

Investment Management Services



Notice

Fund Manager MFS Investment Management Canada Ltd.

Date May 2016

Notice

MFS has announced a change to the Portfolio Management team for the MFS International Equity Fund. Filipe Benzinho has joined Portfolio Managers Marcus Smith and Daniel Ling as a co-manager effective May 1, 2016.

It was also announced that Marcus Smith will transition off of the strategy effective April 1, 2017.

Products Affected

MFS International Equity Fund (GRS)

Impact

People

The Portfolio Management team for the MFS International Equity Fund had consisted of two longtime Portfolio Managers, Marcus Smith and Daniel Ling, who have 25/21 and 17/10 years of industry/firm experience respectively. Both PMs are ultimately responsible for portfolio construction, final buy and sell decisions and risk management.

MFS adopts a collaborative and integrated approach to their research process. The Global Research Platform is composed of 89 fundamental research analysts and 11 quantitative analysts. The Portfolio Managers of the International Equity strategy draw on the research capacity of the Global Research Platform in managing the portfolio.

Investment Process and Philosophy

MFS's investment philosophy is centered around three beliefs: disciplined bottom-up research drives better investment decisions, earnings growth and valuation discipline are important drivers of performance, and high quality business offer downside protection.

Based on this philosophy, the team based investment process relies on disciplined bottom-up analysis. Both PMs collaborate on an ongoing basis with the global sector analysts throughout the research process including accompanying them on company visits, and working through their financial models and valuation framework. The PM team ultimately decides whether a candidate meets certain criteria in order to be included in the portfolio.

The portfolio typically holds 60 – 80 stocks that the team believes represent the most attractive opportunities to provide above-average, sustainable growth while also being attractively valued.

Closing Remarks

IMS has no immediate concern with the change. MFS's team based investment process is structured to assure that the success of their investment approach is based not only on the individual strengths of portfolio managers, but also on the strength of the deep resourced Global Research Platform.

Given the fact that Mr. Benzinho has joined the team one year before Mr. Smith will transition off the strategy in July 2017, we do not anticipate any immediate impact on the day-to-day management of the Fund. This transition period will also provide ample time to assess the new management team, and the impact of Mr. Smith's eventual departure.

IMS is meeting with the MFS portfolio management team in the coming weeks to discuss the transition process in more detail and will communicate further should any concerns arise.

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