STAYING CALM WHEN THE MARKET GOES WILD
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Today could be one of the best-performing days in the stock market’s history.

Or it could be one of its worst days. No one can say for certain what will happen. No one has ever been able to, or likely ever will.

However, as a long-term investor, you probably know just how volatile and unpredictable the market can be. But how does this affect your portfolio, and what steps, if any, can you take to deal with it?

In our opinion, the best response may be to do nothing — if you already have a sound, long-term plan for pursuing your financial goals.

To help you take periods of market volatility in stride, we have compiled some facts and a few opinions you may want to consider the next time you talk with your financial advisor.
FACT

Over the long term, stocks historically have been the best investment for outpacing inflation.

Over the long term, stocks have led the way

Growth of hypothetical $10,000 investments over three decades

- U.S. Stocks
- U.S. bonds
- U.S. Treasury bills
- Inflation

MFS’ VIEW

U.S. government bonds and U.S. Treasury bills offer investors a government guarantee as to timely payment of interest and guaranteed return of principal if held to maturity. But, unlike stocks, guaranteed investments generally do not offer opportunities for growth of capital and income.

Having a well-planned investment strategy that spreads your assets among stocks, bonds, and cash may be the smartest approach for pursuing long-term financial goals. Keep in mind, however, that no investing strategy, including asset allocation and diversification, can guarantee a profit or protect against loss.

Sources: SPAR, FactSet Research Systems Inc. For illustrative purposes only. Results are not intended to represent the future performance of any MFS® product. Stocks are represented by the Standard & Poor’s 500 Stock Index (S&P 500), which measures the broad U.S. stock market. Bonds reflect performance of the Barclays U.S. Aggregate Bond Index, which measures the U.S. bond market. U.S. Treasury bills are represented by the BofA Merrill Lynch 3-Month U.S. Treasury Bill Index. The principal value and interest on Treasury securities are guaranteed by the U.S. government if held to maturity. Inflation is measured by the Consumer Price Index, a measure of inflation, as reported by the U.S. Bureau of Labor Statistics. These indices represent asset types that are subject to risk, including loss of principal. Index performance does not include any investment-related fees or expenses. It is not possible to invest directly in an index.
FACT

Market declines create opportunity for long-term investors.

Bear markets have not stopped stocks
Tracking the S&P 500 (closing values 1985 - 2014)

MFS’ VIEW

Historically, bull markets have been prolonged, while bear markets have been relatively short.

Sometimes corrections — which tend to be shorter and less severe than bear markets — are good for the market. That is why optimistic investors often refer to them as “buying opportunities.”

It has always been our view that one of the best strategies against market volatility is to invest in stocks and bonds of fundamentally good companies selling at reasonable prices. When discussing potential investments with your financial advisor, you may want to ask how they fared in previous downturns as well as in the good times.

* Bear market returns are cumulative for each period.

Source: Morningstar, Inc. For illustrative purposes only. Results are not intended to represent the future performance of any MFS product. A bear market is defined as a peak-to-trough decline of 20% or more over a prolonged period. Bear markets are calculated based on month-to-month changes in the S&P 500. A correction is defined as a peak-to-trough decline of 10% or more but less than 20% over a relatively short period.
FACT

Everyone wants to be in the best-performing asset class every year.

Market leadership is unpredictable

Asset class annual returns, best to worst, 2005 – 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Commodities %</th>
<th>REITs %</th>
<th>Commodities</th>
<th>Global Bonds</th>
<th>Large Cap Growth</th>
<th>REITs</th>
<th>Bonds</th>
<th>REITs</th>
<th>Small/ Mid Cap</th>
<th>REITs</th>
<th>Large Cap Value</th>
<th>Large Cap Value</th>
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</thead>
<tbody>
<tr>
<td>2005</td>
<td>21.36%</td>
<td>34.35%</td>
<td>16.23%</td>
<td>12.00%</td>
<td>37.21%</td>
<td>27.58%</td>
<td>7.84%</td>
<td>20.14%</td>
<td>36.80%</td>
<td>27.15%</td>
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<td>2006</td>
<td>14.02%</td>
<td>26.86%</td>
<td>11.81%</td>
<td>5.24%</td>
<td>34.39%</td>
<td>7.28%</td>
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<td>2007</td>
<td>8.29%</td>
<td>22.25%</td>
<td>6.71%</td>
<td>36.71%</td>
<td>16.71%</td>
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<td>2008</td>
<td>2.43%</td>
<td>16.17%</td>
<td>10.81%</td>
<td>26.72%</td>
<td>15.93%</td>
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<td>2009</td>
<td>15.00%</td>
<td>15.00%</td>
<td>9.07%</td>
<td>23.08%</td>
<td>15.51%</td>
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<tr>
<td>2010</td>
<td>10.81%</td>
<td>19.69%</td>
<td>5.93%</td>
<td>19.69%</td>
<td>15.13%</td>
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<tr>
<td>2011</td>
<td>15.93%</td>
<td>34.39%</td>
<td>4.74%</td>
<td>36.85%</td>
<td>18.91%</td>
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<td>2012</td>
<td>16.17%</td>
<td>19.69%</td>
<td>5.93%</td>
<td>36.85%</td>
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<td>2013</td>
<td>16.83%</td>
<td>19.69%</td>
<td>5.93%</td>
<td>36.85%</td>
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<tr>
<td>2014</td>
<td>16.83%</td>
<td>19.69%</td>
<td>5.93%</td>
<td>36.85%</td>
<td>19.69%</td>
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Over the long term, spreading your investments among several asset classes beats guesswork and chasing performance.

MFS’ VIEW

In our opinion, one of the dangers of not having a sound investment plan is that you may be tempted to move money into whichever asset class appears to be outperforming at the moment. The problem with this approach is that by the time a particular area is generally recognized as “hot,” you may have already missed some of the best performance.

Even if you get it right, you still never know how long that performance will be sustained. We would suggest that one way to potentially benefit from swings in the market — to potentially be invested in various asset classes before the market shifts in their favor — is with a broadly diversified portfolio covering several asset classes.

Source: SPAR, FactSet Research Systems Inc. For illustrative purposes only. Results are not intended to represent the future performance of any MFS product. 2 Bloomberg Commodity Index is composed of futures contracts on physical commodities. 3 MSCI EAFE Index measures the non-U.S. stock market. 4 FTSE NAREIT All REITs Total Return Index tracks the performance of commercial real estate across the U.S. economy. 5 Russell 2500 Index measures small- and mid-cap U.S. stocks. 6 Diversified Portfolio is made up of equal allocations of all segments disclosed herein, excluding cash. 7 Russell 1000 Value Index measures large-cap U.S. value stocks. 8 Russell 1000 Growth Index measures large-cap U.S. growth stocks. 9 Citigroup 3-month T-bill Index is derived from secondary market Treasury bill rates published by the Federal Reserve Bank. 10 Barclays U.S. Aggregate Bond Index measures the U.S. bond market. 11 JPMorgan Global Government Bond Index (Unhedged) measures government bond markets around the world. Index performance does not include any investment-related fees or expenses. It is not possible to invest directly in an index.
PLANNING AND PREPARATION ARE KEY

We encourage you to discuss these facts and opinions with your financial advisor and then factor them into your long-range financial planning. Hopefully, whenever the market turns volatile, you will be confident enough to just sit back and let your plan keep working for you.

We also urge you to consider why many investors use financial advisors and mutual funds: they do not want to worry about their investments every time the market goes down, and they do not want to make a hobby or a second profession out of investing.

Long-term investors simply want their money to work for them so they have a better likelihood of realizing their dreams.

Keep in mind that all investments, including mutual funds, carry a certain amount of risk including the possible loss of the principal amount invested.

Asset class risk considerations

Stock markets and investments in individual stocks are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. Investments in debt instruments may decline in value as the result of declines in the credit quality of the issuer, borrower, counterparty, or other entity responsible for payment, underlying collateral, or changes in economic, political, issuer-specific, or other conditions. Certain types of debt instruments can be more sensitive to these factors and therefore more volatile. In addition, debt instruments entail interest rate risk (as interest rates rise, prices usually fall), therefore the Fund’s share price may decline during rising rate environments as the underlying debt instruments in the portfolio adjust to the rise in rates. Funds that consist of debt instruments with longer durations are generally more sensitive to a rise in interest rates than those with shorter durations. At times, and particularly during periods of market turmoil, all or a large portion of segments of the market may not have an active trading market. As a result, it may be difficult to value these investments and it may not be possible to sell a particular investment or type of investment at any particular time or at an acceptable price. Emerging markets can have less market structure, depth, and regulatory, custodial or operational oversight and greater political, social, and economic instability than developed markets. Investments in small-cap companies can be more volatile than investments in larger companies. Investments in lower-quality debt instruments can be more volatile and have greater risk of default, or already be in default, than higher-quality debt instruments. Commodity-related investments can be more volatile than investments in equity securities or debt instruments and can be affected by changes in overall market movements, commodity index volatility, changes in interest rates, factors affecting a particular industry or commodity, and demand/supply imbalances in the market for the commodity. Events that affect the financial services sector may have a significant adverse effect on the fund.

Please see the prospectus for further information on these and other risk considerations.

There is no guarantee that these investment strategies will work under all market conditions, and each investor should evaluate the ability to invest for the long term, especially during periods of downturn in the market.

The investments you choose should correspond to your financial needs, goals, and risk tolerance. For assistance in determining your financial situation, please consult an investment professional.
EXPERTISE THROUGH COLLABORATION℠

We recognize that investors look for investment managers with the expertise to deliver consistent returns over the long term. A long-term discipline drives the way we think, the way we invest and the way we are rewarded. MFS® is an active, global investment manager with a uniquely collaborative approach that brings you our best insights and expertise through:

Integrated Research
We analyze opportunities across geographies, across fundamental and quantitative disciplines and across an organization’s entire capital structure to develop a fuller perspective on securities we select for our clients.

Global Collaboration
Our people, teams and compensation structure ensure collaboration so that our clients benefit from a shared, worldwide view of investing opportunities.

Active Risk Management
Every member of our investment team is responsible for managing risk and delivering to our clients the greatest possible return within each portfolio’s risk guidelines.

The views expressed are those of the author(s) and are subject to change at any time. These views are for informational purposes only and should not be relied upon as a recommendation to purchase any security or as a solicitation or investment advice from the Advisor.