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# ONE Investment Program Canadian Fixed Income Strategies

16 September 2020

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# Committed to Alignment



Creating value responsibly for investors



## COLLECTIVE EXPERTISE

- Integrated Research
- Diversity and collaboration
- Engagement



## LONG-TERM DISCIPLINE

- Conviction and longer time horizons
- Alignment of Incentives
- Continuity/Succession planning



## RISK MANAGEMENT

- Risk-aware culture
- Understanding material risks
- Capacity management

A History of Active Investing

42929.4

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# ONE Investment Fund/MFS Partnership

Seeking to deliver customized fixed income solutions



## Relationship

- Over two decades working with you to bring custom fixed income solutions to Ontario municipalities
- Understanding of your objectives and ability to adapt within the Prudent Investor framework

## Tailored Solution

- Fully customizable portfolio guidelines designed to address the needs of your current and future investors
- Security-by-security portfolio construction driven by a large global credit research platform

## Risk Management

- Risk management fully embedded within the investment process to help ensure portfolio exposure is aligned with convictions
- Independent oversight to ensure consistency with philosophy and client investment guidelines

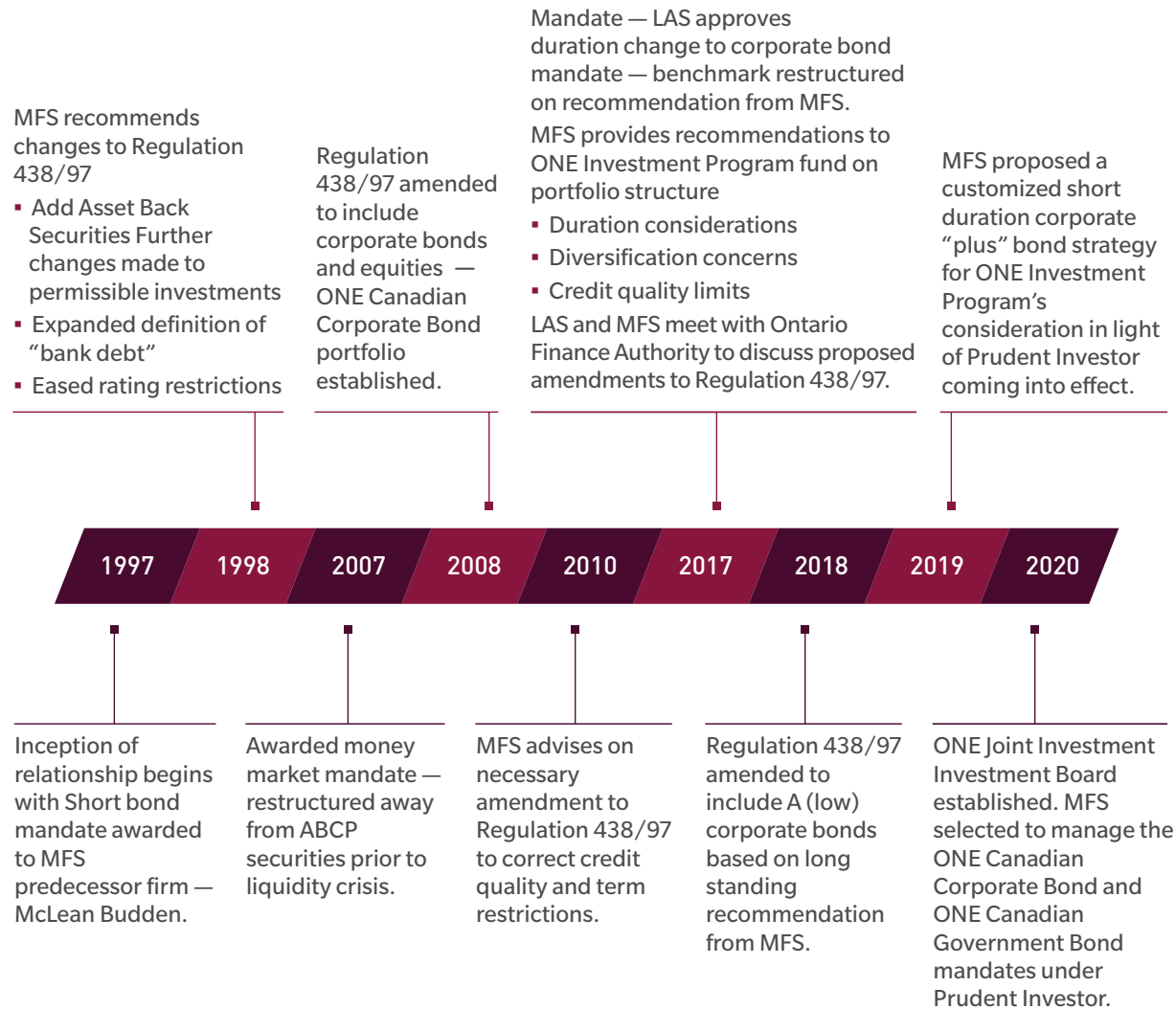
We are both focused on creating value responsibly for clients over the long-term

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# Timeline of ONE Investment Program and MFS

## History of enhancements



Long history of partnership to improve outcomes for municipalities

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## Collaborative Research Environment



As of 30-Jun-20.

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We believe a fully integrated global research platform provides competitive advantages

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Multisector		
Global Aggregate CAD 5.3b	US Aggregate CAD 27.5b	Canadian Universe CAD 7.8b
Core	Limited Maturity	Short-Term
Core Plus	Core	Core
Opportunistic	Core Plus	Core Plus
	Opportunistic	Long-Term
		Long Plus

Sector-Specific				
Credit CAD 13.2b	High Yield CAD 5.4b	EMD CAD 16.5b	Government CAD 9.4b	US Municipals CAD 24.1b
Global IG Credit	US High Yield	Emerging Markets Debt	Global Sovereign	National Short Duration
Global Credit	Global High Yield	EM Local Currency Debt	Global TIPS	National Investment Grade
Euro Credit	Corporate BB	EMD Opportunities <sup>1</sup>	US Government	National High Yield
US IG Credit			US TIPS	14 State-Specific
US Credit			Mortgage-Backed Securities	Taxable
US Long-Duration Credit				
Buy and Maintain				

As of 30-Jun-20.

<sup>1</sup> The composite is comprised of a non-fee paying account consisting of MFS proprietary assets.

The assets by capability reflect composite level assets and other custom portfolios. There is some double counting across the asset totals as certain composites are sub-components of other strategies.

An array of strategies to meet client-specific needs

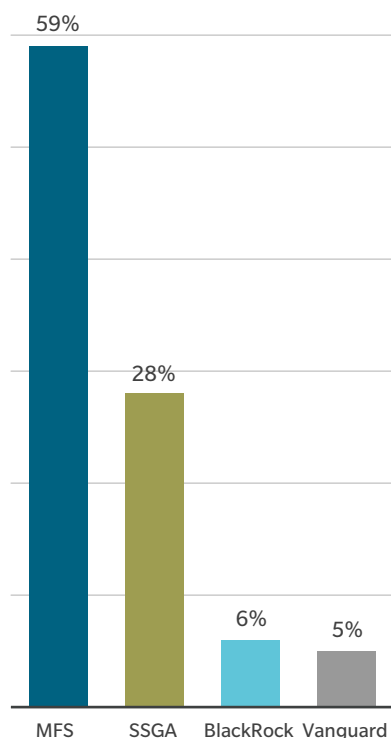
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# Integrating ESG Factors With an Emphasis on Financial Materiality

ESG Scorecard



A Strong Record for Environmental and Social Proposals (%)

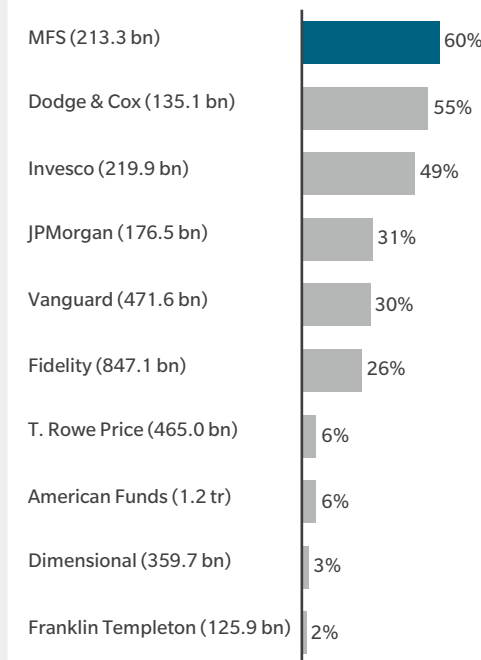


PRI Signatory Assessment Scores for the Past Five Years

Module	2016		2017		2018		2019		2020	
	MFS	Median	MFS	Median	MFS	Median	MFS	Median	MFS	Median
Strategy and Governance <sup>1</sup>	A	B	A+	A	A+	A	A+	A	A+	A
Listed Equity – Incorporation	A	A	A	A	A+	B	A+	B	A+	A
Listed Equity – Active Ownership	A	B	A	B	A	B	A+	B	A+	B
Fixed Income – SSA	A	C	A	B	A+	B	A+	B	A+	B
Fixed Income – Corp. Financial <sup>2</sup>	B	C	B	B	A	B	A+	B	A+	B
Fixed Income – Corp. Non-Financial	B	C	B	B	A	B	A+	B	A+	B
Fixed Income – Securitized	B	E	B	E	A	C	A	C	A	B

■ Blue shaded scores indicate where MFS scored higher than the median

10 Largest Active Equity Fund Managers and the % of Their Fund Assets With “High” or “Above Average” ESG Scores Per Morningstar Sustainability Ratings



Sources: Left chart: SSGA: Asset Stewardship Report 2018-19 Overview. BlackRock: 2019 Annual Engagement and Voting Statistics. Vanguard: Investment Stewardship 2018 Annual Report. Reporting period (1-Jul-18–30-Jun-19). Middle chart: PRI. Right chart: Morningstar Direct, as of 31-Dec-19. **Based on the U.S. domiciled open end equity funds, excluding fund of funds and index funds and these funds are not available for sale outside the U.S.**

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Please keep in mind that a sustainable investing approach does not guarantee positive results.

Active research that focuses on sustainable long-term outcomes

# MFS® Global Fixed Income Team



**William Adams, CFA**  
*CIO | Global Fixed Income*

**Robert Almeida, Chief Investment Strategist**  
**Erik Weisman<sup>1</sup>, Ph.D., Chief Economist**  
**Andrew Windmueller, CFA, Director, Institutional Fixed Income**

Broad Market Portfolio Management		
North America	Global	Institutional Portfolio Management
Josh Marston, <i>Director of Fixed Income, North America</i> Soami Kohly, CFA	Pilar Gomez-Bravo, CFA, <i>Director of Fixed Income, Europe</i> Robert Spector, CFA	Michael Adams, CFA Robert Hall Owen Murfin, CFA Katrina Uzun

Sector Portfolio Management						
Credit	High Yield	EMD	Securitized	US Gov't and Municipals	Sovereign	Money Market
Pilar Gomez-Bravo, CFA Andy Li, CFA Alex Mackey, CFA Henry Peabody, CFA Robert Persons, CFA	David Cole, CFA Michael Skatrud, CFA	Neeraj Arora <sup>1</sup> , CFA Ward Brown, Ph.D, CFA Matthew Ryan, CFA	Phil Burgener <sup>1</sup> , CFA Jake Stone <sup>1</sup> , CFA	Michael Dawson Jason Kosty Gary Lasman, CFA Geoffrey Schechter, CFA	Robert Spector, CFA Erik Weisman <sup>1</sup> , Ph.D.	Jeremy Bau <sup>2</sup> , CFA Cindy Neville <sup>2</sup> Edward O'Dette

Fixed Income Research						
Melissa Haskell, <i>Director of Research, North America</i>   Lior Jassur, <i>Director of Research, Europe</i>						
Global Credit	Global High Yield	EM Sovereign	EM Corporate	Securitized	Municipals	DM Sovereign
12 analysts 5 associates	11 analysts	3 analysts 1 associate	3 analysts 1 associate	1 analyst 2 associates	8 analysts 1 associate	2 analysts

Global Fixed Income Trading	Quantitative Analysis	Additional Resources	Summary	Portfolio Managers	Research Analysts	Research Associates	Traders
Nola Kopfer, <i>Director of Global Trading</i>  21 traders	5 quantitative research analysts  5 quantitative research associates	6 investment product specialists  2 fixed income legal counsel  1 ESG analyst  1 strategic solutions associate	Investment professionals	27	42	10	22
			Years industry experience	23	17	5	19
			Years MFS experience	13	8	3	12

As of 30-Jun-20.

<sup>1</sup> Maintains portfolio management and research responsibilities.

<sup>2</sup> Hybrid trader and portfolio management role. Included as trader not portfolio manager for headcount purposes.

Global broad-market and sector-specific expertise

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## Portfolio Management Team



**Josh Marston**  
Portfolio Manager  
27 years industry experience



**Soami Kohly, CFA, FSA, FCIA**  
Portfolio Manager  
26 years industry experience

Sector Level Expertise					
IG Corporate	High Yield	EMD	Securitized	Municipals	Quantitative
12 Fundamental Research Analysts	11 Fundamental Research Analysts	6 Fundamental Research Analysts	1 Fundamental Research Analyst	8 Fundamental Research Analysts	5 Quantitative Research Analysts
5 Research Associates			2 Research Associates	1 Research Associate	5 Research Associates
2 Traders	2 Traders	4 Traders	2 Traders	2 Traders	

<sup>1</sup> As of 30-Jun-20.

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Highly experienced portfolio management team supported by the full resources of MFS' global research platform

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# MFS® Canadian Fixed Income Approach

*Disciplined investment approach*



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Combining top-down, bottom-up, and quantitative perspectives in order to provide a more insightful framework during risk budgeting and allocation decisions

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Full suite of fixed income alpha levers utilized with an emphasis in areas where we believe markets are inefficient, including asset allocation and security selection

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Security selection across plus sectors allows for thoughtful bond-by-bond portfolio construction, to facilitate for stable investment performance over time

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Risk management is integrated into the investment process throughout portfolio construction and monitoring with the objective of ensuring risk is properly calibrated and consistent with investment conviction level

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Seeks consistent alpha within a risk-managed framework

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# Legal List Portfolio Strategy Spectrum



Strategy	Objective	Benchmark	Duration	Assets (CAD Millions)	Inception
ONE Canadian Corporate Bond Portfolio	Provide competitive rates of return by investing in a diversified, conservatively managed portfolio of bonds, debentures, promissory notes or other evidences of indebtedness of corporations, governments or agencies thereof or supranational organizations or agencies thereof, as permitted by applicable regulation from time to time.	48% FTSE Canada Universe All Government Bond Index 40% FTSE Canada Short Term Corporate A Bond Index 10% FTSE Canada Short Term Corporate AAA/AA Bond Index 2% FTSE Canada 91 Day T-Bill Index	Benchmark +/- 1.5 years	254.8	01-Sep-08
ONE Canadian Government Bond Portfolio	Provide Investors with investments in highly-rated fixed income and money market securities permitted under the Municipal Act with maturities generally less than or equal to five years.	95% FTSE Canada All Government Short Term Index 5% FTSE Canada 91 Day T-Bill Index	Benchmark +/- 1 year	168.9	01-Oct-97
ONE Money Market Portfolio	Provide Investors with investments in highly-rated money market instruments permitted under the Municipal Act.	FTSE Canada 182 Day T-Bill Index	Similar to benchmark	19.4	01-Feb-07

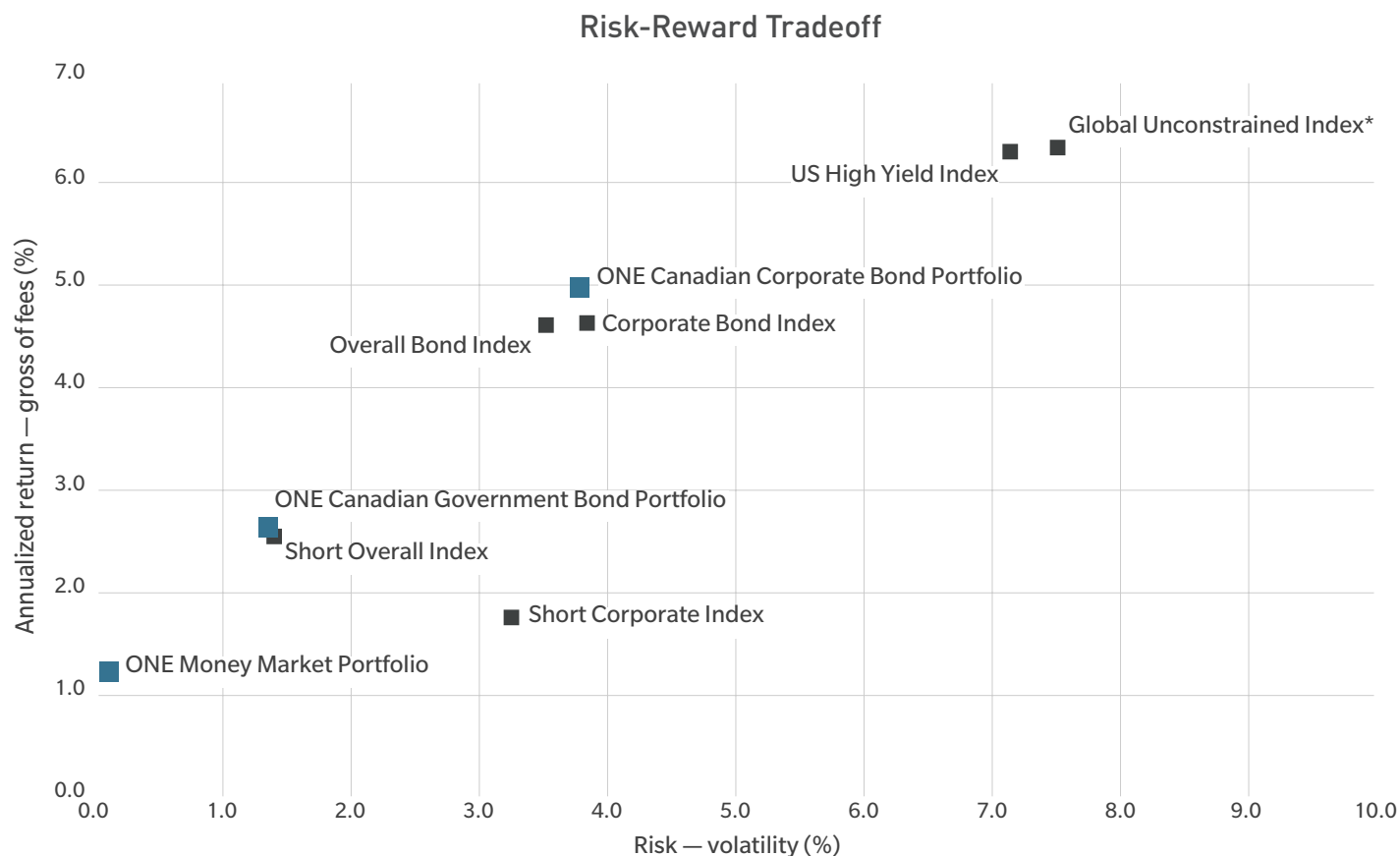
As of 03-Jul-20.

Tailored portfolio solutions designed within the context of the Regulations

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# ONE Investment Strategy Continuum



Source: FactSet, SPAR, Bloomberg Financial LP. Evestment.

\*Global Unconstrained is the median return and standard deviation of strategies in the Evestment Global Unconstrained Fixed Income Universe with a USD base currency. Short Corporate = FTSE Canada Short Term Corporate Bond Index, Short Overall = FTSE Canada Short Term Bond Index, Universe Overall = FTSE Canada Universe Bond Index, Universe Corporate = FTSE Canada All Corporate Bond Index, US High Yield = BofA Merrill Lynch US High Yield Index.

Data based on 10 years of historical monthly returns, as of 30-Jun-20.

**Focused on enhancing returns while managing risk**

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# Prudent Investor Portfolio Strategy Spectrum



Strategy	Objective	Benchmark	Duration	Assets (CAD Millions)	Inception
ONE Canadian Corporate Bond Fund	Provide competitive rates of return through a diversified, conservatively managed portfolio consisting primarily of Canadian bonds, debentures, promissory notes or other evidences of indebtedness of corporations, governments or agencies thereof or supranational organizations or agencies thereof.	48% FTSE Canada All Government Bond Index 40% FTSE Canada Short Term Corporate A Index 10% FTSE Canada Universe Corporate AAA/AA Index 2% FTSE Canada 91 Day T-Bill Index	Benchmark +/- 1.5 years	24.2	03-Jul-20
ONE Canadian Government Bond Fund	Provide investors with competitive rates of return through a diversified, conservatively managed portfolio consisting primarily of short-term Canadian bonds where preservation of capital in real terms is of prime concern.	95% FTSE Canada All Government Short Term Index 5% FTSE Canada 91 Day T-Bill Index	Benchmark +/- 1 year	24.2	03-Jul-20

As of 03-Jul-20.

**Customized portfolios to meet the needs of Ontario municipalities under Prudent**

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# Prudent Investment Fund Analysis — ONE Canadian Corporate Bond



## Current Portfolio

### Benchmark

48% FTSE Canada All Government Bond Index  
 40% FTSE Canada Short Term Corporate A Index  
 10% FTSE Canada Universe Corporate AAA/AA Index  
 2% FTSE Canada 91 Day T-Bill Index

## Strategy Enhancement Considerations

### Benchmark

50% FTSE Mid-Term Corporate Bond Index  
 50% FTSE Mid-Term Government Bond Index

## Portfolio Positioning as of 30-Jun-20

		Portfolio	Index	Range
Duration		6.0 yrs	6.1 yrs	Index +/- 0.5 yrs
Sector weights	Corporate	71%	50%	40–80%
	Federal	2%	22%	0–40%
	Provincial/Municipal	24%	26%	10–50%
	Cash and Equivalents	2%	2%	—
Quality	AAA/AA/A	99%	100%	100%
	BBB	1%	0%	
Issuer count	Corporate	29	61	
	BBB	2	0	

## Index Characteristics

		Index	Range
Duration		6.7 yrs	Index +/- 0.5 yrs
Sector weights	Corporate	50%	30–80%
	Federal	23%	0–40%
	Provincial/Municipal	27%	10–50%
	Cash and Equivalents	0%	—
Quality	AAA/AA/A	68%	100%
	BBB	32%	10–50%
Issuer count	Corporate	90	
	BBB	55	

For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Dominion Bond Rating Service (DBRS), Standard and Poor's, Moody's Investors Service, and Fitch rating agencies. In cases where the agencies do not agree on the credit rating, the rating is classified according to the following rules: If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings; if three agencies rate a security, use the most common rating; in the rare event that all three agencies disagree, use the middle rating. If four agencies rate a security, use the most common rating; if four agencies rate a security with a two way split, use the lower rating. In the highly unlikely event that all four agencies disagree, consider the three lower ratings applying the three rating methodology rule. If none of the 4 Rating Agencies above assign a rating, but the security is rated by DBRS Morningstar, then the DBRS Morningstar rating is assigned. Ratings are shown in the S&P and DBRS scale (e.g., AAA). All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency MBS, and CMOs of U.S. Agency MBS. Other Not Rated includes fixed income securities which have not been rated by any rating agency.

Similar duration and increased flexibility around credit quality and corporate issuers

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# Prudent Investment Fund Analysis — ONE Canadian Government Bond



## Current Portfolio

### Benchmark

95% FTSE Canada All Government Bond Index  
5% FTSE Canada 91 Day T-Bill Index

## Strategy Enhancement Considerations

### Benchmark

FTSE Canada Short Term Overall Bond Index

## Portfolio Positioning as of 30-Jun-20

		Portfolio	Index	Range
Duration		2.7 yrs	2.9 yrs	Index +/- 0.5 yrs
Sector weights	Corporate	43%	0%	10–50%
	Federal	23%	65%	10–70%
	Provincial/Municipal	25%	30%	10–50%
	Cash and Equivalents	9%	5%	—
Quality	AAA/AA/A	100%	100%	100%
	BBB	0%	0%	0%
Issuer count	Corporate	9	0	
	BBB	0	0	

## Index Characteristics

		Index	Range
Duration		2.8 yrs	Index +/- 0.5 yrs
Sector weights	Corporate	33%	10–50%
	Federal	46%	10–70%
	Provincial/Municipal	21%	10–50%
	Cash and Equivalents	0%	—
Quality	AAA/AA/A	85%	75–100%
	BBB	15%	0–25%
Issuer count	Corporate	133	
	BBB	75	

For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Dominion Bond Rating Service (DBRS), Standard and Poor's, Moody's Investors Service, and Fitch rating agencies. In cases where the agencies do not agree on the credit rating, the rating is classified according to the following rules: If two agencies rate a security, and the ratings are not equal, use the lower of the two ratings; if three agencies rate a security, use the most common rating; in the rare event that all three agencies disagree, use the middle rating. If four agencies rate a security, use the most common rating; if four agencies rate a security with a two way split, use the lower rating. In the highly unlikely event that all four agencies disagree, consider the three lower ratings applying the three rating methodology rule. If none of the 4 Rating Agencies above assign a rating, but the security is rated by DBRS Morningstar, then the DBRS Morningstar rating is assigned. Ratings are shown in the S&P and DBRS scale (e.g., AAA). All ratings are subject to change. U.S. Government includes securities issued by the U.S. Department of the Treasury. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency MBS, and CMOs of U.S. Agency MBS. Other Not Rated includes fixed income securities which have not been rated by any rating agency.

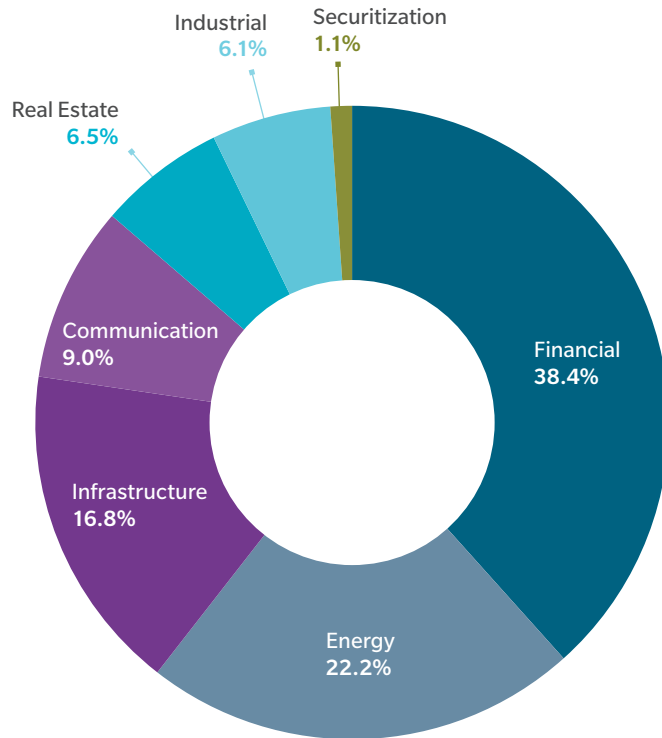
Single benchmark and additional flexibility around credit quality and corporate issuers

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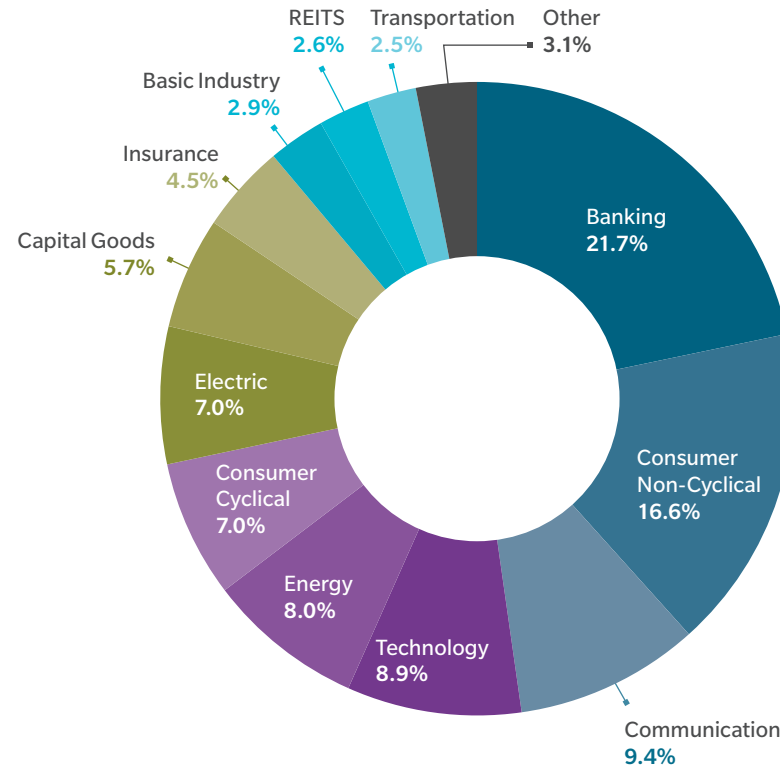
# A Concentrated Canadian Market



FTSE Canada Universe Corporate Bond Index



Bloomberg Barclays U.S. Corporate Investment Grade Index



Source: Bloomberg PORT. Data as of 30-Jun-20.

There are significant opportunities to diversify outside Canada

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## ONE Canadian Government Bond Portfolio

## Performance Results – Gross of Fees (CAD)

Relative to 5% FTSE Canada 91 Day T-Bill, 95% FTSE Canada Short Term Government Bond



As of 30-Jun-20	Period	Portfolio Gross (%)	Benchmark (%)	Excess Return Gross vs. Benchmark (%)
Quarterly returns	2Q20	2.47	1.14	1.33
	1Q20	1.89	2.95	-1.06
	4Q19	0.02	-0.03	0.05
	3Q19	0.34	0.24	0.10
Annual returns	2020 year to date	4.41	4.12	0.29
	2019	3.11	2.36	0.75
	2018	1.95	1.93	0.02
	2017	0.32	-0.33	0.65
Annualized returns	1 year	4.78	4.34	0.44
	3 years	3.12	2.69	0.43
	5 years	2.31	1.79	0.52
	7 years	2.57	2.10	0.47
	10 years	2.63	2.16	0.47
	Since inception (01-Oct-97)	4.03	3.85	0.18

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index.

**Past performance is no guarantee of future results.** For periods of less than one-year returns are not annualized.

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OIB-PODBK-19-Aug-20

# Sector Attribution Summary

Relative to benchmark^^ — one year as of 30 June 2020



Performance Summary (bps)	
Portfolio	475
Benchmark	434
<b>Active</b>	<b>42</b>

Attribution Summary (bps)	
<b>FX allocation &amp; hedging</b>	<b>0</b>
<b>Total yield curve</b>	<b>-6</b>
Average (parallel shift)	-16
Yield curve positioning	10
<b>Asset allocation</b>	<b>59</b>
<b>Security selection</b>	<b>3</b>
<b>Other^</b>	<b>-6</b>

## Yield Curve Outperformance Details

Key Rates	Avg. Shift	6 mo	2 yr	5 yr	10 yr	20 yr	30 yr
<b>CAD — Government</b>							
Duration o/w (yr)	0.10	0.07	-0.36	0.08	0.30	0.00	0.00
Yield change (bps)	-114	-153	-120	-104	-94	-72	-68
Outperformance (bps)	-16	6	-4	3	-2	0	-0

## Excess of Curve Return Allocation Details

	Portfolio Average Weighting (%)	Benchmark Average Weighting (%)	Average Relative Weighting (%)	Portfolio Excess Return (bps)	Benchmark Excess Return (bps)	Sector Allocation (bps)	Security Selection (bps)	Total Effect (bps)
Financial	37.53	0.00	37.53	183	0	56	0	56
Federal	26.99	71.16	-44.17	14	12	7	1	8
Provincial	27.07	27.02	0.05	66	57	0	2	2
Municipal	1.84	1.82	0.02	26	60	0	-1	-1
Securitization	2.53	0.00	2.53	-11	0	-1	0	-1
CASH	4.04	0.00	4.04	0	0	-3	0	-3
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>87</b>	<b>25</b>	<b>59</b>	<b>3</b>	<b>61</b>

^ Includes impacts from intra-day, interest rate derivative basis, leverage, pricing differences, and exclusions.

^^ Benchmark: 95% FTSE Canada Short Term Government Bond Index, 5% FTSE Canada 91 Day T-Bill Index linked to previous benchmark

Source: Bloomberg PORT.

Attribution results are generated by the Bloomberg PORT application utilizing a methodology which is accepted in the investment industry. Results are derived from a transaction based, hybrid model which blends sector and factor-based attribution and does not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

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## ONE Canadian Corporate Bond Portfolio

## Performance Results – Gross of Fees (CAD)

Relative to 48% FTSE Canada Universe All Government Bond Index, 40% FTSE Canada Short Term Corporate A Index, 10% FTSE Canada Universe Corporate AAA/AA Index, 2% FTSE Canada 91 Day T-Bill Index linked to previous benchmark



As of 30-Jun-20	Period	Portfolio Gross (%)	Benchmark (%)	Excess Return Gross vs. Benchmark (%)
Quarterly returns	2Q20	5.34	4.70	0.64
	1Q20	0.87	1.35	-0.48
	4Q19	-0.41	-0.36	-0.05
	3Q19	0.69	0.79	-0.10
Annual returns	2020 year to date	6.25	6.12	0.13
	2019	5.58	5.35	0.23
	2018	1.60	1.65	-0.05
	2017	2.62	1.99	0.63
Annualized returns	1 year	6.55	6.56	-0.01
	3 years	4.52	4.26	0.26
	5 years	3.86	3.52	0.34
	7 years	4.53	4.15	0.38
	10 years	4.61	4.22	0.39
	Since inception (01-Sep-08)	4.98	4.51	0.47

Source: Benchmark performance from SPAR, FactSet Research Systems Inc. It is not possible to invest directly in an index.

**Past performance is no guarantee of future results.** For periods of less than one-year returns are not annualized.

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# Sector Attribution Summary

Relative to benchmark^^ — one year as of 30 June 2020



Performance Summary (bps)	
Portfolio	654
Benchmark	639
<b>Active</b>	<b>15</b>

Attribution Summary (bps)	
<b>FX allocation &amp; hedging</b>	<b>0</b>
<b>Total yield curve</b>	<b>-19</b>
Average (parallel shift)	-12
Yield curve positioning	-6
<b>Asset allocation</b>	<b>23</b>
<b>Security selection</b>	<b>23</b>
<b>Other^</b>	<b>-8</b>

## Yield Curve Outperformance Details

Key Rates	Avg. Shift	6 mo	2 yr	5 yr	10 yr	20 yr	30 yr
<b>CAD — Government</b>							
Duration o/w (yr)	0.05	0.03	-0.24	0.19	0.21	0.03	-0.17
Yield change (bps)	-91	-153	-120	-104	-94	-72	-68
Outperformance (bps)	-12	5	-11	-1	-2	-13	13

## Excess of Curve Return Allocation Details

	Portfolio Average Weighting (%)	Benchmark Average Weighting (%)	Average Relative Weighting (%)	Portfolio Excess Return (bps)	Benchmark Excess Return (bps)	Sector Allocation (bps)	Security Selection (bps)	Total Effect (bps)
Provincial	16.87	24.23	-7.36	-117	-143	16	10	26
Federal	13.01	23.35	-10.34	36	20	16	4	20
Energy	3.15	2.80	0.35	8	-232	1	8	9
Real Estate	4.85	3.44	1.41	24	-199	-3	11	8
Infrastructure	6.28	2.16	4.12	68	-68	-2	9	7
Industrial	2.93	2.02	0.90	22	-3	1	1	1
CASH	1.50	0.00	1.50	0	0	-1	0	-1
Securitization	4.93	1.28	3.65	-47	-33	-1	-1	-2
Communication	0.00	2.17	-2.26	0	-44	-3	0	-3
Municipal	3.24	1.40	1.83	-198	-107	-2	-3	-5
Financial	43.24	37.15	6.09	30	63	2	-16	-15
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-0.09</b>	<b>30</b>	<b>-15</b>	<b>23</b>	<b>23</b>	<b>46</b>

^ Includes impacts from intra-day, interest rate derivative basis, leverage, pricing differences, and exclusions.

^^ Benchmark: 48% FTSE Canada Universe All Government Bond Index, 40% FTSE Canada Short Term Corporate A Index, 10% FTSE Canada Universe Corporate AAA/AA Index, 2% FTSE Canada 91 Day T-Bill Index linked to previous benchmark

Source: Bloomberg PORT.

Attribution results are generated by the Bloomberg PORT application utilizing a methodology which is accepted in the investment industry. Results are derived from a transaction based, hybrid model which blends sector and factor-based attribution and does not include expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

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# MFS Canadian Money Market Fund



## Investment Philosophy

To provide a real rate of return through investing in a diversified portfolio of Canadian dollar debt typically with a maturity of less than one year. It is expected that the vast majority of the Fund's return will be derived from income.

## Performance Objective

Outperform the FTSE Canada 91-Day Treasury Bill Index over moving four-year periods.

## Asset Mix

	Min (%)	Max (%)
Treasury Bills, Bankers' Acceptance, Commercial Paper, Term Deposits and Asset Backed Commercial Paper & Short Term Debt Securities Maturing within 1 year	85	100
Cash	0	15

## Diversification

	Min (%)	Max (%)	
<b>Issuer</b>	Federal Government and Guarantees	30	100
	Non-Federal (Provincial & Municipalities) Government Guarantees	0	70
	Bankers' Acceptances Commercial Paper and Asset-Backed Commercial Paper	0	70
<b>Credit Quality</b>	R-1 High	30	100
	R-1 Mid	0	70
	R-1 Low	0	10

Ratings are provided by Dominion Bond Rating Service (DBRS) or a comparable agency.

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# MFS Canadian Money Market Fund

Continued...



## Duration

The Fund's term-to-maturity will range between 15-180 days.

## Eligible Investments

- Pooled or commingled products managed by MFS if consistent with the Fund's investment objective.
- Floating rate securities with final maturities in excess of one year. The Fund deems the security reset date (typically one to three month intervals) as the securities' maturity date for the purposes of the maturity target described in the Fund's investment philosophy.
- Treasury Bills
- Bankers' Acceptances and Bearer Deposit Notes (BDNs)
- Term Deposits
- Floating-Rate Notes (FRN)
- Commercial Paper and Asset-Backed Commercial Paper or similar instruments that receive a minimum R-1 (Low), or equivalent, rating by a recognized rating agency
- Government and corporate bonds maturing within one year

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