared swaps.

In a cleared transaction, performance of the transaction will be effected by a central clearing house rather than by the bank or broker that is the Fund's original counterparty to the transaction. Swaps that are centrally cleared will be subject to the creditworthiness of the clearing member and clearing organizations involved in the transaction.

The use of credit default swaps normally carries a higher risk than investing in bonds directly. A credit default swap allows the transfer of default risk. This allows investors to effectively buy insurance on a bond they hold (hedging the investment) or buy protection on a bond they do not physically own in the expectation that the credit will decline in quality. One party, the protection buyer, makes a stream of payments to the seller of protection, and a payment is due to the buyer in the event that there is a "credit event" (a decline in credit quality, which will be pre-defined in the agreement). If the credit event does not occur the buyer pays all the required premiums and the swap terminates on maturity with no further payments. The risk of the buyer is therefore limited to the value of the premiums paid. The market for credit default swaps may sometimes be more illiquid than bond markets.

*Structured Notes.* Structured notes are debt instruments with an embedded derivative (such as a credit-linked note), the value or payout of which is determined by the occurrence or non-occurrence of an event or by an underlying indicator. Structured notes may be subject to liquidity risk since the derivatives are often "customized" to meet the portfolio needs of a particular investor, and therefore, the number of investors that are willing and able to buy such instruments in the secondary market may be smaller than that for more traditional debt instruments. In addition, because the purchase and sale of structured notes takes place in an over-the-counter market, structured notes are subject to the creditworthiness of the counterparty to the structured note or

related derivative, and their values may decline substantially if the counterparty's creditworthiness deteriorates. If the counterparty defaults, the Fund's risk of loss consists of the full notional amount paid for the structured note plus any additional amount of payments that the Fund is contractually entitled to receive.

*Contingent Value Rights ("CVRs").* A CVR gives the holder the right to receive an amount, which may be a fixed amount or a variable amount determined by a formula, in the event that a specified corporate action or other trigger event occurs during the term of the CVR. CVRs may be issued in the context of a corporate acquisition or bankruptcy reorganization. For example, investors in an acquired or reorganized company may receive CVRs entitling the holder to additional shares of the acquiring company if that company's share price falls below a certain level by a specified date, or to receive cash payments or securities in the event of a future sale or liquidation event involving the company. CVRs generally do not entitle a holder to dividends or voting rights, and do not represent any rights in the assets of the issuing company. Risks associated with the use of CVRs are generally similar to risks associated with options, such as the risk that the trigger event does not occur prior to expiration. CVRs also present liquidity risk, as they may not be registered under the federal securities laws or may otherwise be subject to transfer restrictions, as well as counterparty risk and credit risk. Further, valuation of CVRs may require subjective modeling and judgment, which increases the risk of improper valuation.

*Synthetic Local Access Instruments:* Participation notes, market access warrants, and other similar structured products (collectively, "synthetic local access instruments") are derivative instruments typically used by foreign investors to obtain exposure to investments in certain markets where direct ownership by foreign investors is restricted or limited by local law. Synthetic local access instruments are generally structured by a local branch of a bank, broker-dealer, or other financial institution to replicate exposure to one or more underlying securities. The holder of a synthetic local access instrument may be entitled to receive any dividends paid in connection with the underlying securities, but usually does not receive voting rights as it would if such holder directly owned the underlying securities.

Synthetic local access instruments also involve risks that are in addition to the risks normally associated with a direct investment in the underlying securities. Synthetic local access instruments represent unsecured, contractual obligations of the banks, broker-dealers, or other financial institutions that issue them and are therefore subject to the credit risk of the issuer and the issuer's ability or willingness to perform in accordance with the terms of the instrument. Synthetic local access instruments are subject to the liquidity risk of the underlying security as well as the liquidity risk that a limited or no secondary market exists for trading synthetic local access instruments. In addition, the trading price of a synthetic local access instrument, if any, may not equal the value of the underlying securities.

*Hybrid Instruments*:

Hybrid instruments are generally considered derivatives and combine the elements of swaps, futures contracts, or options with those of debt, preferred equity or a depository instrument. A hybrid instrument may be a debt instrument, preferred stock, warrant, convertible security, certificate of deposit or other evidence of indebtedness on which a portion of or all interest payments, and/or the principal or stated amount payable at maturity, redemption or retirement, is determined by reference to prices, changes in prices or differences between prices of the applicable underlying indicator. The risks of investing in hybrid instruments reflect a combination of the risks of investing in securities, swaps, options, futures and currencies. An investment in a hybrid instrument may entail significant risks that are not associated with a similar investment in a traditional debt instrument. The risks of a particular hybrid instrument will depend upon the terms of the instrument, but may include the possibility of significant changes in the benchmark(s) or the prices of the underlying indicators to which the instrument is linked. Such risks generally depend upon factors unrelated to the operations or credit quality of the issuer of the hybrid instrument, which may not be foreseen by the purchaser, such as economic and political events, the supply and demand profiles of the underlying indicators and interest rate movements. Hybrid instruments may be highly volatile. Hybrid instruments are potentially more volatile and carry greater market risks than traditional debt instruments. Depending on the structure of the particular hybrid instrument, changes in a benchmark, underlying asset or indicator may be magnified by the terms of the hybrid instrument and have an even more dramatic and substantial effect upon the value of the hybrid instrument. Also, the prices of the hybrid instrument and the underlying indicator may not move in the same direction or at the same time.

Hybrid instruments may bear interest or pay preferred dividends at below-market (or event relatively nominal) rates. Alternatively, hybrid instruments may bear interest at above-market rates but bear an increased risk of principal loss (or gain). Leverage risk occurs when the hybrid instrument is structured so that a given change in a benchmark or underlying indicator is multiplied to produce a greater value change in the hybrid instrument, thereby magnifying the risk of loss as well as the potential for gain.

If the Investment Manager attempts to use a hybrid instrument as a hedge against, or a substitute for, a portfolio investment, the hybrid instrument may not correlate as expected with the portfolio investment, resulting in losses to the Fund. While hedging strategies involving hybrid instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favourable price movements in other Fund investments. Hybrid instruments may also carry liquidity risk since the instruments are often "customized" to meet the portfolio needs of a particular investor, and therefore, the number of investors that are willing and able to buy such

instruments in the secondary market may be smaller than that for more traditional debt instruments. Under certain conditions, the redemption value of such an investment could be zero. In addition, hybrid instruments are subject to the creditworthiness of the issuer of the hybrid instrument, and their values may decline substantially if the issuer's creditworthiness deteriorates. Hybrid instruments also may not be subject to regulation.

### Distribution Policy Risk

In relation to Gross Income shares, the Funds' policy of distributing income before the deduction of relevant expenses by paying expenses out of the capital of the Funds amounts to a return or withdrawal of part of a shareholder's original investment or from any capital gains attributable to that original investment. Any such distributions involving payment of dividends out of the Fund's capital may result in an immediate reduction of the Funds' Net Asset Value per Share. As a result, capital may be eroded and income may be achieved by foregoing the potential for future capital growth.

### Emerging Market Securities Risk

MFS generally considers the issuer of a security or other investment to be tied economically to emerging market countries if: (i) the security or other investment is issued or guaranteed by the government of an emerging market country or any of its agencies, authorities or instrumentalities; (ii) the issuer is organized under the laws of, and maintains a principal office in, an emerging market country; (iii) the issuer has its principal securities trading market in an emerging market country; (iv) a third party has identified an emerging market country as the issuer's "country of risk"; (v) the issuer is included in an index which is representative of emerging market countries; (vi) the issuer derives 50% or more of its total revenues from goods sold or services performed in emerging market countries; or (vii) the issuer has 50% or more of its assets in emerging market countries.

Investments in emerging market countries may be more volatile than investments in countries with more developed markets. The risk of expropriation, confiscatory taxation, nationalization and social, political, and economic instability, greater government involvement in the economy, inflation or deflation, currency devaluations, greater currency exchange rate fluctuations, war, and terrorism may be greater in emerging market countries than countries in developed markets. In addition, many emerging market countries with less established health care systems have experienced outbreaks of pandemics or contagious diseases from time to time. The economies of emerging market countries may be based on only a few industries, may be subject to a lower degree of environmental regulation, may be vulnerable to changes in trade conditions, and may have large debt burdens and higher inflation rates. In

addition, securities markets of emerging market countries may be subject to potential market closures due to market, economic, political, regulatory, geopolitical, environmental, public health, or other conditions.

A number of emerging market countries restrict, to varying degrees, foreign investment in securities. Further, some securities may not be available to the Fund because foreign shareholders hold the maximum amount permissible under current law. Repatriation of investment income, capital, and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging market countries and may be subject to currency exchange control restrictions. In addition to withholding taxes on investment income, some emerging market countries may impose different capital gains taxes on foreign investors.

Generally accepted accounting, auditing, and financial reporting practices in emerging market countries may be significantly different from those countries in developed markets, there may be less publicly available information about certain financial instruments, and currency hedging may be unavailable. Many emerging market countries have less government supervision, regulation, and enforcement of the securities markets and participants in those markets.

The securities markets of emerging market countries may have substantially less trading volume, resulting in a lack of liquidity and high price volatility. There may be a high concentration of market capitalization and trading volume in a small number of issuers representing a limited number of industries as well as a high concentration of investors and financial intermediaries.

Practices in relation to settlement of securities transactions in emerging market countries involve higher risks than those in developed countries because brokers and counterparties in such countries may be less well-capitalized and custody and registration of assets in some countries may be unreliable. In certain jurisdictions (e.g., Peru), settlement of securities transactions is generally conducted on a free-of-payment basis (i.e., not delivery versus payment or "DvP"), which can expose a Fund to the risk of loss if it delivers cash for purchases or securities for sale but the counterparty to the transaction fails to perform.

Emerging market country debt is subject to high risk and may not be rated for creditworthiness by any internationally recognized credit rating organization. The issuer or governmental authority that controls the repayment of an emerging market country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. If a government obligor defaults on its obligation, an investor may have limited resources and may not be able to enforce a judgment against a foreign government.

A sub-set of emerging market countries are considered to be "frontier markets." Frontier market countries generally have smaller, less diverse economies and less mature capital markets than larger emerging markets and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries.

## Equity Market Risk

The price of an equity security fluctuates in response to issuer, market, economic, industry, political, regulatory, geopolitical, public health and other conditions, as well as to investor perceptions of these conditions. Prices can decrease significantly in response to these conditions, and these conditions can affect a single issuer, issuers within a broad market sector, industry or geographic region, or the market in general. Different parts of the market and different types of securities can react differently to these conditions. For example, the equity securities of growth companies can react differently from the equity securities of value companies, and the equity securities of large cap companies can react differently from the equity securities of small cap companies. Certain changes or events, such as political, social or economic developments, including increasing or negative interest rates, government or regulatory actions, including the imposition of tariffs or other protectionist actions, and changes in fiscal, monetary or tax policies, natural disasters, outbreaks of pandemic and epidemic diseases, terrorist attacks, war, and other geopolitical changes or events, can have a dramatic adverse effect on equity markets or a segment of equity markets which may lead to periods of high volatility. Economies and financial markets are interconnected, which increase the likelihood that conditions in one country or region can adversely impact issuers in different countries and regions. Equity markets may be susceptible to market manipulation or other fraudulent practices which could disrupt the orderly functioning of these markets or adversely affect the value of instruments that trade in such markets. Climate change regulation (such as decarbonization legislation or other mandatory controls to reduce emissions of greenhouse gases) could significantly affect many of the companies in which the Fund invests by, among other things, increasing those companies' operating costs and capital expenditures.

A widespread health crisis such as a global pandemic could cause substantial market volatility and have long-term effects on world economies and markets generally. For example, the novel coronavirus disease (COVID-19) has resulted in significant disruptions to global business activity including closed international borders, quarantines and travel restrictions, disruptions to business operations and supply chains, and lower consumer demand and economic output. The impact of this outbreak and other epidemics and pandemics that may arise in the future could negatively affect the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the securities and commodities markets in general in significant and

unforeseen ways. A health crisis may also exacerbate other pre-existing political, social and economic risks. Any such impacts could adversely affect the prices and liquidity of the Fund's investments and the Fund's performance.

## Exchange-Traded Commodity Risk

Exchange-traded commodities ("ETCs") are debt securities issued by underwriting banks. These financial instruments provide holders with returns based on the performance of an underlying commodity, e.g., gold. The underwriting bank uses the proceeds to purchase a corresponding amount of the referenced commodity, which secures the instrument. However, the terms of the ETC do not provide for physical delivery of the commodity to the purchaser. ETCs are not equities or funds, but are transferable securities listed on an exchange. The performance of these products is based on the price of the underlying commodity. In addition to market risk, the holder is also subject to the counterparty credit risk of the underwriter (which is reduced by the collateralization with the underlying commodity).

The commodities markets may fluctuate widely based on a variety of factors. The commodities markets have experienced periods of extreme volatility. The value of a Fund's ETC investments may be affected by changes in overall market conditions, including interest rates, or factors affecting a particular industry or commodity, such significant changes in supply or demand for a commodity, labor conditions, weather, embargoes, tariffs and international economic, political and regulatory developments.

## Geographic Concentration Risk

Because a Fund may invest a relatively large percentage of the Fund's assets in issuers located in a small number of countries, or a particular geographic region, the Fund's performance could be closely tied to the market, currency, economic, political, regulatory, geopolitical or other conditions in those countries or that region. These conditions include anticipated or actual government budget deficits or other financial difficulties, levels of inflation and unemployment, fiscal and monetary controls, tax policy, sanctions imposed on the country or issuer located within the country, and political and social instability in such countries and regions. A Fund's performance will be affected by the conditions in the countries or regions to which a Fund is exposed, and could be more volatile than the performance of more geographically-diversified funds.

*Regional or Country-Specific Risks*

*Asia*: Investing in countries in Asia involves risks not typically associated with investments in developed markets. Because many of the economies in Asia are considered emerging market economies, investing in Asia imposes risks greater than, or in addition to, the risks of investing in more developed markets. Securities

markets of countries with emerging market economies typically are less efficient and have lower trading volume, lower liquidity, and higher volatility than more developed markets.

Emerging market economies in Asia are often characterized by high levels of inflation, frequent currency fluctuations, undeveloped financial service sectors, and devaluations. Economic events in one country or group of countries within Asia can have significant economic effects on the entire Asia region because the economies of the region are intertwined. In addition, the economies of many countries in Asia rely on few industries or commodities.

Political and social instabilities in Asia may result in significant economic downturns and increased volatility in the economies of countries in Asia. Escalating political tension between countries in Asia could adversely affect economic ties and trade within Asia. Many of Asia's governments exercise considerable influence on their respective economies and, as a result, companies in Asia may be subject to government interference and nationalization. Some countries in Asia restrict direct foreign investment in their securities markets, and investments in securities traded on those markets may be made, if at all, only indirectly. In addition, some countries in Asia require foreign investors to be registered with local authorities prior to investing in the securities markets and impose limitations on the amount of investments that may be made by foreign investors and the repatriation of the proceeds from investments.

The economies of many countries in Asia are heavily dependent on international trade and can be adversely affected by trade barriers, exchange controls and other measures imposed or negotiated by the countries with which they trade. As most countries in Asia are net importers of oil, a significant increase in the price of oil may threaten economic growth across Asia. In addition, Asia historically has been dependent on external demand and vulnerable to external market disruptions. Following the global recession that began in 2008, markets in Asia with domestic-oriented economies rebounded more quickly than markets with continued dependency on exports. In addition, economic activity across Asia slowed markedly in 2011 as a result of weakening external demand, particularly in Europe, although domestic demand generally has remained strong. Because the global economy remains fragile, a second wave of the global recession could again negatively impact markets and economic performance in Asia.

The economies of Asia are also vulnerable to effects of natural disasters occurring within the region, including droughts, floods, tsunamis, and earthquakes. Disaster recovery in Asia can be poorly coordinated, and the economic impact of natural disasters is significant at both the country and company levels.

*China*: For Funds investing in China, such investments are currently subject to certain additional risks, particularly regarding the ability to deal in equity securities in China. Dealing in certain Chinese securities is restricted to licensed

investors and the ability of the investor to repatriate its capital invested in those securities may be limited at times. Due to issues relating to liquidity and repatriation of capital, the Company may determine from time to time that making direct investments in certain securities may not be appropriate for a Fund. As a result, the Company may choose to gain exposure to Chinese equity securities indirectly and may be unable to gain full exposure to the Chinese equity markets.

*Stock Connect Securities*. Certain Funds may invest in "A shares" of companies located in Mainland China via securities trading and clearing programmes for the establishment of mutual market access between the Stock Exchange of Hong Kong ("SEHK") and a Mainland Chinese stock exchange (a "Stock Connect Programme," and such securities, "Stock Connect Securities"). Such Mainland Chinese exchanges include the Shanghai Stock Exchange and the Shenzhen Stock Exchange, and additional schemes may be established in the future. Unless otherwise disclosed in its Fund Profile, a Fund may only invest in Stock Connect Securities to a limited extent. In addition to risks associated with investing in emerging markets and in China as discussed in this section, Stock Connect Securities are subject to certain additional risks.

A Stock Connect Programme is subject to regulations promulgated by regulatory authorities for both the relevant Mainland Chinese exchange and SEHK and further regulations or restrictions, such as trading suspensions, may adversely affect a Stock Connect Programme and Stock Connect Securities. There is no guarantee that the systems required to operate a Stock Connect Programme will function properly or that both exchanges will continue to support the Stock Connect Programme in the future.

Daily and aggregate purchase quotas apply to the aggregate volume of in the programme, which may restrict or preclude investment in Stock Connect Securities. In addition, Stock Connect Securities generally may not be sold, purchased or otherwise transferred other than through a Stock Connect Programme in accordance with the program's rules, and therefore are subject to liquidity risk. For example, when the SEHK is closed, investors will not be able to trade Stock Connect Securities at a time when Stock Connect Securities are trading on the Mainland Chinese exchange and will be unable to react to events in that market.

The Hong Kong Securities Clearing Company Limited ("HKSCC") acts as nominee for Stock Connect Securities. As a result, investors will depend upon the cooperation of HKSCC to exercise certain shareholder rights, such as participation in corporate actions or shareholder meetings. It will not be possible for investors to pursue legal recourse against issuers of Stock Connect Securities without the participation of HKSCC, which is under no obligation to do so.

It is currently unclear whether Mainland Chinese courts would recognize investors' beneficial ownership of the Stock Connect Securities in the event

HKSCC as nominee holder, or another entity within the ownership structure, were to become insolvent. This could prevent or delay recovery of investor assets.

Investments in Stock Connect Securities are not covered by the Hong Kong's Investor Compensation Fund, which has been established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorised financial institution in relation to exchange-traded products in Hong Kong. Therefore the Fund is exposed to the risks of default by the broker(s) it engages to trade in Stock Connect Securities.

*China Interbank Bond Market Securities*. Certain Funds may invest in fixed income securities traded on the China Interbank Bond Market ("CIBM Securities"). The CIBM is an over-the-counter market established in 1997 and regulated by the People's Bank of China. Approximately 90% of all trading in Mainland Chinese local currency bonds takes place on the CIBM. Instruments traded on this market include government and corporate bonds. While this market was previously limited to domestic investors and holders of the qualified foreign institutional investor ("QFII") license, in 2016 access was expanded to include certain non-QFII foreign institutional investors including the Funds. Any Fund that invests in CIBM Securities will hold the securities in an individual account opened in the Fund's name with a local bond settlement agent, and therefore the Fund is the nominal and beneficial owner of its CIBM Securities.

The CIBM is still in a stage of development and the market capitalisation and trading volume may be lower than those of more developed markets. Market volatility and potential lack of liquidity due to low trading volume of certain debt securities may result in prices of debt securities traded on such market fluctuating significantly. Funds investing in this market are therefore subject to liquidity and volatility risks and may suffer losses in trading bonds of Mainland Chinese issuers. The bid and offer spreads of the prices of the Mainland Chinese bonds may be large, and a Fund may therefore incur significant trading and realisation costs and may even suffer losses when selling such investments. To the extent that a Fund transacts in CIBM Securities, it may also be exposed to risks associated with settlement procedures and default of counterparties. The counterparty which has entered into a transaction with the Fund may default in its obligation to settle the transaction by delivery of the relevant security or by payment for value. Investment in CIBM Securities is also subject to regulatory risk, repatriation risk and other risks as generally described above under "Investment Policies and Risks – Emerging Market Securities Risk."

There are uncertainties regarding Mainland Chinese tax rules governing taxation of income and gains from investments in CIBM securities, which could result in unexpected tax liabilities for a Fund. In contrast to the Stock Connect programme, the Mainland Chinese authorities have not publicly issued any temporary exemption from capital gains taxes applicable to the Funds' participation in the CIBM. There is no indication as to when these uncertainties

will be resolved. Based on the Investment Manager's judgment, as informed by professional and independent tax advice sought as needed, the Funds may or may not determine to maintain a special reserve related to potential Mainland Chinese tax liabilities. Any tax liabilities that arise unexpectedly and are greater than the reserve (if any) may be debited from the Fund's assets, which would adversely affect the Fund's net asset value and disadvantage those Fund investors who were not shareholders at the time such liabilities were deemed to have arisen. Conversely, if the Fund over-estimates and therefore establishes too large a reserve for such liabilities, it would also adversely affect the Fund's net asset value and disadvantage those shareholders who redeem from the Fund before the uncertainties are resolved.

*Bond Connect Securities*. Certain Funds may invest in CIBM Securities through the Bond Connect Programme ("Bond Connect"). Bond Connect is a mutual bond market access between Hong Kong and mainland China established by China Foreign Exchange Trade System & National Interbank Funding Centre, China Central Depository & Clearing Co., Ltd, Shanghai Clearing House, and SEHK and Central Moneymarkets Unit. Eligible foreign investors can invest in the CIBM under the current policy framework for overseas participation in the CIBM. There will be no investment quota for foreign investors in Bond Connect.

Under the prevailing regulations in Mainland China, eligible foreign investors who wish to invest in the CIBM via Bond Connect may do so via an offshore custody agent approved by the Hong Kong Monetary Authority, who will be responsible for the account opening with the relevant onshore custody agent approved by PBOC.

Funds investing in the CIBM through Bond Connect Market are subject to the risks of investing directly in the CIBM as discussed above. In addition, since the account opening for investment in the CIBM via Bond Connect must be carried out via an offshore custody agent, the Fund is subject to the risks of default or errors on the part of the offshore custody agent.

Bond Connect is subject to regulatory risks. The relevant rules and regulations on investment via Bond Connect are subject to change which may have retroactive effect. In the event that the relevant Mainland Chinese authorities suspend account opening or trading via Bond Connect, the Fund's ability to invest in CIBM will be limited and this may have an adverse effect on the Fund's performance. The Fund may be required to dispose of its CIBM holdings, and may suffer substantial losses as a result.

There is no specific written guidance by the mainland China tax authorities on the treatment of income tax and other tax categories payable in respect of trading in CIBM by eligible foreign institutional investors via Bond Connect. Hence it is uncertain as to the Fund's tax liabilities for trading in CIBM via Bond Connect. Also it is possible that any new tax laws and regulations and any new interpretations may be applied retroactively.

*Variable interest entities*: Certain securities issuers, including issuers in certain emerging market countries, may use a structure known as a variable interest entity. A Fund's investment in such an issuer may pose additional risk because the Fund's investment is made through a holding company whose interests in the underlying operating business are established through contracts rather than through equity ownership. Certain Chinese companies have used variable interest entities as a means to circumvent restrictions on foreign ownership of companies in certain sectors. In such cases, the operating company is generally owned by Chinese nationals and an offshore holding company indirectly holds certain contractual rights relating to the operating company, including a contractual claim on the operating company's profits. Shares of the offshore holding company, in turn, are traded on exchanges outside of China and are available to non-Chinese investors such as the Fund. While variable interest entities are a longstanding industry practice in China, the legal status of variable interest entities under Chinese law is uncertain. There is a risk that the Chinese government may cease to tolerate these structures or impose new restrictions at any time, either generally or with respect to specific issuers. Further, in case of dispute (for example, with the Chinese owners of the operating company), the holding company's contractual claims on the operating company may be unenforceable in China, thus limiting the remedies and rights of investors such as the Fund. Such legal uncertainty may be exploited against the interests of the foreign investors in the holding company such as the Fund. Further, this structure may limit the Fund's ability to influence the operating company through proxy voting and other means and may restrict the ability of an issuer to pay dividends to shareholders from operating company earnings.

*The U.S. Holding Foreign Companies Accountable Act:* Legislation passed in the U.S. effectively prohibits securities of non-U.S. issuers (including those based in China) from being listed on a U.S. securities exchange or traded in the U.S. over-the-counter market if, because of a position taken by an authority in the jurisdiction in which such issuer is located, the U.S. Public Company Accounting Oversight Board is unable to inspect or investigate the issuer's audit work papers over a certain period of time. To the extent a Fund invests in the securities of an impacted issuer, delisting or other prohibitions on trading in the securities of the issuer could impair the Fund's ability to transact in such securities and significantly impact a security's liquidity and market price (and thus the Fund's net asset value). The Fund would also need to seek other markets in which to transact in such securities, which could increase the Fund's trading costs.

*Latin America*: Because all of the economies in Latin America are considered emerging market economies, investing in Latin America imposes risks greater than, or in addition to, the risks of investing in more developed markets. Securities markets of countries with emerging market economies typically are less efficient and have lower trading volume, lower liquidity, and higher volatility than more developed markets.

Most economies in Latin America have historically been characterized by high levels of inflation, including, in some cases, hyperinflation and currency devaluations. In the past, these conditions have led to high interest rates, extreme measures by governments to limit inflation, and limited economic growth. Although inflation in many countries has lessened, the economies of the Latin American region continue to be volatile and characterized by high interest rates, inflation and unemployment. In addition, the economies of many Latin American countries are sensitive to fluctuations in commodities prices because exports of agricultural products, minerals, and metals represent a significant percentage of Latin American exports.

The economies of many Latin American countries are heavily dependent on international trade and can be adversely affected by trade barriers, exchange controls, and other measures imposed or negotiated by the countries with which they trade. Since the early 1990s most governments in the Latin American region have transitioned from protectionist policies to policies that promote regional and global exposure. Many countries in the Latin American region have reduced trade barriers and are parties to trade agreements, although there is no guarantee that this trend will continue. Many countries in the Latin American region are dependent on the United States economy, and any declines in the United States economy are likely to affect the economies throughout the Latin American region. Mexico is particularly vulnerable to fluctuations in the United States economy because the majority of its exports are directed to the United States. In addition, China is a major buyer of Latin America's commodities and a key investor in South America, and as such conditions in China may significantly impact the economy of the Latin American region. The Latin American region experienced a significant decline in economic activity at the end of 2008 and in 2009 as a result of the global recession. While the Latin American region's economy had subsequently experienced solid economic growth as a result of favorable commodity prices, the Latin American region has experienced an economic slowdown since the end of 2011 as a result of uncertainties in the global economy, and a renewed global recession could have a significant adverse effect on the Latin American region's economies.

Many Latin American countries are dependent on foreign loans from developed countries and several Latin American countries are among the largest debtors among emerging market economies. To the extent that there are rising interest rates, some countries may be forced to restructure loans or risk default on their obligations, which may adversely affect securities markets. Some central banks have recently eased their monetary policies in response to liquidity shortages, but Latin American countries continue to face significant economic difficulties as a result of their high level of indebtedness and dependence on foreign credit.

Political and social instabilities in the Latin American region, including military intervention in civilian and economic spheres and political corruption, may result in significant economic downturns, increased volatility in the economies of

countries in the Latin American region, and disruption in the securities markets in the Latin American region. Social inequality and poverty also contribute to political and economic instability in the Latin American region. Many of the Latin American region's governments continue to exercise considerable influence on their respective economies and, as a result, companies in the Latin American region may be subject to government interference and nationalization.

Economic performance among countries in the Latin American region is diverse and countries across the Latin American region may have varying growth rates.

*Europe*: Investing in Europe involves risks not typically associated with investments in other developed markets.

While most countries in Western Europe are considered to have developed markets, investing in Western Europe imposes different risks than those associated with investing in other developed markets. Most countries in Western Europe are members of the European Union, which faces major issues involving its membership, structure, procedure, and policies. Efforts of the Member States to continue to unify their economic and monetary policies may increase the potential for similarities in the movements of European markets. European countries that are members of the Economic and Monetary Union of the European Union ("EMU") (which is comprised of the European Union members that have adopted the euro currency) are subject to restrictions on inflation rates, interest rates, deficits, and debt levels, as well as fiscal and monetary controls. By adopting the euro as its currency, a Member State relinquishes control of its own monetary policies. As a result, European countries are significantly affected by fiscal and monetary controls implemented by the EMU, and it is possible that the timing and substance of these controls may not address the needs of all EMU member countries. In addition, the fiscal policies of a single Member State can impact and pose economic risks to the European Union as a whole. Investing in euro-denominated securities also risks exposure to a currency that may not fully reflect the strengths and weaknesses of the disparate economies that comprise Europe. There is continued concern over national-level support for the euro, which could lead to certain countries leaving the EMU, the implementation of currency controls, or potentially the dissolution of the euro. The dissolution of the euro would have significant negative effects on European economies.

Because many Eastern European countries are considered to have emerging market economies, investing in Eastern Europe imposes risks greater than, or in addition to, the risks of investing in more developed markets. Securities markets of countries with emerging market economies typically are less efficient and have lower trading volume, lower liquidity, and higher volatility than more developed markets. In addition, some of the region's governments exercise considerable influence on their respective economies and, as a result, companies in the region may be subject to government interference and nationalization. Many Eastern

European countries are in the early stages of industrial, economic, or capital market development, and their markets can be particularly sensitive to social, political, and economic conditions. Some Eastern European countries continue to be sensitive to political and economic events in Russia and to be adversely affected by events affecting the Russian economy and currency. Eastern Europe's export exposure is not diversified and the region is highly dependent on exports to Western Europe, making it vulnerable to demand in Western Europe and fluctuations in the euro.

Mounting sovereign debt burdens among European governments may inhibit economic growth and lead to credit downgrades for a sovereign issuer, which may have a negative effect on European banks that have significant exposure to sovereign debt. The European Union as a body may be unable to react quickly and cohesively to rising borrowing costs or a potential default by Greece or another country of their sovereign debt, or to deal with fiscal problems. Many European countries routinely experience higher unemployment rates than other developed countries. Several countries have accepted multi-year bailout loans from the European Central Bank, International Monetary Fund, and other institutions. To address budget deficits and public debt concerns, a number of European countries have imposed strict austerity measures and comprehensive financial and labor market reforms. In addition, social unrest, including protests against austerity measures, as well as domestic terrorism, could decrease tourism, lower consumer confidence, and otherwise negatively affect European asset markets.

The United Kingdom formally exited the European Union (an event commonly referred to as "Brexit") on 31 January 2020. An agreement between the United Kingdom and the European Union governing their future trade relationship became effective 1 January 2021. There is still considerable uncertainty relating to the potential consequences of Brexit, how the negotiations for new trade agreements will be conducted, and whether Brexit will increase the likelihood of other countries also departing the European Union. During this period of uncertainty, the negative impact on not only the United Kingdom and European economies, but the broader global economy, could be significant, potentially resulting in increased market volatility and illiquidity, political, economic and legal uncertainty, and lower economic growth for companies that rely significantly on Europe for their business activities and revenues. Any further exits from the European Union, or the possibility of such exits, or the abandonment of the euro, may cause additional market disruption globally and introduce new legal and regulatory uncertainties.

*Russian Invasion of Ukraine:* In February 2022, Russia commenced a large-scale military attack on Ukraine. The outbreak of hostilities between the two countries could result in more widespread conflict and could have a severe adverse effect on the regional and the global financial markets and economies. In addition, sanctions imposed on Russia, Russian individuals and Russian corporate and

banking entities by the United States and other countries, and any sanctions imposed in the future, may have a significant adverse impact on the Russian economy and related markets. Such actions may also result in a decline in the value and liquidity of Russian securities and a weakening of the ruble, and will impair the Fund's ability to buy, sell, receive, or deliver Russian securities. In addition, securities market trading halts related to the conflict could adversely impact the value and liquidity of the Fund's holdings and could impair the Fund's ability to transact in and/or value portfolio securities. The ramifications of the conflict and related sanctions may negatively impact other regional and global financial markets (including in Europe and the United States), companies in other countries (including those that have done business in Russia), and various sectors, industries and markets for securities and commodities, such as oil and natural gas. The price and liquidity of the Fund's investments may fluctuate widely as a result of the conflict and related events. The extent and duration of the military conflict or future escalation of such hostilities (including cyberattacks), the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant adverse impact on Fund performance and the value of an investment in the Fund.

*Russia and Eastern Europe*: Please refer above for a discussion of risks relating to the Russian invasion of Ukraine. In addition, securities of issuers in the countries of Eastern Europe, Russia and the other former republics of the Soviet Union involve significant risks and special considerations, which are not typically associated with investing in securities of issuers in developed countries. They are additional to the normal risks inherent in any such investments and include political, economic, legal, currency, inflation and taxation risks. For example there is a risk of loss due to lack of adequate systems for transferring, pricing, accounting for and safekeeping or record keeping of securities.

***Investments in securities issued by companies located in the former Soviet Union shall only be made when the proper custodial facilities are in place and direct investment in Russian securities traded in the securities markets in Russia shall in any event be limited, together with any other unlisted securities, to a maximum of 10% of the net assets of a Fund. Investments in securities of issuers located in Russia but listed or traded on an official stock exchange or on a regulated market operating regularly, recognised and open to the public in the meaning of article 41(1) of the Law shall not be deemed to be subject to this limitation.***

In particular, the Russian market presents a variety of risks in relation to the settlement and safekeeping of securities. These risks result from the fact that physical securities do not exist; as a consequence, the ownership of securities is evidenced only on the issuer's register of shareholders. Each issuer is responsible for the appointment of its own registrar. The result is a broad geographic distribution of several hundred registrars across Russia. Russia's

Federal Commission for Securities and Capital Markets (the "Commission") has defined the responsibilities for registrar activities, including what constitutes evidence of ownership and transfer procedures. However, difficulties enforcing the Commission's regulations mean that the potential for loss or error still remains and there is no guarantee that the registrars will act according to the applicable laws and regulations. Widely accepted industry practices are actually still in the process of being established. When registration occurs, the registrar produces an extract of the register of shareholders as at that particular point in time. Ownership of shares is vested in the records of the registrar but is not evidenced by the possession of an extract of the register of shareholders. The extract is only evidence that registration has taken place. However, the extract is not negotiable and has no intrinsic value. In addition, a registrar will typically not accept an extract as evidence of ownership of shares and is not obliged to notify the Depositary or its local agents in Russia, if or when it amends the register of shareholders. Russian securities are not on physical deposit with the Depositary or its local agents in Russia. Similar risks apply in respect of the Ukrainian market. Therefore, neither the Depositary nor its local agents in Russia or in Ukraine can be considered as performing a physical safekeeping or custody function in the traditional sense. The registrars are neither agents of, nor responsible to, the Depositary or its local agents in Russia or in Ukraine. The Depositary's liability only extends to its own negligence and wilful default and to that caused by negligence or wilful misconduct of its local agents in Russia or in Ukraine, and does not extend to losses due to the liquidation, bankruptcy, negligence or wilful default of any registrar. In the event of such losses the Company will have to pursue its rights directly against the issuer and/or its appointed registrar. However, securities traded on the Russian Trading Stock Exchange ("RTS") or on the Moscow Interbank Currency Exchange ("MICEX") can be treated as investment in securities dealt in on a regulated market.

## Industry Concentration Risk

The performance of a Fund which concentrates its investments in a limited number of industries will be closely tied to the performance of companies in those industries. Companies in a single industry often are faced with the same obstacles, issues and regulatory burdens, and their securities may react similarly and more in unison to these or other market conditions. These price movements may have a larger impact on a Fund than on a Fund with a more broadly diversified portfolio.

## Inflation Risk

Inflation risk is the uncertainty over the future real value (after inflation) of an investment. Inflation rates may change frequently and drastically as a result of various factors, including unexpected shifts in the domestic or global economy, and the Fund's investments may not keep pace with inflation, which may result in losses to Fund investors.

## Inflation-Indexed Bonds Risk

Inflation-indexed bonds are debt instruments whose principal and/or interest value are adjusted periodically according to a rate of inflation (usually a consumer price index). Two structures are most common. The U.S. Treasury and some other issuers use a structure that accrues inflation into the principal value of the bond. Most other issuers pay out the inflation accruals as part of a semiannual coupon.

U.S. Treasury Inflation Protected Securities (TIPS) currently are issued with maturities of five, ten, or thirty years, although it is possible that securities with other maturities will be issued in the future. The principal amount of TIPS adjusts for inflation, although the inflation-adjusted principal is not paid until maturity. Semiannual coupon payments are determined as a fixed percentage of the inflation-adjusted principal at the time the payment is made.

If the rate measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. At maturity, TIPS are redeemed at the greater of their inflation-adjusted principal or at the par amount at original issue. If an inflation-indexed bond does not provide a guarantee of principal at maturity, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates in turn are tied to the relationship between nominal interest rates and the rate of inflation. For example, if inflation were to rise at a faster rate than nominal interest rates, real interest rates would likely decline, leading to an increase in value of inflation-indexed bonds. In contrast, if nominal interest rates increase at a faster rate than inflation, real interest rates would likely rise, leading to a decrease in value of inflation-indexed bonds.

While these securities, if held to maturity, are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in value. If nominal interest rates rise due to reasons other than inflation (for example, due to an expansion of non-inflationary economic activity), investors in these securities may not be protected to the extent that the increase in rates is not reflected in the bond's inflation measure.

The inflation adjustment of TIPS is tied to the Consumer Price Index for Urban Consumers ("CPI-U"), which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI-U is a measurement of price changes in the cost of living, made up of components such as housing, food, transportation, and energy. There can be no assurance that the CPI-U will accurately measure the real rate of inflation in the prices of goods and services.

## Interest Rate Risk

The price of a debt instrument changes in response to interest rate changes. Interest rates change in response to the supply and demand for credit, government monetary policy and action, inflation rates and other factors. In general, the price of a debt instrument falls when interest rates rise and rises when interest rates fall. Interest rate risk is generally greater for instruments with longer maturities, or that do not pay current interest. In addition, short-term and long-term interest rates, and interest rates in different countries, do not necessarily move in the same direction or by the same amount. An instrument's reaction to interest rate changes depends on the timing of its interest and principal payments and the current interest rate for each of those time periods. Instruments with floating interest rates can be less sensitive to interest rate changes. The price of an instrument trading at a negative interest rate responds to interest rate changes like other debt instruments; however, an instrument purchased at a negative interest rate is expected to produce a negative return if held to maturity. These risks may be greater due to the current period of historically low interest rates.

Certain of the fund's investments may be based on reference interest rates, such as the London Interbank Offered Rate ("LIBOR"). In 2017 the regulatory authority that oversees financial services firms in the United Kingdom has announced plans to transition away from LIBOR by the end of 2021. In March 2021, the administrator of LIBOR announced the extension of the publication of the more commonly used U.S. dollar LIBOR settings to the end of June 2023. In November 2021, regulators announced that they will require the administrator of LIBOR to continue to publish certain select LIBOR rates on a synthetic basis after the end of 2021 (and regulators may in the future compel the administrator of LIBOR to publish other LIBOR settings beyond the currently indicated cessation dates). However, such synthetic rates may not be considered representative of the underlying market and economic reality they are intended to measure and are expected to be published for a limited time period.

It is difficult to quantify or predict the impact on the Fund resulting from the transition from LIBOR to alternative reference rates and the potential effects of the transition from LIBOR on the fund, or on certain instruments in which the fund invests, are not known. The transition from LIBOR may involve, among other things, increased in volatility or illiquidity in markets for instruments that currently rely on LIBOR to determine interest rates. Any such effects of the transition way from LIBOR and the adoption of alternative reference rates, as well as other unforeseen effects, could have an adverse impact on the fund's performance.

## Investment Manager Business Continuity Risk

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

## Investment Selection Risk

The Investment Manager’s investment analysis and its selection of investments may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests. In addition, the Investment Manager or the Fund’s other service providers may experience disruptions or operating errors that could negatively impact the Fund.

## Issuer Focus Risk

Because certain Funds may invest a relatively large percentage of the Fund’s assets in a small number of issuers, the Fund’s performance could be affected by economic, industry, political, regulatory, geopolitical, and other conditions that

impact those issuers, and could be more volatile than the performance of more diversified funds.

### Large Shareholder Risk

From time to time, shareholders of a fund (which may include institutional investors, financial intermediaries, or other MFS funds) may make relatively large redemptions or purchases of fund shares. These transactions may cause a fund to sell securities or invest additional cash, as the case may be, at disadvantageous prices. Redemptions of a large number of shares also may increase transaction and other costs or have adverse tax consequences for shareholders of the fund by requiring a sale of portfolio securities. Purchases of a large number of shares may adversely affect the Fund's performance to the extent that it takes times to invest new cash and the Fund maintains a larger position in cash-equivalents than it ordinarily would.

### Lending of Portfolio Securities

Portfolio securities may be lent to approved entities, including banks, broker/dealers and their affiliates, and would be required to be secured by collateral in cash, an irrevocable letter of credit, or U.S. Government securities maintained on a current basis at an amount generally at least equal to the market value of the securities loaned. When one party lends portfolio securities to another party, the lender has the right to call the loan and obtain the securities loaned at any time on customary industry settlement notice (which will not usually exceed five business days). For the duration of a loan, the borrower pays the lender an amount equal to any interest or dividends received on the securities loaned. The lender also receives a fee from the borrower or compensation from the investment of the collateral, less a fee paid to the borrower (if the collateral is in the form of cash). The lender does not, however, have the right to vote any securities having voting rights during the existence of the loan, but it can call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment; however, it is sometimes not feasible, particularly in the case of foreign securities, to recall the securities in time to vote the shares. The Fund's performance will continue to reflect changes in the value of the securities loaned and will also reflect the receipt of interest, through investment of cash collateral by the Fund or a fee. If the borrower defaults on its obligation to return the securities loaned because of insolvency or other reasons, the lender may not be able to recover the securities loaned or gain access to the collateral. These delays and costs could be greater for foreign securities. If the lender is not able to recover the securities loaned, the lender may sell the collateral and purchase a replacement investment in the market. The value of the collateral could decrease below the value of the replacement investment and related

transaction costs by the time the replacement investment is purchased. The Fund bears the risk of any investment loss from cash received as collateral that is invested in other eligible securities, including shares of a money market fund. The Fund engages securities lending agents to arrange loans of the portfolio securities. The Fund pays a portion of securities lending revenues to such agents.

Services provided by the securities lending agents including locating borrowers, evaluating the initial and ongoing creditworthiness of borrowers, determining and monitoring the value of loaned securities and collateral, monitoring collateral requirements and collecting additional collateral as necessary, collateral transfer, cash collateral management, negotiation of loan terms, selection of securities to be loaned, recordkeeping and reporting, monitoring lending restrictions, monitoring for loan position modifications due to corporate actions, monitoring distribution activity and delivering any distributions from securities on loan, monitoring proxy votes related to U.S. loaned securities, and arranging for the return of loaned securities at loan termination or as otherwise required.

New regulations require certain bank-regulated counterparties and certain of their affiliates to include in certain financial contracts, including many securities lending agreements, terms that delay or restrict the rights of counterparties, such as the Funds, to terminate such agreements, foreclose upon collateral, exercise other default rights or restrict transfers of credit support in the event that the counterparty and/or its affiliates are subject to certain types of resolution or insolvency proceedings. It is possible that these new requirements, as well as potential additional government regulation and other developments in the market, could adversely affect a Fund's ability to terminate existing securities lending agreements or to realize amounts to be received under such agreements in the event the counterparty or its affiliate becomes subject to a resolution or insolvency proceeding.

### Leveraging Risk

Certain transactions and investment strategies, including when-issued, delayed delivery and forward commitment purchases, mortgage dollar rolls and some derivatives can result in leverage. Leverage involves investment exposure in an amount exceeding the initial investment. In transactions involving leverage, a relatively small change in an underlying indicator can lead to significantly larger losses to the Fund. Leverage can cause increased volatility by magnifying gains or losses.

### Liquidity Risk

Certain investments and types of investments are subject to restrictions on resale, may trade in the over-the-counter market or in limited volume, or may not have an active trading market due to adverse market, economic, industry, political,

regulatory, geopolitical and other conditions, including investors trying to sell large quantities of a particular investment or type of investment, or lack of market makers or other buyers for a particular investment or type of investment. At times, all or a significant portion of a market may not have an active trading market. Without an active trading market where frequent and large purchase and sale transactions of a security occur without significantly affecting the price of that security, it may be difficult to value and impossible to sell these investments, and a Fund may have to sell certain of these investments at a price or time that is not advantageous in order to meet redemptions or other cash needs. The price of illiquid securities may be more volatile than more liquid investments.

### Lower Quality (Below-Investment-Grade) Debt Instruments Risk

Below-investment-grade debt instruments, commonly referred to as "high yield securities" or "junk bonds," are considered speculative with respect to the issuer's continuing ability to meet principal and interest payments and will involve greater risk of principal and income, including the possibility of default or bankruptcy of the issuers of such instruments, and may involve greater volatility of prices, especially during periods of economic uncertainty or change, than higher quality debt instruments. These below-investment-grade debt instruments generally tend to reflect economic changes and the outlook for economic growth, short-term corporate and industry developments and the market's perception of their credit quality to a greater extent than higher quality debt instruments, which react primarily to fluctuations in the general level of interest rates although these below-investment-grade debt instruments are also affected by changes in interest rates. In the past, economic downturns or an increase in interest rates have, under certain circumstances, resulted in a higher incidence of default by the issuers of these instruments and may do so in the future, especially in the case of highly leveraged issuers. The prices for these instruments may be affected by legislative and regulatory developments. The market for these below-investment-grade debt instruments may be less liquid than the market for investment grade debt instruments. Furthermore, the liquidity of these below-investment-grade debt instruments may be affected by the market's perception of their credit quality.

These risks are especially acute for distressed instruments, which are securities of issuers in extremely weak financial condition or perceived to have a deteriorating financial condition that will materially affect their ability to meet their financial obligations. Issuers of such instruments are generally experiencing financial or operating difficulties, have substantial capital needs or negative net worth, face special competitive or product obsolescence problems, or may be involved in various stages of bankruptcy, restructuring, or liquidation. The difficulties of such issuers may have resulted from poor financial or operating results, catastrophic events or excessive leverage. Distressed securities may consist of bonds or other fixed-income securities or common or preferred stocks.

Investments of this type involve substantial financial and business risks that can result in significant or total loss. A Fund may lose its entire investment, may be required to accept cash or securities with a value less than its original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the investments may not compensate a Fund adequately for the risks assumed. While potentially lucrative, investing in distressed securities requires resources and expertise to analyze each instrument and assess its position in an issuer's capital structure along with the likelihood of ultimate recovery. Information as to the conditions of distressed issuers may be limited, thereby reducing the Investment Manager's ability to monitor performance and to evaluate the advisability of continued investment in specific situations. There is no assurance that the value of any assets collateralizing such investments will be sufficient or that a successful reorganization or similar action will occur. Such investments may also be adversely affected by laws and judicial decisions relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and a court's power to disallow, reduce, subordinate, recharacterize debt as equity or disenfranchise particular claims. The market prices of such securities also may be subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and ask prices of such securities may be greater than normally expected.

Instruments in the lowest tier of investment-grade debt instruments have speculative characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments and involve the risks described above to a greater degree than in the case of higher grade securities.

### MFS Low Carbon Transition Characteristic – Risk to Return

The MFS Light Green Funds promote the MFS Low Carbon Transition characteristic in pursuing their respective investment objectives, as further discussed below under "Other Practical Information – Investment Manager – MFS 'Light Green' Funds" and in the SFDR Annex to this Prospectus. For these Funds, the application of the MFS Low Carbon Transition characteristic to the Fund's investment approach may affect the composition of the Fund's investment portfolio. As a result, the Fund's returns may be lower than in the absence of MFS Low Carbon Transition characteristic. For example, the Fund may have reduced or no exposure to companies that might be otherwise advantageous to purchase, or it may sell a security when it might otherwise be disadvantageous to do so. This approach may cause the Fund to deviate further from the relevant benchmark. Furthermore, the MFS Low Carbon Transition characteristic has been developed based on the judgment of the Investment Manager and it is possible the Fund may not invest in a way that a shareholder considers to be sustainable or responsible, even with the application of the MFS Low Carbon Transition characteristic.

## Mortgage-backed Securities Risk

Mortgage-backed securities are securities that represent direct or indirect participation in, or are collateralized by and payable from, mortgage loans secured by real property or instruments derived from such loans. The payment of principal and interest and the price of a mortgage-backed security generally depend on the cash flows generated by the underlying mortgages and the terms of the mortgage-backed security. In addition, tax or other regulatory changes may adversely affect the mortgage-backed securities market as a whole. Mortgage-backed securities are backed by different types of mortgages, including commercial and residential properties and reverse mortgages. Investment in mortgage-backed securities are impacted by the industry, sector and geographic region of the underlying mortgages. Mortgage-backed securities include various types of securities such as pass-throughs, stripped mortgage-backed securities, and collateralized mortgage obligations. There are a wide variety of mortgage types underlying these securities, including mortgage instruments whose principal or interest payments may vary or whose terms to maturity may be shorter than customary.

Mortgage-backed securities represent interests in pools of mortgage loans assembled for sale to investors by various governmental agencies, such as the Government National Mortgage Association (GNMA), by government-related organizations, such as the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC), and by private issuers, such as commercial banks, savings and loan institutions and mortgage companies. Government mortgage-backed securities are backed by the full faith and credit of the United States as to payment of principal and interest. GNMA, the principal U.S. guarantor of these securities, is a wholly-owned U.S. government corporation within the Department of Housing and Urban Development. Government-related mortgage-backed securities are not backed by the full faith and credit of the United States. Issuers of government-related mortgage-backed securities include FNMA and FHLMC. FNMA is a congressionally chartered corporation subject to general regulation by the Secretary of Housing and Urban Development.

Securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA. FHLMC is a stockholder-owned government-sponsored enterprise established by Congress. Participation certificates representing interests in mortgages from FHLMC's national portfolio are guaranteed as to the timely payment of interest and principal by FHLMC.

Under the U.S. Federal Housing Finance Agency's "Single Security Initiative," FNMA and FHLMC have entered into a joint initiative to develop a common securitization platform for the issuance of Uniform Mortgage-Backed Securities ("UMBS"), which would generally align the characteristics of FNMA and FHLMC

mortgage-backed securities. In June 2019, FNMA and FHLMC started to issue UMBS in place of their current offerings of TBA-eligible mortgage-backed securities.

Private mortgage-backed securities represent interest in pools consisting of residential or commercial mortgage loans created by non-government issuers, such as commercial banks and savings and loan associations and private mortgage companies. Private mortgage-backed securities may be subject to greater credit risk and be more volatile than government or government-related mortgage-backed securities. In addition, private mortgage-backed securities may be less liquid than government or government-related mortgage-backed securities.

Private, government, or government-related entities may create mortgage loan pools offering pass-through investments in addition to those described above. Interests in pools of mortgage-related securities differ from other forms of debt instruments, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, these securities typically provide a monthly payment which consists of both interest and principal payments. In effect, these payments generally are a "pass-through" of the monthly payments made by the individual borrowers on their residential or commercial loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by repayments of principal resulting from the sale of the underlying property, refinancing or foreclosure, net of fees or costs incurred.

Mortgage-backed securities are often subject to more rapid repayment than their stated maturity date would indicate as a result of the pass-through of prepayments of principal on the underlying loans. Prepayments of principal by mortgagors or mortgage foreclosures shorten the term of the mortgage pool underlying the mortgage-backed security. The occurrence of prepayments is a function of several factors, including interest rates, general economic conditions, the location of the mortgaged property, the age of the mortgage or the location and age of other underlying obligations, regulatory requirements, and other social and demographic conditions. Because prepayment rates of individual mortgage pools vary widely, the average life of a particular pool is difficult to predict. The rate of principal payments for a reverse mortgage-backed security depends on a variety of economic, geographic, social, and other factors, including interest rates and borrower mortality. Reverse mortgage-backed securities may respond differently to economic, geographic, social, and other factors than other mortgage-backed securities. A Fund's ability to maintain positions in mortgage-backed securities is affected by the reductions in the principal amount of such securities resulting from prepayments. The values of mortgage-backed securities vary with changes in market interest rates generally and the differentials in yields among various kinds of U.S. government securities, mortgage-backed securities, and other securitized instruments.

In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the average life of a pool of mortgages supporting a mortgage-backed security. Conversely, in periods of falling interest rates, the rate of prepayment tends to increase thereby shortening the average life of such a pool. Because prepayments of principal generally occur when interest rates are declining, an investor generally has to reinvest the proceeds of such prepayments at lower interest rates than those at which its assets were previously invested. Therefore, mortgage-backed securities typically have less potential for capital appreciation in periods of falling interest rates than other income-bearing securities of comparable maturity. Ongoing developments in the residential and commercial mortgage markets may have additional consequences for the market for mortgage-backed securities. During periods of deteriorating economic conditions, such as recessions or periods of rising unemployment, delinquencies and losses generally increase, sometimes drastically, with respect to securitizations involving mortgage loans. The effects of the COVID-19 virus and governmental responses to the effects of the virus, may result in increased delinquencies and losses and have other, potentially unanticipated, adverse effects on such investments and the markets for those investments. There are fewer investors in mortgage- and asset-backed securities markets and those investors are more homogenous than in markets for other kinds of securities. If a number of market participants are impacted by negative economic conditions, forced selling of mortgage- or asset-backed securities unrelated to fundamental analysis could depress market prices and liquidity significantly and for a longer period of time than in markets with greater liquidity.

Collateralized mortgage obligations (CMOs) are mortgage-backed securities that are collateralized by residential or commercial loan mortgages or mortgage pass-through securities. The bonds issued in a CMO transaction are divided into groups, and each group of bonds is referred to as a "tranche." The CMO structure enables the issuer to direct the principal and interest cash flow generated by the collateral of the different tranches in a prescribed manner in order to meet different investment objectives. Under the traditional CMO structure, the cash flows generated by the mortgages or mortgage pass-through securities in the collateral pool are used to first pay interest and then pay principal to the CMO bondholders. The bonds issued under a traditional CMO structure are retired sequentially as opposed to the pro-rata return of principal found in traditional pass-through obligations. Subject to the various provisions of individual CMO issues, the cash flow generated by the underlying collateral (to the extent it exceeds the amount required to pay the stated interest) is used to retire the bonds. Under a CMO structure, the repayment of principal among the different tranches is prioritized in accordance with the terms of the particular CMO issuance. The "fastest-pay" tranches of bonds, as specified in the prospectus for the issuance, would initially receive all principal payments. When those tranches of bonds are retired, the next tranche, or tranches, in the sequence, as specified in the prospectus, receive all of the principal payments until they are retired. The

sequential retirement of bond groups continues until the last tranche is retired. Accordingly, the CMO structure allows the issuer to use cash flows of long maturity, monthly-pay collateral to formulate securities with short, intermediate, and long final maturities, as well as varied expected average lives and risk characteristics. Other structures include floating rate CMOs, parallel pay CMOs planned amortization classes, accrual bonds and CMO residuals. These structures affect the amount and timing of principal and interest received by each tranche from the underlying collateral. Under certain of these structures, given classes of CMOs have priority over others with respect to the receipt of prepayments on the mortgages. Therefore, depending on the type of CMOs in which a Fund invests, the investment may be subject to a greater or lesser risk of prepayment than other types of mortgage-backed securities.

A primary risk of CMOs is the uncertainty of the timing of cash flows that results from the rate of prepayments on the underlying mortgages serving as collateral and from the structure of the particular CMO transaction (that is, the priority of the individual tranches). An increase or decrease in prepayment rates (resulting from a decrease or increase in mortgage interest rates) will affect the yield, average life, and price of CMOs. The prices of certain CMOs, depending on their structure and the rate of prepayments, can be volatile. Some CMOs may also not be as liquid as other securities.

The value of CMOs collateralized by commercial mortgages or commercial mortgage pass-through securities depends on the cash flow and volatility of the commercial loans, the volatility and reliability of cash flows associated with the commercial properties; the type, quality, and competitiveness of the commercial properties; the experience, reputation and capital resources of the borrower and the manager; the location of the commercial properties; the quality of the tenants; and the terms of the loan agreements.

Stripped mortgage-backed securities (SMBSs) are derivative multi-class mortgage-backed securities. SMBSs may be issued by agencies or instrumentalities of the U.S. government, or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks, and special purpose entities formed or sponsored by any of the foregoing. SMBSs may be less liquid than other types of mortgage-backed securities.

SMBSs are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. A common type of SMBS will have one class receiving some of the interest and most of the principal from the mortgage assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest-only or "IO" class), while the other class will receive all of the principal (the principal-only or "PO" class). The price and yield-to-maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the related underlying mortgage

assets, and a rapid rate of principal payments may have a material adverse effect on a Fund's yield to maturity from these securities. If the underlying mortgage assets experience greater than anticipated prepayments of principal, a Fund may fail to recoup some or all of its initial investment in these securities, even if the security is in one of the highest rating categories. The mortgages underlying these securities may be alternative mortgage instruments, that is, mortgage instruments whose principal or interest payments may vary or whose terms to maturity may be shorter than customary.

### Preferred Stock Risk

Preferred stock represents an equity or ownership interest in an issuer and is therefore subject to the same risks as other equity securities. Preferred stock has precedence over common stock in the event the issuer is liquidated or declares bankruptcy, but is junior to the interests of the debt instruments of the issuer. Preferred stock, unlike common stock, often has a stated dividend rate payable from the corporation's earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. "Cumulative" dividend provisions require all or a portion of prior unpaid dividends to be paid before dividends can be paid to the issuer's common stock. "Participating" preferred stock may be entitled to a dividend exceeding the stated dividend in certain cases. The level of "auction rate" dividends are reset periodically through an auction process. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of such stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the stock to be called or redeemed, which can limit the benefit of a decline in interest rates. The value of preferred stock is sensitive to changes in interest rates and to changes in the issuer's credit quality.

### Public Health Risk

A widespread health crisis such as a global pandemic could cause substantial market volatility and have long-term effects on the U.S. and world economies and markets generally. For example, the novel coronavirus (COVID-19) outbreak has resulted in significant disruptions to global business activity, including closed international borders, quarantines and travel restrictions, disruptions to business operations and supply chains, and lower consumer demand and economic output. Multiple surges in cases globally, the availability and widespread adoption of vaccines, and the emergence of variant strains of the virus continue to create uncertainty as to the future and long-term impacts resulting from the pandemic. The impact of the COVID-19 outbreak and other epidemics and pandemics that may arise in the future could negatively affect the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the securities and commodities markets in general in significant and unforeseen ways. A health

crisis may also exacerbate other pre-existing political, social and economic risks. Any such impacts could adversely affect the prices and liquidity of the Fund's investments and the Fund's performance.

## Real Estate-Related Investments Risk

Certain Funds may invest in real estate investment trusts ("REITs") and real estate-related investments that qualify as transferable securities or otherwise eligible investments under the Law and related Luxembourg regulations. REITs are pooled investment vehicles that invest primarily in income producing real estate or real estate related loans or interests. The affairs of REITs are managed by the REIT's sponsor and, as such, the performance of the REIT is dependent on the management skills of the REIT's sponsor. REITs are not diversified, and are subject to the risks of financing projects.

Investment in real estate-related investments or derivatives whose value is based on real estate related indicators are subject to similar risks to those associated with the direct ownership of real estate and with the real estate industry in general. Real estate-related investments are affected by general, regional, and local economic conditions; difficulties valuing and disposing of real estate; fluctuations in interest rates; property tax rates, zoning laws, environmental regulations, and other governmental action; cash flow dependency; increased operating expenses; lack of availability of mortgage funds; losses due to natural disasters; overbuilding; losses due to casualty or condemnation; changes in property values and rental rates; the management skill and creditworthiness of a real estate investment trust manager; and other factors. The real estate sector is particularly sensitive to economic downturns. The securities of real estate-related issuers that have small to medium market capitalizations can be more volatile and less liquid than securities of larger issuers and such issuers can have more limited financial resources. Investments in real estate-related investments may be negatively affected by the COVID-19 pandemic. Potential impacts of the pandemic on the real estate sector include lower occupancy rates, decreased lease payments, defaults, and foreclosures, among other consequences. In addition, REITs may have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property.

REITs are generally classified as equity REITs, mortgage REITs, or a combination of equity and mortgage REITs. Equity REITs invest most of their assets directly in real property and derive income primarily from the collection of rents. Equity REITs can also realize capital gains by selling properties that have appreciated in value. Mortgage REITs invest most of their assets in real estate mortgages and derive income from interest payments. An investor will indirectly bear its proportionate share of any expenses (such as operating expenses and advisory fees) paid by REITs in which it invests in addition to the expenses paid by the investor.

Equity REITs and similar entities formed under the laws of non-U.S. countries may be affected by changes in the value of the underlying property owned by the trusts. Mortgage REITs and similar entities formed under the laws of non-U.S. countries may be affected by default or payment problems relating to underlying mortgages, the quality of credit extended, interest rates and prepayments of the underlying mortgages. Equity and mortgage REITs are also subject to heavy cash flow dependency, borrower default, and self-liquidation.

Mortgage REITs are also subject to different combinations of prepayment, extension, interest rate and other market risks. The real estate mortgages underlying mortgage REITs are generally subject to a faster rate of principal repayments in a declining interest rate environment and to a slower rate of principal repayments in an increasing interest rate environment.

### Hybrid REITs share the characteristics and risks of equity REITs and mortgage REITs.

REITs could be adversely affected by failure to qualify for the favourable tax treatment available to REITs under the U.S. Internal Revenue Code of 1986, as amended, or to maintain their exemption from registration under the U.S. Investment Company Act of 1940, as amended, and similar risks may also apply to securities of entities similar to REITs formed under the laws of non-U.S. countries. In addition, REITs may be adversely affected by changes in federal tax law, for example, by limiting their permissible businesses or investments.

Many real estate-related issuers, including REITs, utilize leverage (and some may be highly leveraged), which increases investment risk and could adversely affect the issuer's operations and market value in periods of rising interest rates.

## Regulatory Risk

Financial entities, such as investment companies and investment advisers, are generally subject to extensive government regulation. In addition, investments in certain industries, sectors or countries may be subject to extensive regulation. Government regulation may change frequently and may have significant adverse consequences. Economic downturns and political changes can trigger economic, legal, budgetary, tax, and regulatory changes. Regulatory changes may change the way a Fund is regulated or the way the Fund's investments are regulated, affect the expenses incurred directly by the Fund and the value of its investments, and limit and/or preclude a Fund's ability to pursue its investment strategy or achieve its investment objective.

## Restricted Securities Risk

Certain Funds may invest up to 10% of their net assets in securities that are not registered for public sale ("Restricted Securities"). Restricted Securities may

include, but are not limited to, U.S. Rule 144A securities and securities in other global private offerings. Restricted Securities involve varying degrees of liquidity risk as there may or may not be an active market for the purchase and sale of such securities. To the extent that Restricted Securities contain rights requiring their registration within one year of purchase, such securities are not subject to the 10% limitation described above.

### Securities of Other Investment Companies

Securities of other investment companies, including shares of closed-end investment companies, unit investment trusts, exchange-traded funds, business development companies, and open-end investment companies, represent interests in professionally managed portfolios that may invest in any type of instrument. Investing in other investment companies involves substantially the same risks as investing directly in the underlying instruments, but involves additional expenses at the investment company-level, such as a proportionate share of portfolio management fees and operating expenses. Certain types of investment companies, such as closed-end investment companies and exchange-traded funds, trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value (NAV) per share.

### Securitized Instruments Risk

Securitized instruments are debt instruments that generally provide payments of principal and interest based on the terms of the instrument and cash flows generated by the underlying assets. Underlying assets include residential and commercial mortgages, debt instruments, bank loans, motor vehicle installment sales contracts, installment loan contracts, leases of various types of real and personal property, receivables from revolving credit (i.e., credit card) agreements and other receivables. The assets can be a pool of assets or a single asset (e.g., a loan to a specific corporation). Securitized instruments that represent an interest in a pool of assets provide greater credit diversification than securitized instruments that represent an interest in a single asset. Securitized instruments are issued by trusts or other special purpose entities that holds the underlying assets. Payment of interest and repayment of principal on securitized instruments may be largely dependent upon the cash flows generated by the underlying assets and, in certain cases, may be supported by letters of credit, surety bonds, or other credit enhancements.

The credit quality of securitized instruments depends primarily on the quality of the underlying assets, the rights of recourse available against the underlying assets and/or the issuer, the level of credit enhancement, if any, provided for the securities, and the credit quality of the credit-enhancement provider, if any. The value of securitized instruments may be affected by the various factors described above and other factors, such as changes in interest rates, the availability of information concerning the pool of assets and its structure, the creditworthiness of the servicing agent for the pool of assets, the originator of the underlying assets, or the entities providing

the credit enhancement. Securitized instruments that do not have the benefit of a security interest in the underlying assets present certain additional risks that are not present with securitized instruments that do have a security interest in the underlying assets.

Some types of securitized instruments are often subject to more rapid repayment than their stated maturity date would indicate, as a result of the pass-through of prepayments of principal on the underlying assets. The rate of principal payments on these securitized instruments is related to the rate of principal payments on the underlying pool of assets and related to the priority of payment of the security with respect to the pool of assets. The occurrence of prepayments is a function of several factors, including interest rates, general economic conditions, the location and age of the underlying obligations, asset default and recovery rates, regulatory requirements, and other social and demographic conditions. Because prepayments of principal generally occur when interest rates are declining, an investor generally has to reinvest the proceeds of such prepayments at lower interest rates than those at which its assets were previously invested. Therefore, these securitized instruments may have less potential for capital appreciation in periods of falling interest rates than other income-bearing securities of comparable maturity. In periods of rising interest rates, the rate of prepayment tends to decrease, thereby lengthening the maturity of the asset-backed security, increasing the potential for loss.

Collateralized debt obligations (“CDOs") are types of securitized instruments and include collateralized bond obligations (“CBOs”), collateralized loan obligations (“CLOs”) and other similarly structured securities. Although certain CDOs may benefit from credit enhancement in the form of a senior-subordinate structure, overcollateralization or bond insurance, such enhancement may not always be present, and may fail to protect a Fund against the risk of loss on default of the collateral. CDOs may charge management fees and administrative expenses, which are in addition to those of a Fund. A CBO is ordinarily issued by a trust or other special purpose entity and is typically collateralized by a diversified pool of debt instruments, including below investment grade quality debt instruments, held by such issuer. A CLO is ordinarily issued by a trust or other special purpose entity and is typically collateralized by a pool of loans, including domestic and non-senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be below investment grade quality, held by such issuer. CDOs may be less liquid than other types of securities.

For CDOs, the cash flows are generally split into two or more portions, called tranches, varying in risk and yield. The riskiest tranche bears the first loss from defaults from the bonds, loans or other underlying collateral and serves to protect the other, more senior tranches from default (though such protection is not complete). The risks of an investment in a CDO depend largely on the type of the underlying collateral and the tranche of the CDO in which a Fund invests. Since it is partially protected from defaults, a senior tranche from a CDO may have a higher rating and lower yields than its underlying collateral.

In addition to the risks associated with debt instruments and securitized instruments, CDOs carry additional risks including, (i) the possibility that distributions from underlying collateral will not be adequate to make interest or other payments; (ii) the quality of the underlying collateral may decline in value or default; (iii) the risk that Funds may invest in CDOs that are subordinate to other tranches; and (iv) the complex structure of the instrument may produce disputes with the issuer or unexpected investment results.

While the Funds do not invest directly in loans, investments in CLOs may expose a Fund to certain of the risks associated with loan instruments. Loans and other direct indebtedness are interests in amounts owed by corporations, governmental or other borrowers to lenders or lending syndicates (loans and loan participations), to suppliers of goods and services (trade claims and other receivables), or to other parties. Some loans may be unsecured in part or in full. Loans may be in default. Loans that are fully secured should protect the purchaser to a greater extent than unsecured loans in the event of nonpayment of scheduled interest or principal. However, there can be no assurance that the liquidation of collateral acquired in connection with the default of a secured loan would satisfy the borrower's obligation, or that such collateral could be liquidated.

The ability to receive payments of principal and interest on loans and other direct indebtedness will depend primarily on the financial condition of the borrower. Because an acquirer may be required to rely on another party to collect and to pass on to it amounts payable with respect to the loan or other direct indebtedness and to enforce the acquirer's rights under the loan or other direct indebtedness, an insolvency, bankruptcy or reorganization of such other party may delay or prevent the acquirer from receiving such amounts. The highly leveraged nature of many loans and other direct indebtedness may make such loans and other direct indebtedness especially vulnerable to adverse changes in economic or market conditions.

Historically, loans normally have not been registered with securities regulators or listed on any securities exchange. As a result, the amount of public information available about a specific loan historically has been less extensive than if the loan were registered or exchange-traded. Loans may also not be considered "securities" and purchasers may not be entitled to rely on anti-fraud protections of applicable securities laws.

Floating rate loans generally are subject to legal or contractual restrictions on resale. Floating rate loans currently are not listed on any securities exchange or automatic quotation system. As a result, no active market may exist for some floating rate loans, and to the extent a secondary market exists for other floating rate loans, such market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Additionally, the supply of floating rate loans may be limited from time to time due to a lack of sellers in the market for existing floating rate loans or to the number of new floating rate loans currently being issued.

As a result, the floating rate loans available for purchase may be of lower quality or may have a higher price.

## Small Cap Companies Risk

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

### Special Purpose Acquisition Companies Risk

The Funds may invest in special purpose acquisition companies ("SPACs") or similar special purpose entities that pool funds to seek potential acquisition or merger opportunities. A SPAC is a publicly traded company that raises funds to engage in a future acquisition or merger with a private company in order to take it public. Until a transaction is identified and completed, a SPAC generally invests its assets in U.S. Government securities, money market fund securities and cash. If an acquisition or merger that meets the requirements for the SPAC is not completed within a pre-established period of time, the invested funds are returned to the SPAC's shareholders, less certain permitted expenses, and any rights or warrants issued by the SPAC will expire worthless. Because SPACs and similar entities have no operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a suitable transaction. Some SPACs may pursue acquisitions or mergers only within certain industries or regions, which may further increase the volatility of their securities' prices.

An investment in a SPAC is subject to a variety of risks. A significant portion of the funds raised by the SPAC for the purpose of identifying and effecting an acquisition or merger may be expended during the search for a target transaction. An attractive acquisition or merger target may not be identified and the SPAC will be required to return any remaining invested funds to shareholders. Attractive acquisition or merger targets may become scarce if the number of SPACs seeking to acquire operating businesses increases. Any proposed merger or acquisition may be unable to obtain the requisite approval, if any, of SPAC shareholders and/or antitrust and securities regulators. An acquisition or merger once effected may prove unsuccessful and an investment in the SPAC may lose value. The warrants or other rights with respect to the SPAC held by the Fund may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price. The Fund may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled. An investment in a SPAC may be diluted by subsequent public or private offerings of securities in the SPAC or by other investors

exercising existing rights to purchase SPAC securities. SPAC sponsors generally purchase interests in the SPAC at more favorable terms than investors in the IPO or subsequent investors on the open market. A liquid market for shares of or interests in a SPAC may not develop.

### Sukuk Risk

Sukuk are certificates structured to comply with Shariah law and its investment principles. These certificates usually represent the beneficial ownership interest in a portfolio of eligible existing or future tangible or intangible assets ("underlying assets"). In a typical sukuk, a special purpose vehicle ("SPV") issues certificates to investors in exchange for their capital. The SPV transfers the capital to or for the benefit of the entity that is raising the capital (the "obligor") in exchange for the underlying assets of the obligor that are held in trust by the SPV. The obligor is obligated, usually through a series of contracts, to make periodic payments to investors through the SPV over a specified period of time and a final payment to investors through the SPV on a date certain. Obligors of sukuk include financial institutions and corporations, foreign governments and agencies of foreign governments, including issuers in emerging markets.

Although under Shariah law, sukuk involve the sharing of profits and losses in the underlying asset financed by the investment in the certificates, most sukuk do not provide investors with bona fide legal ownership of the underlying assets, and the periodic and final payments to sukuk investors are not generally linked to the value of the underlying assets. As a result, most sukuk are considered unsecured obligations whose risks and returns are similar to those of conventional debt instruments. Investors typically have no direct recourse to the underlying assets and do not have a secured claim against the obligor. Sukuk investors are subject to the creditworthiness of the obligor, and the obligor may be unwilling or unable to meet its periodic or final payment obligations. In addition, investors' ability to pursue and enforce actions with respect to these payment obligations or to otherwise enforce the terms of the sukuk, restructure the sukuk, obtain a judgment in a court of competent jurisdiction, and/or attach assets of the obligor may be limited. As with conventional debt instruments, sukuk prices change in response to interest rate changes.

The structural complexity of sukuk and the immaturity of the sukuk market increases the potential risks of investing in sukuk, including operational, legal, and investment risks. While the sukuk market has grown in recent years, sukuk can be less liquid than other types of investments and it may be difficult at times to invest in or dispose of sukuk. In addition, evolving interpretations of Shariah law by courts or Islamic scholars on sukuk structures and sukuk transferability or a determination subsequent to the issuance of the sukuk by some Islamic scholars that certain sukuk do not comply with Shariah law and its investment principles could have a dramatic adverse effect on the price and liquidity of a particular sukuk or the sukuk market in general.

## Taxation Risk

Applicable law and any other rules or customary practice relating to taxation, or the interpretation thereof by relevant authorities, may change at any time, possibly with retroactive effect. In particular, both the level and the basis of taxation may change. This could significantly affect returns to investors.

Under the terms of the FATCA Law and CRS Law (as defined below), the Company (or each Fund) is likely to be treated as a Luxembourg Reporting Financial Institution. As such, the Company (or each Fund) may require all investors to provide documentary evidence of their tax residence and all other information deemed necessary to comply with the above mentioned regulations. Although the Company (or each Fund) will attempt to satisfy any obligations as necessary to avoid any withholding tax and/or penalties under the FATCA Law or penalties or fines under the CRS Law, there can be no assurance that the Company (or each Fund) will be able to satisfy these obligations. If the Company (or a Fund) becomes subject to withholding tax and/or penalties as a result of the FATCA regime or to penalties or fines under the CRS regime, the value of the Shares held by its shareholders may suffer material losses. Furthermore, the Company (or each Fund) may also be required to withhold tax on certain payments to its shareholders who would not be compliant with FATCA (*i.e.* the so-called “foreign passthrough payments" withholding tax obligation). Please refer to “Taxation” under “Other Practical Information” for additional detail.

## Variable and Floating Rate Securities Risk

Variable and floating rate securities are debt instruments that provide for periodic adjustments in the interest rate paid on the security. Variable rate securities provide for a specified periodic adjustment in the interest rate, while floating rate securities have interest rates that may change with changes to the level of prevailing interest rates or the issuer’s credit quality. There is a risk that the current interest rate on variable and floating rate securities may not accurately reflect current market interest rates or adequately compensate the holder for the current creditworthiness of the issuer. Some variable or floating rate securities are structured with liquidity features such as (1) put options or tender options that permit holders (sometimes subject to conditions) to demand payment of the unpaid principal balance plus accrued interest from the issuers or certain financial intermediaries or (2) auction rate features, remarketing provisions, or other maturity-shortening devices designed to enable the issuer to refinance or redeem outstanding debt securities (market-dependent liquidity features). The market-dependent liquidity features may not operate as intended as a result of the issuer's declining creditworthiness, adverse market conditions, or other factors or the inability or unwillingness of a participating broker-

dealer to make a secondary market for such securities. As a result, variable or floating rate securities that include market-dependent liquidity features may lose value and the holders of such securities may be required to retain them for an extended period of time or until maturity.

### Warrants Risk

Warrants are instruments which entitle the holder to buy an equity security at a specific price for a specific period of time. Warrants can be physically or cash settled depending on the terms of the warrant and can be issued by the issuer of the underlying equity security or a third party. Warrants often involve a counterparty to the transaction. Changes in the value of a warrant do not necessarily correspond to changes in the value of its underlying security. The price of a warrant may be more volatile than the price of its underlying security, and a warrant may offer greater potential for capital appreciation as well as capital loss. Warrants do not entitle a holder to dividends or voting rights with respect to the underlying security and do not represent any rights in the assets of the issuing company. A warrant ceases to have value if it is not exercised prior to its expiration date. Warrants involve credit risk if the counterparty to the warrant defaults and fails to perform. The credit risk is dependent on the creditworthiness of the individual counterparty issuing the equity security upon exercise. The value of a warrant depends, in part, on the issuer's credit quality or ability to deliver the relevant equity security upon maturity. The holder of a warrant may not be able to obtain the underlying equity security of the warrant and/or the warrant may be deemed worthless upon issuer default. The potential loss for a warrant purchaser is typically limited to the amount of the purchase price, or premium, of the warrant plus any transaction costs. These factors can make warrants more speculative than other types of investments.

### When-Issued, Delayed-Delivery, and Forward-Commitment Transactions Risk

When-issued, delayed-delivery, and forward-commitment transactions, including securities purchased or sold in the to be announced (TBA) market, involve a commitment to purchase or sell specific securities at a predetermined price or yield in which payment and delivery take place after the customary settlement period for that type of security. Typically, no interest accrues to the purchaser until the security is delivered. When purchasing securities pursuant to one of these transactions, payment for the securities is not required until the delivery date. However, the purchaser assumes the rights and risks of ownership, including the risks of price and yield fluctuations and the risk that the security will not be issued or delivered as anticipated. If a Fund makes additional investments while a delayed delivery purchase is outstanding, this may result in a form of leverage.

When a Fund has sold a security pursuant to one of these transactions, the Fund does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, a Fund could miss a favorable price or yield opportunity or suffer a loss. A Fund may renegotiate a when-issued, delayed delivery, or forward commitment transaction and may sell the underlying securities before delivery, which may result in capital gains or losses for the Fund.

*TBA Transactions*. A Fund may engage in purchases or sales of TBA securities, which usually are transactions in which a Fund buys or sells mortgage-backed securities on a delayed delivery or forward commitment basis. A TBA transaction typically does not designate the actual security to be delivered and only includes an approximate principal amount. TBA trades can be used by a Fund for investment purposes in order to gain or reduce exposure to certain securities, or for hedging purposes to adjust the risk exposure of a Fund's portfolio without having to restructure the portfolio. A Fund that invests in TBAs may also hold cash-equivalents (defined as bank deposits, money market instruments, units of money market funds and reverse repurchase transactions) in connection with its TBA investments, including to facilitate settlement. This is subject to the general limit on ancillary liquid assets described in paragraph 2(ii) under "Investment Policies and Risks – General Information Regarding Investment Policies and Instruments – Short-Term Liquid Investments." Purchases and sales of TBA securities involve risks similar to those discussed above for other delayed delivery and forward commitment purchase and sale transactions. A Fund will not sell TBA securities unless it holds an offsetting long position in TBA securities or the underlying mortgage-backed securities.

## Zero Coupon Bonds, Deferred Interest Bonds, and Payment-In-Kind Bonds Risk

Zero coupon and deferred interest bonds are debt instruments which are issued at a discount from face value. The discount approximates the total amount of interest the instruments will accrue and compound over the period until maturity or the first interest payment date at a rate of interest reflecting the market rate of the instrument at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds provide for a period of delay before the regular payment of interest begins. Payment-in-kind bonds are debt instruments which provide that the issuer may, at its option, pay interest on such instruments in cash or in the form of additional debt instruments. Such instruments may involve greater credit risks and may experience greater volatility than debt instruments which pay interest in cash currently.

## General Information about Share Classes

Each Fund offers Shares in multiple Classes with differing levels of sales charges, distribution fees, service fees, expenses and distribution policies. The Board of Directors is authorised, without limitation and at any time, to issue Shares in any Classes at the respective net asset value per Share determined in accordance with the provisions of the Company's Articles of Incorporation, without granting existing shareholders a preferential right to subscribe for the Shares to be issued. You can obtain information regarding the availability of Classes for each Fund at ***meridian.mfs.com***, the Company's registered office or at the local agent in your country. A KID may be obtained for each available Class at ***meridian.mfs.com***.

All Shares are issued as fully paid up and have no par value. Each Share shall carry one vote, irrespective of its net asset value of the Fund and Class to which it relates. Fractions of Shares will have no voting rights but will participate in the distribution of dividends (Income Shares and Gross Income Shares only) and in any liquidation distribution. The Board of Directors has resolved that the Company may not issue warrants, options or other rights to subscribe for Shares in the Company to its shareholders or other persons.

Shares are available only in registered form. Registered Share ownership will be evidenced by a confirmation generally sent within two days of the date upon which the order was accepted. Fractional Shares may be issued. Official mailings and notices will generally be mailed to the mailing address of record (if unavailable, the registered address) of each account on the Share Register of the Company (or relevant Fund or Class thereof). To the extent permitted under applicable Luxembourg laws and regulations, Fund-related notices may be delivered via electronic means in certain circumstances or for certain accounts.

## Share Classes

The Board of Directors of the Company and the Management Company are authorised, without limitation and at any time to discontinue offering one or more Classes subject to applicable notice. As of the date of this Prospectus, the Funds offer ***Class A, C, N, P, W, I, Z and S*** shares. Certain Classes may not be available for each Fund. Certain Funds and/or Classes may not be available in an investor's country of residence or domicile.

The multiple Class structure permits an investor (or his or her Financial Intermediary) to choose the method of purchasing Shares that is most beneficial to the investor, given the amount of the purchase, the length of time the investor expects to hold the Shares, and other circumstances. Where there are Shares of a different Class or type in issue, the Net Asset Value per Share amongst Classes may differ to reflect the fact that income has been accumulated, distributed, or

that there are differing charges, fees and expenses. Below is a brief summary of the various types of Share Classes currently offered by the Funds. Investors should consult their Financial Intermediary for additional information.

- Each Fund is denominated in a Base Currency, which may be U.S. dollars, euros, sterling or Japanese yen, but may have Classes denominated in currencies other than the Base Currency as the Board of Directors may establish from time to time.
- Each Fund offers Shares in non-distributing ("Roll-Up") Classes (A1, C1, N1, P1, W1, I1, S1 and Z1).
- Certain Funds also offer Shares that distribute net income after the deduction of relevant expenses ("Income Classes") periodically during the year as specified in the Fund Profile (e.g., A2, C2, N2, P2, W2 and I2) or annually(e.g., A4, AH4).
- Certain Funds also offer Shares that distribute income before the deduction of relevant expenses, such that expenses are paid out of capital gains and/or capital ("Gross Income Shares") (e.g., A3, C3, N3, P3, W3 and I3). Any distributions involving the payment of expenses out of the capital of the Fund amounts to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. While the payment of all distributions would result in an immediate reduction of the Net Asset Value per Share, Gross Income Shares may pay larger distributions (by paying expenses out of the capital of the Fund rather than out of income), which may therefore result in a larger reduction in the Net Asset Value per Share of the relevant Fund. As a result, capital may be eroded and income may be achieved by foregoing the potential for future capital growth.
- Certain Funds may offer "Founder Classes," i.e., Class A, Class W or Class I shares designated as "AF," "WF" or "IF," respectively. Where offered, the eligibility criteria and characteristics of Class AF, WF and IF shares are identical to Class A, Class W or Class I shares, respectively, except that the Founder Class features a lower management fee rate. Where a Founder Class is offered for a Fund, the corresponding non-Founder Class with identical features will be closed to investment absent special agreement with the Management Company. For example, if Class IF1USD shares are offered for a Fund, then Class I1USD shares of that Fund will be closed to investment.

  For those Funds offering one or more Founder Classes, the Management Company generally intends to close the Founder Class to new accounts and investors once the total assets of the Fund reach USD 200 million (or its equivalent if the Fund has a different base currency). As exceptions to the foregoing, a Founder Class of a Fund that is closed to new accounts/investors will remain open to the following:

- Existing investors in Founder Class Shares of a Fund as of the closure date can continue to make additional purchases and reinvest distributions in the Founder Class Shares of that Fund in any account that held Founder Class Shares of that Fund as of the closure date.

- A Financial Intermediary that held Founder Class Shares of a Fund in a discretionary model portfolio (i.e., where the model portfolio is managed by the financial intermediary) as of the closure date may continue to purchase Founder Class Shares of that Fund for new and existing discretionary clients of such model. Approved or recommended lists are not considered model portfolios.

- Retirement or similar pension plans that offered Founder Class Shares of a Fund as of the closure date may open new participant accounts within the plan that may purchase Founder Class Shares of that Fund. Participants in a plan may not open a new account to hold Founder Class Shares of that Fund outside of the plan under this exception.

- A fund-of-funds that included Founder Class Shares of a Fund as an underlying portfolio as of the closure date may continue to purchase Founder Class Shares of that Fund even if related investments are attributable to new underlying investors in the fund-of-funds. In addition, fund-of-funds' managers that included Founder Class Shares of the Fund as an underlying fund in a fund-of-funds portfolio as of the closure date may add the Founder Class Shares of the Fund to new fund-of-funds portfolios.

The Management Company may make additional exceptions, reject any investment or limit the above exceptions, or close or re-open Founder Class Shares of a Fund with immediate effect at any time without prior notice.

- Certain Class I and Class W shares designated "IS" or "WS," respectively (e.g., IS1EUR) are only available to investors who are otherwise eligible for Class I or Class W, as applicable, and who maintain a minimum holding of $200 million (or its equivalent) in the relevant Fund and have entered into a formal written agreement with the Management Company or an affiliate. Such Classes are generally subject to a Class-specific partial waiver of the investment management fee and/or arrangements to bear "Other Expenses" by the Management Company. For investors whose assets invested with MFS or its affiliates worldwide exceed $1 billion (or its equivalent), the Management Company reserves the right to create additional Class IS or WS share classes within a Fund with a corresponding partial waiver of the investment management fee and/or arrangement to bear "Other Expenses." The Management Company may also consider the likelihood of future investments by the investor in the Fund or any of the Funds. The foregoing conditions may be waived by the Management Company in its sole discretion.

*Hedged Share Classes.* The Base Currency-Hedged Share Classes, BRL-Hedged Share Classes and Strategy-Hedged Share Classes, each as defined below, are referenced together throughout this prospectus as "Hedged Share Classes." The Management Company has retained a service provider to perform hedging transactions for such Hedged Share Classes. The terms and conditions applicable to the Hedged Share Classes are the same as those which apply for the same Classes of Shares offered in the base currency, the difference being the hedging of the Hedged Share Class to the base currency of the Fund or currency of Fund investments (depending on the type of Hedged Share Class). These hedging transactions may employ various techniques and instruments, including currency forward contracts, foreign exchange swap contracts, currency futures, written call options and purchase put options on currencies ("Currency Derivatives"). The gains/losses and expenses of the hedging process will be borne by the Hedged Share Classes. However, there is a risk that under certain circumstances, currency hedging transactions in relation to a Hedged Class could negatively affect the net asset value of the other Classes (including Unhedged Classes) of the same Fund. See "Risk Factors – Currency Risk."

- A "Base Currency-Hedged Share Class" is a class that is denominated in a currency other than the base currency of a Fund and seeks to reduce exchange rate exposure between the currency of the Class and the base currency of the same Fund through hedging. The aim is to reduce variations in returns, due to exchange rate fluctuations, between the Class and the base currency class of the same Fund.

- A "Strategy-Hedged Share Class" is a class that seeks to reduce exchange rate exposure between the currency of the Class and the various currencies in which a Fund's investments are denominated. The Fund will seek to maintain proportionate hedges between the currency of the Class, on the one hand, and each of the predominant currencies represented in the Fund's primary benchmark, on the other.

- "BRL-Hedged Share Classes" are available to certain feeder funds located in the Federative Republic of Brazil. BRL-Hedged Share Classes seek to systematically convert the value of net assets to the Brazilian Real ("BRL") through the use of derivatives. BRL-Hedged Share Classes are similar in terms of characteristics and risks to the Base Currency- Hedged Share Classes as described above, except that they are not denominated in BRL (due to currency trading restrictions on BRL) but in the base currency of the respective Fund. BRL-Hedged Share Classes are designated with an "R" (e.g., IH1RUS).

References to a Class shall include all Classes with the same fee structure and all currencies in which such Classes are offered. For example, unless otherwise noted, a reference to Class A Shares shall include Class A Roll-Up (A1), Class A Income both monthly- or quarterly- distributing (A2) and annually-distributing (A4) and Class A Gross Income (A3) shares, together with each currency in which they are denominated (U.S. dollar, Euro, sterling, Swiss franc, Japanese yen, Swedish krona, Norwegian krone, Australian dollar, Canadian dollar, Singapore dollar, or such other currency-denominated classes as may be established from time to time at the discretion of the Board of Directors of MFS Meridian Funds), or Class A Hedged shares.

## Additional Information on Sales Charges and Transaction Fees

All Classes of each Fund have the same investment objective and strategies, but each Class has its own sales charge and operating expense structure. The maximum sales charges (also known as "sales loads" or "entry/exit charges") payable upon purchase, exchange or redemption orders by investors for each Class are detailed in the respective Class' KID. Sales charges are not payable in respect of Class I, Class W, Class Z and Class S shares. The Distributor is entitled to receive any applicable sales charge payable by investors. The Distributor may pay all or a portion of such Front-End Load to Financial Intermediaries (or the Financial Intermediary may deduct the applicable Front-End Load from your investment, the balance of which would then be applied to the purchase of Shares in the relevant Fund). The timing and amount of commission payable may vary among Financial Intermediaries or investors. Your financial intermediary may also charge you additional fees, commissions or other charges. You should consult with your intermediary to help you determine which Class is most appropriate for you.

The table below outlines the sales charges and transaction fees charged to investors when buying or selling shares of a Fund. For information regarding the ongoing charges for each Class of each Fund, please see "Fund Profiles."

| | | |
|---|---|---|
| Maximum Front-End Load on purchases (as a percentage of the offering price) | Class A shares | up to 6% |
| | Class C shares | n/a |
| | Class N shares | up to 3% |
| | Class P shares | up to 3% |
| | Class W shares | n/a |
| | Class I shares | n/a |
| | Class S shares | n/a |
| | Class Z shares | n/a |

| | | |
|---|---|---|
| Maximum Back-End Load (as a percentage of the offering price) | Class A shares | n/a |
| | Class C shares | 1%[1] |
| | Class N shares | n/a |
| | Class P shares | n/a |
| | Class W shares | n/a |
| | Class I shares | n/a |
| | Class S shares | n/a |
| | Class Z shares | n/a |
| Exchange Fee | All Classes | n/a |
| Redemption Fee | All Classes | n/a |

[1] Only payable if the shares are redeemed within 12 months of the purchase date.

Non-base currency, Hedged Share Classes, Roll-Up, Income and Gross Income shares of each Class are subject to the same sales charges described above.

For purposes of calculating the Back-End Load, Class C Share holding, each purchase will be deemed to have aged one year on the one year anniversary of the purchase date. In addition, upon a partial redemption, shares not subject to a Back-End Load (e.g., shares acquired through automatic reinvestment of dividends or capital gains, fully-aged shares) are redeemed first. With respect to shares subject to a Back-End Load, the oldest shares held are deemed to be those redeemed for purposes of determining the applicability of the Back-End Load (e.g., first-in, first-out method). If applicable, the Back-End Load will be applied to the lesser of the purchase price or the redemption price. Front-End Loads and Back-End Loads may be varied or waived at the discretion of the Distributor in conjunction with the relevant Financial Intermediaries, provided the amounts do not exceed the maximum percentages amounts set out in the respective KID of each Class. A Back-End Load on Class C shares may be waived for certain redemptions made pursuant to automatic redemption plans through your Financial Intermediary, if one is established. Please contact your Financial Intermediary to determine if such plans are available to you. The Distributor pays commissions to Financial Intermediaries through which purchases of Class A, C, N or P Shares are made. The timing and amount of such commission payments may, but it is not required to, correspond to the applicable Back-End Load, and may vary among Financial Intermediaries and or/investors.

Separate from and in addition to any Front-End Load and or Back-End Load payable by investors, each Fund may pay the Distributor a distribution and/ or service fee with respect to Class A, C, N and P Shares, which is used by the Distributor to support the distribution of these Classes and the maintenance of shareholder accounts and services provided to shareholders of these Classes. The Distributor, at its discretion, may pay all or a portion of these fees to Financial Intermediaries. See “Company and Service Provider Information” below for further information concerning payments to the Distributor and Financial Intermediaries.

## Eligible Investors

***Class A, C, and N Shares*** are generally available to any investor that is not a Prohibited Person (as defined below). Other share classes are subject to certain restrictions or additional eligibility requirements:

***Class P Shares*** are available to Financial Intermediaries who have an agreement with the Management Company regarding the sale of such shares.

***Class W Shares*** are available to (i) Financial Intermediaries who provide discretionary portfolio management services or independent advisory services to investors, (ii) Financial Intermediaries that are otherwise prohibited from receiving compensation from the Management Company or its affiliates either by regulatory requirements or by a contractual arrangement with the underlying investor, (iii) at the discretion of the Management Company, certain Financial Intermediaries not subject to Directive 2014/65/EU or its implementing law or regulation, and (iv) employees (and immediate family members thereof) of MFS and its affiliates.

***Class I and Z Shares*** are available only to qualifying institutional investors as defined from time to time by the Luxembourg supervisory authority within the context of Luxembourg law on undertakings for collective investment (e.g., banks, insurance companies and certain other credit institutions and investment professionals, pension funds, foundations, collective investment undertakings, certain holding companies and other investors the accounts of which are professionally managed) ("Institutional Investors").

***Class S Shares*** are available only to certain affiliates of Sun Life Financial, Inc. in connection with the offering of insurance products.

***Restrictions on Ownership.*** The Articles of Incorporation allow the Company to exclude or restrict the holding of Shares (or voting powers thereof) by any physical person or legal entity that holds Shares (as either a registered or beneficial owner) where such holding is likely to (i) result in a failure to meet the eligibility requirements of a Class, including being an Institutional Investor for Class I, S or Z Shares; (ii) result in a breach of any applicable law or regulation, whether Luxembourg or foreign, (iii) cause the Company to become exposed to tax disadvantages or other financial disadvantages that it would not have otherwise incurred had such person or entity not been a holder of Shares, or (iv) subject the Company to additional registration requirements under any securities or investment or similar laws or requirements of any country or authority ("Prohibited Persons").

Such Prohibited Persons include any "U.S. Person" (defined below). Where it appears that any Prohibited Person either alone or in conjunction with any other person is a beneficial owner of Shares, the Board of Directors may direct such

Shareholder to redeem his Shares and to provide to the Company evidence of the sale within a minimum period required by applicable law, but not less than thirty (30) days of the notice. If such Shareholder fails to comply with the direction, the Company may compulsorily redeem or cause to be redeemed from any such Shareholder all Shares held by such Shareholder in accordance with procedures established by the Board of Directors and the Company's Articles of Incorporation. For Shareholders not meeting eligibility requirements of a particular Class, the Board of Directors may direct a conversion of the ineligible holding to the nearest equivalent available Class.

The Company defines "U.S. Person" as

(i) any natural person resident in the United States;

(ii) any partnership, corporation or other entity organized or incorporated under the laws of the United States or which has its principal place of business in the United States;

(iii) any estate of which any executor or administrator or any trust of which any trustee is a U.S. person, or the income of which is subject to United States income tax regardless of source;

(iv) any agency or branch of a foreign entity located in the United States;

(v) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;

(vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States;

(vii) any partnership or corporation if: a) organized or incorporated under the laws of any foreign jurisdiction and b) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined under U.S. regulations) who are not natural persons, estates or trusts;

(viii) An entity organized principally for passive investment such as a pool, investment company or other similar entity where (a) units of participation in the entity held by U.S. persons represent in the aggregate 10% or more of the beneficial interest in the entity, or (b) such entity was formed principally for the purpose of facilitating investment by U.S. persons; and

(ix) A pension plan for the employees, officers or principals of an entity organized and with its principal place of business within the United States; and

(x) Any person or entity that would be required upon request to certify their status as a "U.S. Person" under Form W-9 (Request for Taxpayer Identification Number and Certification) issued by the U.S. Internal Revenue Service.

The beneficial ownership of Shares in the Company by U.S. Persons is generally prohibited and the Company is entitled to require any person applying for, or claiming ownership rights in, any Shares to provide satisfactory information to establish that person's nationality and country of residence. The Company or Management Company may compulsorily redeem Shares held by any Prohibited Person or U.S. Persons on the terms provided in the Articles of Incorporation and restrict the exercise of rights attached to such Shares. Any applicable Back-End Load will be levied on such redemption proceeds.

In addition, any Financial Intermediary is required not to introduce to the Funds any customers that are subject to U.S. or E.U. economic or trade sanctions, including but not limited to, sanctions administered by the Office of Foreign Assets Control, U.S. Department of the Treasury, and customers listed on the consolidated list of persons, groups and entities subject to E.U. financial sanctions administered by the European Commission and E.U. credit sector federations.

## Order Processing

You may buy, exchange or sell shares of a Fund in the manner described below. Only orders received in "proper form" will be accepted and processed. The specific requirements for the order or "proper form" may vary among account types and transactions.

The Company, Management Company, or its delegated agents (including the Transfer Agent) may in its discretion carry out any authentication procedures that it considers appropriate to verify, confirm or clarify shareholder order or payment instructions and/or the identity of shareholders, and may delay order or payment processing until such authentication procedures are satisfied. All instructions or orders must be signed by the registered shareholder(s), except where the sole signatory authority has been chosen in the case of a joint account or where a representative has been appointed pursuant to a duly completed power of attorney, acceptable to the Company, Management Company or its agents.

Purchase, redemption and exchange orders received in proper form by the Transfer Agent on a relevant day during which the banks in Luxembourg are open for normal banking business (other than days during a suspension of normal dealing) ("Luxembourg Business Day") at or before the Trade Order Cut-Off Time will receive the next calculated net asset value, subject to any applicable sales charge. The "Trade Order Cut-Off Time" is normally as of 1:00 p.m. New York City time (7:00 p.m. Luxembourg time) on a day that is a Luxembourg Business Day and when the New York Stock Exchange is open for trading (a "Valuation Date"). Please note that the time difference between Luxembourg and New York City may

vary due to daylight savings adjustments, and 1:00 p.m. New York City time is the definitive Trade Order Cut-Off Time. The Management Company may observe an earlier Trade Order Cut-Off Time on a given day when determined necessary to protect Fund investors. Purchase, redemption and exchange orders received after the Trade Order Cut-Off Time on a Valuation Date, or received on a day that is not a Valuation Date will be held over until the next Valuation Date.

To the extent the Fund's assets are traded in other than NYSE markets on days when the Fund does not price its shares, the value of the Fund's assets will likely change when you will not be able to purchase or redeem Shares.

Where Shares of a Fund are available in a Class which is denominated in a different currency from the Fund's Base Currency, the net asset value of the Fund will be calculated in the Fund's Base Currency and will be calculated in the non-base currency by using prevailing exchange rates between the Base Currency and such other currency. Any currency gain or loss resulting from the conversion of non-Base Currency purchases, exchanges or redemptions to or from the Base Currency of a Fund will be allocated to the applicable non-Base Currency Class. This could negatively impact the net asset value and the performance of such Class.

The Company, Management Company or its agents may accept duly completed orders after the Trade Order Cut-Off Time and effect those transactions as if those orders were received by the Trade Order Cut-Off Time on that Luxembourg Business Day if the Company, Management Company or the Transfer Agent receives all necessary assurances from the person placing the orders that the orders represent transactions placed with or through that person by investors prior to the Trade Order Cut-Off Time on the relevant Luxembourg Business Day.

Further, the Board of Directors of the Company or the Management Company may permit earlier cut-off times than the Trade Order Cut-Off Time as agreed with local Financial Intermediaries, provided, however, that such different dealing cut-off time shall always precede the Trade Order Cut-Off Time and will be disclosed in the local addendum to the Prospectus, the relevant Financial Intermediary Agreements with the Distributor and/or in other marketing material used in said jurisdiction.

Shareholders (or their Financial Intermediary) should promptly check the confirmation or similar statement that is delivered after each transaction in order to ensure that it is accurate in every detail. Financial Intermediaries may apply different procedures, including earlier dealing cut-off times or different settlement periods, from those provided in this Prospectus. You should contact your Financial Intermediary for more details.

## How to Buy Shares

*Account Opening and Purchase Procedures.* You or your Financial Intermediary can establish your account with the Funds by submitting an application form together with applicable identification documents to the Transfer Agent. The Transfer Agent may request the original signed application form and identification documentation to be mailed, in which case it may delay the processing of the application form until their receipt.

Once all required documentation is accepted and your account is opened, purchase order instructions must be provided to the Transfer Agent in proper form. Purchase orders can be sent to the Transfer Agent by facsimile, by mail, or by any other means approved by the Company or Management Company. Purchase orders must normally include the full registration details (name(s) of the Fund(s), Class(es) of shares, the Class currency, the value of shares to be purchased and the number of shares to be purchased), and any other information that the Company, the Management Company or their agents require. The Transfer Agent may request a written and duly signed confirmation of the additional purchase instructions which may result in delay in the processing of the investment until receipt of the requested written confirmation.

You should review the relevant KID prior to purchasing Shares. Your Financial Intermediary will provide the KID for the relevant Share Class and you may also obtain the KID at ***meridian.mfs.com***. The Company, the Management Company or its agents reserve the right to reject any purchase order that is not in proper form. If any purchase instruction is not accepted in whole or in part, the purchase monies will be returned to you at your risk and cost.

Shareholders should note that certain platforms will accept orders for fractional Shares, while others will only accept orders for whole numbers of Shares. Please contact your Financial Intermediary for additional information.

There are no minimum initial or subsequent purchase amounts for Class A, C, N, P, W, I and S Shares. For Class Z shares, please refer to the Class Z application form.

*Purchase Payments.* As soon as the price at which the Shares are to be issued has been determined, the Transfer Agent will inform you or your Financial Intermediary of the total amount to be paid, including the Front-End Load, if applicable, in respect of the number of Shares applied for, or, in the case where an investor has indicated the amount to be invested, the number of Shares to be allotted. If the resulting price does not come out to an even unit of measurement in the applicable currency, the price shall be adjusted to the nearest unit of measurement in the relevant currency.

Payment needs to be remitted directly by the shareholder (wired from a bank account in the name of the shareholder, or the shareholder's properly authorised agent/intermediary) to the bank account detailed in the application form or as otherwise instructed by the Transfer Agent. Other forms of payment, including but not limited to third party payments, cash, cheques, traveller's cheques or non-bank money orders, will not be accepted.

Payment of the total amount due should be made not later than three business days (excluding local bank holidays) after the relevant Valuation Date. Payment should be made in the currency in which the relevant Class is denominated.

Where an applicant for Shares fails to pay the proper purchase amount in a timely manner, the Company, Management Company or its agents may cancel the order or, if applicable, redeem the Shares. In this case the applicant may be required to indemnify the Company and Management Company against any and all losses, costs or expenses incurred directly or indirectly as a result of the applicant's failure to make timely payment, including, without limitation, applicable transaction costs, interest or taxes. In computing such loss, account shall be taken, where appropriate, of any movement in the price of the Shares concerned between allotment and cancellation or redemption and the costs incurred by the Company or Management Company in taking proceedings against the applicant.

*Transfers of holdings between accounts:* Transfer order instructions must be provided to the Transfer Agent in proper form. Transfer orders can be sent to the Transfer Agent by facsimile, or by Mail. Transfer orders must normally include the full registration details (name(s) of the Fund(s), Class(es) of shares, the Class currency, the value of shares to be transferred), and any other information that the Company, the Management Company or their agents require for both the transferor and transferee accounts.

*Purchases in kind.* The Company or Management Company may also accept in its discretion securities or other assets rather than cash as payment "in kind" for a purchase order, provided however, that the securities or other assets to be accepted are in accordance with the investment objectives, policies and restrictions of the relevant Fund. In such event, the securities or other assets transferred to the relevant Fund shall be valued in accordance with the Funds' valuation policies, and under Luxembourg regulations the Funds' independent auditor is required to review the valuation of the securities or other assets provided in kind. The purchaser shall be responsible for any and all applicable taxes and costs arising from the purchase in kind (including the cost for the independent auditor review) unless the Company or Management Company otherwise agrees.

## How to Sell Shares

You may request, at any time, that the Company redeem your Shares in the currency in which the purchase was made at their net asset value, subject to any applicable Back-End Load in the case of Class C Shares.

*Redemption Procedures*. Redemption orders can be sent to the Transfer Agent by telephone, facsimile, by mail, or by any other means approved by the Company or Management Company. Written redemption requests must be signed and submitted to the Transfer Agent. Not all accounts or transactions may be eligible for telephone redemptions, which are subject to certain conditions and transaction amount limits.

Redemption orders must include in particular the full details of registration (name(s) and account number), the name of the Fund(s), Class(es) of shares, the number or value of shares to be redeemed and, if not provided in the initial application, bank details for redemption proceeds to be sent directly to your designated bank account.

A redemption order in an amount less than or equal to the value of your account (other than an exchange) is considered to be in proper form only with respect to shares in your account for which payment has been received and collected. A new redemption order must be submitted if you wish to redeem your shares for which payment had not been received and collected at the time the prior redemption order was received by the Fund. Receiving and collecting payment can take up to seven business days after a purchase. In certain circumstances, you will need to submit additional documentation to redeem your shares.

*Redemption Proceeds*. Redemption proceeds will normally be paid within three (3) business days (excluding local bank holidays) of receipt of redemption order in proper form on a Valuation Date. The Company, Management Company, or its agents may delay such payment for up to ten (10) days after the Valuation Date without interest.

Redemption proceeds will be remitted by transfer of funds to a bank account in the name of the shareholder. Transfers will be at the expense of the shareholder. All payments are made at the shareholder's risk without responsibility as regards to the Investment Manager, the Company, Management Company, or other service providers.

Such payments for redemption shall only be made by the Registrar and Transfer Agent where and when legal provisions, particular exchange control regulations or other cases of force majeure do not prohibit it from transferring or paying the redemption proceeds in the country where the payment is requested.

Redemption orders or remittance of redemption proceeds may be delayed indefinitely if the shareholder has not provided all relevant documentation when the account was opened or subsequently upon request from the Company,

Management Company or the Transfer Agent. See "Anti-Money Laundering and Counter-Terrorist Financing" below.

*Redemptions in Kind.* The Company may, in its discretion and to the extent permitted by local law (and only with the prior approval of the redeeming shareholder), satisfy redemption requests for any Class of any Fund by payment in securities or other assets (or "in kind"). To effect such payment in kind, the Fund will allocate to the shareholder securities and/or other assets out of the Fund, equal in value, calculated in accordance with the provisions of the Articles of Incorporation as at the Valuation Date by reference to which the redemption price of the Shares is calculated, to the aggregate net asset value of the Shares being redeemed. The nature and type of assets to be transferred in any such case shall be determined by the Board of Directors of the Company, on a fair and equitable basis taking into account the composition of the portfolio of the relevant Fund, and without material prejudice to the interests of the remaining shareholders. For in-kind redemptions, under applicable Luxembourg laws and regulations the Funds' independent auditor is required to review the valuation of the securities and other assets redeemed. The costs (including taxes and the cost for the independent auditor review) of any such transfers shall be borne by the shareholder redeeming in kind unless the Company or Management Company otherwise agrees.

## How to Exchange Shares

*Exchanges.* Shareholders may exchange Class C shares for other Class C shares of the same or another Fund. When exchanging within the same Fund, shareholders may only exchange into another class that is denominated in the same currency. For example, a shareholder owning U.S. Dollar Class C Roll-Up Shares of a Fund (C1$) may exchange them into U.S. Dollar Class C Income Shares (C2$) or Class C Gross Income Shares (C3$) of the same Fund, but not into (C1£).

For other share classes, shareholders may exchange into Shares of another class of the same or another Fund where the shareholder meets the minimum eligibility requirements of that class (including qualification as an Institutional Investor, where applicable). When exchanging within the same Fund, shareholders may only exchange into another class that is denominated in the same currency. For example, a Shareholder owning U.S. Dollar Class A Roll-Up Shares of a Fund (A1$) may exchange them into U.S. Dollar Class I Income Shares (I2$) or Class W Gross Income Shares (W3$) of the same Fund.

*Exchange Procedures.* Exchange orders can be sent to the Transfer Agent by telephone, facsimile, by mail, or by any other means approved by the Company or Management Company. Written exchange requests must be signed and submitted to the Transfer Agent. Not all accounts or transactions may be eligible for telephone exchanges, which are subject to certain conditions and transaction amount limits.

Written exchange orders must be signed and include in particular the full details of registration (name(s) and account number(s)), the name of the Fund(s), the Class(es), the number or value of shares to be exchanged and the Fund(s) to be exchanged into.

Exchanges or conversions from one Class to another Class of the same or another Fund will be based on the respective net asset value of each Class as of the trade date for the transaction. Consequently, the shareholder may receive fewer or more shares than originally owned, depending on that day's net asset values.

In the case of Class C Shares, Shares otherwise subject to a Back-End Load will not be charged a Back-End Load in an exchange. Shares will retain the Back-End Load schedule in effect based upon a pro rata share of the CDSC from the exchanged Fund and the original purchase date of the shares subject to the Back-End Load. The currency exchange rate to be applied where the Shares to be exchanged are denominated in different currencies will be the same used for other Share transactions on the relevant day.

Requests for exchange of Shares on any Valuation Date from a Fund or a Class of Shares denominated in one currency into a Fund or a Class of Shares denominated in another currency may require one (1) additional business day in order to effect the currency conversions for such exchange. However, in exceptional circumstances, the Company, Management Company or the Transfer Agent may, at its own discretion, decide to process such a request for exchange and the necessary currency conversions on the same Valuation Date.

You should read the KID of the Fund or Class into which you are exchanging and consider the differences in objectives, policies, and risks before making an exchange. The exchange privilege may be changed or discontinued at any time, and all exchanges are subject to certain limitations and the Company's policies concerning disruptive trading practices, which are designed to protect the Funds and their shareholders from the harmful effects of frequent trading.

## Purchase, Exchange and Redemption Considerations

*Policy Regarding Massive Redemptions or Exchanges.* The Company may suspend the redemption or exchange of Shares of any Class of any Fund in case of massive redemption or exchange requests (i.e., orders exceeding 10% of the Fund's assets) under certain circumstances or when the calculation of the net asset value of the Class of the Fund is suspended. See "Suspension of Calculation of Net Asset Value/Share Orders."

*Small Accounts.* Because it is costly to maintain small accounts, the Management Company has reserved the right to redeem your shares in a Fund without your permission when your account contains less than a certain number of shares or certain monetary amount as determined in the discretion of the Board of Directors of the Company or the Management Company (currently $2,500 (or its equivalent in the Class denomination currency) for Class A, C, N, P and W shares

and $500,000 (or its equivalent in the Class denomination currency) for Class I, S and Z shares.

*Orphan Accounts*. An "orphan account" is a shareholder account that previously designated a broker-dealer or other financial intermediary (i.e., it was previously an "intermediated account") and has ceased to do so. An orphan account may redeem Shares in accordance with the Company's usual redemption procedures or transfer into another intermediated account, but is prohibited from purchasing or exchanging Shares until such account designates a broker-dealer or other financial intermediary that has a current intermediary agreement with the Management Company. The Management Company has voluntarily agreed that it will not retain (i.e., it will rebate to the relevant Class of the Fund) the Distribution Fee charged to orphan accounts owning Class A, Class N and Class P Shares and the Service Fee charged to orphan accounts owning Class C Shares.

## Anti-Money Laundering and Counter-Terrorist Financing

The Fund, the Management Company and the Registrar and Transfer Agent will at all times comply with any obligations imposed by any applicable laws, rules and regulations with respect to money laundering and terrorist financing as they may be amended or revised from time to time. Accordingly, the Management Company adopted procedures designed to ensure, to the extent applicable, that they shall comply with the foregoing undertaking. To meet the Management Company's requirements, the Management Company appointed the Registrar and Transfer Agent to ensure that the identities of investors and the status of financial intermediaries are disclosed to the Management company. Accordingly, investors should submit any necessary identification documents together with the application form. The Management Company is also obliged to identify any beneficial owners of the investment and reserves the right to request this information from Financial Intermediaries where applicable. The requirements apply to both purchases made directly to the Company and indirect purchases received from an intermediary.

The Management Company reserves the right to ask at any time for updated or additional information and documentation, such as source of funds and origin of wealth, as may be required to comply with any applicable laws and regulations. The Transfer Agent also performs periodic reviews of your collected documentation and can require you to provide an update of the information. In case of delay or failure to provide such information and/or documentation, the Management Company may delay or reject the processing of purchase or sale instructions, or any other transaction. The Management Company may also delay or suspend the payment of dividends until relevant and satisfactory information and/or documentation is received.

Neither the Company nor the Management Company have any liability for delays or failure to process deals as a result of the Investor providing no or only

incomplete information and/or documentation. Such information provided to the Management Company is collected and processed for anti-money laundering and counterterrorist financing compliance purposes.

## Personal Shareholder Information

In accordance with the provisions of the Luxembourg data protection law of 2 August 2002 as amended and, as of 25 May 2018, of the Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data and of any other data protection legislation applicable to the Grand Duchy of Luxembourg (the "Data Protection Law"), the Management Company, acting as data controller (the "Data Controller"), stores and processes by electronic or other means the data supplied by shareholders at the time of their subscription for the purpose of fulfilling the services required by the shareholder and complying with its legal obligations.

The data processed may include the name, gender, date and place of birth, nationality, the copy of the ID or passport, the address, the telephone number, the tax number, the account number, the invested amount and transactions flows, and payment details of each shareholder (or, when the shareholder is a legal person, of the contact person(s) and/or beneficial owner(s) of such legal person) (the "Personal Data").

The shareholder may, at his/her/its discretion, refuse to communicate the Personal Data to the Management Company. In this case, however, the Management Company may reject his/her/its request for subscription of shares in the Fund.

Shareholders should be aware that any personal information provided, together with information obtained from other sources, may be used for the purposes of (i) administering the shareholder's holdings in the Company, (ii) maintaining the register of shareholders, (iii) processing subscriptions, redemptions and exchanges of shares and payments of dividends to shareholders, (iv) the prevention of money laundering, fraud and terrorism (including the screening of the shareholder's information against politically exposed persons or sanctions lists), and (v) to comply with other legal and regulatory obligations.

In compliance and within the limits of the Data Protection Law, the Personal Data may be disclosed to another entity, including the Company, the Investment Manager, the Depositary, Central Administration Agent, Registrar and Transfer Agent, the Independent Auditor, Legal Advisors, or any of their affiliates or agents, acting as data processors (the "Processors"), who may use the information for these purposes on behalf of the Management Company. The information may also be disclosed to law enforcement agencies, regulators and anti-fraud agencies and other third parties to achieve these purposes, but only to the extent required under and in accordance with applicable law.

Processors may or may not be based in countries outside the European Economic Area (EEA), which data protection laws may not offer an adequate level of protection. In such cases, said transfers shall be made on the basis of adequate contractual arrangements, which may take the form of the European Commission "Standard Contractual Clauses".

Personal Data may also be disclosed to the Luxembourg tax authorities, which in turn may, acting as data controller, disclose it to foreign tax authorities.

Under certain conditions set out by the Data Protection Law, each shareholder has a right to access his/her/its Personal Data, to ask for a rectification thereof in cases where such data is inaccurate and incomplete, to object to the processing of his/her/its Personal Data, to ask for erasure of his/her/its Personal Data, and to ask for data portability. The shareholder also has a right of opposition regarding the use of his/her/its Personal Data for marketing purposes. In relation thereto, the shareholder may exercise the above rights by letter addressed to the Management Company at its registered office or via email to MFSPrivacyOffice@mfs.com. The shareholder also has a right to lodge a complaint with the Luxembourg Data Protection Authority (CNPD), Tel: +352 2610 60 1; www.cnpd.lu. Personal Data shall not be held for longer than necessary with regard to the purpose of data processing, subject to statutory periods of limitation. This is generally 10 years starting at the termination of the shareholder's relationship with the Funds, however, this may be longer if there is an interruption or suspension of the statutory term that justifies prolonging the conservation of the data.

## Right to Reject or Restrict Purchase and Exchange Orders

The Company and Management Company each reserves the right to restrict, reject or cancel, without any prior notice, any purchase or exchange order. Purchases, redemptions and exchanges of Shares are executed at an unknown net asset value. The Company or Management Company does not authorise any practices associated with late trading and market timing and the Company or Management Company reserves the right to reject purchase and/or exchange orders coming from an investor whom the Company or Management Company suspects to be engaging in such practices and to take, if need be, necessary measures for protecting the Company's other shareholders.

Any Fund may, upon the determination of the Board of Directors, the Management Company or the Investment Manager, be closed to new purchases or exchanges for any reason, which may be subject to certain exceptions (e.g. automated investments, certain retirement/pension accounts). The Fund will not be reopened by the Board of Directors until, in the opinion of the Board of Directors, the Management Company or the Investment Manager, the circumstances which required closure no longer exist.

## Disruptive Trading Risks and Policies

Disruptive trading includes transactions by shareholders which seem to follow a timing pattern or are characterized by excessively frequent or large trades, which can disrupt portfolio investment strategies and increase the Funds' operating expenses. Investors should, however, be aware that the Funds may be utilized by certain investors for asset allocation purposes or by structured product providers, which may require the periodic re-allocation of assets between Funds. This activity will not normally be classed as disruptive trading unless the activity becomes, in the opinion of the Board of Directors or the Management Company, too frequent or appears to follow a timing pattern. The Fund is not intended to serve as a vehicle for frequent trading. The Company and Management Company seek to prevent patterns of disruptive purchases, redemptions or exchanges of shares. The Company, Management Company or its agents may adopt procedures that seek to prevent such disruptive trading practices, including those described below. The Company or Management Company may alter their policies at any time without notice to shareholders. There is no assurance that the Company, Management Company or its agents will be able to detect or prevent disruptive or frequent trading.

As well as the right of the Board of Directors or Management Company to restrict, reject or cancel any purchase or exchange order at their discretion, the Directors or Management Company may also employ other tools to ensure that shareholder interests are protected against disruptive trading, including fair value pricing (see "Valuation"), swing pricing (see "Calculation of Net Asset Value") and in-kind purchases and redemptions (please note that in-kind redemptions require the shareholder's consent)(see "How to Sell Shares").

*Specific Exchange and Purchase Limitation Policies*. The Company, Management Company or its agents will generally restrict, reject or cancel purchase and exchange orders if it determines that exchange activity exceeds certain monetary thresholds or numerical limits within a specified period of time. For example, the Company or Management Company may generally restrict, reject or cancel additional purchase or exchange transactions into a Fund once a shareholder has made two exchanges from such Fund each in an amount of U.S. $5,000 (or currency equivalent) or more per calendar quarter. These exchange and purchase limitation policies may not apply to exchange orders initiated by certain types of accounts or automated or other non-discretionary exchanges.

Certain Financial Intermediaries may use procedures to restrict frequent trading by their customers who invest in the Fund while others may not employ any procedures to restrict frequent trading. Such procedures, if any, may be less restrictive than the Fund's purchase and exchange limitation policies, may permit transactions not permitted by the Fund's purchase and exchange limitation policies, and/or may prohibit transactions not subject to the Fund's purchase and exchange limitation policies.

In applying its frequent trading policies, the Company, Management Company or its agents consider the information available to it at the time and reserves the right to consider treating multiple accounts under common ownership, control, or influence to be trading out of a single account. Exchanges made on the same day in the same account are aggregated for purposes of counting the number and monetary amount of exchanges made by the accountholder (e.g., an accountholder who on the same day exchanges $6,000 from the Fund into two other Funds, by exchanging $3,000 into each of the two Funds, will be viewed as having made one exchange transaction exceeding $5,000 in value). The Company, Management Company or its agents are generally not able to identify trading by a particular underlying shareholder within a nominee/omnibus account, which makes it difficult or impossible to determine if a particular underlying shareholder has violated specific purchase or exchange limits or is otherwise engaged in frequent trading. However, the Company, Management Company or its agents may review trading activity at the nominee/omnibus level to detect frequent or suspicious trading activity, in which case the Company or Management Company may confirm with the Financial Intermediary that one or more underlying individual shareholder is not frequent trading or may request the Financial Intermediary for investor trading data. Some Financial Intermediaries may be unwilling or unable to provide the Company, Management Company or its agents with information about underlying shareholder level activity.

### Risks of Disruptive Trading Practices

Shareholders seeking to engage in frequent trading practices may deploy a variety of strategies to avoid detection, and there is no guarantee that the Company, Management Company or its agents will be able to recognise such shareholders or curtail their trading practices. The ability of the Company, Management Company and its agents to detect and curtail frequent trading practices may also be limited by operational systems and technological limitations.

To the extent that the Company, Management Company or its agents are unable to curtail disruptive trading practices in a Fund or to the extent there are large or frequent redemptions or exchanges in a Fund, these purchases and/or redemptions can interfere with the efficient management of the Fund's portfolio, and may result in the Fund engaging in certain activities to a greater extent than it otherwise would, such as maintaining higher cash balances, using its line of credit and engaging in portfolio transactions. Increased portfolio transactions and use of the line of credit would correspondingly increase the Fund's operating costs and decrease the Fund's investment performance, and maintenance of a higher level of cash balances would likewise result in lower Fund investment performance during periods of rising markets.

## Charges and Expenses

The ongoing charges for each Fund include the following expenses:

- all fees due to various service providers engaged by the Company, including the Depositary and its correspondents, the Independent Auditor and the Legal Advisers to the Company;
- all fees due to the Management Company (which pays the fees of the Investment Manager out of its own fees) and the various other service providers engaged by the Management Company on behalf of the Company, including the Distributor, Administrator, and Registrar and Transfer Agent;
- costs for certain networking or other shareholder servicing payments made to Financial Intermediaries (or to the Investment Manager or Distributor as a reimbursement for its payment of such costs);
- all other operational and administration costs, including, but not limited to, certain costs of buying and selling portfolio securities (including standard brokerage fees, bank charges and interest expenses, but excluding portfolio transaction costs) and other expenses associated with the Fund's investment activities including interest; expenses relating to share class hedging; the portion of income under securities lending arrangements paid to the lending agent; the costs of legal publications, prospectuses, KIDs, financial reports and other documents made available to Shareholders; governmental charges; registration, publication, translation, local advice, coordination, representation and other similar costs relating to the registration of Shares in foreign jurisdictions; taxes; reporting expenses (including in particular tax filings in various jurisdictions); communication costs; compensation of directors (unless they have declined such compensation, which all those employed by MFS or its affiliates have done) and their reasonable out-of-pocket expenses; reasonable investor servicing expenses; the cost of registering the Funds on dealing or clearing platforms, exchanges or markets; and generally any other expenses arising from its administration and operations.

For Class A, C, N, P, W, I and Z shares, the Investment Manager or its affiliate has voluntarily agreed to bear certain Fund expenses excluding investment management, distribution and service fees and taxes (except the Luxembourg taxe d'abonnement, which is not excluded), brokerage and transaction costs, currency conversion costs, extraordinary expenses, certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities, including interest. For more information, please see the ongoing charges table in "Fund Profiles." For Class S shares, the Investment Manager has voluntarily agreed to bear direct expenses, excluding taxes (other than the Luxembourg taxe d'abonnement), certain tax reclaim recovery expenses (including contingency fees) and expenses associated with the Fund's investment activities including interest, such that the "Total Expense Ratio" does not exceed 1.00% of the average daily net assets of Class S shares annually.

"Contingency fees" refer to fees that the Funds pay to an unaffiliated party who provides administrative assistance with filing for tax reclaims from various European revenue authorities, which are only paid in the event of a successful recovery as a portion of that recovery. There is no expense to a Fund if there is no amount recovered.

For all Share Classes except Gross Income Classes, all recurring expenses will be paid first out of current income, then, should this not suffice, out of realised capital gains, and, if necessary, out of assets. For Gross Income Classes, all recurring expenses will be paid out of realised capital gains and, if necessary, out of assets, while all income attributable to the share class will be distributed to shareholders and will not be used to pay such expenses. Expenses readily attributable to a particular Fund or Funds will be paid by such Fund or Funds, and expenses common to two or more Funds will be allocated pro-rata, based on respective net assets, number of shareholder accounts or some other method believed to be equitable to the Funds. The gains/losses and expenses of the hedging process will be borne by the Hedged Share Classes.

The Funds pay transaction costs, such as commissions, when they buy and sell securities. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares are held in a taxable account. These transaction costs, which are not reflected in the Funds' "Ongoing Charges" or "Total Expense Ratios", affect the Funds' performance. The Company has adopted procedures such that a Fund's net asset value may be adjusted upward or downward in order to reduce the impact of such costs to existing Shareholders of that Fund.

## Calculation of Net Asset Value

The net asset value of Shares of each Class of the Funds is determined once each Valuation Date as of the close of the New York Stock Exchange, normally 4:00 p.m. New York City time (the "Valuation Time"). Net asset value for any Class of Shares is determined by deducting the amount of a Fund's liabilities attributable to that Class from the value of the assets attributable to that Class and dividing the difference by the number of Shares of that Class outstanding. Assets in a Fund's portfolio are valued on the basis of their market values or otherwise at their fair values, as described below. Changes in portfolio holdings and number of shares outstanding are generally reflected in a Fund's net asset value the next business day after such change. Any assets held in a particular Fund not expressed in the Fund's Base Currency will be translated into the Base Currency on the basis of an exchange rate for such currency on the Valuation Date as determined in good faith by or in accordance with procedures established by the Board of Directors. The costs associated with the currency conversion in connection with the purchase, redemption or exchange of Fund shares will normally be borne by the relevant non-base currency Class and could negatively impact the net asset value and performance of such Class.

Foreign exchange hedging may be utilised for the benefit of Hedged Share Classes. As such, gains/losses of such hedging activities shall be for the account of that Class only. Accordingly, such gains or losses will be reflected in the net asset value per Share for shares of any such Hedged Share Class. However, there is a risk that under certain circumstances, currency hedging transactions in relation to a Hedged Class could negatively affect the net asset value of the other Classes (including Unhedged Classes) of the same Fund. See "Risk Factors – Currency Risk." The foreign exchange rate used for the hedging strategy for the Hedged Share Classes may differ from the spot rate used for determining the net asset value of the non-base currency Classes thus potentially resulting in gains or losses for the Hedged Share Classes based on currency movements between the respective spot rate times.

The net asset value of the Company is at any time equal to the total of the net asset values of the Shares of each Class of each of the various Funds converted, as the case may be, into euros at the rate of exchange prevailing in a recognised market on any Valuation Date.

*Net Asset Value Adjustment Procedures or "Swing Pricing".* Large transactions into or out of a Fund can create "dilution" of the Fund's assets because the price at which an investor buys or sells Shares may not entirely reflect the trading and other related costs that arise when the Investment Manager trades securities to accommodate the large inflows and outflows. Therefore, the Company has adopted procedures such that the net asset value per Share may be adjusted upward or downward (otherwise known as "swing pricing") in order to reduce the impact of such costs (i.e., brokerage commissions, bid-ask spreads and transfer taxes) to existing Shareholders for each of the Funds. In the usual course of business, the procedures will be triggered whenever the net purchases, exchanges and redemptions in Shares of all Classes on a particular business day exceed a certain percentage of the Fund's assets as set by the Board of Directors of the Company or Management Company from time to time. If the procedures result in a material adjustment to net asset value per unit: in case of a large amount of net purchases, the net asset value per Share will be adjusted upward and purchasers of Fund Shares on that Valuation Date will effectively contribute an additional amount to offset the related transaction costs; and conversely, net asset value per Share will be adjusted downward with a large amount of net redemptions. The adjusted net asset value will be applicable to all purchases, exchanges or redemptions in Shares of all Classes on that Valuation Date. As a Fund's net purchases, redemptions and exchanges vary from business day to business day, it is not possible to predict how frequently a Fund's net asset value will be adjusted. Based on these adjustments, the volatility of a Fund's net asset value may not fully reflect the true performance of the Fund's underlying assets.

Any adjustment to a Fund's net asset value (the "swing factor") will generally not exceed 2% of the net asset value of the relevant Fund on the relevant Valuation Date. However, under extraordinary conditions and when necessary in light of

the best interests of Fund investors, the Board of Directors may determine to use a swing factor in excess of 2% for a Fund. Such a decision must be notified to the CSSF, and investors will be informed via notice published in a Luxembourg newspaper and in another newspaper of more general circulation, as well as on ***meridian.mfs.com***.

## Suspension of Calculation of Net Asset Value/Share Orders

The calculation of the net asset value of the Shares of each Class of the Funds may be suspended in the following circumstances, in addition to any circumstances provided for by law:

- during any period (other than ordinary holidays or customary weekend closings) when any market or stock exchange is closed which is the principal market or stock exchange for a significant part of a Fund's investments, or in which trading is restricted or suspended;
- during any period when an emergency exists as a result of which it is impossible to dispose of investments which constitute a substantial portion of a Fund's assets; or to transfer money involved in the acquisition or disposition of investments at normal rates of exchange; or to fairly determine the value of any assets in a Fund;
- during any breakdown in the means of communication normally employed in determining the price of a Fund's investments or the current prices on any market or stock exchange; and
- when, for any reason, the prices of any investment held by a Fund cannot be reasonably, promptly or accurately ascertained.

In addition, the issue, redemption and exchange of the Shares of each Class of the Funds may be suspended in any of the above instances, as well as the following:

- during any period when remittance of money which will or may be involved in the purchase or sale of any of a Fund's investments cannot, in the opinion of the Board of Directors, be effected at normal rates of exchange.

In case of massive redemption and/or exchange requests in a Fund (i.e., orders exceeding 10% of the Fund's assets) on a Valuation Date, the Company may decide to delay the settlement of the redemption/exchange until it has sold the corresponding assets in the relevant Fund without unnecessary delays. These redemption and/or exchange requests shall be met in priority to later requests. The suspension of the calculation of the net asset value and of the issue, redemption, and exchange of Shares shall be published in a Luxembourg newspaper and in another newspaper of more general circulation.

Suspension of determination of the net asset value of Shares of Classes of one Fund will not imply suspension in respect of other Funds unaffected by the relevant events.

Shareholders who have requested an exchange or redemption of their Shares will be notified in writing of any such suspension of the right to exchange or redeem Shares and will be promptly notified upon termination of such suspension. Any such suspension will be published in the newspapers in which the Company's Share prices are generally published if, in the opinion of the Company, the suspension is likely to exceed one week. Redemption orders received during the period a Fund's net asset value is suspended will be processed on the first Valuation Date following the end of the suspension period, unless such redemption order is cancelled by the shareholder in writing prior to any relevant deadline notified to the shareholder during the suspension period.

In the event of any contemplated liquidation of the Company, no further issues, exchanges or redemptions of Shares will be permitted after publication of the first notice convening the extraordinary meeting of shareholders for the purpose of winding up the Company. All Shares outstanding at the time of such publication will participate in the Company's liquidation distribution.

The Distributor reserves the right to suspend or terminate sales of Shares in one or more Funds and to refuse to accept, in its sole discretion, any application form. Sales will be suspended when the Company suspends the determination of net asset value.

## Valuation

The value of the assets of each Class of Shares for each Fund is determined as follows:

Equity securities and other equity instruments held by a Fund are valued at their current market prices when current market prices are readily available. Debt securities held by a Fund are valued based on information furnished by an independent pricing service or readily available market quotations. When pricing service information or current market prices are not readily available, equity and debt securities and instruments are priced at fair value as determined under the direction of the Board of Directors.

Money market instruments and certain short-term debt securities are generally valued using the amortised cost method of valuation whereby such debt securities are valued at their cost of acquisition adjusted for amortisation of premium or accretion of discount rather than a current market value. In the case of a discount instrument, the value of the instrument, based on the net acquisition cost is gradually adjusted to the redemption price thereof while the investment return calculated on the net acquisition cost is kept constant. Certificates of deposit are valued at their market value.

Securities, financial instruments and other assets of the Funds for which market quotations are not readily available, including those for which available market quotations are deemed unreliable under the Valuation Policies, are valued at fair value as determined in good faith in accordance with the procedures established by the Board of Directors. Market quotations for most types of debt instruments and certain types of derivative instruments may be deemed to be not readily available. These investments are generally valued at fair value based on information from third-party pricing services. These valuations can be based on both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data.

In this case, the Fund may utilize information from an external vendor or other sources to adjust closing market prices of such securities and instruments to reflect what it believes to be the fair value of the securities and instruments as of the Fund's Valuation Time. Fair valuation of securities and instruments may occur frequently based on an assessment that events which occur on a fairly regular basis are significant.

Further, investments may be valued at fair value if it is determined that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as a foreign exchange or market) and prior to the determination of the Fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The Investment Manager generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the Fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the Fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the Fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the Fund determines its net asset value per share. For the assets which are not denominated in the currency in which the relevant Class is denominated, the conversion shall be done on the basis of the current exchange rate for such currency in a jurisdiction determined from time to time in good faith by, or in accordance with procedures established by, the Board of Directors, obtained from an independent third party on the Valuation Date.

If a valuation in accordance with the above rules owing to particular circumstances would not be deemed to accurately value portfolio securities, the Board of Directors or its designee is entitled to use other generally recognised

valuation principles, which can be examined by an auditor, in order to reach a proper valuation of each Fund's total assets.

The percentage of the net asset value attributable to each Class of Shares of each Fund shall be determined on the establishment of the Company by the ratio of the Shares issued in each Class to the total number of Shares issued, and shall be adjusted subsequently in connection with the distributions effected and the issue and redemption of Shares as follows:

1) on each occasion when a distribution is effected in respect of Income Shares the net asset value of the Shares in this Class shall be reduced by the amount of the distribution (causing a reduction in the percentage of the net asset value attributable to the Shares of this Class); where a distribution is effected in respect of a Gross Income Shares, the net asset value of the Shares in this Class shall be reduced by the amount of allocable expenses attributable to such Class (causing a reduction in the percentage of the net asset value attributable to the Shares of this Class); whereas the net asset value of a Roll-Up Class of Shares shall remain unchanged (causing an increase in the percentage of the net asset value attributable to this Class); and

2) on each occasion when Shares are issued or redeemed, the net asset value attributable to each Class of Shares shall be increased or reduced by the amount received or paid out.

## Distribution Policy

Net investment income attributable to Roll-Up Shares will not be distributed to shareholders. Instead, it will be included in the portfolio of the relevant Fund and Class and be reflected in the net asset value of such Fund and Class. It is the current intention of the Directors to distribute to shareholders of Income Shares substantially all of the net investment income attributable to such Shares.

Distributions of net investment income on Income Shares or gross investment income on Gross Income Shares are generally declared and paid as per the frequency as indicated in each "Fund Profile." "Interim dividends" may be paid upon a decision of the Board of Directors in relation to any of the Funds. Distributions will generally be payable to shareholders within 14 Business Days following the relevant declaration date.

For Gross Income Classes, the dividend is calculated at the discretion of the Board of Directors on the basis of the expected gross income over a given period, with relevant expenses of the Class deducted after such distribution. Distributions for Gross Income Classes may amount to a return or withdrawal of part of a Shareholder's original investment or from any capital gains attributable to that original investment. While the payment of all distributions would result in an immediate reduction of the Net Asset Value per Share, Gross Income Classes may pay larger distributions (by paying expenses out of the net capital gains and

assets of the Fund), which may therefore result in a larger reduction in the Net Asset Value per Share of the relevant Fund. As a result, capital may be eroded and income may be achieved by foregoing the potential for future capital growth. Shareholders should note that dividends distributed in this manner may be taxable as income, depending on the local tax legislation, and should seek their own professional tax advice in this regard.

In respect of Income and Gross Income Shares, unless otherwise requested by the shareholder, dividends will be reinvested automatically in further Income Shares or Gross Income Shares of the Fund, as applicable, to which such dividends relate. Such Shares will be issued in registered form on the ex-dividend date at that day's net asset value. No sales charge will be payable. Investors not wishing to use this reinvestment facility should notify the Company (via the Transfer Agent) in writing (including, if applicable, in the initial application form when purchasing Fund shares). In the event that cash dividends are payable, they will be paid to registered holders of Income Shares or Gross Income Shares who have elected to receive dividends in cash by transfer of funds (any charges in such case being at the expense of the shareholder).

If any distribution payment is lower than U.S. $50, €40, £25, CHF45, ¥5,000, SEK400, NOK400, AUD60, CAD65, SGD65 (based on the currency of the relevant Class), or the equivalent of U.S. $50 in another Class denomination currency, the distribution will normally be automatically reinvested in further shares of the same distributing Class and not paid directly to registered shareholders unless the shareholder elects otherwise in writing to the company or its agents or payment of such dividend can otherwise be made to investors through automated or other electronic systems maintained by Financial Intermediaries or platforms holding accounts with the Company. These minimums may change in the future without notice.

Unclaimed dividend payments (e.g., where an attempted wire transfer has been rejected) will be forfeited five years following the initial payment attempt and will accrue for the benefit of the relevant Fund or Class. No interest shall be payable by the Company on a dividend which has not been claimed by a Shareholder. When an unclaimed dividend payment occurs for an account and the accountholder is unresponsive to the remediation efforts, the Management Company may determine to convert the account's distribution option to reinvestment in additional shares.

The Annual Meeting of shareholders shall approve, on the recommendation of the Board of Directors, the distribution of dividends in respect of each Fund. Provided that the Company maintains its required minimum capital, the income allocated to Income Shares and Gross Income Shares of the Funds shall be available for distribution to shareholders of these respective Classes whereas the

income allocated to Roll-Up Shares of the Funds shall be included in the portion of the net assets corresponding to such Shares.

## Taxation

*Taxation of the Company*. The description of Luxembourg tax consequences of an investment in and the operations of the Funds is based on laws and regulations that are subject to change through legislative, judicial or administrative action.

*Income and Net Worth Taxes*. Under Luxembourg law, there are currently no Luxembourg income, capital gains or net worth taxes payable by the Company. Under current law and practice, no capital gains tax is payable in Luxembourg on the realised or unrealised capital appreciation of the assets of the Funds.

*Subscription Tax*. Class A, C, N, P and W Shares of each Fund are subject to an annual taxe d'abonnement of 0.05%, calculated and payable quarterly by each Fund on the aggregate Net Asset Value of the outstanding shares of each Fund at the end of each calendar quarter. It is anticipated that the annual tax should be reduced to 0.01% for Class I, Class Z and S Shares of the Funds. There can be no guarantee that the benefit of such reduced rate will continue in the future.

Under certain conditions, reduced rates for retail share classes ranging from 0.04% to 0.01% may also be available for the portion of a Fund that is invested in sustainable economic activities (as defined in Article 3 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088).

*Withholding Taxes*. Under current Luxembourg tax law, there is no withholding tax on payments made by the Company (or the Funds) to the shareholders.

Investment income received by a Fund, with respect to securities whose country of origin is other than Luxembourg may be subject to foreign withholding taxes. Certain countries may also assess foreign taxes, withheld at the source, on capital gains that are distributed to the Fund. Dividends paid on U.S. portfolio securities held by a Fund will generally be subject to U.S. withholding taxes. Distributions with respect to securities held by a Fund may be subject to withholding or capital gains taxes imposed by the countries of origin. Because the Company itself is exempt from income tax, withholding tax levied at the source, if any, is not refundable in Luxembourg. Whether the Company may benefit from a double tax treaty concluded by Luxembourg must be analysed on a case-by-case basis.

*Value Added Tax*. In Luxembourg, regulated investment funds such as SICAVs have the status of taxable persons for value added tax ("VAT") purposes. Accordingly, the Company is considered in Luxembourg as a taxable person for VAT purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services.

Other services supplied to the Company could potentially trigger VAT and require the VAT registration of the Company in Luxembourg. As a result of such VAT registration, the Company will be in a position to fulfil its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad. No VAT liability arises in principle in Luxembourg in respect of any payments by the Company to its shareholders, to the extent such payments are linked to their purchase of the Shares and do, therefore, not constitute the consideration received for taxable services supplied.

*Taxation of Shareholders.*

**The tax implications to each shareholder of an investment in the Company will depend on the tax laws of their country of citizenship, residence, and domicile. Shareholders should consult with their professional tax adviser to understand the likely tax ramifications to them prior to making an investment in the Company.**

Non-resident shareholders, as of the date of this Prospectus, are not subject to any Luxembourg capital gains, income, withholding, gift, estate, inheritance or other taxes, with respect to Shares owned by them (except shareholders who have a permanent establishment or a permanent representative to which or whom the Shares are attributable, in Luxembourg).

*Exchange of information - CRS*. Capitalized terms used in this section should have the meaning as set forth in the CRS Law (as defined below), unless provided otherwise herein.

The Company and each Fund may be subject to the Common Reporting Standard (the "CRS") as set out in the amended Luxembourg law of 18 December 2015 (the "CRS Law") implementing Directive 2014/107/EU which provides for an automatic exchange of financial account information between Member States of the European Union as well as the OECD's multilateral competent authority agreement on automatic exchange of financial account information signed on 29 October 2014 in Berlin, with effect as of 1 January 2016.

Under the terms of the CRS Law, the Company and each Fund is likely to be treated as a Luxembourg Reporting Financial Institution. Accordingly, references in this section to "the Company" should be understood to apply also to each Fund as applicable.

As such, the Company will be required to annually report to the Luxembourg tax authorities (*Administration des contributions directes*) personal and financial information related, *inter alia*, to the identification of, holdings by and payments made to (i) certain shareholders qualifying as Reportable Persons and (ii) Controlling Persons of passive non-financial entities ("NFEs") which are themselves Reportable Persons. This information, as set out in Annex I of the CRS Law (the "Information"), will include personal data related to the Reportable Persons.

The Fund's ability to satisfy its reporting obligations under the CRS Law will depend on each shareholder providing the Information, along with the required supporting documentary evidence. In this context, the shareholders are hereby informed that, as data controller, the Company will process the Information for the purposes as set out in the CRS Law.

Shareholders qualifying as passive NFEs undertake to inform their Controlling Persons, if applicable, of the processing of their Information by the Company.

Additionally, the Company is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection legislation.

The shareholders are further informed that the Information related to Reportable Persons will be disclosed to the Luxembourg tax authorities annually for the purposes set out in the CRS Law. The Luxembourg tax authorities will, under their own responsibility, eventually exchange the reported information to the competent authority of the Reportable Jurisdiction(s). In particular, Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the Luxembourg tax authorities.

Similarly, the shareholders undertake to inform the Company within thirty (30) days of receipt of these statements should any included personal data be not accurate. The shareholders further undertake to immediately inform the Company of, and provide the Company with all supporting documentary evidence of any changes related to the Information after occurrence of such changes.

Although the Company will attempt to satisfy any obligation imposed on it to avoid any fines or penalties imposed by the CRS Law, no assurance can be given that the Company will be able to satisfy these obligations. If the Company or a Fund becomes subject to a fine or penalty as a result of the CRS Law, the value of the Shares held by the shareholders may suffer material losses.

Any shareholder that fails to comply with the Company's Information or documentation requests may be held liable for penalties imposed on the Company or the relevant Fund as a result of such shareholder's failure to provide the Information and the Management Company may, in its sole discretion, redeem the Shares of such shareholders.

*Exchange of information – FATCA*. Capitalized terms used in this section should have the meaning as set forth in the FATCA Law (as defined below), unless provided otherwise herein.

The Company and each Fund may be subject to the FATCA Law which generally requires reporting to the U.S. Internal Revenue Service of non-U.S. financial

institutions that do not comply with FATCA and direct or indirect ownership by U.S. persons of non-U.S. entities. As part of the process of implementing FATCA, the U.S. government has negotiated intergovernmental agreements with certain non-U.S. jurisdictions which are intended to streamline reporting and compliance requirements for entities established in such foreign jurisdictions and subject to FATCA.

Luxembourg has entered into a Model 1 Intergovernmental Agreement implemented by the amended Luxembourg law of 24 July 2015 (the "FATCA Law"), which requires Financial Institutions located in Luxembourg to report, when required, information on Financial Accounts held by Specified U.S. Persons, if any, to the Luxembourg tax authorities.

Under the terms of the FATCA Law, the Company, or each Fund, is likely to be treated as a Luxembourg Reporting Financial Institution. Accordingly, references in this section to "the Company" should be understood to apply also to each Fund as applicable.

This status imposes on the Company the obligation to regularly obtain and verify information on all of its shareholders. On the request of the Company, each shareholder shall agree to provide certain information, including, in the case of a passive Non-Financial Foreign Entity ("NFFE"), information on the Controlling Persons of such NFFE, along with the required supporting documentation. Similarly, each shareholder shall agree to actively provide to the Company within thirty (30) days any information that would affect its status, as for instance a new mailing address or a new residency address.

The FATCA Law may require the Company to disclose the names, addresses and taxpayer identification number (if available) of its shareholders as well as information such as account balances, income and gross proceeds (non-exhaustive list) to the Luxembourg tax authorities for the purposes set out in the FATCA Law. Such information will be relayed by the Luxembourg tax authorities to the U.S. Internal Revenue Service.

Shareholders qualifying as passive NFFEs undertake to inform their Controlling Persons, if applicable, of the processing of their information by the Company.

Additionally, the Company is responsible for the processing of personal data and each shareholder has a right to access the data communicated to the Luxembourg tax authorities and to correct such data (if necessary). Any data obtained by the Company are to be processed in accordance with the applicable data protection legislation.

Although the Company will attempt to satisfy any obligation imposed on it to avoid imposition of FATCA withholding tax, no assurance can be given that the Company will be able to satisfy these obligations. If a Fund becomes subject to a withholding tax or penalties as result of the FATCA regime, the value of the Shares held by the shareholders may suffer material losses. The failure by

the Company to obtain such information from each Fund shareholder and to transmit it to the Luxembourg tax authorities may trigger the 30% withholding tax to be imposed on payments of U.S. source income as well as penalties.

Any shareholder that fails to comply with the Company's documentation requests may be charged with any taxes and/or penalties imposed on the relevant Fund as a result of such shareholder's failure to provide the information and the Management Company may, in its sole discretion, redeem the Shares of such shareholder.

Shareholders who invest through intermediaries are reminded to check if and how their intermediaries will comply with this U.S. withholding tax and reporting regime.

Shareholders should consult a U.S. tax advisor or otherwise seek professional advice regarding the above requirements.

*Shareholders Reliance on Tax Advice in this Document.* The discussion contained in this document as to U.S. federal tax considerations is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed herein. Each taxpayer should seek tax advice based on the taxpayer's particular circumstances from an independent tax advisor.

## Legal Structure and Applicable Law

The Company is a SICAV incorporated on 4 February 1992 under the laws of Luxembourg for an unlimited duration.

The District Court of Luxembourg shall have jurisdiction over any disputes between the shareholders, the Management Company and the Depositary, and Luxembourg law shall apply.

## General Information about the Company (Including Service Providers)

The Company's Articles of Incorporation were amended effective 20 April 1994, 23 October 1996, 18 December 1998, 25 July 2001, 15 August 2005, 15 February 2013, 1 November 2013 and 1 September 2015, and such amendments were published in the Mémorial on 2 June 1994, 27 November 1996, 18 January 1999, 16 August 2001, 8 June 2005, 15 February 2013, 13 November 2013 and 11 August 2015.

The capital of the Company shall at all times be equal to the value of the net assets of all Funds of the Company. The minimum capital of the Company is EUR 1,250,000.

The initial Articles of Incorporation of the Company are published in the Mémorial, Recueil des Sociétés et Associations, dated 12 March 1992. The

coordinated Articles of Incorporation have been deposited with the Register of the Tribunal d'Arrondissement of Luxembourg where they are available for inspection and where copies thereof can be obtained.

## Supervisory Authority

The Company is incorporated in Luxembourg and is regulated by the Luxembourg Commission de Surveillance du Secteur Financier (the "CSSF"), www.cssf.lu. The CSSF is located at 283, route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg; Telephone: (+352) 26 25 1 – 1; e-mail: direction@cssf.lu.

## Management of the Company

The Board of Directors is responsible for the overall management and administration of the Company. The Board of Directors may delegate its powers to conduct the daily management and affairs of the Company, subject to its supervision. Such delegation may include, but is not limited to, delegation of powers to a Management Company to oversee that daily management and affairs of the Company or to Company officers to enter into contracts, provide certifications and/or instructions to service providers or other third parties, prepare and authorise regulatory filings and to pay Fund-related invoices, each on behalf of the Company, and to further delegate such officers' authority to certain authorised signatories.

A Director may hold any other office or position of profit with the Company (other than the office of Auditor) in conjunction with his office of Director on such terms as to tenure and otherwise as the Board of Directors may determine. Any Director may also act in a professional capacity for the Company (other than as Auditor) and he or his firm shall be entitled to remuneration for such services as if he were not a Director.

A Director may not normally vote in respect of any contract in which he is personally interested. Any such contract will be disclosed in the financial reports of the Company.

As of the date of this Prospectus, each member of the Company's Board of Directors, except Messrs, Bogart and Julian, is an officer and employee of MFS and thus is affiliated with the Management Company and Investment Manager. Directors who are not affiliated with the Management Company or the Investment Manager are paid an annual Director's fee. Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Board of Directors, or otherwise in connection with the business of the Company. Such Directors' fees are included as part of the "Estimated Other Expenses" (and relevant expense caps on such expenses) reported in each Fund's ongoing charges table in "Fund Profiles."

The Directors and officers of the Company shall be indemnified by the Company against liability and related expenses in connection with any claim brought against such person by reason of his having been such Director or officer, provided that no indemnity shall be provided against liability to the Company or its shareholders by reason of gross negligence, fraud or wilful default or with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Company. The Company maintains an insurance policy in respect of this indemnity obligation.

*Conflicts of Interest*

The Management Company and its Affiliates. The Management Company, Investment Manager and its affiliates ("MFS") act in similar roles in relation to, or are otherwise involved with, other funds (including other UCITS) and clients. It is therefore possible that MFS or its employees may, in the due course of their business, have potential conflicts of interest with the Company or a Fund. In such event, MFS will at all times have regard to its obligations under any agreements to which it is party or by which it is bound in relation to the Company or the relevant Fund. In particular, when undertaking any dealings or investments where conflicts of interest may arise, MFS will endeavour to ensure that such conflicts are addressed fairly.

Potential conflicts of interest with respect to the Company or a Fund may arise for a number of reasons:

Certain accounts to which MFS provides investment management services are beneficially owned, in whole or in part, by MFS and/or its officers and employees. MFS's management of such accounts presents conflicts of interest, depending on the particular circumstances of each case: (i) in cases of investment of proprietary assets, MFS has an incentive to favor its investments to maximize its return; (ii) where a portfolio manager holds a personal investment in such account, the portfolio manager has an incentive to favor portfolios in which he/she is invested in order to maximize the return of his/her investment; and (iii) in cases of investment by officers and employees of MFS, MFS has an incentive to favor the personal investments of its employees and officers.

The simultaneous management of multiple accounts may also create conflicts of interest where one or more accounts pay higher fees. MFS has an incentive to favor accounts paying performance-based fees over accounts paying only asset-based fees because performance-based fees can generate greater management fees for MFS to the extent performance meets or exceeds the thresholds specified in the relevant arrangement. MFS also has other incentives to favor different clients or accounts, including, but not limited to, favoring an account that pays a higher asset-based fee rate, a client with greater overall assets under management or the potential for greater assets under management, accounts believed to be at risk of

termination or clients in a particular region or industry in which MFS would like to grow its business.

MFS has also established and seeded a number of accounts for the purpose of establishing a performance record to enable the offering of the account's investment style to clients. MFS has an incentive to favor these seeded accounts to create a positive track record to maximize distribution opportunities.

Further, employees of MFS may own or otherwise have an interest in securities owned by or recommended to clients, including MFS Meridian Funds.

MFS may favor an account by allocating to it greater time and attention, superior investment opportunities, or access to investment opportunities where the availability or liquidity of securities is limited.

MFS has adopted policies and procedures designed to ensure that it does not favor one account over another. However, this does not mean that MFS will treat all accounts identically. When executing orders, MFS may aggregate multiple orders for the same instrument into a single trade as long as aggregation is unlikely to work to the overall disadvantage of any participating account over time. MFS does not generally aggregate orders for proprietary accounts (which are limited to accounts that are managed by MFS for the sole benefit of itself or its subsidiaries) with orders for other client accounts, and will trade for such proprietary accounts in a manner that it believes will not disadvantage other client accounts. Proprietary accounts do not include accounts owned by employees or officers of MFS, accounts that are funded by MFS or its subsidiaries to establish a track record for distribution, accounts that are funded by MFS and open for sale to third parties, and accounts managed by MFS for Sun Life Financial, Inc. Execution and allocation for such accounts is made on the same basis as other client accounts of MFS.

From time to time, MFS will take an investment action or decision for one or more portfolios that is different from, or inconsistent with, an action or decision taken for one or more other portfolios that have different investment objectives, and such actions could be taken at different, potentially inopportune, times. In certain instances there may be securities that are suitable for a Fund's portfolio as well as for accounts managed by MFS with similar investment objectives to that Fund, or that MFS believes should no longer be held by the Fund or such other accounts. It is possible that a particular security is bought or sold for only one client even though it might be held by, or is eligible to be bought or sold for, other clients.

MFS has adopted policies that it believes are reasonably designed to ensure that when two or more clients (including accounts in which MFS has an interest) are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among accounts in a manner believed by MFS to be fair and equitable to each over time. Allocations may be based on many factors

and may not always be pro rata based on assets managed. The allocation methodology could have a detrimental effect on the price or availability of a security with respect to a particular Fund in a particular instance.

MFS, in performing services for the Funds, shall not be liable to account to the Fund for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions, nor will the fees paid by the Company, unless otherwise provided, be reduced. MFS will ensure that such transactions are effected on terms which are not less favourable to a Fund than if the potential conflict had not existed.

There is no prohibition on the Company entering into any transactions with MFS, Financial Intermediaries, the Depositary or with any of their affiliates, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length. In addition, there is no prohibition on MFS to purchase any products on behalf of a Fund where the issuer, dealer and/or distributor of such products is an MFS affiliate provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, in the best interest of the Fund. The Investment Manager also acts on behalf of the Company as counterparty for financial derivative and other investment-related contracts entered into by the Company.

MFS could hold a relatively large proportion of Shares and voting rights in any Fund or Class. MFS may make substantial investments in a Sub-Fund or a Share Class for various purposes including, but not limited to, facilitating the growth of the Fund or Class, for facilitating the portfolio management or tax reporting of a Fund or Class, or for meeting future remuneration payment obligations to certain employees. MFS is under no obligation to make or maintain its investments and may reduce or dispose of any of these in the Fund or Class at any time. As part of its financial planning, MFS may also hedge the risk of its investments in any Class with the intention of reducing all or part of its exposure to such investments.

The Depositary. The Depositary is part of an international group of companies and businesses (the "State Street Group") that, in the ordinary course of their business, act simultaneously for a large number of clients, as well as for their own account, which may result in actual or potential conflicts. Conflicts of interest arise where the Depositary or its affiliates engage in activities under the Depositary Agreement or under separate contractual or other arrangements. Such activities may include providing nominee, administration, registrar and transfer agency, research, agent securities lending, investment management, financial advice and/or other advisory services to the Company, and engaging in banking, sales and trading transactions including foreign exchange, derivative, principal lending, broking, market making or other financial transactions with the Company either as principal and in the interests of itself, or for other clients.

In connection with the above activities the Depositary or its affiliates:

(i) will seek to profit as part of or in addition to providing custody services. Examples include profit through the fees and other charges for the services, profit from deposit taking activities, revenue from sweeps and repo arrangements, foreign exchange transactions, contractual settlement, error correction (where consistent with applicable law) and commissions for sale of fractional shares. The Depositary and its affiliates are entitled to receive and retain any profits or compensation in any form and are not bound to disclose to the Company the nature or amount of any such profits or compensation including any fee, charge, commission, revenue share, spread, mark-up, mark-down, interest, rebate, discount, or other benefit received in connection with any such activities;

(ii) may buy, sell, issue, deal with or hold, securities or other financial products or instruments as principal acting in its own interests, the interests of its affiliates or for its other clients;

(iii) may trade in the same or opposite direction to the transactions undertaken, including based upon information in its possession that is not available to the Company;

(iv) may provide the same or similar services to other clients including competitors of the Company;

(v) may be granted creditors' rights by the Company which it may exercise.

The Company may use an affiliate of the Depositary to execute foreign exchange, spot or swap transactions for the account of the Company. In such instances the affiliate shall be acting in a principal capacity and not as a broker, agent or fiduciary of the Company. The affiliate will seek to profit from these transactions and is entitled to retain and not disclose any profit to the Company. The affiliate shall enter into such transactions on the terms and conditions agreed with the Company.

Where cash belonging to the Company is deposited with an affiliate that is a bank, a potential conflict arises in relation to the interest (if any) which the affiliate may pay or charge to such account and the fees or other benefits which it may derive from holding such cash as banker and not as trustee.

The Company or the Management Company may also be a client or counterparty of the Depositary or its affiliates. The Depositary appoints a network of affiliated and non-affiliated subcustodians. Multiple factors influence the determination to engage a particular subcustodian or allocate assets to them, including their expertise and capabilities, financial condition, service platforms and commitment to the custody business as well as the negotiated fee structure (which may include terms that result in fee reductions or rebates to the Depositary or an affiliate), significant business relationships and competitive considerations.

Potential conflicts that may arise in the Depositary's use of sub-custodians include four broad categories:

(i) conflicts from sub-custodian selection and asset allocation among multiple sub-custodians influenced by (a) cost factors, including lowest fees charged, fee rebates or similar incentives and (b) broad two-way commercial relationships in which the Depositary may act based on the economic value of the broader relationship, in addition to objective evaluation criteria;

(ii) sub-custodians, both affiliated and non-affiliated, act for other clients and in their own proprietary interest, which might conflict with clients' interests;

(iii) sub-custodians, both affiliated and non-affiliated, have only indirect relationships with clients and each looks to the Depositary as its counterparty, which might create incentive for the Depositary to act in its self-interest, or other clients' interests to the detriment of clients; and

(iv) sub-custodians may have market-based creditors' rights against client assets that they have an interest in enforcing if not paid for securities transactions.

The State Street Group has implemented a global policy laying down the standards required for identifying, assessing, recording and managing all conflicts of interest which may arise in the course of business. Each State Street Group business unit, including the Depositary, is responsible for establishing and maintaining a Conflicts of Interest Program for the purpose of identifying and managing organizational conflicts of interest that may arise within the business unit in connection with providing services to its clients or in delivering its functional responsibilities. In carrying out its duties the Depositary shall act honestly, fairly, professionally, independently and solely in the interests of the Company and its shareholders.

The Depositary has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks. The system of internal controls, the different reporting lines, the allocation of tasks and the management reporting allow potential conflicts of interest regarding the depositary tasks to be properly identified, managed and monitored. Additionally, in the context of the Depositary's use of sub-custodians, the Depositary imposes contractual restrictions to address some of the potential conflicts and maintains due diligence and oversight of sub-custodians to ensure a high level of client service by those agents. The Depositary further provides frequent reporting on clients' activity and holdings, with the underlying functions subject to internal and external control audits. Finally, the Depositary internally separates the performance of its custodial tasks from its proprietary activity and follows a Standard of Conduct that requires employees to act ethically, fairly and transparently with clients.

Up-to-date information on the Depositary, its duties, any conflicts that may arise, the safe-keeping functions delegated by the Depositary, the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation will be made available to shareholders on request.

## Management Company

The Board of Directors of the Company has appointed MFS Investment Management Company (Lux) S.à r.l. (the "Management Company", or "MFS Lux") pursuant to a Management Company Agreement to carry out the functions of management of the Company as prescribed in Annex II of the Law and related Luxembourg regulations. In particular, the Management Company shall be responsible for the investment management, the administration and the implementation of the Company's distribution and marketing functions, subject to the overall control and supervision of the Company's Board of Directors. The Management Company may also serve as domiciliary for the Company in Luxembourg. The Management Company has been permitted by the Company to delegate, under the Management Company's supervision and control, certain administrative, distribution and management functions to Affiliates or third party service providers under agreements that, unless otherwise required by law, will be governed by Luxembourg law. The Company may be a counterparty to such agreements. The Management Company is responsible for monitoring, on a continuous basis, the activities of the third parties to which it has delegated functions. The agreements entered into between the Management Company and the relevant third parties provide that the Management Company can give instructions to such third parties, and that it can withdraw their mandate with immediate effect if in the best interest of Company shareholders. The delegations shall not prevent the obligations or effectiveness of supervision by the Management Company.

The Management Company may serve as or may appoint one or more of its affiliates to serve as the global distributor of the Shares.

The Management Company has delegated certain administrative support services to MFS and State Street Bank International GmbH, Luxembourg Branch to assist with a variety of administrative services provided to the Management Company. These services include financial, operational, legal, compliance, risk management, shareholder communications, platform services in support of the Management Company's independent Conducting Persons and other support services necessary or desirable for the operation of the Company and permitted by law. The Management Company has retained Brown Brothers Harriman Investor Services Limited to provide certain calculation and other support services in connection with Hedged Class hedging transactions.

The Funds pay the Management Company an annual fee approved by the Company's Board of Directors, which is intended to cover the expenses of services it provides in connection with the operation and central administration

of the Funds in Luxembourg, plus a target profit margin ("Management Company Fee"). These expenses include legal, regulatory and operational costs of the Management Company (including fees for Board members not affiliated with the Company), as well as fees paid by the Management Company to third parties to provide certain infrastructure, administrative, risk management and reporting services to the Management Company, including the services provided by MFS and State Street. The Company also reimburses the Management Company for out-of-pocket expenses related to its services. In addition, the Company pays the agreed-upon fee for services provided by the Investment Manager, Distributor, Transfer Agent and Depositary, which the Management Company arranges for such fee to be paid to the respective delegate.

The Management Company Fee is allocated such that each Fund pays a fixed fee of $20,000 (or currency equivalent) plus an asset-based fee based on average daily net assets over $40 million and up to $4 billion (or currency equivalent) for each Fund. The fee paid to the Management Company for its services is included as part of the "Estimated Other Expenses" (and relevant expense caps on such expenses) reported in the ongoing charges table in each Fund's "Fund Profile".

The Management Company was incorporated under the name "MFS Investment Management Company (Lux) S.A." as a "*société anonyme*" under the laws of the Grand Duchy of Luxembourg on 20 June 2000, and changed legal form to a S.à r.l. ("*société à responsabilité limitée*") on 27 June 2011. Its articles of incorporation were published in the Mémorial for the first time on 4 August 2000 and deposited with the Luxembourg Trade and Companies Register. They were amended for the last time on 16 December 2013. The Management Company is registered with the Luxembourg Trade and Companies Register under reference B 76467, and is established for an undetermined period of time. The Management Company was authorized on 16 December 2013 as a management company managing UCITS and therefore complies with the conditions set out in Chapter 15 of the Law.

The Management Company has its registered office at 4, rue Albert Borschette, L-1246 Luxembourg. Its fully paid-in capital amounts to €2,125,000. This comprises a portion of the Management Company's "own funds", which are maintained at a level compliant with the requirements under the Law. The sole shareholder of the Management Company is MFS International Holdings Pty. The Management Company is an indirect subsidiary of Massachusetts Financial Services Company, the Investment Manager of the Fund. The Management Company's independent auditor is Deloitte Audit S.à r.l. The financial year of the Management Company starts on 1 January each year and terminates on 31 December each year.

As of the date of this Prospectus, the Board of Managers of the Management Company are:

Lina M. Medeiros (Chairperson), Head of Office of MFS Luxembourg, c/o MFS Luxembourg, 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg

Mitchell Freestone, Senior Managing Counsel of MFS International (U.K.) Limited, One Carter Lane, London, EC4V 5ER UK

Nevis Bregasi, Senior Managing Counsel of MFS, 111 Huntington Avenue, Boston, Massachusetts 02199

Sanjay Natarajan, Investment Officer and Institutional Portfolio Manager, c/o MFS, 111 Huntington Avenue, Boston, Massachusetts 02199

James R. Julian, Jr, independent Manager, Chief Executive Officer – University of Massachusetts Foundation, c/o MFS, 111 Huntington Avenue, Boston Massachusetts 02199

Paul de Quant, independent Manager, Associate, The Directors Office, 19 rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg

Thomas A. Bogart, independent Manager, c/o MFS Luxembourg, 4, rue Albert Borschette, L-1246 Luxembourg, Grand Duchy of Luxembourg

In compliance with CSSF Circular 18/698, the Board of Managers of the Management Company has granted a mandate, in order to conduct the daily business of the Management Company and the Funds, to Michael Derwael, Olivier Gilson, and Nicole Neubelt as *dirigeants* ("Conducting Persons"). Managers and Conducting Persons that are independent of MFS or its affiliates will be paid an annual fee and all out-of-pocket expenses properly incurred in carrying out his or her duties.

*Remuneration Policy*. The Management Company has adopted a remuneration policy and implements related procedures and practices which are consistent with and promote sound and effective risk management in a manner appropriate to the Management Company's size, internal organization, and the nature, scope and complexity of its activities. The remuneration policy is applicable to each fiscal year of the Management Company ending 31 December. Pursuant to the Law and related guidelines, certain aspects of the Management Company's remuneration policy shall apply to remuneration paid for the first full fiscal year after the implementation date of the Law, which for the Management Company will be its fiscal year ended 31 December 2017.

The remuneration policy of the Management Company is administered and overseen by a remuneration committee composed of members of MFS executive management and its human resources team. Further details on the remuneration policy are available by referring to ***meridian.mfs.com*** (and clicking the link "Information on MFS' Remuneration Policy"), and a paper copy of such details

is available on request at the registered office of the Management Company without charge.

## Investment Manager

The Management Company has appointed Massachusetts Financial Services Company in Boston, Massachusetts USA ("MFS") as Investment Manager. The Investment Manager is responsible for providing investment management services to the Management Company under the terms of the Investment Management Agreement. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for investment management and supervision of the Funds on a day-to-day basis and statistical and other related services under the supervision and subject to the control of the Board. The Investment Management Agreement was entered into for a period of 30 years unless terminated earlier by either party on not less than 90 days' prior written notice, provided that the Management Company may withdraw the Investment Manager's mandate with immediate effect if in the best interest of Fund shareholders.

MFS is America's oldest mutual fund organisation. MFS and its predecessor organisations have a history of money management dating from 1924, and the founding of the first mutual fund in the United States. MFS and its affiliates serve as investment adviser to United States registered open-end and closed-end investment companies, non-US domiciled funds and separate accounts located or organised in jurisdictions around the world. MFS is a majority-owned subsidiary of Sun Life of Canada (U.S.) Financial Services Holdings, Inc., which in turn is a majority owned subsidiary of Sun Life Financial Inc. ("Sun Life"). Sun Life, a life insurance company with its headquarters office in Toronto, Canada, is one of the largest international life insurance companies.

The registered office and principal place of business of MFS is 111 Huntington Avenue, Boston, Massachusetts USA 02199. MFS is a registered investment adviser regulated by the United States Securities and Exchange Commission ("SEC") (100 F Street, NE, Washington, DC 20549; www.sec.gov).

The Investment Manager is authorised to act on behalf of the Management Company and to select agents, brokers and dealers through whom to execute transactions and provides the Management Company and the Company's Board of Directors with such reports as they may require.

The rate of the investment management fee (which includes the portion of the Class P Annual Management Charge allocable to investment management services) varies by Fund and Class, the details of which are noted in the ongoing charges table in each Fund's "Fund Profile." The investment management fees are paid by the Funds to the Management Company. The Management Company (and not the Funds) is responsible for compensating the Investment Manager

according to the terms of the Investment Management Agreement (available free of charge at the Company's and Depositary's registered offices during normal business hours). The investment management fee may be increased in respect of any one or more Funds from time to time, provided the investment management fee does not exceed an annual rate of 2.50% of the average daily net asset value of a Fund. Any increase is subject to prior notice being given to shareholders in the relevant Fund as required by applicable laws and regulations. The termination or amendment provisions of the Investment Management Agreement may not be amended without sanction of a resolution passed by not less than two-thirds majority at a shareholders meeting at which the holders of not less than two-thirds of the Shares of the applicable Fund(s) are present or represented and voting. The Investment Manager bears all expenses incurred by it and its affiliates and advisers related to services performed by it for the Company. Brokerage commissions, transaction charges, expenses associated with the Fund's investment activities including interest, expenses relating to share class hedging, and other operating costs of the Company are payable by the Company.

The Investment Manager and its affiliates also provide investment management and advisory services to other affiliated mutual funds and institutional and high net worth private investors. The Investment Management Agreement provides that if the respective Investment Manager and/or a third party to which the Investment Manager delegated any of the provisions under the Investment Management Agreement no longer serves as an investment manager to the Company, the Company will change its name so as to delete the initials "MFS" or any name connected with the applicable Investment Manager or its affiliates. Specific decisions to purchase or sell securities for a Fund are made by persons affiliated with MFS. Any such person may serve other clients of MFS, or any subsidiary or affiliate of MFS in a similar capacity.

*Investment Approach and Environmental, Social and Governance ("ESG") Factors.* In considering whether to invest in or divest from an issuer, the Investment Manager considers ESG factors, which include sustainability risks, to the extent these are deemed likely to materially impact the future investment performance of that issuer. The Investment Manager's purpose in integrating ESG factors into its analysis is to increase returns and/or decrease financial risk of a Fund.

Accordingly, ESG factors are integrated into the Investment Manager's fundamental economic analysis of issuers as an element of that analysis. The Investment Manager uses an active bottom-up investment approach to buying and selling investments for the Funds. For each Fund, investments are selected primarily based on fundamental analysis or, where specified in the Fund Profile, a blend of fundamental analysis and quantitative research. Fundamental analysis of individual portfolio companies and/or instruments takes into account a company's financial condition and market, economic, political, and regulatory conditions, as well as ESG factors.

The extent to which the Investment Manager considers any particular fundamental factor, including ESG factors, when evaluating an investment opportunity will vary depending on the type of asset class and a Fund's investment strategy. For example, when evaluating equity instruments, MFS investment professionals may consider fundamental factors including, but not limited to, an issuer's earnings, cash flows, competitive position, and management ability. Additionally, when evaluating debt instruments, MFS investment professionals may consider, among other fundamental factors, the instrument's credit quality, collateral characteristics, and indenture provisions, and the issuer's management ability, capital structure, leverage, and ability to meet its current obligations.

The Investment Manager believes that certain ESG factors could materially impact the value of a portfolio company by representing a source of economic opportunity that contributes to a company's growth and outperformance relative to its peer group or a source of risk that may result in a condition or the occurrence of an event that could have a material negative impact on a company's value. Examples of potentially material ESG risks and opportunities may include, but are not limited to, physical and transitional impacts related to climate change, shifting market or consumer preferences or demand, a company's governance structure and practices, data protection and privacy issues, diversity and labor practices, and regulatory and reputational risks. To account for these factors, MFS' investment professionals integrate their evaluation of a company's key ESG risks and opportunities into their overall security analysis and investment selection process to the extent that they believe these factors are material to, and have an economic impact on, investment value. In conducting analysis of ESG factors, MFS' investment professionals may use a variety of tools, including, but not limited to, (i) proprietary issuer and industry research, (ii) internally developed analytical tools designed to evaluate issuer performance and risk-exposure, and (iii) third-party generated issuer and industry research and ratings.

MFS investment and proxy voting professionals may also incorporate ESG factors into their engagement activities when communicating with a company's management team, board of directors, or other representatives in order to better understand the risks and opportunities that a particular ESG issue may present for a company.

MFS has incorporated the above ESG integration approach within its fundamental analysis because it believes that ESG risks and opportunities could materially impact the performance of the Funds. The extent to which an investment professional considers ESG factors in conducting fundamental investment analysis and the extent to which these factors impact a Fund's return will depend on a number of variables, such as a Fund's investment strategy, the types of asset classes held in a Fund, regional and geographic exposures, and an investment professional's views and analysis of a specific ESG issue. The

extent that MFS' integration of ESG factors impacts the return of a Fund may be difficult to quantify and can vary significantly over time. Additionally, MFS' overall investment analysis and its selection of investments may not produce the intended results and may lead to an investment focus that results in a Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which a Fund invests.

MFS may also participate in organizations, engagements or other collaborative industry efforts to enhance MFS' knowledge of specific ESG issues or to further ESG-related initiatives that MFS deems materially impactful to its investment decisions. For example, MFS is a signatory to the Principles for Responsible Investment ("PRI"), the Net Zero Asset Managers Initiative ("NZAMI"), and Climate Action 100+, among other ESG-related organizations and initiatives. The requirements for participation in these organizations and initiatives vary, and certain organizations, initiatives and efforts require a commitment from MFS to adopt a framework for achieving the aims of such organization or initiative. Pursuant to its commitment to NZAMI, MFS must publish a framework for achieving net zero carbon emissions by 2050 ("net zero") for a designated portion of its assets under management. MFS has designed its net zero framework to be based on engagement with portfolio companies to implement and execute their own net zero plans and targets. As such, MFS will not introduce investment restrictions or goals with respect to the Funds solely for the purposes of meeting MFS' commitment under NZAMI. MFS' participation in NZAMI and these other organizations or initiatives is subject to its fiduciary responsibilities to the Funds, and therefore MFS may fail to act or may take actions that are inconsistent with the purpose, goals or aspirations of these organizations or initiatives if, in MFS' judgment, it is in the best economic interests of the Funds to do so.

More information about MFS' approach to sustainable investing practices, including its Responsible Investing Policy Statement, can be found at ***mfs.com*** under "About MFS – Sustainable Investing."

*MFS 'Light Green' Funds – Article 8 of SFDR*

A financial product is considered 'light green' under Article 8 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector ("SFDR") where it promotes an environment or social characteristic. As well as integrating the consideration of ESG factors as set out above, the following Funds (the "MFS Light Green Funds") promote the MFS Low Carbon Transition characteristic and consider certain principal adverse impact indicators in pursuing their respective investment objectives: Blended Research® European Equity Fund, Continental European Equity Fund, Contrarian Value Fund, Diversified Income Fund, European Core Equity Fund, Euro Credit Fund, European Research Fund, European Smaller Companies Fund, European Value Fund, Global Concentrated Fund, Global Credit Fund, Global Equity Fund, Global

Equity Income Fund, Global Intrinsic Value Fund, Global Opportunistic Bond Fund, Global Research Focused Fund, Global Strategic Equity Fund, Global Total Return Fund, Limited Maturity Fund, Managed Wealth Fund, Prudent Capital Fund, Prudent Wealth Fund, U.K. Equity Fund, U.S. Concentrated Growth Fund, U.S. Corporate Bond Fund, U.S. Growth Fund, U.S. Total Return Bond Fund and U.S. Value Fund.

The MFS Light Green Funds do not have sustainable investment as their objective for the purposes of Article 9 of SFDR. Further information relating to the promotion of the MFS Low Carbon Transition Characteristic and consideration of certain principal adverse impact indicators by the MFS Light Green Funds can be found in the SFDR Annex and on our website ***meridian.mfs.com***.

*Portfolio Transactions and Brokerage Commissions.*

The Investment Manager seeks best execution for all Funds by executing transactions in such a manner that a Fund's total costs or proceeds in each transaction are the most favorable under the circumstances. The Investment Manager deals with broker/dealers reasonably expected to provide the most favorable execution quality under the circumstances. Subject to its obligation to seek best execution, the Investment Manager may place Fund orders with Luminex Trading & Analytics LLC, an alternative trading system in which the Investment Manager owns a small stake (i.e., less than 2 percent) of its parent company. Accordingly, there could be an economic incentive for the Investment Manager to route orders to Luminex to enhance its profitability.

In seeking best execution, the Investment Manager takes into account several factors that it considers to be relevant, which include without limitation and in no particular order, the following: price, the size of the transaction, the nature of the market of the security, the amount of the commission or "spread", the timing and potential for impact of the transaction considering market prices and trends, the reputation, experience and financial stability of the broker/dealer involved, the willingness of the broker/dealer to commit capital, the need for anonymity in the market, and the quality of services rendered by the broker/dealer in other transactions.

The Investment Manager utilizes a global investment platform built on the principle of close collaboration among members of its investment team, where research and investment ideas are shared. Investment professionals rely on their own internal research in making investment decisions even though they utilize external research provided by brokers or other research providers to help develop investment ideas. External research is also used to help understand market consensus, sentiment or perception, and identify relative inefficiencies more quickly and effectively.

The Investment Manager makes decisions on the procurement of external research separately and distinctly from decisions on the selection of brokers that execute transactions for the Funds. The Investment Manager will only execute a transaction with a broker who provides external research when, in the Investment Manager's judgment, the broker is capable of providing best execution for that transaction. However, as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)"), the Investment Manager cause certain Funds to pay a broker that provides "brokerage and research services" (as defined in Section 28(e)) an amount of commission for effecting a securities transaction for such Fund in excess of the amount other brokers would have charged for the transaction if the Investment Manager determines in good faith that the greater commission is reasonable in relation to the value of the brokerage and research services provided viewed in terms of the Investment Manager's overall responsibilities to its clients. The brokerage and research services received may be useful and of value to the Investment Manager in serving both the Fund or other client account that generated the commissions and other Funds or client accounts of the Investment Manager. Accordingly, not all of the research and brokerage services provided by brokers through which Fund securities transactions are effected may be used by the Investment Manager in connection with the Fund that generated the brokerage commissions.

The Investment Manager has undertaken to bear the costs of external research for all Funds, either by paying for external research out of its own resources, or by voluntarily reimbursing Funds from its own resources for excess commissions paid to obtain external research. For Funds subject to a regulatory prohibition on the payment of excess commissions for research, including accounts that are directly or indirectly subject to the Markets in Financial Instruments Directive in the EU or U.K. ("MiFID II accounts"), the Investment Manager will pay for external research out of its own resources. For all other Funds, the Investment Manager operates client commission arrangements that generate commission "credits" for the purchase of external research from commissions on equity trades in a manner consistent with Section 28(e). Under these arrangements the Investment Manager may cause a Fund to pay commissions in excess of what the broker or other brokers might have charged for certain transactions in recognition of brokerage and research services provided by the executing broker. The Investment Manager has voluntarily undertaken to reimburse the Funds from its own resources in an amount equal to all commission credits generated under these arrangements.

The research services obtained by the Investment Manager through the use of commission credits may include: access to corporate management; industry conferences; research field trips to visit corporate management and/or to tour manufacturing, production or distribution facilities; statistical, research and other factual information or services such as investment research reports; access to analysts; a small number of expert networks; reports or databases

containing corporate, fundamental, technical and political analyses; ESG-related information; portfolio modeling strategies; and economic research services, such as publications, chart services, and advice from economists concerning macroeconomics information, and analytical investment information about particular corporations.

Through the use of eligible brokerage and research services acquired with commission credits, the Investment Manager initially avoids the additional expenses that it would incur if it developed comparable information through its own staff or if it purchased such services with its own resources. As a result, a Fund may pay more for its transactions in the first instance than if the Investment Manager caused the Fund to pay execution only rates. However, because the Investment Manager has voluntarily undertaken to reimburse the Funds from its own resources for commission credits generated from Fund brokerage, the Investment Manager ultimately assumes the additional expenses that it would incur if it purchased external research with its own resources. If the Investment Manager determined to discontinue this voluntary undertaking, it may have an incentive to select or recommend a broker based on its interest in receiving external research rather than the Fund's interest in receiving lower commission rates.

Although the Investment Manager generally bears the costs of external research, the Investment Manager believes it generally does not pay, and therefore does not reimburse Funds, with respect to research that is made available by a broker to all of its customers and that the Investment Manager considers to be of *de minimis* value, or for external research provided by brokers in fixed income transactions that incur mark-ups, mark-downs, and other fees rather than commissions. With respect to fixed income, the Investment Manager believes that executing brokers in fixed income transactions do not charge lower mark-ups, mark-downs, commission equivalents or other fees if a Fund foregoes research services. Consequently, the Investment Manager does not believe it pays higher mark-ups, mark-downs, commission equivalents or other fees to brokers on fixed income transactions than it would if it did not receive any research services from brokers.

The Investment Manager's broker selection practices are under the supervision of the Management Company and are subject to best execution principles.

### Financial Intermediaries

The Management Company or its delegate enter into contractual arrangements with various Financial Intermediaries for the distribution of Shares of the Funds to investors in various jurisdictions or markets. Distribution Fees (including the portion of the Class P Annual Management Charge allocable for distribution services) and Service Fees, if applicable for particular Classes, are paid to the Management Company or its delegate for providing distribution and related support services, each of which may share all or a portion of such fees with

Financial Intermediaries. The Distribution Fee and Service Fee may vary by Class, the details of which are noted in the Fund Ongoing Charges section of each Fund's Fund Profile.

Financial Intermediaries that agree with the Distributor to sell Fund shares, by investing on behalf of investors, undertake and represent that they will (as applicable):

- comply with the terms of this Prospectus;
- assess the suitability and/or the appropriateness of such investment for prospective purchasers of Shares, and provide their clients with appropriate investment advice in relation to any investment in Shares, including the relevant KID and any specific information regarding the Fund and/or the Class in which the prospective purchaser will invest;
- verify the identity of investors and their beneficial owners investing in the Company by applying client identification procedures deemed by the Company or the Transfer Agent as equivalent to those required under Luxembourg laws and regulations and be properly and professionally organised to assume such duties;
- protect the Company against any breaches of investment in the Fund by Prohibited Persons;
- protect the Company against disruptive trading practices or market timing; and
- to the full extent required by applicable law, disclose to their clients, and where required obtain their clients' consent on, the existence, nature and amount of their compensation, relinquish such compensation to such clients or, as applicable, refrain from accepting any distribution fee or other cash rebate unless expressly permitted under local laws and regulations.

### *Financial Intermediary Support and Other MFS Payments*

The Financial Intermediary through which you purchase or hold Shares may receive all or a portion of the sales charges and distribution fees. In addition, the Investment Manager and/or Distributor, or one or more of their affiliates (for purposes of this section only, collectively, "MFS"), out of their own resources, may make additional cash payments to certain Financial Intermediaries as incentives to market the Funds or cooperate with MFS' promotional efforts or in recognition of their marketing, administrative support and/or transaction processing services.

MFS compensates Financial Intermediaries based on criteria established by MFS from time to time, including the distribution potential of the Financial Intermediary, the types of products and programs offered by the Financial

Intermediary, eligibility for placement on the Financial Intermediary's preferred or recommended list, the financial and contractual terms with the Financial Intermediary, the level and/or type of marketing and administrative support provided by the Financial Intermediary, and the quality of the overall relationship with the Financial Intermediary. In particular, MFS normally considers the level of assets attributable to the Financial Intermediary, the level of redemptions by the Financial Intermediary, the level of access to the Financial Intermediary's representatives and management, the ability to educate the representatives of the Financial Intermediary about the Funds, and the number of representatives of the Financial Intermediary potentially utilizing the Funds with their clients.

MFS makes these additional payments to Financial Intermediaries for marketing support and administrative services with respect to Fund shares sold by or otherwise connected to the Financial Intermediary. MFS also makes payments to certain Financial Intermediaries to help offset the costs associated with client account maintenance support, statement preparation, and transaction processing. To the extent permitted by applicable laws and regulations, MFS may make other payments, including goodwill payments, or allow other promotional incentives or payments to Financial Intermediaries.

The types of payments described above are not exclusive and such payments can be significant to the Financial Intermediary. In addition, the compensation that Financial Intermediaries receive may vary by class of shares sold and among Financial Intermediaries. Depending upon the arrangements in place at any particular time, Financial Intermediaries may have a financial incentive to recommend a particular Fund or share class when a less expensive option with the same or similar characteristics is available or to recommend MFS funds instead of other funds that generate less or no compensation for the Financial Intermediary. Likewise, such compensation could create incentives for the Financial Intermediary to hold an investment longer than might be appropriate, or conversely, to make more frequent exchanges or other transactions than might be necessary. Additionally, MFS, out of its own resources, may make payments to certain institutional or other significant shareholders as an incentive to invest in the Funds. As a result, the cost to shareholders who receive such payment from MFS will generally be lower than the cost of shareholders who do not receive such payments.

Because the foregoing payments are paid by MFS and not by the Funds themselves, they are not reflected in the fees and expenses listed in each Fund's ongoing charges table in "Fund Profiles."

*Use of Nominee*

Certain Financial Intermediaries act as nominee ("Nominee") for investors purchasing Shares through their facilities. In such capacity a Nominee effects purchases, redemptions and exchanges of Shares in the Nominee's name on

behalf of individual investors, and requests the registration of such transactions on the Share records of the Company in such Nominee's name. The Nominee maintains its own records and provides the investor with individualised information as to its holdings of Shares in the Company. Except where local law or custom proscribes the practice, investors may invest directly in the Company and may choose not to avail themselves of a nominee service.

The Company draws the investors' attention to the fact that any investor will only be able to fully exercise his investor rights directly against the Company, notably the right to participate in general shareholders' meetings, if the investor is registered himself and in his own name in the shareholders' register of the Company. In cases where an investor invests in the Company through a Financial Intermediary investing into the Company in its own name but on behalf of the investor (as previously defined, a "Nominee"), it may not always be possible for the investor to exercise certain shareholder rights directly against the Company. Investors are advised to take advice on their rights.

## Independent Auditors

Ernst & Young S.A., Luxembourg, have been appointed as the Company's independent auditors. Their appointment is subject to approval at each Annual Meeting.

## Depositary

The Company has appointed State Street Bank International GmbH ("SSBI"), acting through its Luxembourg Branch ("State Street"), as its Depositary within the meaning of the 2010 Law pursuant to a Depositary Agreement dated 18 August 2016. SSBI is a limited liability company organized under the laws of Germany, having its registered office at Brienner Str. 59, 80333 München, Germany and registered with the commercial register court, Munich under number HRB 42872. It is a credit institution supervised by the European Central Bank (ECB) (Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany; +49 69 1344 1300), the German Federal Financial Services Supervisory Authority (BaFin) (Graurheindorfer Strasse 108, 53117 Bonn, Germany; +49 (0) 228 299 70 299) and the German Central Bank (Wilhelm-Epstein-Strasse 14, 60431 Frankfurt am Main, Germany; +49 69 9566-0). SSBI is a member of the State Street group of companies having as their ultimate parent State Street Corporation, a US publicly listed company. State Street is authorized by the CSSF in Luxembourg to act as depositary and is specialized in depositary, fund administration, and related services. State Street is registered in the Luxembourg Commercial and Companies' Register (RCS) under number B 148 186.

The Agreement is entered into for an unlimited duration, unless terminated by either party with 90 days' prior written notice.

Under the Depositary Agreement, State Street has been appointed as custodian of the assets of the Company, which may either be held directly by State Street, or under its responsibility, entrusted, in whole or in part, to other banking institutions or depository agents. State Street further carries out the instructions of the Board of Directors (unless they conflict with applicable law and the Company's Articles of Incorporation) and, complying with the instructions of the Board, settles any transaction relating to the purchase or disposal of the Company's assets.

In accordance with the Law, the Depositary shall:

a) ensure that the sale, issue, redemption and cancellation of Shares effected by or on behalf of the Company are carried out in accordance with the Law and with the Company's Articles of Incorporation;

b) ensure that the value of the Shares is calculated in accordance with applicable law and the Company's Articles of Incorporation;

c) ensure that in transactions involving the Company's assets any consideration is remitted to it within the usual time limits;

d) ensure that the Company's income is applied in accordance with the law and with the Company's Articles of Incorporation;

e) monitor the Company's cash and cash flows; and

f) safe-keeping of the Company's assets, including the safekeeping of financial instruments to be held in custody and ownership verification and recordkeeping in relation to other assets.

The Company will pay the Depositary a fee based on the net asset value of the Funds' month-end holdings by foreign markets and securities trades executed. The Depositary and the Company shall determine the level of the fee from time to time in light of market rates applicable in Luxembourg. Reasonable disbursements and out-of-pocket expenses incurred by the Depositary or by other banks and financial institutions to whom safekeeping of assets of the Funds is entrusted are additional to the Depositary's fee. The fee normally includes the custody fees and certain transaction charges of such banks and financial institutions. The Depositary expense incurred in a given financial year will be shown in the Annual Report of the Company for that year and is included as part of the "Other" Expenses reported in each Fund's ongoing charges table in "Fund Profiles."

*Liability of the Depositary*. In the event of a loss of a financial instrument held in custody, determined in accordance with the Law, the Depositary shall return financial instruments of identical type or the corresponding amount to the Company without undue delay.

The Depositary shall not be liable if it can prove that the loss of a financial instrument held in custody has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, pursuant to the Law.

In case of a loss of financial instruments held in custody, the shareholders may invoke the liability of the Depositary directly, or indirectly through the Company provided that this does not lead to a duplication of redress or to unequal treatment of the shareholders.

The Depositary will be liable to the Company for all other losses suffered by the Company as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Law.

The Depositary shall not be liable for consequential or indirect or special damages or losses, arising out of or in connection with the performance or non-performance by the Depositary of its duties and obligations. The Depository is indemnified by the Company against all liabilities suffered or incurred by the Depositary by reason of the proper performance of the Depositary's duties under the terms of the Depositary Agreement, except where a result of the Depositary's negligence, fraud, bad faith, willful default or recklessness of the Depositary or the loss of financial instruments held in custody.

*Delegation by the Depositary*. The Depositary has full power to delegate the whole or any part of its safe-keeping functions, but its liability will not be affected by the fact that it has entrusted to a third party some or all of the assets in its safekeeping. The Depositary's liability shall not be affected by any delegation of its safe-keeping functions under the Depositary Agreement.

The Depositary has delegated those safekeeping duties set out in under the Law of 17 December 2010, as amended, to State Street Bank and Trust Company with registered office at One Lincoln Street, Boston, Massachusetts 02111, USA, whom it has appointed as its global sub-custodian. State Street Bank and Trust Company as global sub-custodian has appointed local sub-custodians within the State Street Global Custody Network.

Information about the safe-keeping functions which have been delegated and the identification of the relevant delegates and sub-delegates are available at the registered office of the Company or at the following internet site:

www.statestreet.com/about/office-locations/luxembourg/subcustodians.html.

*Conflicts of Interest of the Depositary*. Please see the paragraph captioned "Depositary" in the section titled "Other Practical Information – Management of the Company – Conflicts of Interest" for a description of conflicts of interest as applicable to the Depositary.

## Registrar and Transfer Agent; Paying, Central Administration and Fund Accounting Agent

The Company also appoints State Street as the Luxembourg Registrar and Transfer Agent, Paying Agent, Central Administration Agent and Fund Accounting Agent under the Registrar and Transfer Agency, Administration and Paying Agency Agreement. State Street processes purchases, redemptions, exchanges and transfers of Shares and enters such transactions in the Company's Register of Shareholders. State Street also provides certain administrative and corporate secretarial services to the Company, including organizing the Annual General Meeting (or any extraordinary general meeting of shareholders), and serves as the Company's paying agent in Luxembourg. Under the above mentioned agreement, State Street has also agreed to perform certain fund accounting services for the Funds, including services relating to each Funds' net asset value determination and assisting with the preparation and filing of the Company's financial statements. Subject to Luxembourg law and regulation, some of these functions may be delegated subject to the approval of the Board and regulatory authority. State Street has delegated certain fund accounting functions to its U.S.-based affiliate, State Street Bank and Trust Company.

State Street has also delegated certain transfer agency functions to its affiliates, including International Financial Data Services Limited Partnership, International Financial Data Services (Luxembourg), S.A., and International Financial Data Services (Canada) Limited.

This appointment of State Street is for an unlimited duration, unless terminated by either party with 90 days' prior written notice provided that the Company may withdraw the State Street's mandate with immediate effect if in the best interest of Company shareholders. Under the agreement, Company indemnifies State Street against any cost, liability or other loss where State Street is acting under proper instructions, other than due to the Agent's failure to exercise reasonable care in the performance of its duties or where the loss arises from the negligence, wilful default or fraud of State Street.

The Company pays fees for such services at commercial rates agreed between the parties, together with reasonable out-of-pocket expenses, including certain networking, sub-accounting or other shareholder servicing payments. The Management Company arranges for the payment of the transfer agency fees by the Company to State Street. The amount paid to State Street for these services is included as part of the "Other" Expenses reported in each Fund's ongoing charges table in "Fund Profiles."

## Currency Administration Agent (Hedged Classes)

The Management Company has retained Brown Brothers Harriman Investor Services Limited, a private limited company organized under the laws of England and Wales, to provide certain calculation and other support services

in connection with Hedged Class hedging transactions. These services are administrative in nature and do not constitute portfolio management services.

The Hedged Classes of the Company pay fees for such services at commercial rates agreed between the parties, together with reasonable out-of-pocket expenses. The amount paid is included as part of the "Other" Expenses reported in each Fund's ongoing charges table in "Fund Profiles."

## Portfolio Holdings and Fund Information

The Company, the Management Company or the Investment Manager may periodically publish a schedule of portfolio holdings for one or more Funds at ***mfs.com***. Full portfolio holdings and top ten holdings are published at set intervals following month-end that may vary by Fund. A Fund's Portfolio holdings may be available to certain parties prior to publication at the discretion of the Board, Management Company and/or Investment Manager and subject to certain conditions (e.g. confidentiality agreements, etc.). Further, certain other Fund information may be available upon request and at the discretion of the Board, Management Company and/or the Investment Manager.

The Investment Manager has established a policy governing the disclosure of Fund portfolio holdings that it believes is reasonably designed to protect the confidentiality of the Fund's non-public portfolio holdings and prevent inappropriate selective disclosure of such holdings. Exceptions to this policy may be authorized by a senior member of the Investment Manager's legal department. Certain other accounts that are advised or sub-advised or sub-advised by the Investment Manager or its affiliates, and may have substantially similar or identical portfolio holdings to that of a Fund, are subject to different portfolio holdings disclosure policies that may permit public disclosure of portfolio holdings information in different forms and at different times, including disclosure of certain portfolio holdings each business day.

## Publication of Prices

The net asset value of each Fund's Share Class and the issue and redemption prices will be available at all times at the Management Company's registered office and at the Depositary's offices (49, Avenue J.F. Kennedy, c/o State Street Bank International GmbH, Luxembourg Branch, L-1855 Luxembourg (Tel: + 352 464010-1)). The Company may in its discretion and as required by local law publish information about the net asset value of any of its Classes of Shares or Funds at ***mfs.com*** and ***meridian.mfs.com*** in newspapers of general circulation and/or other electronic media.

## Notices

Notices of meetings of shareholders will be given in accordance with Luxembourg law and the Articles of Incorporation or as otherwise required under applicable laws where the Funds are registered. Written notice for meetings of shareholders will be given to registered shareholders at least 21 days prior to each meeting. All notices of meetings will specify the time, place and agenda of the meeting, and the quorum and voting requirements. To the extent permitted under applicable Luxembourg laws and regulations, notices regarding the Funds may be delivered via electronic means in certain circumstances or for certain accounts.

Other notices to shareholders will be available at the Company's registered office and at the Depositary's registered office and may be published on ***meridian.mfs.com***, in newspapers of general circulation and/or other electronic media.

## Financial Reporting

The Company's financial year begins on 1 February and ends on 31 January of each year. The Company's Annual Report incorporating audited financial statements is available within four months after the end of the financial year and at least two weeks before the Annual Meeting of shareholders. The Accounts of the Company are maintained in euros and comprise the accounts of each of the Funds. The Company makes available a semiannual unaudited financial report, containing a list of each Fund's holdings and their values, within two months of the date to which it applies. Such reports will be sent to registered shareholders upon request and are available on ***meridian.mfs.com***.

Separate financial statements shall be issued for each Fund. To establish the balance sheet of the Company, these financial statements shall be added, after conversion into the currency of the Company.

## Shareholder Meetings

Shareholders' meetings shall be held annually or such other date and time as determined by the Board of Directors, in Luxembourg at the Company's registered office or at such other place as is specified in the notice of meeting and in a manner provided for by Luxembourg law and in accordance with the Company's Articles of Incorporation. The Annual Meeting shall be held on the third Monday of June each year, at 10:00 a.m. local time. If such a day is a bank holiday in Luxembourg, the Annual Meeting shall be held on the next business day thereafter. Other meetings of shareholders may be held at such place and time as may be specified in the respective notices of meetings.

Resolutions concerning the interests of the shareholders of the Company shall be passed at a general meeting and resolutions concerning the particular rights of the shareholders of one specific Fund shall be passed by that Fund's Annual Meeting.

## Liquidation and Termination of a Fund or the Company

A Fund may be terminated by resolution of the Board of Directors of the Company if (i) the net asset value of a Fund is below EUR1,250,000 or its equivalent in any other currency, (ii) in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or (iii) if the Board of Directors should conclude, in light of prevailing market or other conditions (including conditions that may adversely affect the ability of a Fund to operate in an economically efficient manner) and with due regard to the best interests of shareholders, that a Fund should be terminated. In such event, the assets of the Fund shall be realised, the liabilities discharged and the net proceeds of realisation distributed to shareholders in proportion to their holding of Shares in that Fund. In such event, notice will be given in writing to registered shareholders and will be published in such newspapers as determined from time to time by the Board of Directors. The Board of Directors shall have the possibility to decide whether the Shares shall continue to be redeemed after the date of the decision to liquidate the Fund.

Notwithstanding the powers conferred to the Board of Directors, the general meeting of Shareholders of any Fund or Class within any Fund may, upon a proposal from the Board of Directors, redeem all the Shares of the relevant Fund or Class within the relevant Fund and refund to the Shareholders the Net Asset Value of their Shares determined as of the Valuation Date at which such decision shall take effect. There shall be no quorum requirements for such general meeting of Shareholders which shall decide by resolution taken by simple majority of those present or represented and voting.

The Company may be liquidated at any time by resolution of shareholders in accordance with Luxembourg law. If the capital of the Company falls below two-thirds of the required minimum capital, the Board of Directors must submit the question of dissolution of the Company to an extraordinary meeting of shareholders. The meeting does not require a quorum, and decisions are taken by simple majority of the Shares present at the meeting. If the capital falls below one-quarter of the required minimum capital, a decision regarding the dissolution of the Company may be passed by shareholders present representing one-quarter of the Shares. The meeting must be convened not later than 40 days from the day on which it appears that the capital has fallen below two-thirds or one-quarter of the minimum capital, as the case may be. The liquidation of the last remaining Fund of the Company will result in the liquidation of the Company under the conditions of the Law.

The Board may also decide to consolidate or split Shares in any Class or consolidate or split different Share Classes within a Fund. Such decision will be published in the same manner in accordance with applicable laws and regulations.

If the Company should be voluntarily liquidated, its liquidation will be carried out in accordance with Luxembourg law. In the event of the dissolution of the Company by decision of a shareholders' meeting, the liquidation shall be effected by one or several liquidators appointed by the meeting of the shareholders who shall distribute the net liquidation proceeds (after deduction of the liquidation charges and expenses) to the shareholders in proportion to their Shares held in the Company.

Within nine months after a decision of the Board to liquidate, (i) the net proceeds of liquidation corresponding to each Fund shall be distributed by the liquidators to the holders of Shares in that Fund in proportion to their holdings of Shares in that Fund, and (ii) amounts which are not claimed by shareholders of a Fund will be deposited in escrow accounts with the Caisse de Consignation of Luxembourg.

Amounts not claimed in each Fund from escrow within the period fixed by law may be liable to be forfeited in accordance with the provisions of Luxembourg law.

## Merger of Funds and Contribution of Funds to Other Undertakings for Collective Investment

A Fund may be merged with one or more other Funds by resolution of the Directors of the Company. In such event, notice of the merger will be given in writing to registered shareholders and will be published in the Luxemburger Wort in Luxembourg and in other newspapers circulating in jurisdictions in which the applicable Fund is registered as the Board of Directors may determine and each shareholder of the relevant Fund shall be given the possibility, within a period to be determined by the Board of Directors and published in the above-mentioned newspapers, to request either the repurchase of its Shares or the exchange of his Shares for Shares of the Fund issued from the merger.

The same procedures relating to Fund mergers described above will also apply to mergers of Classes of the same or separate Funds.

A Fund may be merged (within the meaning of the Law) with another Luxembourg investment fund organised under Part I of the Law by resolution of the Board of Directors of the Company in the event of special circumstances beyond its control, such as political, economic, or military emergencies, or if the Board of Directors should conclude, in light of prevailing market or other conditions, including conditions that may adversely affect the ability of a Fund to operate in an economically efficient manner, and with due regard to the best interests of shareholders, that a Fund should be contributed to another fund. In such event, such mergers will need to comply with the Company's Articles of Incorporation and relevant provision of the Law.

Notwithstanding the powers conferred to the Board of Directors, a merger (within the meaning of the Law) of the Company or a Fund may be decided by a general meeting of the Shareholders for which there shall be no quorum requirement and which will decide on such a merger and its effective date by a resolution adopted at a simple majority of the votes validly cast at such meeting. Such a merger shall be subject to the conditions and procedures imposed by the Law, in particular concerning the merger project and the information to be provided to the Shareholders.

A Fund may be contributed to an investment fund outside Luxembourg only when in compliance with the Law and any applicable local laws of the jurisdiction in which the non-Luxembourg fund is based.

## Documents

The following documents may be obtained free of charge at the Company and Depositary's registered offices during normal business hours. The Prospectus, annual and semiannual reports may be translated into other languages. In the case of any ambiguity, the English language version shall prevail to the extent permitted by applicable law.

a) the Prospectus of the Company;

b) the KID for each available Class of each Fund;

c) the periodic financial reports of the Company;

d) the Company's coordinated Articles of Incorporation;

e) the Management Company Agreement with MFS Lux;

f) the Investment Management Agreement with MFS;

g) the Depositary Agreement with State Street Bank International GmbH; and

h) the Registrar and Transfer Agency and Paying Agency Agreement with State Street Bank International GmbH

The Agreements listed above may be amended from time to time by agreement between the parties thereto. Any such agreement on behalf of the Company will be made by its Board of Directors and/or Management Company, except as noted above.

## Further Information

For further information, please contact: State Street Bank International GmbH, Luxembourg Branch 49, Avenue J.F. Kennedy, L-1855 Luxembourg Tel + 352 46-40-10-1 or Fax + 352 46-36-31 or your local agent.

## Primary Local Agents/Facilities Providers/Correspondent Banks

The following are details of the Company's representatives and local paying agents in certain countries as of the date of this Prospectus. Investors may obtain additional information from the Company's registered office upon request or may refer to any specific country addendum to this Prospectus if applicable.

Austria . . . . . Raiffeisen Bank International AG, Am Stadtpark 9, A-1030 Vienna, Austria.
Tel: +43-1-71-707-1730

Belgium . . . . . CACEIS Belgium SA/NV, Avenue du Port/Havenlaan, 86C b 320, B-1000 Brussels.
Tel: +32 2 209 2600

Denmark . . . . . Nordea Danmark, Filial af Nordea Bank Abp, Finland, Issuer Services, Securities Services, Hermes Hus, Helgeshøj Allé 33, Hoje Taastrup, DK-2630 Taastrup, Denmark.
Tel: +45 33 33 33 33

France . . . . . State Street Bank International GmbH, Paris Branch, Cœur Défense -Tour A, 100, Esplanade du Général de Gaulle, 92931 Paris La Défense Cedex, France.
Tel: +33 1 44 45 44 16

Germany . . . . . Marcard Stein & Co. AG, Ballindamm 36, 20095 Hamburg, Germany.
Tel: +49-40-32-099-224

Hong Kong . . . . . State Street Trust (HK) Limited, 68th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Tel: +852 2840 5388

Ireland . . . . . Bridge Consulting Limited, Ferry House, 48-53 Mount Street Lower, Dublin 2, Ireland D02 PT98. Tel: +353 (0)1-566-9800

Italy . . . . . AllFunds Bank S.A., via Bocchetto, 6 – 20123 Milano. +39 02 3211 7001
BNP Paribas Securities Services, Milan Branch, via Ansperto no. 5, 20123 Milano, Italy
CACEIS Bank, Italy Branch, registered office: 89-91 rue Gabriel Peri - 92120 Montrouge, France, Tel: +39 02 721 74 411 and operational headquarters: Piazza Cavour 2, 20121, Milano, Italy. Tel: +39 02 721 74 423
Societe Generale Securities Services, S.p.A., Via Benigno Crespi, 19/A-MAC 2, 20159, Milano, Italy. Tel: +39 029178.4588
State Street Bank International GmbH – Succursale Italia, Via Ferrante Aporti, 10, 20125 Milano, Italy. Tel.: +39 02 3211 7001/7002, Fax: +39 02 3211 7935

Luxembourg . . . . State Street Bank International GmbH, Luxembourg Branch, 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. Tel: +352-46-40-10-600

Netherlands . . . . CACEIS Bank, Netherlands Branch, Gustav Mahlerlaan 310-B, 1082 ME Amsterdam, The Netherlands, Tel: +31-20-530-8300

Sweden . . . . . Securities Services, Skandinaviska Enskilda Banken AB, Global Funds, RA 6, Rissneleden 110, SE-106 40 Stockholm, Sweden. Tel: +46-8763-6906/5960

Switzerland . . . . . Representative: Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland. Tel: +41-22-705-1178
Paying Agent: Banque Cantonale de Genève, 17, quai de l'Ile, 1204 Geneva, Tel: +41-22-317-2727

UK. . . . . Facilities Agent: MFS International (U.K.) Ltd., One Carter Lane, London, United Kingdom EC4V 5ER. Tel: 44 (0) 20 7429 7200

Taiwan. . . . . Master Agent: PineBridge Investments Management Taiwan Limited, 10th Floor, 144 Min Chuan East Road. Section 2 Taipei, Taiwan 10436. Tel +886-2-2516-7883

## Index Provider Information

An affiliate of the Management Company has entered into agreements with various index providers authorizing the use of certain trademarks, trade names and information in connection with the offering and/or promotion of certain of the Funds. Information regarding certain of these agreements is included below:

*Bloomberg Indices*
Bloomberg® and the Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the Bloomberg Indices (collectively "Bloomberg") and have been licensed for use for certain purposes by MFS. The Fund is not sponsored, endorsed, sold or promoted by Bloomberg. Bloomberg does not make any representation or warranty, express or implied, to the owners of or counterparties to the Fund or any member of the public regarding the advisability of investing in securities generally or in the Fund particularly. The only relationship of Bloomberg to MFS is the licensing of certain trademarks, trade names and service marks and of the Bloomberg Indices, which are determined, composed and calculated by BISL without regard to MFS or the Fund. Bloomberg has no obligation to take the needs of MFS or the owners of the Fund into consideration in determining, composing or calculating the Bloomberg Indices. Bloomberg is not responsible for and has not participated in the determination of the timing of, prices at, or quantities of the Fund to be issued. Bloomberg shall not have any obligation or liability, including, without limitation, to Fund customers, in connection with the administration, marketing or trading of the Fund. Bloomberg does not guarantee the accuracy and/or the completeness of the Bloomberg Indices or any data related thereto and shall have no liability for any errors, omissions, or interruptions therein. Bloomberg does not make any warranty, express or implied, as to results to be obtained by MFS, owners of the Fund, or any other person or entity from the use of the Bloomberg Indices or any data related thereto. Bloomberg does not make any express or implied warranties and expressly disclaims all warranties of merchantability for fitness for a particular purpose or use with respect to the Bloomberg Indices or any data related thereto. Without limiting any of the foregoing, to the maximum extent allowed by law, Bloomberg, its licensors, and its and their respective employees,

contractors, agents, suppliers, and vendors shall have to liability or responsibility whatsoever for any injury or damages whether direct, indirect, consequential, incidental, punitive or otherwise arising in connection with the Fund or Bloomberg Indices or any data or values relating thereto – whether arising from their negligence or otherwise, even if notified of the possibility thereof.

*FTSE ESPRA Nareit*
FTSE International Limited ("FTSE") © FTSE 2021. "FTSE®" is a trademark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. "FT-SE®", "FOOTSIE®" and "FTSE4GOOD®" are trademarks of the London Stock Exchange Group companies. "NAREIT®" is a trademark of the National Association of Real Estate Investment Trusts ("NAREIT"), and "EPRA®" is a trademark of the European Public Real Estate Association ("EPRA"), and all are used by FTSE International Limited ("FTSE") under licence. The FTSE All-Share 5% Capped Index is calculated by FTSE. Neither FTSE, Euronext N. V., NAREIT nor EPRA sponsor, endorse or promote this product and are not in any way connected to it and do not accept any liability. All intellectual property rights in the index values and constituent list vests in FTSE, Euronext N. V., NAREIT and EPRA. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

*ICE Data Indices*
ICE Data Indices, LLC ("ICE Data"), is used with permission. ICE Data, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE Data, its affiliates nor their respective third party suppliers shall be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. ICE Data, its affiliates and their respective third party suppliers do not sponsor, endorse or recommend MFS or its affiliates, or any of its products or services.

*JP Morgan*
Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2014, J.P. Morgan Chase & Co. All rights reserved.

*MSCI*
Morgan Stanley Capital International ("MSCI") makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

*Russell*
Frank Russell Company (“Russell”) is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company. Neither Russell nor its licensors accept any liability for any errors or omissions in the Russell Indexes and / or Russell ratings or underlying data and no party may rely on any Russell Indexes and / or Russell ratings and / or underlying data contained in this communication. No further distribution of Russell data is permitted without Russell’s express written consent. Russell does not promote, sponsor or endorse the content of this document.

*S&P Dow Jones*
“Standard & Poor’s®” and “S&P®” are registered trademarks of Standard & Poor’s Financial Services LLC (“S&P”) and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”) and have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by Massachusetts Financial Services Company. The S&P 500® is a product of S&P Dow Jones Indices LLC, and has been licensed for use by Massachusetts Financial Services Company. Massachusetts Financial Services Company's product(s) is not sponsored, endorsed, sold, or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, nor their respective affiliates make any representation regarding the advisability of investing in such product(s).

**ADDITIONAL INFORMATION FOR INVESTORS IN THE FEDERAL REPUBLIC OF GERMANY**

Marcard Stein & Co AG
Ballindamm 36
20095 Hamburg

has been appointed by the MFS Meridian Funds as facility agent for Germany (hereinafter referred to as the "**German Facility**").
Investors may obtain from the German Facility information relevant to the tasks that the German Facility performs in a durable medium.

In addition to the general redemption procedures investors of the Federal Republic of Germany are also allowed to submit redemption requests in relation to their investment Shares to the German Facility. After the redemption request has been reviewed and the redemption proceeds have been made available by the Management Company the German Facility will forward to the shareholder the corresponding amount to an account designated by the shareholder and held in the shareholder's name. Furthermore, shareholders may also submit requests for Shares to be switched to the German Facility.

Investors in the Federal Republic of Germany may also request that any further payments to be made to shareholders from the Funds' assets (such as dividend distributions) be routed through the German Facility. In this case, the German Facility will forward such payments to an account designated by the shareholder and held in the shareholder's name.

Any of the aforementioned payments or switching of Shares are exclusive of any tax to be deducted.

In addition, Investors may obtain information from the German Facility on how subscription, payment, conversion and redemption order of investors can be made and how redemption proceeds are paid.

Procedures and arrangements in relation to the exercise and safeguarding of investor rights under Art. 15 of Directive 2009/65/EC, have been established and investors can obtain information in this regard from the German Facility. Further information on the MFS Complaint Handling Process can be found on page 348 of the Company's Prospectus.

Investors in the Federal Republic of Germany may obtain the Company's Prospectus, the PRIIPs Key Information Documents of the Funds, the Company's coordinated Articles of Incorporation, the most recent Annual Report as well as the most recent semi-annual Report free of charge from the German Facility either by regular mail or electronically. The current subscription and redemption prices of the share classes specified below are also available from the German Facility free of charge. Additionally, the current subscription and redemption prices of the Funds' following

| **Name of MFS Meridian Fund** | **Share class** |
|---|---|
| Asia Ex-Japan Fund | A1USD, A1EUR, C1USD, I1USD, I1GBP, N1USD, W1 USD |
| Blended Research® European Equity Fund | A1USD, A1EUR, I1EUR, I1GBP, I1USD; W1EUR, WH1GBP, AH1USD, C1USD, CH1USD, IH1USD, N1USD, NH1USD, W1USD, WH1USD, IF1EUR |

| | |
|---|---|
| Continental European Equity Fund | A1USD, A1EUR, A1GBP, C1USD, I1GBP, I1USD, N1USD, W1EUR, WH1GBP, W1USD, I1EUR, IF1EUR, IF1GBP |
| Contrarian Value Fund | A1USD, A1EUR, AH1EUR, C1USD, N1USD, W1USD, W1EUR, W1GBP, WH1GBP, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP, WSH1EU, WSH1CHF, WS1USD |
| Diversified Income Fund | A1USD, AH1EUR, AH2EUR, A2USD, C1USD, C2USD, I1USD, IH1EUR, N1USD, N2USD, W1USD, W1EUR W2USD, WH1GBP, WH1EUR, A4EUR, AH4EUR |
| Emerging Markets Debt Fund | A1USD, A1EUR, AH1EUR, AH2EUR, A1GBP, A2USD, C1USD, C2USD, I1USD, IH1CHF, IH1EUR, I1GBP, I2GBP, IH2EUR, ISM1US, ISH1EU, N1USD, N2USD, W1USD, W1EUR, WH1GBP, WH1EUR, W2USD, WH2GBP, WH2EUR, WS1USD¸ WSH1EU, ISH2EU |
| Emerging Markets Debt Local Currency Fund | A1USD, A1EUR, A2USD, C1USD, C2USD, I1USD, N1USD, N2USD, W1USD, W2USD, WH1GBP, WH1EUR |
| Emerging Markets Equity Fund | A1USD, A1EUR, C1USD, I1USD, I1EUR, I1GBP, N1USD, WH1GBP, WH1EUR, W1USD, I2EUR |
| Emerging Markets Equity Research Fund | A1USD, AH1EUR, C1USD, N1USD, W1USD, WH1GBP, WH1EUR, I1USD, I1EUR, I1GBP, IH1EUR |
| Euro Credit Fund | A1USD, A1EUR, A2USD, A2EUR, C1USD, C2USD, N1USD, W1USD, W1EUR, W1GBP, I1USD, I1EUR, I1GBP, IF1EUR |
| European Core Equity Fund | A1USD, A1EUR, CH1USD, C1USD, I1EUR, I1GBP, I1USD, N1USD, NH1USD, W1GBP, W1EUR, WH1GBP, W1USD, AH1USD, WH1USD |
| European Research Fund | A1USD, A1EUR, AH1USD, C1USD, CH1USD, I1USD, I1EUR, I1GBP, IH1USD, N1USD, NH1USD, W1EUR, WH1GBP, W1USD, WH1USD, I3EUR, P1EUR |
| European Smaller Companies Fund[1] | A1USD, A1EUR, AH1USD, C1USD, CH1USD, I1EUR, I1USD, IH1USD, N1USD, NH1USD, W1EUR, W1USD, WH1USD |
| European Value Fund[2] | A1USD, A1EUR, A1GBP, AH1CHF, AH1USD, I1EUR, I1GBP, I1USD, IH1USD, N1EUR, N1USD, W1GBP, W1EUR, W1USD, WH1GBP, WH1CHF, WH1USD |
| Global Credit Fund | A1USD, A1EUR, AH1EUR, A2USD, C1USD, C2USD, I1USD, I1GBP, N1USD, N2USD, W1USD, WH1EUR, WH1GBP, W2USD,, IF1USD |
| Global Concentrated Fund | A1USD, A1EUR, C1USD, I1USD, I1EUR, I1GBP, N1USD, W1GBP, W1USD, WH1GBP, WH1EUR, W1EUR |
| Global Equity Fund | A1USD, A1EUR, A1GBP, C1USD, I1USD, I1EUR, I1GBP, N1USD, W1GBP, W1USD, WH1GBP, WH1EUR, AH1EUR, IH1EUR, W1EUR |
| Global Equity Income Fund | A1USD, AH1EUR, A2USD, AH2EUR, C1USD, C2USD, N1USD, N2USD, W1USD, W2USD, WH1GBP, I1USD, I1EUR, IH1EUR, WH1EUR, IF1USD |
| Global High Yield Fund | A1USD, A1EUR, A2USD, A2EUR, AH2EUR, C1USD, C2USD, I1USD, N1USD, N2USD, W1USD, W2USD, WH1GBP, WH1EUR |
| Global Intrinsic Value Fund | A1USD, A1EUR, AH1EUR, C1USD, N1USD, W1USD, W1GBP, WH1GBP, W1EUR, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP, P1EUR, PH1EUR |

[1] With regard to the suspension of the issuance of shares of that fund, please note the further information included on page 67 of the sales prospectus.
[2] With regard to the suspension of the issuance of shares of that fund, please note the further information included on page 73 of the sales prospectus.

| | |
|---|---|
| Global New Discovery Fund | A1USD, A1EUR, AH1EUR, C1USD, N1USD, W1USD, W1GBP, WH1GBP, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP, IF1USD |
| Global Opportunistic Bond Fund | A1USD, A2USD, A1EUR, AH1EUR, AH2EUR, C1USD, C2USD, I1USD, IH1EUR, IH1GBP, N1USD, N2USD, W1USD, W2USD, WH1GBP, WH1EUR, W1EUR, I2USD, IH2GBP, IH2EUR, P1EUR, PH1EUR, IS1USD, ISH1EU, WS1USD, WSH1EU |
| Global Research Focused Fund | A1USD, A1EUR, C1USD, I1USD, I1EUR, I1GBP, N1USD, W1USD |
| Global Strategic Equity Fund | A1EUR, A1USD, C1USD, AH1EUR, I1EUR, I1GBP, I1USD, IH1EUR, N1USD, W1USD, WH1EUR, WH1GBP, IF1USD |
| Global Total Return Fund | A1USD, A1EUR, AH1EUR, AH2EUR, A1GBP, A2USD, C1USD, C2USD, I1USD, I1GBP, IH1EUR, N1USD, N2USD, WH1GBP, W1USD, W1EUR, W2USD, WH1EUR, A4EUR, AH4EUR, P1EUR, PH1EUR, P1USD |
| Inflation-Adjusted Bond Fund | A1USD, A2USD, C1USD, C2USD, I1USD, N1USD, N2USD, W1USD, W2USD, IH1EUR |
| Japan Equity Fund | A1USD, A1EUR, C1USD, I1USD, I1EUR, N1USD, I1GBP, W1USD |
| Limited Maturity Fund | A1USD, A2USD, C1USD, C2USD, I1USD, N1USD, N2USD, W1USD, W2USD, A1EUR |
| Managed Wealth Fund | A1USD, AH1EUR, C1USD, N1USD, W1USD, WH1GBP, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP |
| Prudent Capital Fund | A1USD, A1EUR, AH1EUR, C1USD, N1USD, W1USD, W1GBP, WH1GBP, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP, A4EUR, AH4EUR, W1EUR, P1EUR, PH1EUR, P1USD, AH1CHF, WH1CHF |
| Prudent Wealth Fund | A1USD, A1EUR, AH1EUR, C1USD, I1USD, I1EUR, I1GBP, IH1EUR, N1USD, W1GBP, W1USD, WH1GBP, WH1EUR, W1EUR |
| U.K. Equity Fund | A1USD, A1GBP, C1USD, I1GBP, I1USD, I2GBP, N1USD, W1GBP, W2GBP, W1USD |
| U.S. Concentrated Growth Fund | A1USD, C1USD, I1USD, I1GBP, N1USD, W1USD, WH1GBP, WH1EUR |
| U.S. Corporate Bond Fund | A1USD, A2USD, AH1EUR, C1USD, C2USD, I1USD, IH1EUR, N1USD, N2USD, W1USD, W2USD, WH1EUR, WH1GBP |
| U.S. Government Bond Fund | A1EUR, A1USD, A2USD, AH1EUR, C1USD, C2USD, I1USD, N1USD, N2USD, W1USD, W2USD, IH2EUR |
| U.S. Growth Fund | A1USD, AH1EUR, C1USD, N1USD, W1USD, WH1GBP, WH1EUR, I1USD, I1EUR, IH1EUR, I1GBP |
| U.S. Total Return Bond Fund | A1USD, A2USD, AH1EUR, C1USD, C2USD, I1USD, IH1EUR, N1USD, N2USD, W1USD, W2USD, WH1GBP, WH1EUR |
| U.S. Value Fund | A1USD, AH1EUR, C1USD, I1USD, I1EUR, IH1EUR, I1GBP, N1USD, W1USD, WH1GBP, WH1EUR |

Furthermore, the following documents can be inspected at the German Facility free of charge:

- the Management Company Agreement with MFS Lux;
- the Investment Management Agreement with MFS;
- the Custodian Agreement with State Street Bank International GmbH, Luxembourg Branch;
- the Registrar and Transfer Agency and Paying Agency Agreement with State Street Bank International GmbH, Luxembourg Branch;
- details of the Company's remuneration policy.

Notifications to shareholders in Germany will be published in the Federal Gazette (*Bundesanzeiger*). In addition to a publication in the Federal Gazette shareholders will be informed via a durable medium in German language in accordance with Section 167 of the German Investment Act about the following changes:

- the suspension of redemption of a Fund's Shares;
- the termination of the management of a Fund or the liquidation thereof;
- changes being made to the Company's coordinated Articles of Incorporation or Prospectus which are not in compliance with the existing investment principles or changes that are disadvantageous for investors and which either affect material investor rights or which relate to fees and cost refunds that may be withdrawn from a Fund;
- the merger of a Fund; and,
- where applicable, the conversion of a Fund into a feeder fund and a change of a master.

For questions on the tax impact of an investment in the Company investors should contact their tax advisor.

Information on MFS Complaint Handling Process

**MFS Investment Management Company (Lux) S.à r.l.** ("**MFS**") serves as the management company of **MFS Meridian Funds** and **MFS Investment Funds**.

The purpose of this document is to provide clear, precise and up-to-date information on the MFS complaint handling process in accordance with Luxembourg regulation. The process is intended to ensure complaints are adequately and promptly addressed.

Addressing a Complaint

A shareholder may report a complaint to the funds' transfer agent State Street Bank International GmbH, Luxembourg Branch (the "**Transfer Agent**") free of charge, by mail, email or phone:

**Mail:** MFS Meridian Funds or MFS Investment Funds (as applicable)
c/o State Street Bank International GmbH, Luxembourg Branch
49 Avenue J.F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

**Telephone:** *Germany:* +352-46-40-10-600

**Email:** *Germany:* MFSquerydesk@statestreet.com

The complaint should indicate the first and last name and contact details of the shareholder (and, if applicable, the shareholder's legal representative). It should explain in detail the facts surrounding the complaint and include any supporting documentation. If a shareholder holds the investment indirectly, i.e., through a Financial Intermediary, it is recommended that the shareholder submit the complaint through that Financial Intermediary.

Timeframe and Process

The complaint will be acknowledged within 10 business days of receipt and will inform the shareholder of the name and contact details of the person in charge of the complaint.

MFS (or the Transfer Agent on its behalf) will use best efforts to provide the shareholder with its answer within one month from the date of receiving the complaint. If MFS believes it will exceed this period, the shareholder will be informed of the causes of the delay and the date by which MFS' answer is likely to be provided.

Following this, if the shareholder believes he or she did not receive a satisfactory answer, the shareholder will be provided the necessary contact information to escalate the complaint to the level of MFS management.

Where the complaint handling at the level of management does not result in a satisfactory answer, MFS will provide a full explanation of its position. The shareholder may elect to pursue the out-of-court complaint resolution procedure of the CSSF, and MFS will provide information on how to do this in such event.

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – Blended Research European Equity Fund ("MFS Blended Research European Equity Fund")**
**Legal entity identifier: 54930067ZHQOV0SGFJ15**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 November 2022, the MFS Blended Research European Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Blended Research Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Blended Research European Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Blended Research European Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Blended Research European Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Blended Research European Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Blended Research European Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Blended Research European Equity Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and**

**energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Blended Research European Equity Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Blending fundamental with quantitative research and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Blended Research European Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Blended Research European Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date.

However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Blended Research European Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Blended Research European Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Blended Research European Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Blended Research European Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

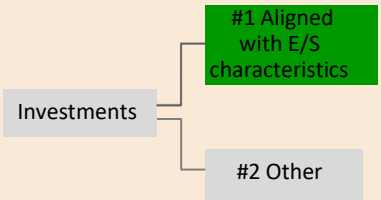
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Blended Research European Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of

As set forth and further detailed in the Prospectus Fund Profile, the MFS Blended Research European Equity Fund invests primarily (at least 70%) in European equity securities. The MFS Blended Research European Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Blended Research European Equity Fund (i.e. # 1) from the Transition Date. As of 31 July 2022, equity securities represented 98.64% of the total assets of the portfolio of the MFS Blended Research European Equity Fund

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Blended Research European Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Zero. The MFS Blended Research European Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

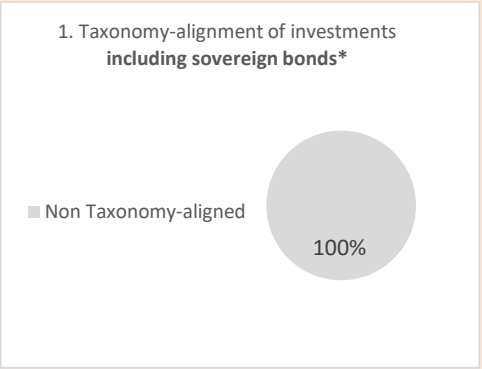
☐ Yes:

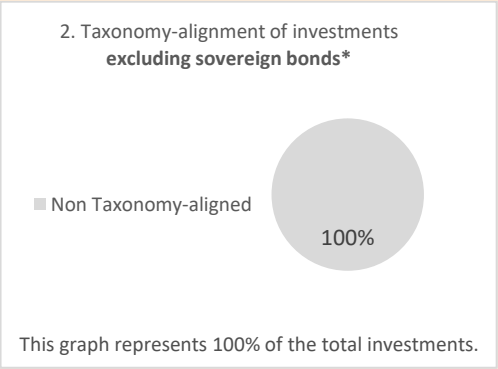
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Blended Research European Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Blended Research European Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Zero. The MFS Blended Research European Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Blended Research European Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Blended Research European Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS Blended Research European Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – Continental European Equity Fund ("MFS Continental European Fund")**
**Legal entity identifier: GY33BV78RICKYR2RFZ08**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Continental European Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Continental European Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Continental European Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Continental European Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Continental European Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Continental European Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Continental European Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Continental European Equity.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies**

principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Continental European Equity Fund 's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Continental European Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the

MFS Continental European Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Continental European Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Continental European Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Continental European Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Continental European Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

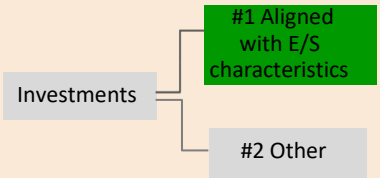
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Continental European Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Continental European Equity Fund invests primarily (at least 70%) in continental European equity securities. The MFS Continental European Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Continental European Equity Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 97.90% of the total assets of the portfolio of the MFS Continental European Equity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Continental European Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Continental European Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

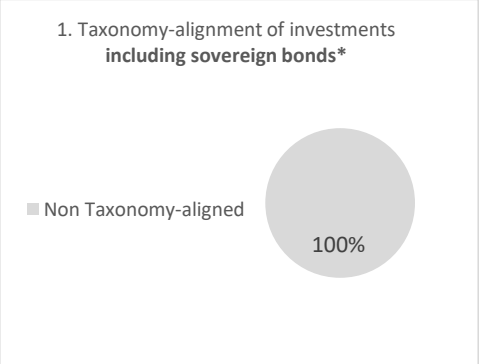
☐ Yes:

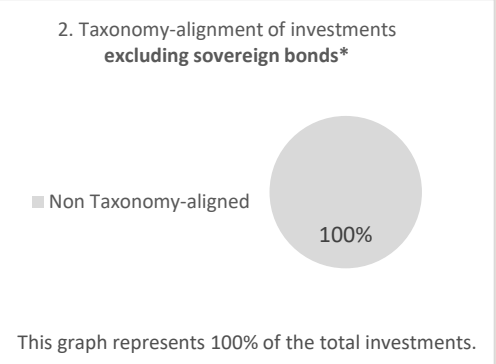
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Continental European Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Continental European Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Continental European Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Continental European Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Continental European Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Continental European Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Contrarian Value Fund ("MFS Contrarian Value Fund") Legal entity identifier: 549300MK0DQR28Y1H769**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Contrarian Value Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Contrarian Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Contrarian Value Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Contrarian Value Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Contrarian Value Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Contrarian Value Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Contrarian Value Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Contrarian Value Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions

Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Contrarian Value Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Contrarian Value Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Contrarian Value Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Contrarian Value Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Contrarian Value Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Contrarian Value Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Contrarian Value Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

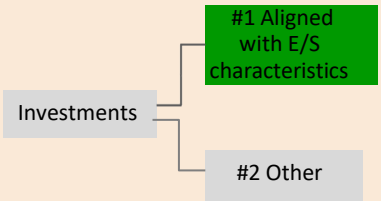
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Contrarian Value Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Contrarian Value Fund invests primarily (at least 70%) in continental European equity securities. The MFS Contrarian Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Contrarian Value Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 94.61% of the total assets of the portfolio of the MFS Contrarian Value Fund.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Contrarian Value Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Zero. The MFS Contrarian Value Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

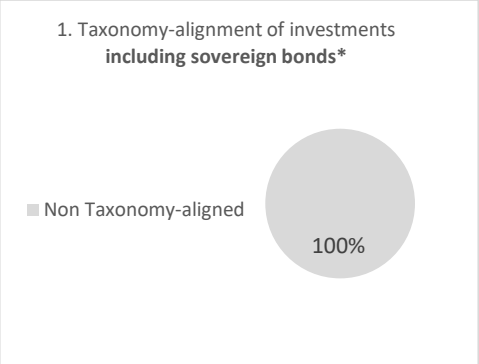
☐ Yes:

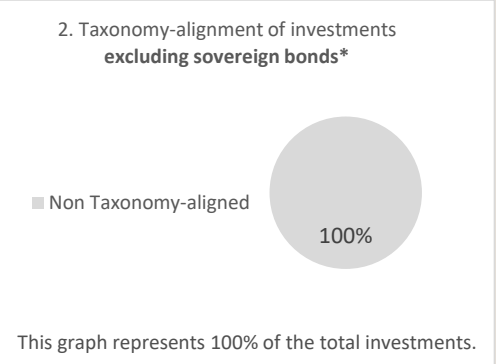
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Contrarian Value Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Contrarian Value Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Zero. The MFS Contrarian Value Fund does not aim or commit to invest in sustainable investments with an environmental objective.

**What is the minimum of sustainable investments with a social objective?**

Zero. The MFS Contrarian Value Fund does not aim or commit to invest in sustainable investments with a social objective.

**What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?**

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Contrarian Value Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Contrarian Value Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**

meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Diversified Income Fund ("MFS Diversified Income Fund")**
**Legal entity identifier: 549300Y5OY3WDN3PCL65**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 November 2022, the MFS Diversified Income Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Diversified Fund will aim to have at least 50% of the equity securities and 50% of the corporate debt instruments (as applicable) in the portfolio invested in equity issuers and corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Diversified Income Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Diversified Income Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology in the website disclosure (see link below).

Please note that these sustainability indicators are used to measure the attainment of the MFS Low Carbon Transition Characteristic of equity securities and corporate debt instruments separately and not on an aggregated basis.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Diversified Income Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Diversified Income Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Diversified Income Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG)

factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Diversified Income Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Diversified Income Fund's investment objective of total return with an emphasis on current income and also considering capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor equity issuers and corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage equity issuers and corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers and corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers and corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity securities and corporate debt instruments in the portfolio of the MFS Diversified Income Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) falls below the 50% climate

criteria threshold after the Transition Date, MFS Investment professionals will undertake a review of the portfolio and an implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning in respect of the equity portion of the portfolio may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. MFS Investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% climate criteria target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with Corporate Debt Issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Total Return Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Diversified Income Fund may remain below the 50% climate criteria threshold temporarily. In making portfolio adjustments in respect of equity securities and corporate debt instruments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Diversified Income Fund.

Information on the extent to which the MFS Diversified Income Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Diversified Income Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers and corporate debt issuers on the climate criteria before and beyond the Transition Date; applying the climate criteria to equity securities and corporate debt instruments in the portfolio of the MFS Diversified Income Fund with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments invested in equity Issuers and corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities and / or the corporate debt instruments of the portfolio fall below their respective 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Diversified Income Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

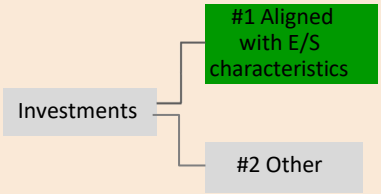
***What is the policy to assess good governance practices of the investee companies?***

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders / creditors, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static

and evolve within the broader environment in which equity issuers and corporate debt issuers operate. The MFS investment professionals assess and monitor the governance practices of the equity issuers and corporate debt issuers in which the MFS Diversified Income Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry norms. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers and corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables the MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer and corporate debt issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Diversified Income Fund invests primarily in a broad range of debt instruments and equity securities of issuers located in developed and emerging markets, including convertible securities and real estate-related investments. Where the MFS Diversified Income Fund makes investments in equity securities and corporate debt instruments, the MFS Diversified Income Fund will aim to have at least 50% of the equity portion of the portfolio and 50% of the corporate debt portion of the portfolio, as applicable, invested in equity issuers and / or corporate debt issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Diversified Income Fund (i.e. # 1) from the Transition Date. As of 31 October 2022, equity securities represented 30.84% of the total assets of the portfolio and corporate debt instruments represented 41.08% of the total assets of the MFS Diversified Income Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS Diversified Income Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Diversified Income Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

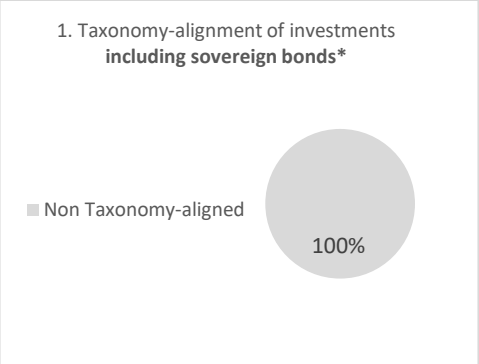
☐ Yes:

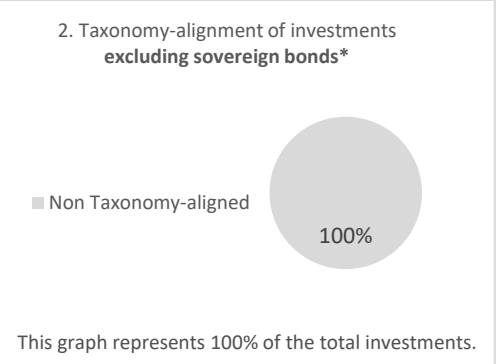
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Diversified Income Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

### *What is the minimum share of investments in transitional and enabling activities?*

Zero. The MFS Diversified Income Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Diversified Income Fund does not aim or commit to invest in sustainable investments with an environmental objective.

### What is the minimum of sustainable investments with a social objective?

Zero. The MFS Diversified Income Fund does not aim or commit to invest in sustainable investments with a social objective.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Diversified Income Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Diversified Income Fund is aligned with the MFS Low Carbon Transition Characteristic.

### Where can I find more product specific information online?

**More product-specific information can be found on the website:**

meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – European Core Equity Fund ("MFS European Core Equity Fund")**
**Legal entity identifier: 6Y75067IIDSWFOENA317**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS European Core Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS European Core Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS European Core Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS European Core Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS European Core Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS European Core Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS European Core Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS European Core Equity.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS European Core Equity Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS European Core Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS European Core Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this

would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS European Core Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS European Core Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS European Core Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS European Core Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

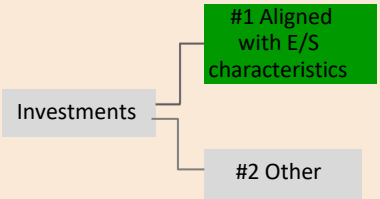
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS European Core Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS European Core Equity Fund invests primarily (at least 70%) in European equity securities. The MFS European Core Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS European Core Equity Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 98.87% of the total assets of the portfolio of the MFS European Core Equity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS European Core Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS European Core Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

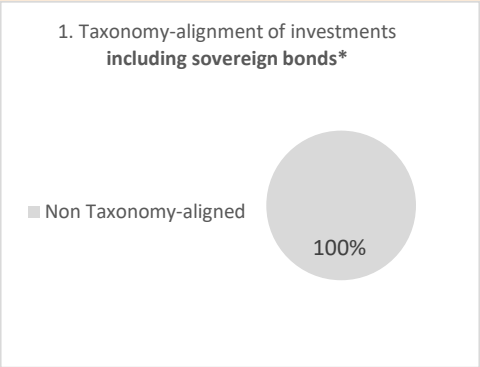
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

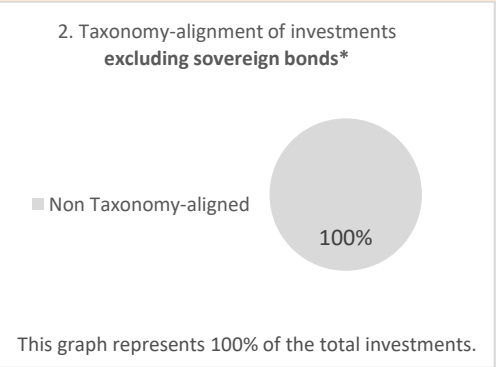
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS European Core Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS European Core Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS European Core Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS European Core Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS European Core Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS European Core Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Euro Credit Fund ("MFS Euro Credit Fund")**
**Legal entity identifier: 549300DZGNNNNMSY602**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Euro Credit Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Euro Credit Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Euro Credit Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Euro Credit Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

Please note that these sustainability indicators are used to measure the attainment of the MFS Low Carbon Transition Characteristic of equity securities and corporate debt instruments separately and not on an aggregated basis.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Euro Credit Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Euro Credit Fund does not have sustainable investments as its objective.

The MFS Euro Credit Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Euro Credit Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will

engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Euro Credit Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS Euro Credit Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Euro Credit Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Euro Credit Fund may remain below the 50% climate criteria threshold temporarily.

Information on the extent to which the MFS Euro Credit Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Euro Credit Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS Euro Credit Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Euro Credit Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

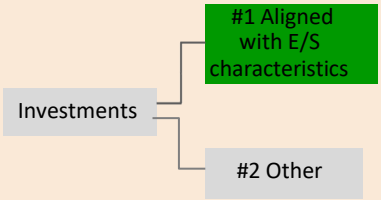
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS Euro Credit Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Euro Credit Fund invests primarily (at least 70%) in investment grade Euro corporate debt instruments. The MFS Euro Credit Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Euro Credit Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, corporate debt instruments represented 86.8% of the total assets of the MFS Euro Credit Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Euro Credit Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Euro Credit Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

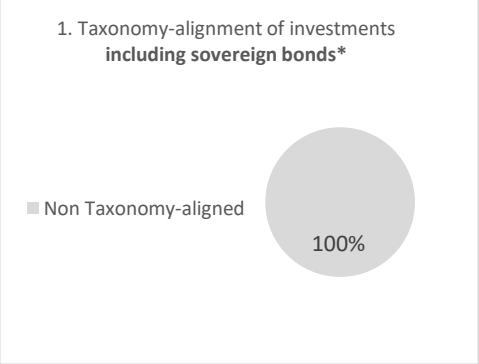
☐ Yes:

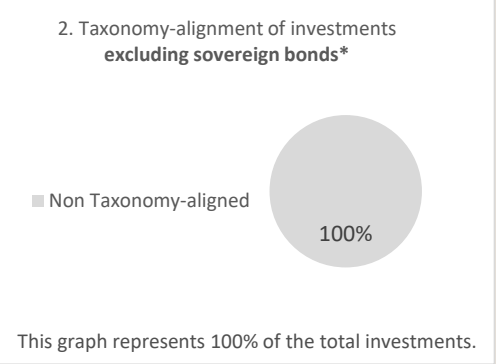
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Euro Credit Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Euro Credit Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Euro Credit Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Euro Credit Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the corporate debt instruments in the portfolio of the MFS Euro Credit Fund from the Transition Date. For those corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Euro Credit Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – European Research Fund ("MFS European Research Fund") Legal entity identifier: S9K235E4P9KO3JXU6G54**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS European Research Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS European Research Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS European Research Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS European Research Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS European Research Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS European Research Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS European Research Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS European Research Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and**

**energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS European Research Fund 's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS European Research Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS European Research Fund. MFS investment professionals may also choose to invest in equity issuers

that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS European Research Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS European Research Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS European Research Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS European Research Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

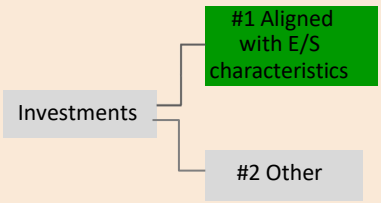
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS European Research Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS European Research Fund invests primarily (at least 70%) in European equity securities. The MFS European Research Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS European Research Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 99.21% of the total assets of the portfolio of the MFS European Research Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS European Research Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS European Research Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

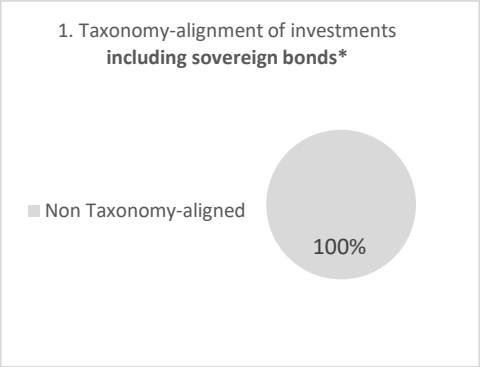
### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

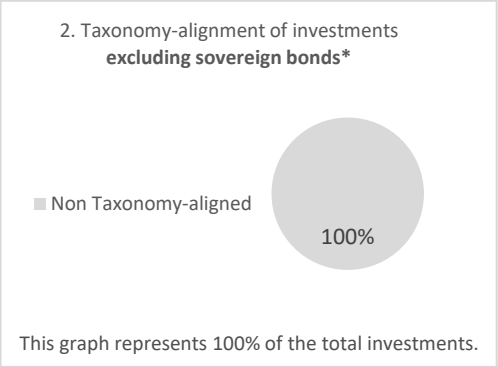
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS European Research Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

### *What is the minimum share of investments in transitional and enabling activities?*

Zero. The MFS European Research Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS European Research Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS European Research Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS European Research Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS European Research Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – European Smaller Companies Fund ("MFS European Smaller Companies Fund")**
**Legal entity identifier: V0CTT9HXYER2M74L6515**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS European Smaller Companies Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS European Smaller Companies Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS European Smaller Companies Fund.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS European Smaller Companies Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS European Smaller Companies Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS European Smaller Companies Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS European Smaller Companies Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

✖ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS European Smaller Companies Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS European Smaller Companies Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS European Smaller Companies Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS European Smaller Companies Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date.

However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS European Smaller Companies Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS European Smaller Companies Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS European Smaller Companies Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS European Smaller Companies Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

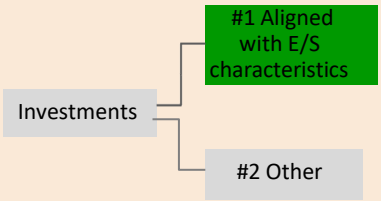
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS European Smaller Companies Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS European Smaller Companies Fund invests primarily (at least 70%) in equity securities of European smaller companies. The MFS European Smaller Companies Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS European Smaller Companies Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 94.66% of the total assets of the portfolio of the MFS European Smaller Companies Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS European Smaller Companies Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

### To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS European Smaller Companies Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

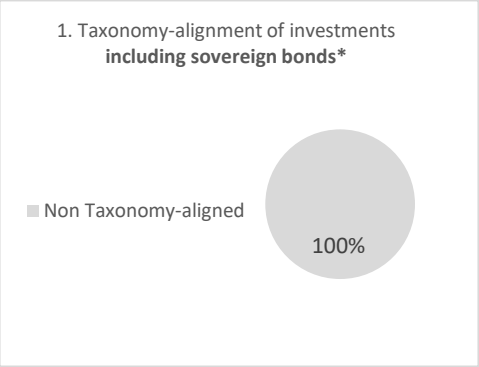
☐ Yes:

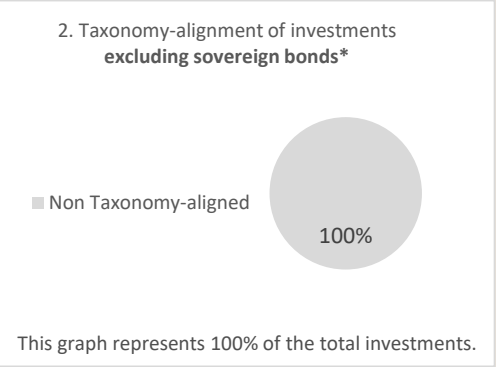
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS European Smaller Companies Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### *What is the minimum share of investments in transitional and enabling activities?*

Zero. The MFS European Smaller Companies Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS European Smaller Companies Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS European Smaller Companies Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS European Smaller Companies Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS European Smaller Companies Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**

meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – European Value Fund ("MFS European Value Fund")**
**Legal entity identifier: FOW0N0ZBCI2YVLH77334**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS European Value Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS European Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS European Value Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS European Value Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS European Value Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS European Value Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS European Value Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS European Value Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS European Value Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS European Value Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS European Value Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would

only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS European Value Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS European Value Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS European Value Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS European Value Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

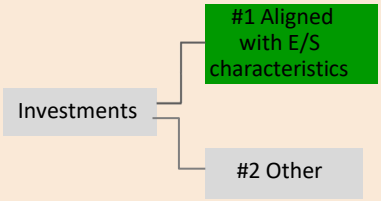
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS European Value Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS European Value Fund invests primarily (at least 70%) in European equity securities. The MFS European Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristic promoted by the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS European Value Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 98.61% of the total assets of the portfolio of the MFS European Value Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS European Value Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS European Value Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

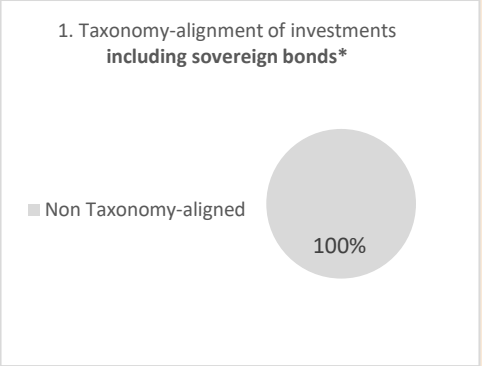
☐ Yes:

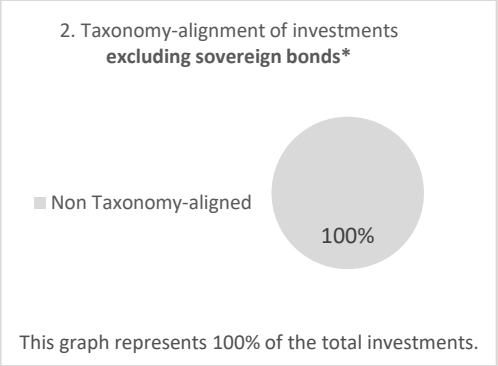
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS European Value Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS European Value Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS European Value Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS European Value Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS European Value Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS European Value Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Where can I find more product specific information online? More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Concentrated Fund ("MFS Global Concentrated Fund") Legal entity identifier: BMRY0ZKI2EE3QEBKPG73**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Concentrated Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Concentrated Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Concentrated Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Concentrated Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Concentrated Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Concentrated Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Concentrated Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Concentrated Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to**

**active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Concentrated Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Concentrated Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the

MFS Global Concentrated Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Concentrated Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Concentrated Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Concentrated Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy*?**

Not applicable. The MFS Global Concentrated Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

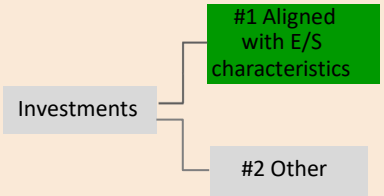
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Concentrated Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Concentrated Fund invests primarily (at least 70%) in equity securities. The MFS Global Concentrated Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Concentrated Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 98.81% of the total assets of the portfolio of the MFS Global Concentrated Fund

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Concentrated Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Zero. The MFS Global Concentrated Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

**Enabling activities** directly enable other activities to make a substantial

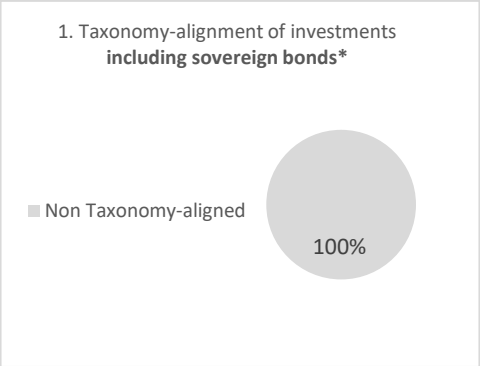
☐ Yes:

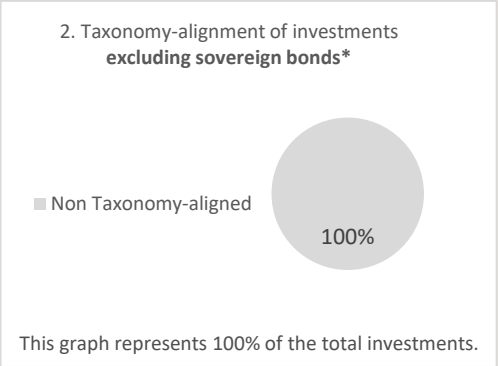
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Concentrated Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Concentrated Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Zero. The MFS Global Concentrated Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Concentrated Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Concentrated Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Concentrated Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Where can I find more product specific information online? More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – Global Credit Fund ("MFS Global Credit Fund")**
**Legal entity identifier: N3QJ8XUW2UNVZ3ZBYQ23**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Credit Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by ``this product. In particular, the MFS Global Credit Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "**Transition Date**").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Credit Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Credit Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Credit Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Credit Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Credit Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Credit Fund.
To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the

**GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Credit Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS Global Credit Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global

Credit Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Global Credit Fund may remain below the 50% climate criteria threshold temporarily.

Information on the extent to which the MFS Global Credit Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Credit Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS Global Credit Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

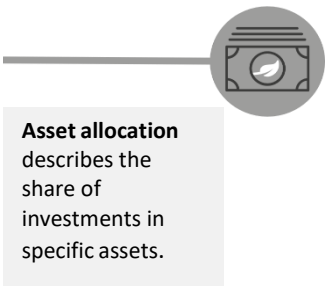
Not applicable. The MFS Global Credit Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

***What is the policy to assess good governance practices of the investee companies?***

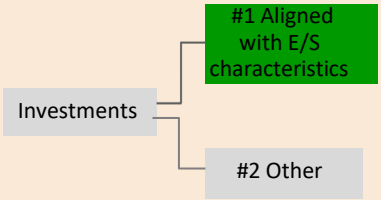
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS Global Credit Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?



**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Credit Fund invests primarily (at least 70%) in investment grade instruments. The MFS Global Credit Fund generally focuses its investments in investment grade corporate debt instruments. The MFS Global Credit Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Credit Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, corporate debt instruments represented 82.65% of the total assets of the MFS Global Credit Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Credit Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Zero. The MFS Global Credit Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

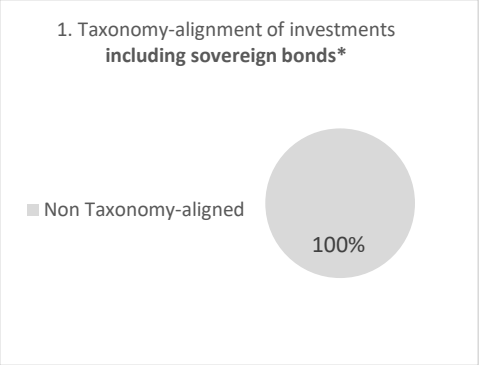
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

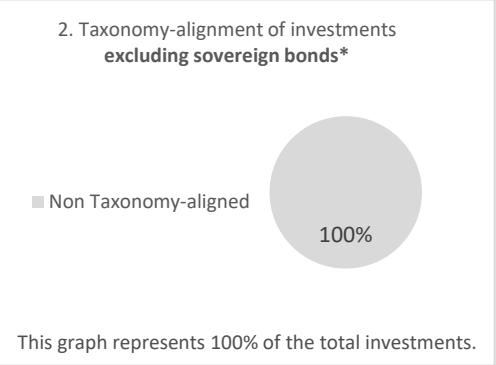
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Credit Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

**What is the minimum share of investments in transitional and enabling activities?**

Zero. The MFS Global Credit Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

**What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?**

Zero. The MFS Global Credit Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Credit Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the corporate debt instruments in the portfolio of the MFS Global Credit Fund from the Transition Date. For those corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS Global Credit Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Equity Fund ("MFS Global Equity Fund")**
**Legal entity identifier: YAHWU2BYOY7SCHWC8I94**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Equity Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions

Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Equity Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS

Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy

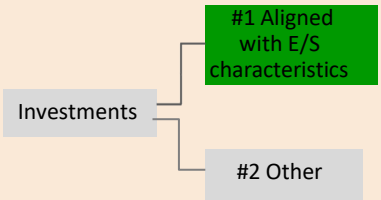
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Equity Fund invests primarily (at least 70%) in equity securities. The MFS Global Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Equity Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 99.42% of the total assets of the portfolio of the MFS Global Equity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

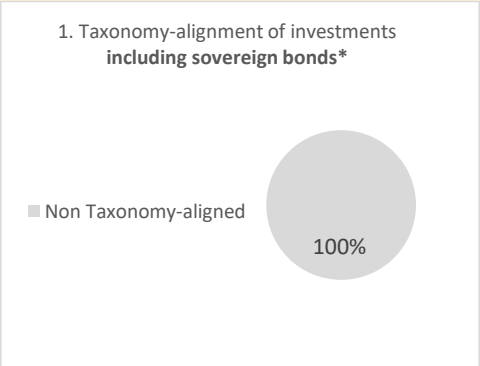
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

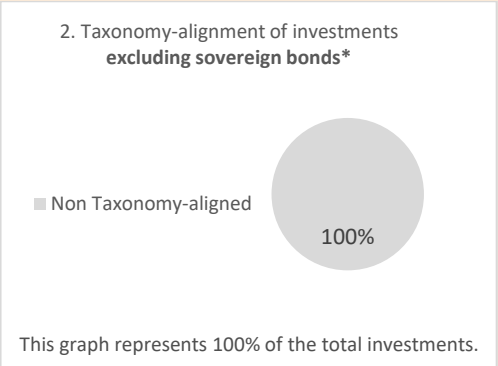
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the**

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Equity Income Fund ("MFS Global Equity Income Fund")**
**Legal entity identifier: 22210022D2KOHO5J2W88**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 November 2022, the MFS Global Equity Income Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Equity Income Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Equity Income Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Equity Income Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Equity Income Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Equity Income Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Equity Income Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Equity Income Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and**

**energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Equity Income Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Equity Income Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Equity Income Fund. MFS investment professionals may also choose to invest in equity

issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Equity Income Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Equity Income Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Equity Income Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Equity Income Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

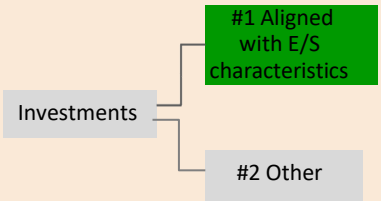
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Equity Income Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Equity Income Fund invests primarily (at least 70%) in equity securities of companies located in developed and emerging market countries. The MFS Global Equity Income Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Equity Income Fund (i.e. # 1) from the Transition Date. As of 31 July 2022, equity securities represented 100.62% of the total assets of the portfolio of the MFS Global Equity Income Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Equity Income Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Equity Income Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

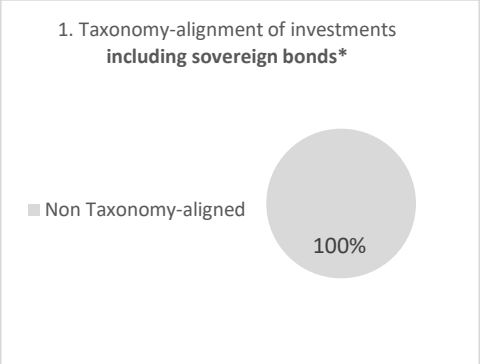
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

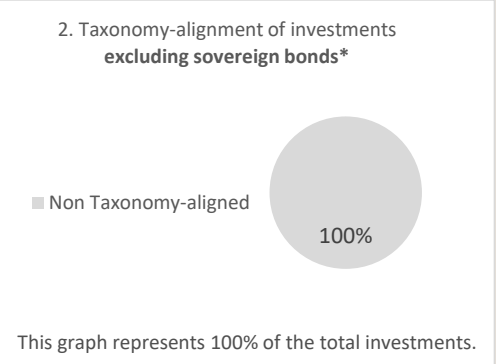
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Equity Income Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Equity Income Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Equity Income Fund does not aim or commit to invest in sustainable investments

with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Equity Income Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Equity Income Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS Global Equity Income Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Intrinsic Value Fund ("MFS Global Intrinsic Value Fund")**
**Legal entity identifier: 549300HBJQZCFOH6EK74**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Intrinsic Value Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Intrinsic Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Intrinsic Value Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Intrinsic Value Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Intrinsic Value Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Intrinsic Value Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Intrinsic Value Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Intrinsic Value Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and**

**energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Intrinsic Value Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Intrinsic Value Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Intrinsic Value Fund. MFS investment professionals may also choose to invest in equity

issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Intrinsic Value Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Intrinsic Value Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Intrinsic Value Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Intrinsic Value Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

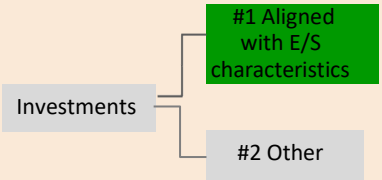
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Intrinsic Value Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Intrinsic Value Fund invests primarily (at least 70%) in equity securities. The MFS Global Intrinsic Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Intrinsic Value Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 99.08% of the total assets of the portfolio of the MFS Global Intrinsic Value Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Intrinsic Value Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Intrinsic Value Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

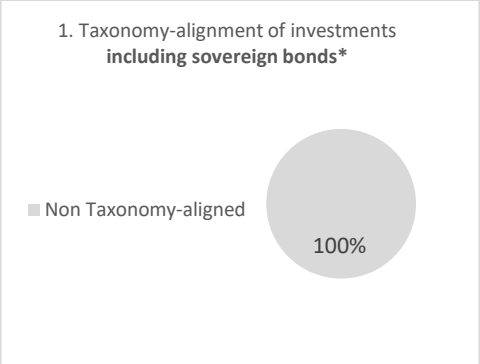
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

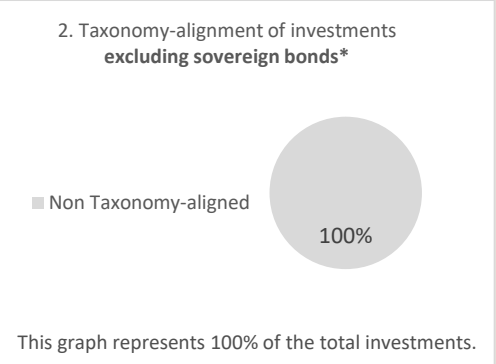
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Intrinsic Value Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Intrinsic Value Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Intrinsic Value Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Intrinsic Value Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Intrinsic Value Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS Global Intrinsic Value Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Where can I find more product specific information online? More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Opportunistic Bond Fund ("MFS Global Opportunistic Bond Fund")**
**Legal entity identifier: 222100ONK1WLJJOXDR98**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Opportunistic Bond Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Opportunistic Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Opportunistic Bond Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Opportunistic Bond Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Opportunistic Bond Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Opportunistic Bond Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Opportunistic Bond Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Opportunistic Bond Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Opportunistic Bond Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS Global Opportunistic Bond Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable.

In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Opportunistic Bond Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Global Opportunistic Bond Fund may remain below the 50% climate criteria threshold temporarily. Information on the extent to which the MFS Global Opportunistic Bond Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Opportunistic Bond Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS Global Opportunistic Bond Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Opportunistic Bond Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

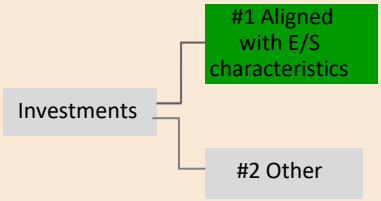
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS Global Opportunistic Bond Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Opportunistic Bond Fund invests primarily (at least 70%) in debt instruments. The MFS Global Opportunistic Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Opportunistic Bond Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, corporate debt instruments represented 86.8% of the total assets of the MFS Global Opportunistic Bond Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Opportunistic Bond Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Opportunistic Bond Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

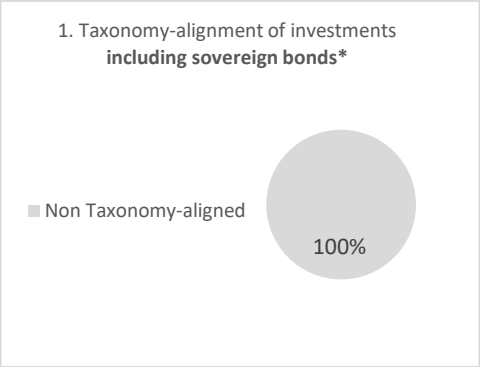
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

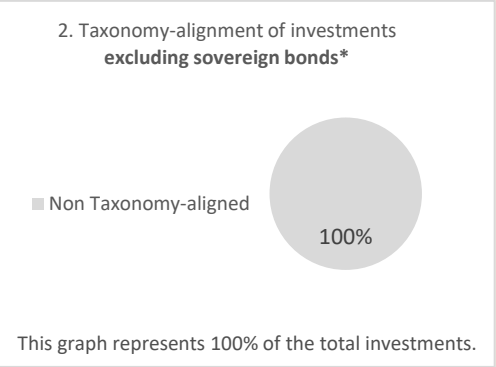
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

✖ No. The MFS Global Opportunistic Bond Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Opportunistic Bond Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Opportunistic Bond Fund does not aim or commit to invest in sustainable

investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Opportunistic Bond Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the corporate debt instruments in the portfolio of the MFS Global Opportunistic Bond Fund from the Transition Date. For those corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Opportunistic Bond Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – Global Research Focused Fund ("MFS Global Research Focused Fund")**
**Legal entity identifier: 0XNVI8L269TT6JC97X03**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS Global Research Focused Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Research Focused Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Research Focused Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Research Focused Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Research Focused Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

The MFS Global Research Focused Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Research Focused Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

✖ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Research Focused.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions

Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Research Focused Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Research Focused Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Research Focused Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion

of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Research Focused Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Research Focused Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Research Focused Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

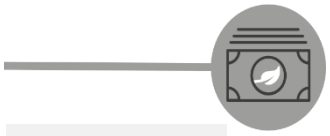
***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Research Focused Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

***What is the policy to assess good governance practices of the investee companies?***

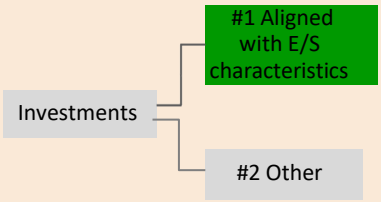
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Research Focused Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.



## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Research Focused Fund invests primarily (at least 70%) in equity securities. The MFS Global Research Focused Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Research Focused Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 99.06% of the total assets of the portfolio of the MFS Global Research Focused Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Research Focused Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Research Focused Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

**Enabling activities** directly enable other activities to

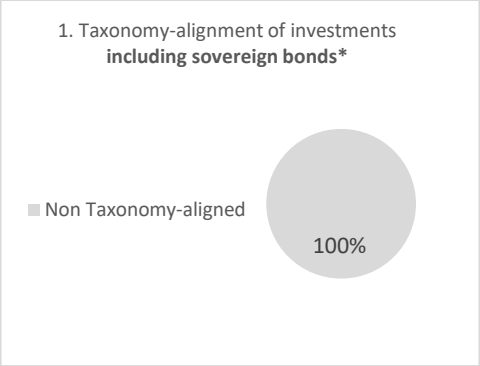
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

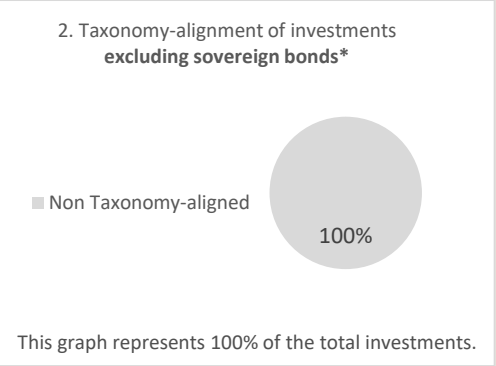
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Research Focused Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Research Focused Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Research Focused Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Research Focused Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Research Focused Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Research Focused Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Global Strategic Equity Fund ("MFS Global Strategic Equity Fund")**
**Legal entity identifier: 549300CC0OZ25I4TJK84**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

- ☐ **Yes**
  - ☐ It will make a minimum of **sustainable investments with an environmental objective:**___%
    - ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
    - ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
  - ☐ It will make a minimum of **sustainable investments with a social objective:**___%
- ☒ **No**
  - ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments
    - ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
    - ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
    - ☐ with a social objective
  - ☒ It promotes E/S characteristics, but **will not make any sustainable investments**

## What environmental and/or social characteristics are promoted by this financial product?

Effective 13 May 2022, the MFS Global Strategic Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Strategic Equity Fund Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Strategic Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Strategic Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Global Strategic Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Global Strategic Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Strategic Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Strategic Equity Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Strategic Equity Fund 's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Global Strategic Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Strategic Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this

would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Global Strategic Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Strategic Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Global Strategic Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Strategic Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

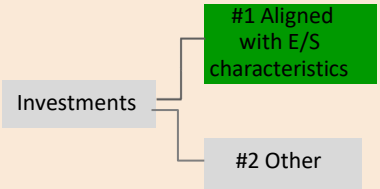
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Global Strategic Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Strategic Equity Fund invests primarily (at least 70%) in equity securities. The MFS Global Strategic Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Strategic Equity Fund (i.e. # 1) from the Transition Date. As of 31 March 2022, equity securities represented 99.37% of the total assets of the portfolio of the MFS Global Strategic Equity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Global Strategic Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Strategic Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

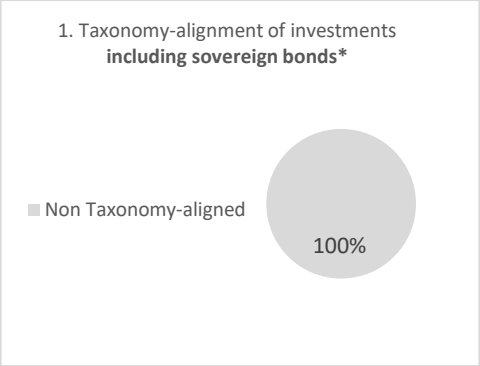
☐ Yes:

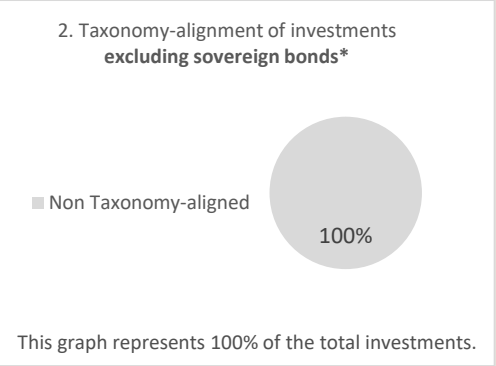
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Global Strategic Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Strategic Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Strategic Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Strategic Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Global Strategic Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Strategic Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Product name: MFS Meridian Funds – Global Total Return ("MFS Global Total Return")**
**Legal entity identifier: 1RDQ67M094ZPUN2RRO1**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 July 2022, the MFS Global Total Return Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Global Total Return Fund will aim to have at least 50% of the equity securities and 50% of the corporate debt instruments (as applicable) in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Global Total Return Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Global Total Return Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology in the website disclosure (see link below).

Please note that these sustainability indicators are used to measure the attainment of the MFS Low Carbon Transition Characteristic of equity securities and corporate debt instruments separately and not on an aggregated basis.

### *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

Not applicable. The MFS Global Total Return Fund does not have have sustainable investments as its objective.

### *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable. The MFS Global Total Return Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Global Total Return Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Global Total Return Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Global Total Return Fund's investment objective of total return with an emphasis on current income and also considering capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor equity issuers and corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage equity issuers and corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers and corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers and corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity

securities and corporate debt instruments in the portfolio of the MFS Global Total Return Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) falls below the 50% climate criteria threshold after the Transition Date, MFS Investment professionals will undertake a review of the portfolio and an implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning in respect of the equity portion of the portfolio may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. MFS Investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% climate criteria target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with Corporate Debt Issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Total Return Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Global Total Return Fund may remain below the 50% climate criteria threshold temporarily. In making portfolio adjustments in respect of equity securities and corporate debt instruments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Total Return Fund.

Information on the extent to which the MFS Global Total Return Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Global Total Return Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers and corporate debt issuers on the climate criteria before and beyond the Transition Date; applying the climate criteria to equity securities and corporate debt instruments in the portfolio of the MFS Global Total Return Fund with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments invested in equity Issuers and corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities and / or the corporate debt instruments of the portfolio fall below their respective 50% climate criteria target from the Transition Date.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Global Total Return Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

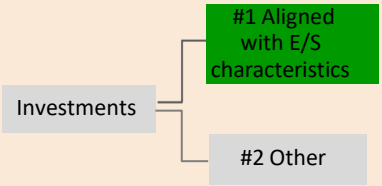
- ***What is the policy to assess good governance practices of the investee companies?***

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of

governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders / creditors, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which equity issuers and corporate debt issuers operate. The MFS investment professionals assess and monitor the governance practices of the equity issuers and corporate debt issuers in which the MFS Global Total Return Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry norms. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers and corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables the MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer and corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Global Total Return Fund invests in a combination of equity securities and debt instruments of issuers located in developed and emerging market countries. Where the MFS Global Total Return Fund makes investments in equity securities and corporate debt instruments, the MFS Global Total Fund will aim to have at least 50% of the equity portion of the portfolio and 50% of the corporate debt portion of the portfolio, as applicable, invested in equity issuers and / or corporate debt issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Global Total Return Fund (i.e. # 1) from the Transition Date. As of 30 June 2022, equity securities represented 59.21% of the total assets of the portfolio and corporate debt instruments represented 11.53% of the total assets of the MFS Global Total Return Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS Global Total Return Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Global Total Return Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

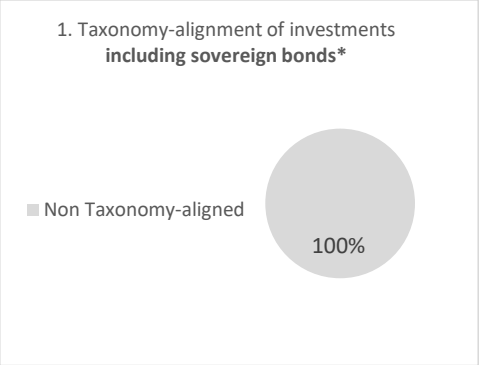
☐ Yes:

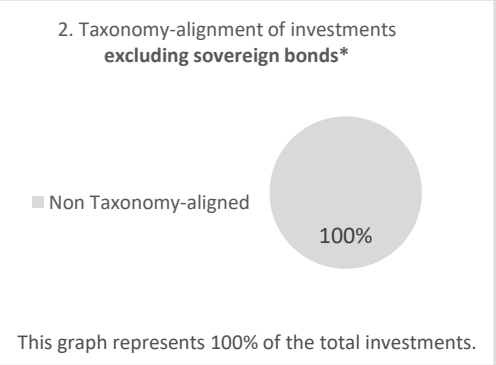
☐ In fossil fuel ☐ In nuclear energy

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

No. The MFS Global Total Return Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Global Total Return Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Global Total Return Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Global Total Return Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities and corporate debt instruments in the portfolio of the MFS Global Total Return Fund from the Transition Date. For those equity securities and corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Global Total Return Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Where can I find more product specific information online?**
**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Limited Maturity Fund ("MFS Limited Maturity Fund")**
**Legal entity identifier: H22Q4XW7UTNWFDP0PD4**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 July 2022, the MFS Limited Maturity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Limited Maturity Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Limited Maturity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Limited Maturity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).
Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the

percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Limited Maturity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Limited Maturity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Limited Maturity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Limited Maturity Fund.
To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the

**GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Limited Maturity Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS Limited Maturity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to

minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Limited Maturity Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Limited Maturity Fund may remain below the 50% climate criteria threshold temporarily.

Information on the extent to which the MFS Limited Maturity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

### *What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?*

The MFS Limited Maturity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS Limited Maturity Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

### *What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?*

Not applicable. The MFS Limited Maturity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

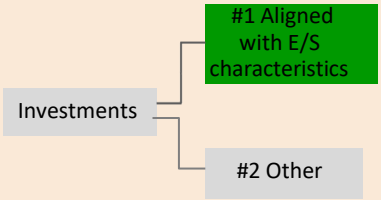
### *What is the policy to assess good governance practices of the investee companies?*

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS Limited Maturity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

### *What is the asset allocation planned for this financial product?*

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Limited Maturity Fund invests primarily in debt instruments issued in U.S. dollars including U.S. and non-U.S. corporate debt instruments. The MFS Limited Maturity Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Limited Maturity Fund (i.e. # 1) from the Transition Date. As of 30 June 2022, corporate debt instruments represented 52.41% of the total assets of the MFS Limited Maturity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Limited Maturity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Limited Maturity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

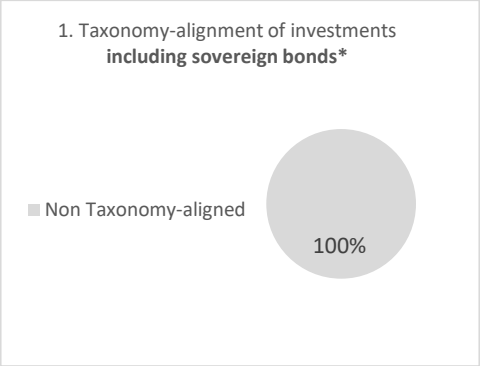
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

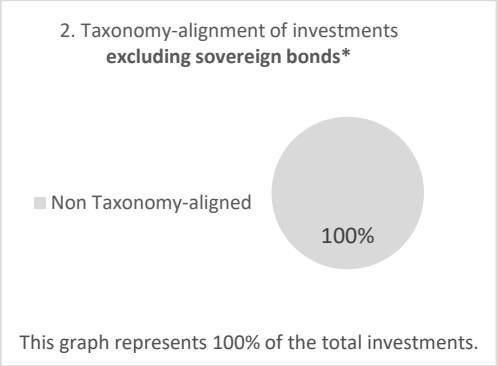
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Limited Maturity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Limited Maturity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Limited Maturity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Limited Maturity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Limited Maturity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Limited Maturity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Managed Wealth Fund ("MFS Managed Wealth Fund")**
**Legal entity identifier: 222100EEEJHVDAVX719**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 21 July 2022, the MFS Managed Wealth Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Managed Wealth Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Managed Wealth Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Managed Wealth Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Managed Wealth Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Managed Wealth Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Managed Wealth Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Managed Wealth Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS

investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

In pursuing the MFS Managed Wealth Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS Managed Wealth Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Managed Wealth Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable

timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS Managed Wealth Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Managed Wealth Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS Managed Wealth Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

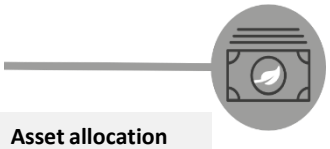
***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Managed Wealth Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

***What is the policy to assess good governance practices of the investee companies?***

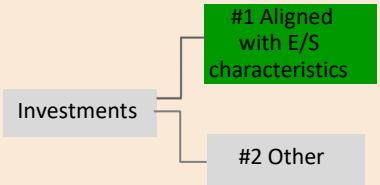
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS Managed Wealth Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.



**Asset allocation** describes the share of investments in specific assets.

***What is the asset allocation planned for this financial product?***




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Managed Wealth Fund normally focuses on equity securities in developed and emerging markets. The MFS Managed Wealth Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Managed Wealth Fund (i.e. # 1) from the Transition Date. As of 30 June 2022, equity securities represented 82.97% of the total assets of the portfolio of the MFS Managed Wealth Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS Managed Wealth Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Managed Wealth Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

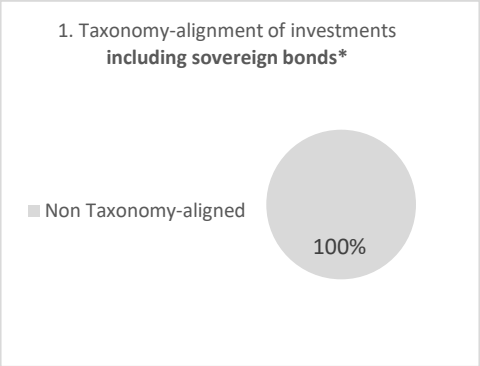
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

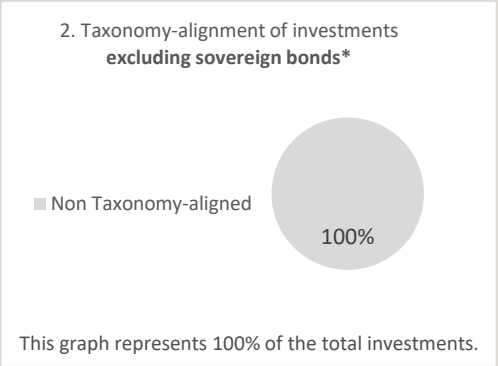
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Managed Wealth Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS Managed Wealth Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Managed Wealth Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS Managed Wealth Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS Managed Wealth Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS Managed Wealth Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Prudent Capital Fund ("MFS Prudent Capital Fund")**
**Legal entity identifier: 222100FL6ZWWC5ZUHJ09**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2022, the MFS Prudent Capital Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Prudent Capital Fund will aim to have at least 50% of the equity securities and 50% of the corporate debt instruments (as applicable) in the portfolio invested in equity issuers and corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "**Transition Date**").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Prudent Capital Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Prudent Capital Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology in the website disclosure (see link below).

Please note that these sustainability indicators are used to measure the attainment of the MFS Low Carbon Transition Characteristic of equity securities and corporate debt instruments separately and not on an aggregated basis.

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS Prudent Capital Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS Prudent Capital Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Prudent Capital Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG)

factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Prudent Capital Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Prudent Capital Fund's investment objective of total return with an emphasis on current income and also considering capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor equity issuers and corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage equity issuers and corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers and corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers and corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity securities and corporate debt instruments in the portfolio of the MFS Prudent Capital Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) falls below the 50% climate

criteria threshold after the Transition Date, MFS Investment professionals will undertake a review of the portfolio and an implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning in respect of the equity portion of the portfolio may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. MFS Investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% climate criteria target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with Corporate Debt Issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Total Return Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Prudent Capital Fund may remain below the 50% climate criteria threshold temporarily. In making portfolio adjustments in respect of equity securities and corporate debt instruments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Prudent Capital Fund.

Information on the extent to which the MFS Prudent Capital Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Prudent Capital Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers and corporate debt issuers on the climate criteria before and beyond the Transition Date; applying the climate criteria to equity securities and corporate debt instruments in the portfolio of the MFS Prudent Wealth Fund with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments invested in equity Issuers and corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities and / or the corporate debt instruments of the portfolio fall below their respective 50% climate criteria target from the Transition Date.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Prudent Capital Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

- ***What is the policy to assess good governance practices of the investee companies?***

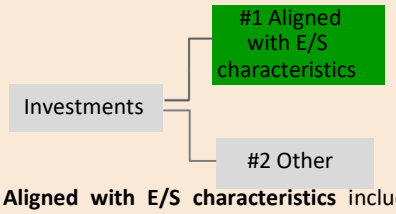
MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders / creditors, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static

and evolve within the broader environment in which equity issuers and corporate debt issuers operate. The MFS investment professionals assess and monitor the governance practices of the equity issuers and corporate debt issuers in which the MFS Prudent Capital Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry norms. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers and corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables the MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer and corporate debt issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Prudent Capital Fund will normally invest the portfolio assets across different asset classes, including equity securities, debt instruments, and cash and cash-equivalent instruments, based on its view of the relative value of different types of securities and / or other market conditions. Where the MFS Prudent Capital makes investments in equity securities and corporate debt instruments, the MFS Prudent Capital Fund will aim to have at least 50% of the equity portion of the portfolio and 50% of the corporate debt portion of the portfolio, as applicable, invested in equity issuers and / or corporate debt issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Prudent Capital Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 48.28% of the total assets of the portfolio and corporate debt instruments represented 10.10% of the total assets of the MFS Prudent Capital Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS Prudent Capital Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Prudent Capital Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

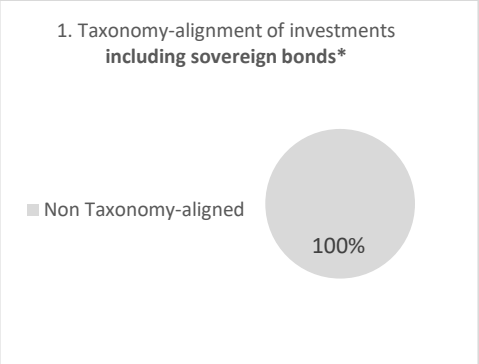
☐ Yes:

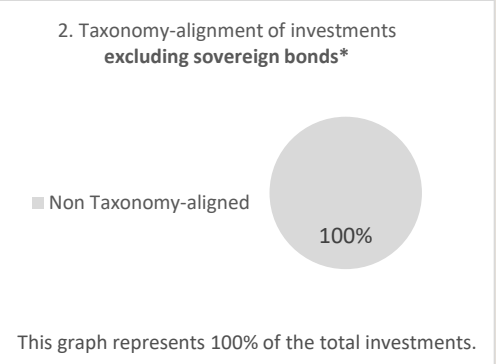
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Prudent Capital Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

### *What is the minimum share of investments in transitional and enabling activities?*

Zero. The MFS Prudent Capital Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Prudent Capital Fund does not aim or commit to invest in sustainable investments with an environmental objective.

### What is the minimum of sustainable investments with a social objective?

Zero. The MFS Prudent Capital Fund does not aim or commit to invest in sustainable investments with a social objective.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities and corporate debt instruments in the portfolio of the MFS Prudent Capital Fund from the Transition Date. For those equity securities and corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Prudent Capital Fund is aligned with the MFS Low Carbon Transition Characteristic.

### Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – Prudent Wealth Fund ("MFS Prudent Wealth Fund")**
**Legal entity identifier: 549300LM7K1F8VSRZS66**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2022, the MFS Prudent Wealth Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS Prudent Wealth Fund will aim to have at least 50% of the equity securities and 50% of the corporate debt instruments (as applicable) in the portfolio invested in equity issuers and corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS Prudent Wealth Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Prudent Wealth Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology in the website disclosure (see link below).

Please note that these sustainability indicators are used to measure the attainment of the MFS Low Carbon Transition Characteristic of equity securities and corporate debt instruments separately and not on an aggregated basis.

### *What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?*

Not applicable. The MFS Prudent Wealth Fund does not have have sustainable investments as its objective.

### *How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?*

Not applicable. The MFS Prudent Wealth Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS Prudent Wealth Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS Prudent Wealth Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS Prudent Wealth Fund's investment objective of total return with an emphasis on current income and also considering capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor equity issuers and corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage equity issuers and corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers and corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers and corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity securities and corporate debt instruments in the portfolio of the MFS Prudent Wealth Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) falls below the 50% climate criteria threshold after the Transition Date, MFS Investment professionals will undertake a review of the portfolio and an implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning in respect of the equity portion of the portfolio may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. MFS Investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% climate criteria target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with Corporate Debt Issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable. In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS Global Total Return Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS Prudent Wealth Fund may remain below the 50% climate criteria threshold temporarily. In making portfolio adjustments in respect of equity securities and corporate debt instruments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS Prudent Wealth Fund.

Information on the extent to which the MFS Prudent Wealth Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

- ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS Prudent Wealth Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers and corporate debt issuers on the climate criteria before and beyond the Transition Date; applying the climate criteria to equity securities and corporate debt instruments in the portfolio of the MFS Prudent Wealth Fund with the aim of having at least 50% of the equity securities and 50% of the corporate debt instruments invested in equity Issuers and corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities and / or the corporate debt instruments of the portfolio fall below their respective 50% climate criteria target from the Transition Date.

- ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS Prudent Wealth Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

- ***What is the policy to assess good governance practices of the investee companies?***

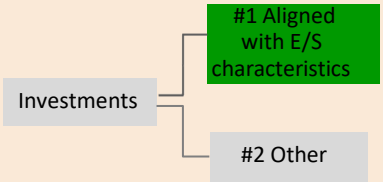
**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders / creditors, engagement with broader stakeholders, compliance with applicable laws and

adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which equity issuers and corporate debt issuers operate. The MFS investment professionals assess and monitor the governance practices of the equity issuers and corporate debt issuers in which the MFS Prudent Wealth Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry norms. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers and corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables the MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer and corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. fora transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS Prudent Wealth Fund will normally invest the portfolio assets across different asset classes, including equity securities, debt instruments, and cash and cash-equivalent instruments, based on its view of the relative value of different types of securities and / or other market conditions. Where the MFS Prudent Wealth Fund makes investments in equity securities and corporate debt instruments, the MFS Prudent Wealth Fund will aim to have at least 50% of the equity portion of the portfolio and 50% of the corporate debt portion of the portfolio, as applicable, invested in equity issuers and / or corporate debt issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS Prudent Wealth Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 55.02% of the total assets of the portfolio and corporate debt instruments represented 0.90% of the total assets of the MFS Prudent Wealth Fund.

### *How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?*

Not applicable. The MFS Prudent Wealth Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS Prudent Wealth Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

### *Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?*

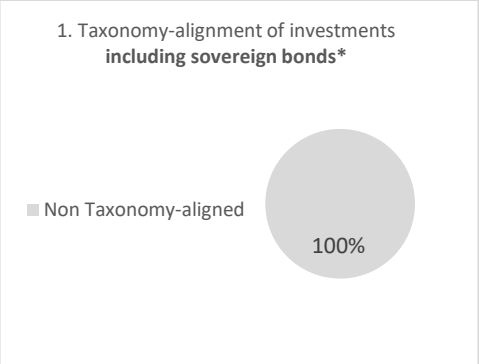
☐ Yes:

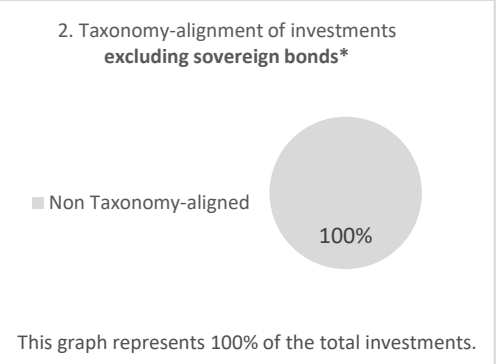
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS Prudent Wealth Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

### *What is the minimum share of investments in transitional and enabling activities?*

Zero. The MFS Prudent Wealth Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS Prudent Wealth Fund does not aim or commit to invest in sustainable investments with an environmental objective.

### What is the minimum of sustainable investments with a social objective?

Zero. The MFS Prudent Wealth Fund does not aim or commit to invest in sustainable investments with a social objective.

### What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities and corporate debt instruments in the portfolio of the MFS Prudent Wealth Fund from the Transition Date. For those equity securities and corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

### Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS Prudent Wealth Fund is aligned with the MFS Low Carbon Transition Characteristic.

### Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – UK Equity Fund ("MFS UK Equity Fund")**
**Legal entity identifier: DAPX7647TOH0KQ40FF91**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS UK Equity Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS UK Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS UK Equity Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS UK Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS UK Equity Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS UK Equity Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS UK Equity Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS UK Equity.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions

Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS UK Equity Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS UK Equity Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS UK Equity Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS

Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer. Information on the extent to which the MFS UK Equity Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS UK Equity Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS UK Equity Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS UK Equity Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

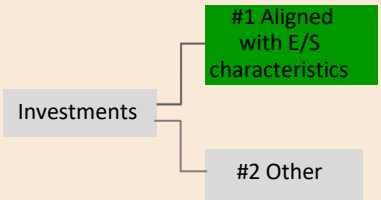
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS UK Equity Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS UK Equity Fund invests primarily (at least 70%) in equity securities of UK companies. The MFS UK Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date therefore aligned with the E/S characteristics promoted by the MFS UK Equity Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 98.25% of the total assets of the portfolio of the MFS UK Equity Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS UK Equity Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS UK Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

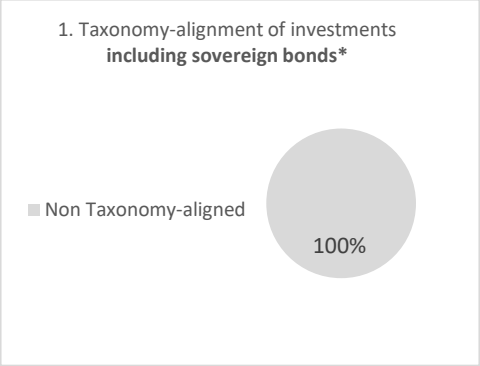
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

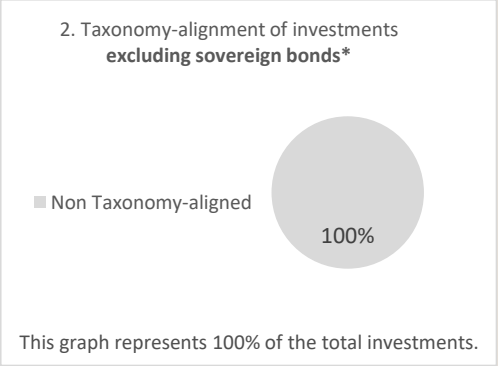
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS UK Equity Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS UK Equity Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS UK Equity Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS UK Equity Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS UK Equity Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS UK Equity Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – U.S. Concentrated Growth Fund ("MFS U.S. Concentrated Growth Fund")**
**Legal entity identifier: G651RPCOZ0VMJ132HI34**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS U.S. Concentrated Growth Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS U.S. Concentrated Growth Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS U.S. Concentrated Growth Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS U.S. Concentrated Growth Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS U.S. Concentrated Growth Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS U.S. Concentrated Growth Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS U.S. Concentrated Growth Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

✖ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS U.S. Concentrated Growth.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS U.S. Concentrated Growth Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS U.S. Concentrated Growth Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS U.S. Concentrated Growth Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this

would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS U.S. Concentrated Growth Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS U.S. Concentrated Growth Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS U.S. Concentrated Growth Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS U.S. Concentrated Growth Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

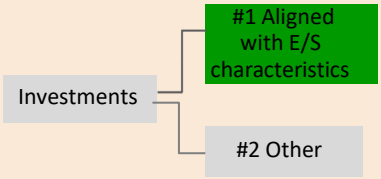
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS U.S. Concentrated Growth Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS U.S. Concentrated Growth Fund invests primarily (at least 70%) in equity securities of US issuers. The MFS U.S. Concentrated Growth Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS U.S. Concentrated Growth Fund (i.e. # 1) the Transition Date. As of 30 November 2021, equity securities represented 98.93% of the total assets of the portfolio of the MFS U.S. Concentrated Growth Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS U.S. Concentrated Growth Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS U.S. Concentrated Growth Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

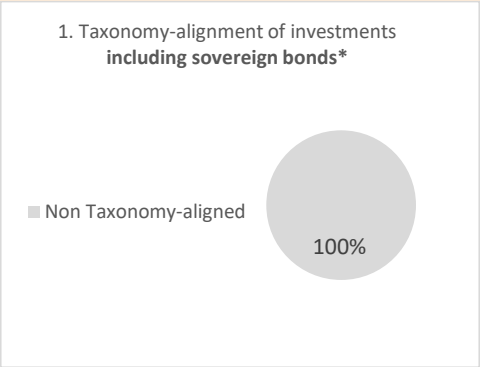
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

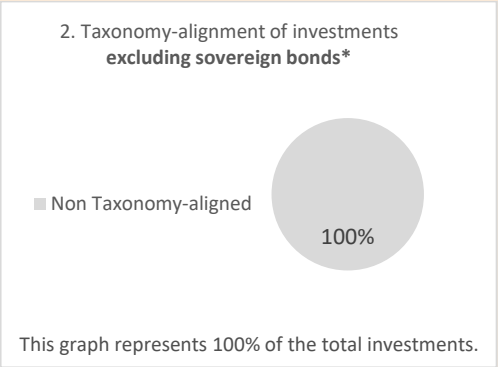
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS U.S. Concentrated Growth Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS U.S. Concentrated Growth Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS U.S. Concentrated Growth Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS U.S. Concentrated Growth Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS U.S. Concentrated Growth Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS U.S. Concentrated Growth Fund is aligned with the MFS Low Carbon Transition Characteristic.

**Where can I find more product specific information online? More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Product name: MFS Meridian Funds – U.S. Corporate Bond Fund ("MFS U.S. Corporate Bond Fund")**
**Legal entity identifier: 549300Y6O7X5WMN51U45**

# Environmental and/or social characteristics

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS U.S. Corporate Bond Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS U.S. Corporate Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS U.S. Corporate Bond Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS U.S. Corporate Bond Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS U.S. Corporate Bond Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS U.S. Corporate Bond Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS U.S. Corporate Bond Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS U.S. Corporate Bond Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS U.S. Corporate Bond Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS U.S. Corporate Bond Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable.

In making portfolio adjustments, MFS investment professionals will take into account the need to

minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS U.S. Corporate Bond Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS U.S. Corporate Bond Fund may remain below the 50% climate criteria threshold temporarily.

Information on the extent to which the MFS U.S. Corporate Bond Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS U.S. Corporate Bond Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS Corporate Bond Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS U.S. Corporate Bond Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

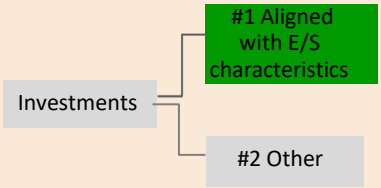
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS U.S. Corporate Bond Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

A set forth and further detailed in the Prospectus Fund Profile, the MFS U.S. Corporate Bond Fund invests primarily (at least 70%) in U.S. corporate debt instruments. The MFS U.S. Corporate Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS US Corporate Bond Fund (i.e. # 1) from the Transition Date onwards. As of 30 November 2021, corporate debt instruments represented 92.78% of the total assets of the MFS U.S. Corporate Bond Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS U.S. Corporate Bond Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS U.S. Corporate Bond Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

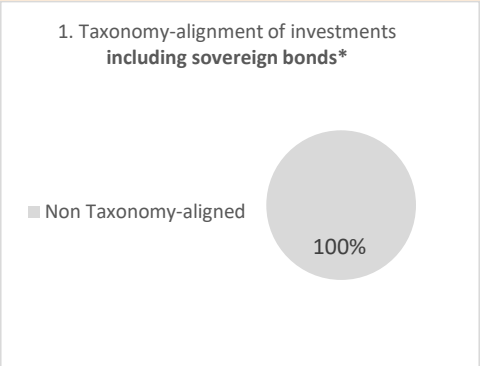
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

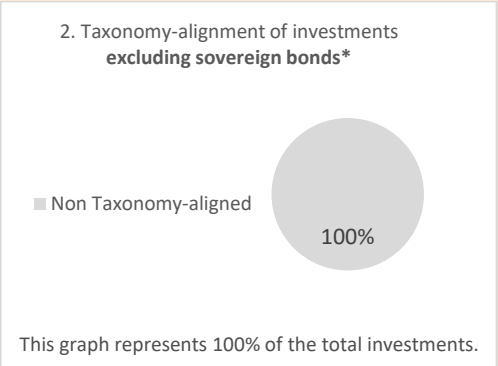
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS U.S. Corporate Bond Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS U.S. Corporate Bond Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS U.S. Corporate Bond Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS U.S. Corporate Bond Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the corporate debt instruments in the portfolio of the MFS U.S. Corporate Bond Fund from the Transition Date. For those corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS U.S. Corporate Bond Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – U.S. Growth Fund ("MFS U.S. Growth Fund")**
**Legal entity identifier: 549300DUBLFTWOTUSY90**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS U.S. Growth Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS U.S. Growth Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "**Transition Date**").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS U.S. Growth Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS Continental European Equity Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS U.S. Growth Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS U.S. Growth Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS U.S. Growth Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS U.S. Growth Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions

Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS U.S. Growth Fund's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS U.S. Growth Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS U.S. Growth Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only be permissible where the MFS investment professionals reasonably believe that promotion of the MFS

Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS U.S. Growth Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS U.S. Growth Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS U.S. Growth Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS U.S. Growth Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

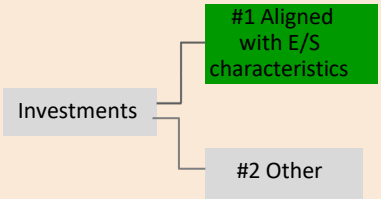
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS U.S. Growth Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

**Asset allocation** describes the share of investments in specific assets.

## What is the asset allocation planned for this financial product?




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

**Enabling activities** directly enable other activities to

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

As set forth and further detailed in the Prospectus Fund Profile, the MFS U.S. Growth Fund invests primarily (at least 70%) in continental European equity securities. The MFS U.S. Growth Fund aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS US Growth Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 97.90% of the total assets of the portfolio of the MFS U.S. Growth Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS U.S. Growth Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS U.S. Growth Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

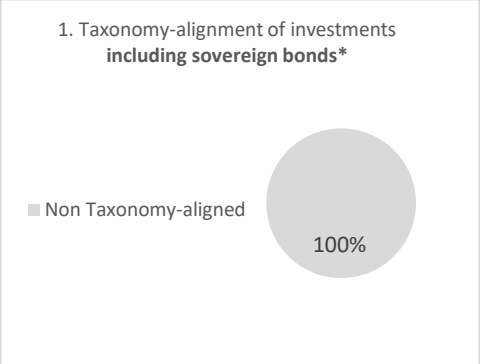
***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

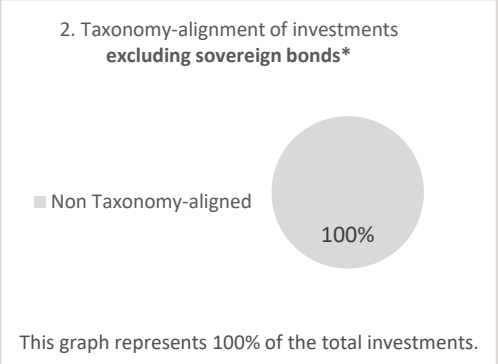
☐ Yes:

☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS U.S. Growth Fund does not aim or commit to make investments aligned with the EU Taxonomy.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS U.S. Growth Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS U.S. Growth Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS U.S. Growth Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS U.S. Growth Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

No index is designated as a reference benchmark to determine whether the MFS U.S. Growth Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – U.S. Total Return Bond Fund ("MFS U.S. Total Return Bond Fund")**
**Legal entity identifier: YJVUBFZW5FW4FOTQBP86**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS U.S. Total Return Bond Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS U.S. Total Return Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers that meet at least one of the four climate criteria (see below) from 1 January 2027 (the "**Transition Date**").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS U.S. Total Return Bond Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS U.S. Total Return Bond Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of corporate debt issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 4 – Measuring activities that facilitate transition to a low carbon economy: the percentage (%) of corporate debt instruments in the portfolio invested in corporate debt issuers that have committed to use the proceeds raised to finance climate change adaptation and / or mitigation activities or to attain a reduction in GHG emissions determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS U.S. Total Return Bond Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS U.S. Total Return Bond Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS U.S. Total Return Bond Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

## Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS U.S. Total Return Bond Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

## What investment strategy does this financial product follow?

In pursuing the MFS U.S. Total Return Bond Fund's investment objective of total return, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS Investment professionals will assess and monitor corporate debt issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Characteristic. MFS investment professionals will also actively engage corporate debt issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence corporate debt issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging corporate debt issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of corporate debt instruments in the portfolio of the MFS U.S. Total Return Bond Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the corporate debt instruments (on an asset weighted basis) in the portfolio falls below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment for the shortfall, a consideration of how to raise the threshold such as by engaging with corporate debt issuers on the climate criteria and / or making portfolio adjustments as soon as reasonably practicable.

In making portfolio adjustments, MFS investment professionals will take into account the need to minimize financial loss, ensure responsible risk management and mitigate disruption to the MFS U.S. Total Return Bond Fund. For example, the MFS investment professionals may need sufficient time to make portfolio adjustments to secure a fair or reasonable price for the security. This means that the portion of corporate debt in the portfolio of the MFS U.S. Total Return Bond Fund may remain below the 50% climate criteria threshold temporarily.

Information on the extent to which the MFS U.S. Total Return Bond Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available via the following weblink. MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS U.S. Total Return Bond Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective corporate debt issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to corporate debt instruments in the portfolio of the MFS U.S. Total Return Bond Fund with the aim of having at least 50% of the corporate debt instruments invested in corporate debt issuers that meet any one of the four climate criteria from the Transition Date; and undertaking a remedial plan where the corporate debt instruments of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS U.S. Total Return Bond Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

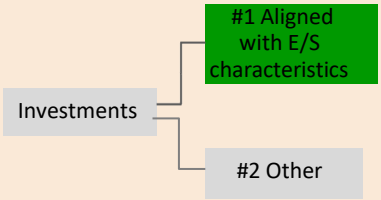
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of corporate debt issuers in which the MFS U.S. Total Return Bond Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the corporate debt issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist corporate debt issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the corporate debt issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS U.S Total Return Bond Fund invests primarily (at least 70%) in investment grade U.S. debt instruments including corporate debt instruments. The MFS U.S. Total Return Bond Fund will aim to have at least 50% of the corporate debt instruments in the portfolio invested in corporate debt issuers meeting at least one of the four climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS U.S. Total Return Bond Fund (i.e. # 1) from the Transition Date. As of 30 June 2022, corporate debt instruments represented 37.63% of the total assets of the MFS U.S. Total Return Bond Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS U.S. Total Return Bond Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS U.S. Total Return Bond Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

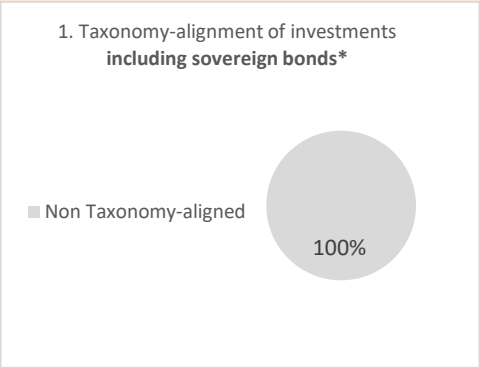
☐ Yes:

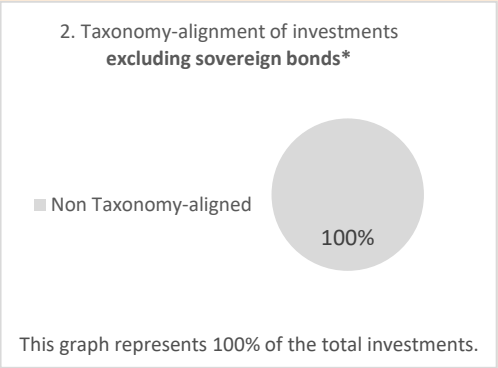
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS U.S. Total Return Bond Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS U.S. Total Return Bond Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS U.S. Total Return Bond Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS U.S. Total Return Bond Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the corporate debt instruments in the portfolio of the MFS U.S. Total Return Bond Fund from the Transition Date. For those corporate debt instruments that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS U.S. Total Return Bond Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:** meridian.mfs.com

**Pre-Contractual Disclosure - Article 8 of SFDR**

**Product name: MFS Meridian Funds – U.S. Value Fund ("MFS U.S. Value Fund")**
**Legal entity identifier: GB1O5HOU4PVHR7NT1O15**

# Environmental and/or social characteristics

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not lay down a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

**Does this financial product have a sustainable investment objective?**

| ☐ **Yes** | ☒ **No** |
|---|---|
| ☐ It will make a minimum of **sustainable investments with an environmental objective:**___% | ☐ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of___% of sustainable investments |
| ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy |
| ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy | ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy |
| | ☐ with a social objective |
| ☐ It will make a minimum of **sustainable investments with a social objective:**___% | ☒ It promotes E/S characteristics, but **will not make any sustainable investments** |

## What environmental and/or social characteristics are promoted by this financial product?

Effective 31 December 2021, the MFS U.S. Value Fund promotes the MFS Low Carbon Transition Characteristic, which refers to the transition to a low carbon economy that MFS as an allocator of capital will promote through active engagement and the application of climate criteria to certain investments made by this product. In particular, the MFS U.S. Value Equity Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers that meet at least one of the three climate criteria (see below) from 1 January 2027 (the "Transition Date").

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the MFS U.S. Value Fund.

**Sustainability indicators** measure how the environmental or social characteristics promoted by the financial product are attained.

***What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?***

The following climate criteria, calculated on an asset weighted basis, will be used to measure the attainment of the MFS Low Carbon Characteristic in the portfolio of the MFS U.S. Value Fund, depending on the composition of the portfolio assets at the time:

Climate Criterion 1 - Measuring GHG intensity of equity issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that reduced their annual GHG intensity in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 2 - Measuring recognised GHG emissions reduction or stabilization program: the percentage (%) of equity securities in the portfolio invested in equity issuers that have adopted such programs in accordance with the methodology set out in the website disclosure (see link below).

Climate Criterion 3 - Measuring 'net-zero' issuers: the percentage (%) of equity securities in the portfolio invested in equity issuers that are operating at 'net-zero' determined in accordance with the methodology set out in the website disclosure (see link below).

***What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable. The MFS U.S. Value Fund does not have have sustainable investments as its objective.

***How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable. The MFS U.S. Value Fund does not have sustainable investments as its objective.

*The EU Taxonomy sets out a "do no significant harm" principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific EU criteria.*

The "do no significant harm" principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*

The MFS U.S. Value Fund does not take into account the EU criteria for environmentally sustainable economic activities within the meaning of the Taxonomy Regulation. Therefore, the "do no significant harm" principle does not apply to any of the investments of this financial product.

## Does this financial product consider principal adverse impacts on sustainability factors?

**Principal adverse impacts** are the most significant negative impacts of investment decision on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti- corruption and anti- bribery matters.

☒ Yes.

MFS believes that integrating financially material sustainability (environmental, social and governance or ESG) factors into investment analysis and decision-making processes leads to better informed decision-making which will drive investment returns over the long term. MFS investment professionals across the MFS Global Integrated Research Platform have access to proprietary interactive dashboards which allow them to visualize and analyze various ESG data elements, including the principal adverse impact indicators set out below. These ESG data elements are intended to enable MFS investment professionals to better understand and assess the financial impact of sustainability (ESG) factors on issuers and the portfolio, the negative external impact of issuers and the portfolio on sustainability (ESG) factors, and make informed long term investment decisions that are consistent with the financial investment objective of the MFS U.S. Value Fund.

To complement the promotion of the MFS Low Carbon Transition Characteristic which incorporates the **GHG emissions** (scope 1 and 2, and 3 where available) and **GHG intensity of investee companies** principal adverse impact indicators, MFS also makes available to investment professionals the following additional greenhouse gas emissions principal adverse impact indicators: **carbon footprint**, **exposure to active in the fossil fuel sector**, **share of non-renewable energy consumption and production and energy consumption intensity per high impact climate sector** (collectively, the "**Additional Emissions**

**Indicators**"). At a portfolio level, MFS investment professionals will consider these Additional Emissions Indicators alongside the MFS Low Carbon Transition Characteristic and underlying climate criteria. MFS investment professionals will use the Additional Emissions Indicators as part of their broader assessment to address the readiness of issuers to transition their activities towards a low carbon economy and will engage with issuers consistent with the MFS Low Carbon Transition Characteristic. MFS also makes available to investment professionals the following social principal adverse impact indicators: **violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises** and **board gender diversity**. MFS investment professionals will consider these indicators within their broader ESG integration framework in the investment process to assess financial materiality and also their engagement practices. In partnership with our global stewardship team and our team of ESG specialists, MFS assesses and addresses the potential adverse impact of companies assessed at the portfolio level through its engagement approach, which may include direct engagement, proxy voting and industry collaborations (as appropriate). Information on how principal adverse impacts on sustainability (ESG) factors were considered will be made available in the annual report.

Sustainability issues are complex, interconnected and evolving. MFS believes that the materiality of principal adverse impacts cannot be reduced to an automated process. The consideration of principal adverse impacts by MFS investment professionals for financial materiality is generally subjective and often involves considering risks or opportunities that are intangible and hard to measure. Their analysis will therefore be in-depth, qualitative, issuer-specific and contextual. MFS investment professionals retain flexibility to consider the principal adverse impacts within different points of the investment process and engagement activities, and the extent to which MFS investment professionals consider principal adverse impact indicators may vary. Importantly, MFS investment professionals do not apply principal adverse impact indicators as the basis for exclusions or screens, nor would these indicators be used within a purely quantitative portfolio optimization framework. As principal adverse indicators are considered at the portfolio level, MFS investment professionals will engage with certain issuers in the portfolio with respect to issues that are considered to be financially material and not engage with every issuer within the portfolio.

☐ No

## What investment strategy does this financial product follow?

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

In pursuing the MFS U.S. Value Fund 's investment objective of capital appreciation, it will also promote the MFS Low Carbon Transition Characteristic.

Applying fundamental analysis and active engagement, MFS investment professionals will assess and monitor equity issuers for their readiness to transition to a low carbon economy by measuring such issuers against the climate criteria of the MFS Low Carbon Transition Characteristic. MFS investment professionals will also actively engage equity issuers on the climate criteria of the MFS Low Carbon Transition Characteristic and their response to climate change. In engaging on the climate criteria, MFS investment professionals will seek to influence equity issuers on the following: providing climate disclosure that is clear, consistent, audited and decision-useful; undertake carbon reduction plans that are aligned with international standards and global ambitions; and holding senior leadership accountable for climate responses. By actively engaging equity issuers on the climate criteria, especially during the period leading up to the Transition Date, MFS investment professionals will gradually adjust as necessary the level of equity instruments in the portfolio of the MFS U.S. Value Fund towards the minimum target 50% climate criteria threshold from the Transition Date.

Where the equity securities of the portfolio (on an asset weighted basis) fall below the 50% climate criteria threshold after the Transition Date, MFS investment professionals will undertake a review of the portfolio and implement a remedial plan. The remedial plan may include an assessment of the shortfall, a consideration of how to raise the threshold through various active ownership escalation strategies to address this over time, including reduction of exposure or divestment where active ownership is not deemed to be appropriate or feasible. As our purpose is to effect meaningful change in the real economy, immediate divestment and / or portfolio repositioning may not be the best approach to promote the MFS Low Carbon Transition Characteristic and the portfolio may remain below 50% for a period of time. In making portfolio adjustments, MFS investment professionals will take into account the need to minimise financial loss, ensure responsible risk management and mitigate disruption to the MFS U.S. Value Fund. MFS investment professionals may also choose to invest in equity issuers that cause the portfolio to fall below the 50% target following the Transition Date. However, this would only

be permissible where the MFS investment professionals reasonably believe that promotion of the MFS Low Carbon Characteristic in relation to the climate criteria can be achieved within a reasonable timeframe through the use of active ownership tools to effect change at the level of the equity issuer.

Information on the extent to which the MFS U.S. Value Fund is meeting the climate criteria threshold and further details relating to the MFS Low Carbon Characteristic are available in the website disclosure (see link below). MFS will also provide periodic disclosure annually on the application of the MFS Low Carbon Characteristic in the annual report.

***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?***

The MFS U.S. Value Fund will promote the MFS Low Carbon Characteristic by: actively engaging with existing, new and / or prospective equity issuers on the climate criteria before and beyond the Transition Date as explained above; applying the climate criteria to equity securities in the portfolio of the MFS U.S. Value Fund with the aim of having at least 50% of the equity securities invested in equity issuers that meet any one of the three climate criteria from the Transition Date; and undertaking a remedial plan where the equity securities of the portfolio fall below the 50% climate criteria target from the Transition Date.

***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

Not applicable. The MFS U.S. Value Fund does not commit to reduce the scope of the investments by a minimum rate prior to the application of the investment strategy.

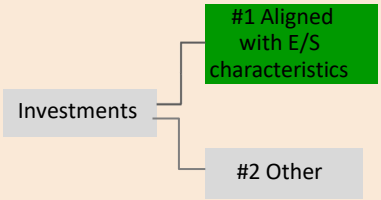
***What is the policy to assess good governance practices of the investee companies?***

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

MFS considers "good governance" to mean the standards of governance that organisations seeking or obtaining capital in public markets to finance economic activities are required to comply or expected to conform and which may have a material impact on the value of the organisation. These standards of governance cover a broad range of matters including its structure, constitutional arrangements, management, culture, remuneration and compensation policies, employee relations, accountability to shareholders, engagement with broader stakeholders, compliance with applicable laws and adherence to industry norms. It is important to note that these standards of governance are not static and evolve within the broader environment in which issuers operate. The MFS investment professionals assess and monitor the governance practices of equity issuers in which the MFS U.S. Value Fund is invested to determine whether these issuers follow good governance practices. These assessments are inherently subjective, qualitative and complex and dependent on the availability and reliability of data. They are unique to the equity issuer and may vary based on the broader operating context including market expectations, local practices, sector and industry. It is important to note that these assessments are continuous rather than point in time. MFS will seek to assist equity issuers to improve their governance practices through the deployment of our active ownership tools explained above. This enables MFS investment professionals to raise concerns or make suggestions on a particular aspect of the equity issuer's governance practice.

## What is the asset allocation planned for this financial product?

**Asset allocation** describes the share of investments in specific assets.




**#1 Aligned with E/S characteristics** includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

**#2 Other** includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

Taxonomy-aligned activities are expressed as a shareof:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee.

As set forth and further detailed in the Prospectus Fund Profile, the MFS U.S. Value Fund invests primarily (at least 70%) in equity securities of US issuers. The MFS U.S. Value Fund will aim to have at least 50% of the equity securities in the portfolio invested in equity issuers meeting at least one of the climate criteria from the Transition Date and therefore aligned with the E/S characteristics promoted by the MFS US Value Fund (i.e. # 1) from the Transition Date. As of 30 November 2021, equity securities represented 98.74% of the total assets of the portfolio of the MFS U.S. Value Fund.

***How does the use of derivatives attain the environmental or social characteristics promoted by the financial product?***

Not applicable. The MFS U.S. Value Fund does not use derivatives to attain the MFS Low Carbon Transition Characteristic.

## To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Zero. The MFS U.S. Value Fund does not aim or commit to invest in sustainable investments with an environmental objective aligned with the EU Taxonomy.

***Does the financial product invest in fossil gas and / or nuclear energy related activities that comply with the EU Taxonomy?***

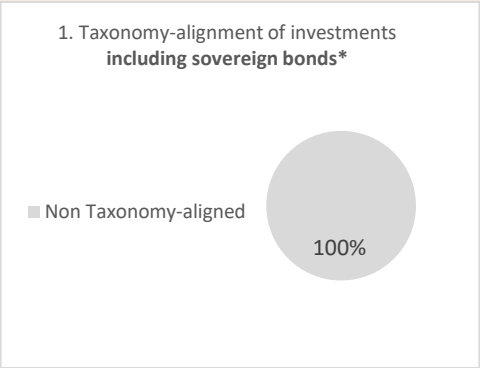
☐ Yes:

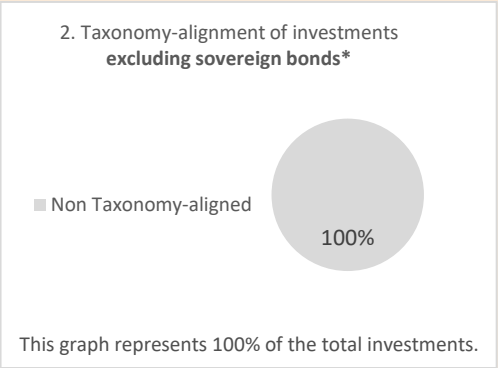
☐ In fossil fuel ☐ In nuclear energy

☒ No. The MFS U.S. Value Fund does not aim or commit to make investments aligned with the EU Taxonomy.

**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

***The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.***




* ***For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.***

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

***What is the minimum share of investments in transitional and enabling activities?***

Zero. The MFS U.S. Value Fund does not aim or commit to invest in transitional or enabling activities under the EU Taxonomy.

## What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Zero. The MFS U.S. Value Fund does not aim or commit to invest in sustainable investments with an environmental objective.

## What is the minimum of sustainable investments with a social objective?

Zero. The MFS U.S. Value Fund does not aim or commit to invest in sustainable investments with a social objective.

## What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

Our aim is to apply the MFS Low Carbon Transition Characteristic to more than 50% of the equity securities in the portfolio of the MFS U.S. Value Fund from the Transition Date. For those equity securities that do not adhere to the climate criteria of the MFS Low Carbon Transition Characteristic, MFS investment professionals will continue to actively engage with these issuers on the climate criteria. The remaining portfolio may also hold instruments not subject to the MFS Low Carbon Transition Characteristic such as cash and cash equivalent instruments and currency derivatives.

**Reference benchmarks** are indexes to measure whether the financial product attains the environmental or social characteristics that they promote.

## Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No index is designated as a reference benchmark to determine whether the MFS U.S. Value Fund is aligned with the MFS Low Carbon Transition Characteristic.

## Where can I find more product specific information online?

**More product-specific information can be found on the website:**
meridian.mfs.com

©2023 MFS Investment Management®

SICAV-UK-GG-CPRO-4/23