

MFS Investment Management[®]

Staying calm when the
market goes wild



INVESTOR
INSIGHT
SERIES



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 ever has been able to, nor 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.

NOT FDIC INSURED • MAY LOSE VALUE • NO BANK GUARANTEE

Before investing in any MFS mutual fund, consider its investment objectives, risks, charges, and expenses. For a prospectus containing this and other information, contact your financial advisor or view online at [mfs.com](https://www.mfs.com). Read it carefully.

Fact

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

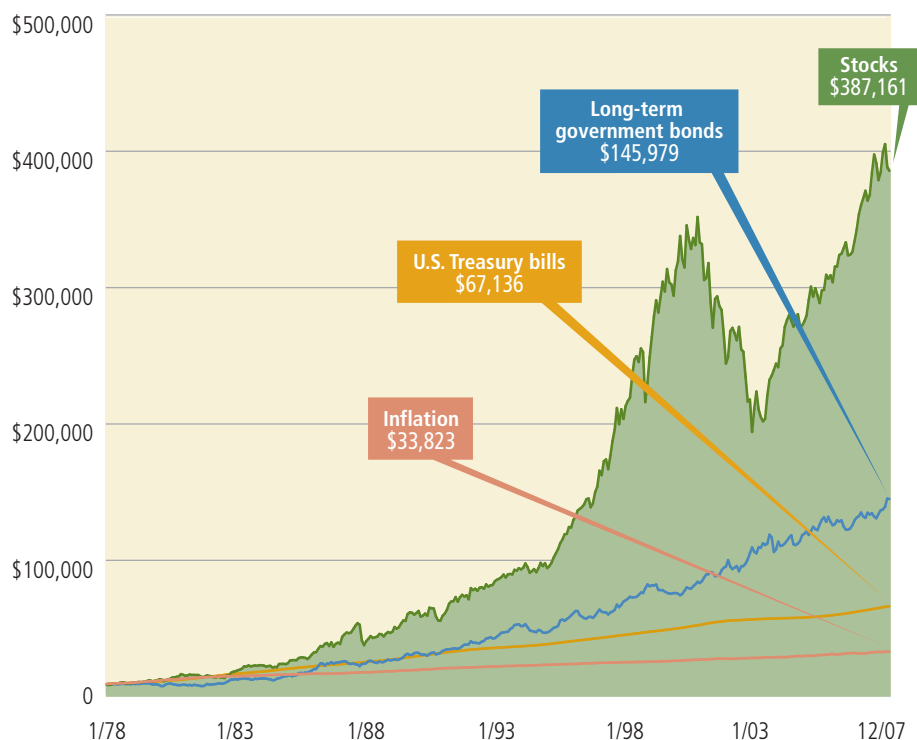
MFS' view

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. However, keep in mind that no investing strategy, including asset allocation and diversification, can guarantee a profit or protect against loss.

Over the long term, stocks have lead the way

Growth of hypothetical \$10,000 investments over three decades



Over time, stocks have played an important role for investors seeking to build and preserve wealth.

Source: 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 (the S&P 500). Long-term government bonds reflect performance of the Lehman Brothers U.S. Long-Term Government Bond Index, an index of all publicly issued long-term government debt securities with an average maturity of 23–25 years. U.S. Treasury bills are represented by the 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 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. **Past performance is no guarantee of future results.**

Fact

Market declines create opportunity for long-term investors.

MFS' view

Sometimes corrections — which tend to be shorter and less severe than bear markets — are good for the market.

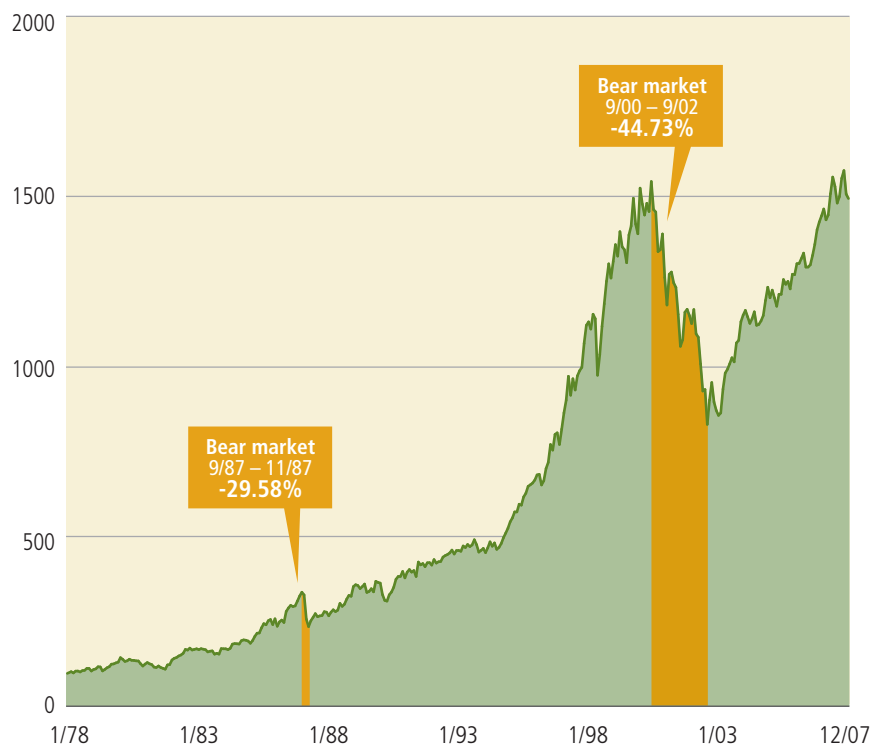
That is why optimistic investors often refer to them as “buying opportunities.”

It has always been our view that one of the best protections 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 markets have not stopped stocks

Tracking the S&P 500 (closing values 1978 – 2007)



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

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 greater but less than 20% over a relatively short period. **Past performance is no guarantee of future results.**

Fact

Some individual stocks will occasionally “blow up” or decline dramatically, sometimes without warning.

MFS' view

For many investors, diversified mutual funds — which spread their investments over dozens or even hundreds of securities — offer a good combination of performance potential and risk.

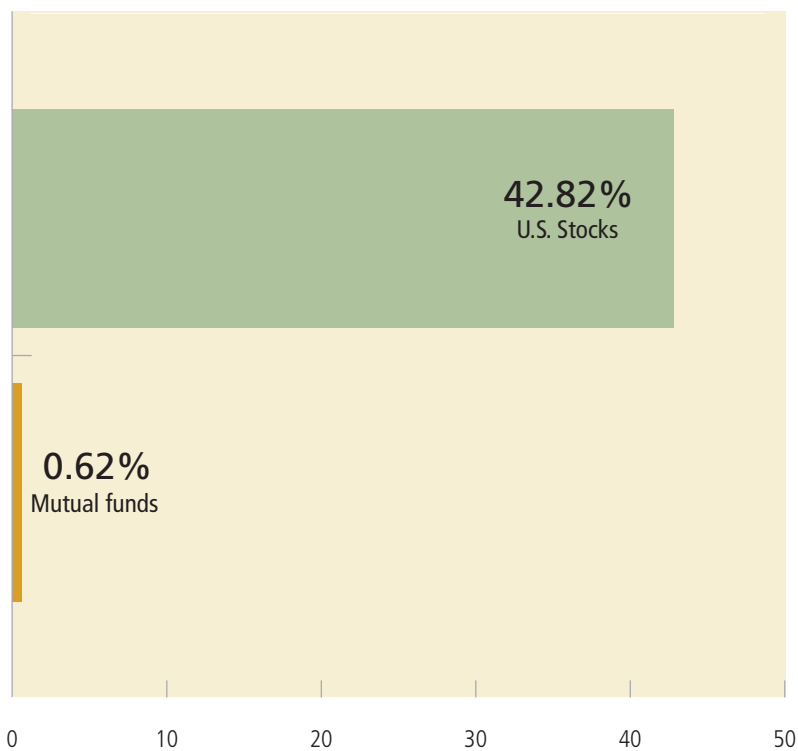
Investing in individual stocks or bonds does offer the possibility of exhilarating performance. The downside is that the most exciting investments can also be the ones that give you sleepless nights.

For example, over the year ended December 31, 2007, close to half of the 6,284 U.S. stocks tracked by Morningstar, a popular rating service, lost 20% or more of their value.

During the same period, less than 1% of the 11,204 equity mutual funds tracked by Morningstar were down by a similar amount.

An investor's chance of picking one of those losing stocks was over sixty-two times greater than his or her chance of picking a losing fund.

Mutual funds have a better track record for maintaining their value
Individual stocks and mutual funds that lost 20% or more of their value in 2007



A well-diversified mutual fund may help investors take market volatility in stride.

Source: Morningstar, Inc. Total equity funds excludes Load Waived share class and funds without 2007 calendar-year return. For illustrative purposes only. Results are not intended to represent the future performance of any MFS product. Mutual fund results are at net asset value; if sales charges had been reflected, results would have been lower. **Past performance is no guarantee of future results.**

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Fact

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

MFS' view

Over the long term, spreading your investments among several asset classes beats guesswork and chasing performance. 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.

Market leadership is unpredictable

Asset class annual returns, best to worst, 1998 – 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	
Large Cap Growth	38.71%	33.16%	11.63%	8.42%	10.27%	45.51%	20.70%	14.02%	26.86%	11.81%	best ↑ ↓ worst
Large Cap Blend	27.02%	27.30%	7.01%	4.09%	1.70%	39.17%	18.29%	8.11%	22.25%	11.63%	
International	20.33%	24.14%	5.96%	1.22%	-14.78%	30.03%	16.49%	7.22%	16.17%	6.97%	
Diversified Portfolio	18.63%	20.91%	4.27%	-5.59%	-15.52%	29.89%	12.93%	7.05%	15.61%	6.24%	
Large Cap Value	15.63%	18.80%	-3.69%	-8.06%	-15.66%	29.75%	11.40%	6.27%	15.46%	5.77%	
Bonds	8.67%	7.35%	-7.79%	-12.45%	-17.80%	29.53%	6.30%	5.26%	9.07%	4.74%	
Cash	5.06%	4.74%	-13.96%	-20.42%	-21.65%	4.11%	4.34%	3.00%	4.76%	1.38%	
Small/Mid Cap	0.38%	-0.83%	-22.42%	-21.21%	-27.88%	1.07%	1.24%	2.43%	4.33%	-0.17%	

Source: SPAR, FactSet Research Systems Inc. For illustrative purposes only. Results are not intended to represent the future performance of any MFS product. International stocks are represented by the MSCI EAFE Index. Large-cap growth stocks are represented by the Russell 1000 Growth Index. Large-cap value stocks are represented by the Russell 1000 Value Index. Large-cap blend stocks are represented by the Russell 1000 Index. Small- and mid-cap stocks are represented by the Russell 2500 Index. Bonds are represented by the Lehman Brothers U.S. Aggregate Bond Index. Cash is represented by the Citigroup 3-month T-bill Index. The Diversified Portfolio is represented by all segments disclosed above, excluding cash, and its assets are rebalanced at the end of every quarter so that they remain equally distributed among the six segments. Index performance does not include any investment-related fees or expenses. It is not possible to invest directly in an index. **Past performance is no guarantee of future results.**

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 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.

Asset class risk considerations

International stocks: Investing in foreign and/or emerging markets securities involves interest rate, currency exchange rate, economic, and political risks. Small- and mid-cap stocks: Investing in small-cap, mid-cap, or emerging growth companies is riskier than investing in more established companies. Bonds: Bonds, if held to maturity, provide a fixed rate of return and a fixed principal value. Bond funds will fluctuate and, when redeemed, may be worth more or less than their original cost.

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.

CHOOSE WHAT FITS.[®]

Since 1924, when MFS[®] invented the mutual fund, the firm has been committed to providing investors and their financial advisors a broad range of investment options to:

Fit your goals

MFS can play a part in building a portfolio for your unique investment dreams: retirement, legacy planning, college savings, and more.

Fit your portfolio

MFS offers investments in a wide range of asset classes that can fill distinct roles in completing a larger investment picture.

Fit your relationship with your financial advisor

MFS distributes its products exclusively through financial advisors because we believe every investor is best served by working with a financial professional.

At MFS we are dedicated to helping your financial advisor choose what fits your needs.

For more details on investing with MFS, contact your financial advisor or visit [mfs.com](https://www.mfs.com).

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