



ONE Investment Program — Fixed Income Market Update & Canadian Fixed Income Review

29 May 2024

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Presenters



Darren Patrick, CFA

- Managing Director — Institutional Relationship Management
- As a Relationship Manager, responsible for the overall client experience including communicating portfolio positioning, strategy, and performance attribution and ensuring that our clients' ongoing service needs are met.
- Joined MFS in 2015; previous positions include Director, Relationship Management
- Previous experience includes 1 year as Principal, Private Capital & Advisory at Promerita Group; 8 years as Commercial Market Leader, Pacific Region and Senior Consultant, Investments at Aon Hewitt; 1 year as Consultant at Towers Watson; 2 years as Manager, Investor Relations & Treasury at TELUS; 3 years as Investment Banking Analyst at BMO Nesbitt Burns
- Affiliations include CFA Institute, CFA Society Vancouver
- University of Manitoba, BSc
- University of Manitoba, BComm, honours

Soami Kohly, CFA, FCIA, FSA

- Fixed Income Portfolio Manager
- Serves on MFS Fixed Income Strategy Group
- As a Fixed Income Portfolio Manager, collaborates with the full MFS global investment organization to develop and implement portfolio strategies that seek to achieve long-term performance objectives. Responsibilities encompass all aspects of portfolio construction, including risk budgeting, asset allocation, security selection, and risk management.
- Joined MFS in 2009
- Previous experience includes 3 years as Associate Analyst in equity research and Vice President of structured products at RBC Capital Markets; 12 years as Actuarial Consultant at Hewitt Associates
- Also responsible for Liability Driven Investing and Dynamic De-risking solutions for defined benefit pension plans.
- Affiliations include Canadian Institute of Actuaries, Fellow, Society of Actuaries
- University of Western Ontario, BSc, honours

Responsible Active Management



We create long-term value by allocating capital responsibly



COLLECTIVE EXPERTISE

- Engagement
- Diversity and collaboration
- Integrated research



LONG-TERM DISCIPLINE

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

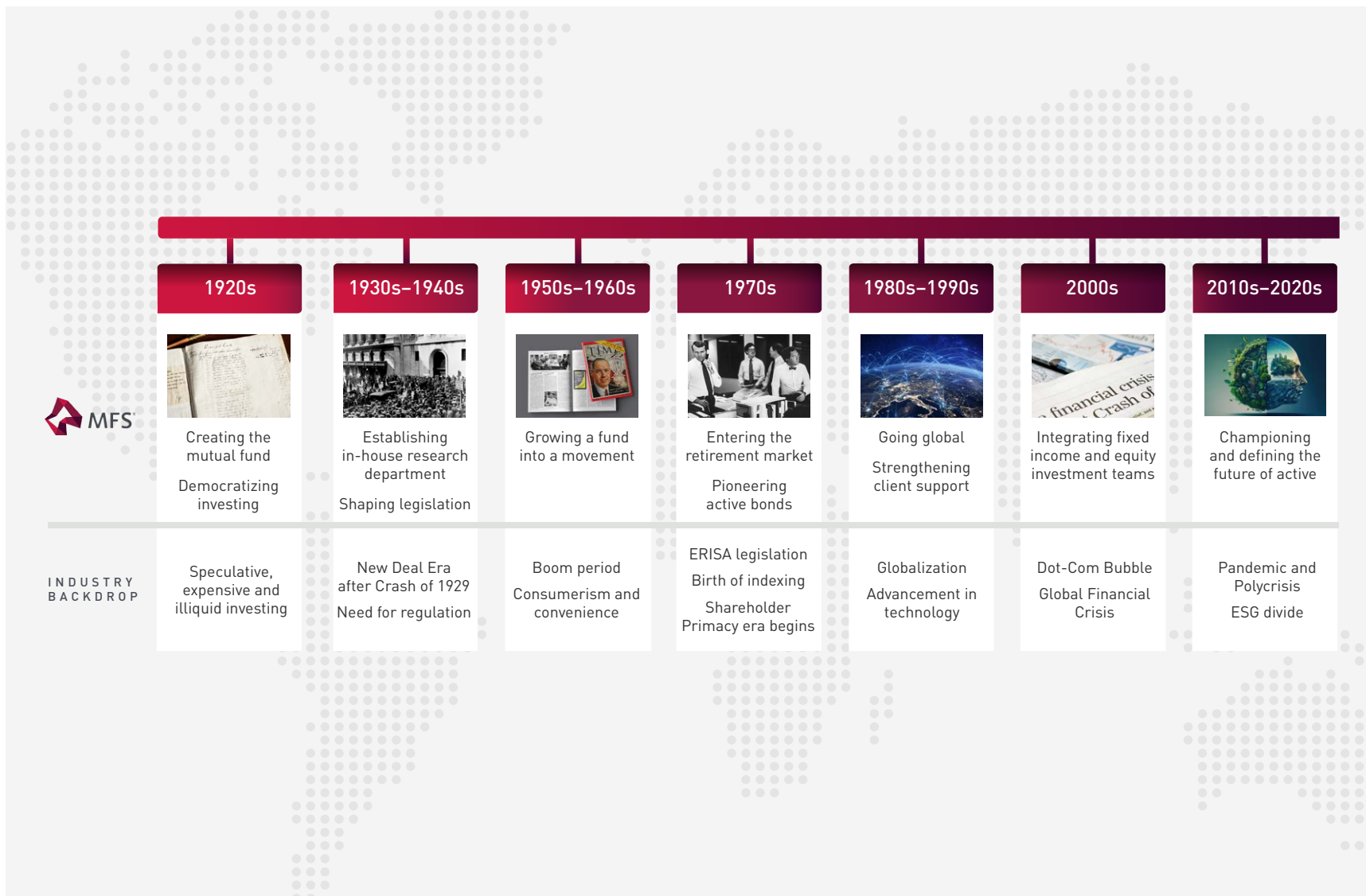


RISK MANAGEMENT

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

Uncovering market opportunities while striving to protect our clients' reputations

Active Through the Ages



A History of Bold Action

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Profile

- CAD 131 billion fixed income¹ platform established in 1970
- CAD 851 billion total firm-wide AUM
- 134 fixed income professionals integrated into 325 member global investment organization
- Long-term-focused organizational ownership

Approach

Collective Expertise

Differentiated investment insights through global collaboration and research connectivity

Long-Term Discipline

Deep fundamental conviction and long-term focus aimed to exploit opportunities within short-term oriented markets

Risk Management

Intentional calibration of investment risk aligning fundamentals with valuation in a manner consistent with expectations



Global Provider
of Fixed Income
Solutions

Potential Benefits

Opportunity for long term active investment returns

Portfolio risk profiles aligned with expectations

Consultative client engagement supporting flexibly tailored solutions²

As of 31-Mar-24.

¹ Includes CAD 30.8 billion of dedicated fixed income assets managed as part of multi-asset portfolios and short-term cash management assets.

² This benefit is in regards to our separately managed account offerings. Please refer to the fund's regulatory documents for the fund's investment strategy.

A leading global fixed income manager

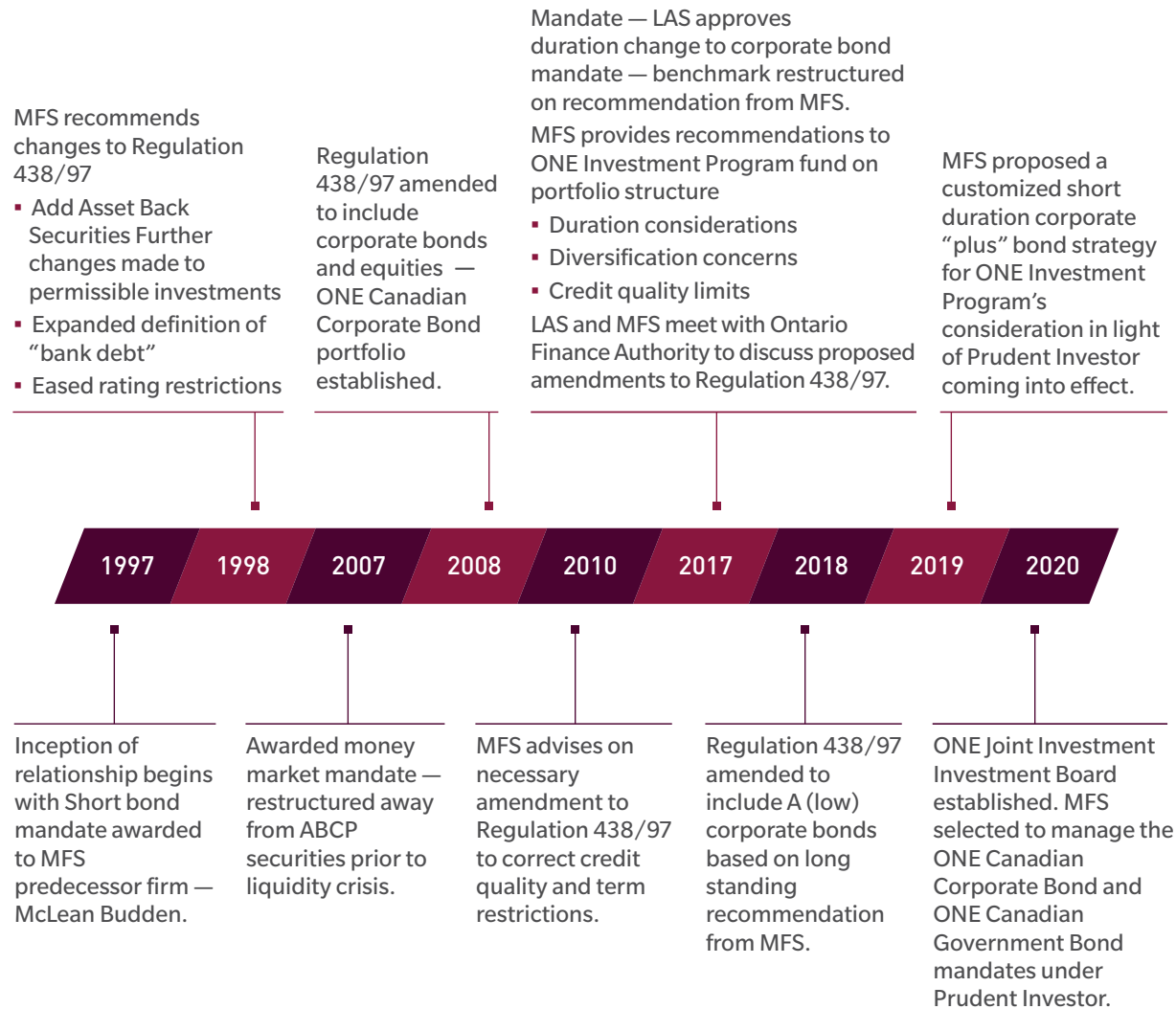
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Timeline of ONE Investment Program and MFS

History of enhancements



Long history of partnership to improve outcomes for municipalities

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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	296.1	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 Short Term Government Bond Index 5% FTSE Canada 91 Day T-Bill Index	Benchmark +/- 1 year	165.0	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	5.1	01-Feb-07

As of 31-Mar-24.

Tailored portfolio designed within the context of the Regulations

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	45.8	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.	60% FTSE Canada Short Term Government Bond Index 40% FTSE Canada 91 T-Bill Index	Benchmark +/- 1 year	100.4	03-Jul-20

As of 31-Mar-24.

Customized portfolios to meet the needs of Ontario municipalities under Prudent

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MFS® Canadian Fixed Income Team



Soami Kohly, CFA, FSA, FCIA
Portfolio Manager
30 years industry experience



Josh Marston
Portfolio Manager
31 years industry experience

Sector Level Expertise				
IG Corporate	High Yield	EMD	Securitized	Municipals
5 Portfolio Managers	2 Portfolio Managers	3 Portfolio Managers	2 Portfolio Managers	5 Portfolio Managers
15 Fundamental Research Analysts	10 Fundamental Research Analysts	14 Fundamental Research Analysts	5 Fundamental Research Analysts	9 Fundamental Research Analysts
3 Research Associates	1 Research Associate	2 Research Associates	2 Research Associates	2 Research Associates
5 Traders	3 Traders	2 Traders	2 Traders	2 Traders
Additional Resources				
28 Fixed Income Portfolio Managers 64 Equity Portfolio Managers 66 Fundamental Fixed Income Research Analysts and Associates 85 Fundamental Equity Research Analysts and Associates		5 ESG Analysts and Associates 13 Fixed Income Quantitative Analysts and Associates 27 Fixed Income Traders 1 Fixed Income Research Analyst — Solutions 7 Investment Product Specialists		

As of 31-Mar-24.

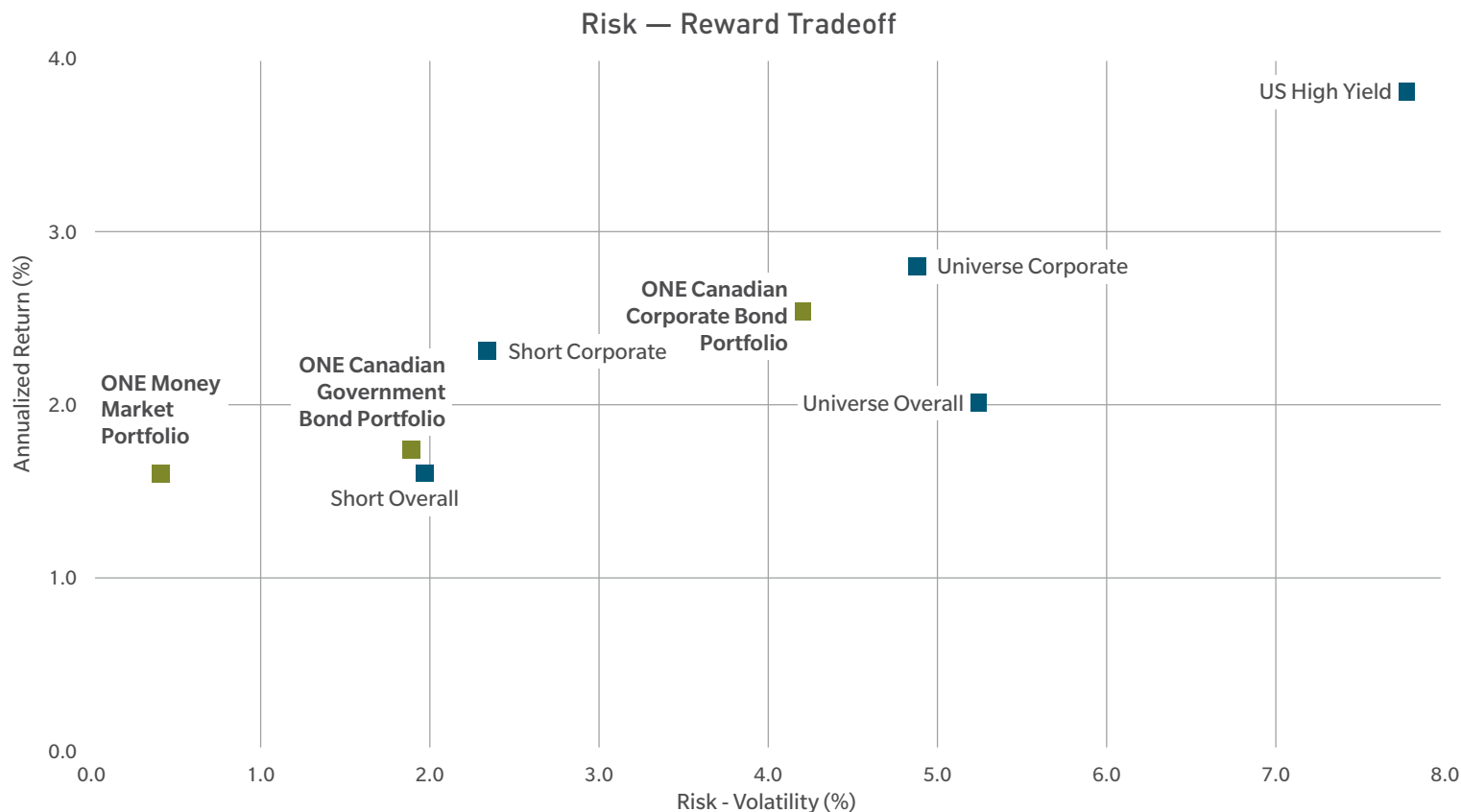
Years of industry experience as of 31-Dec-23.

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Highly experienced portfolio management team supported by the full resources of the global fixed income platform

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ONE Investment Strategy Continuum



Returns are gross of fees.

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 31-Mar-24.

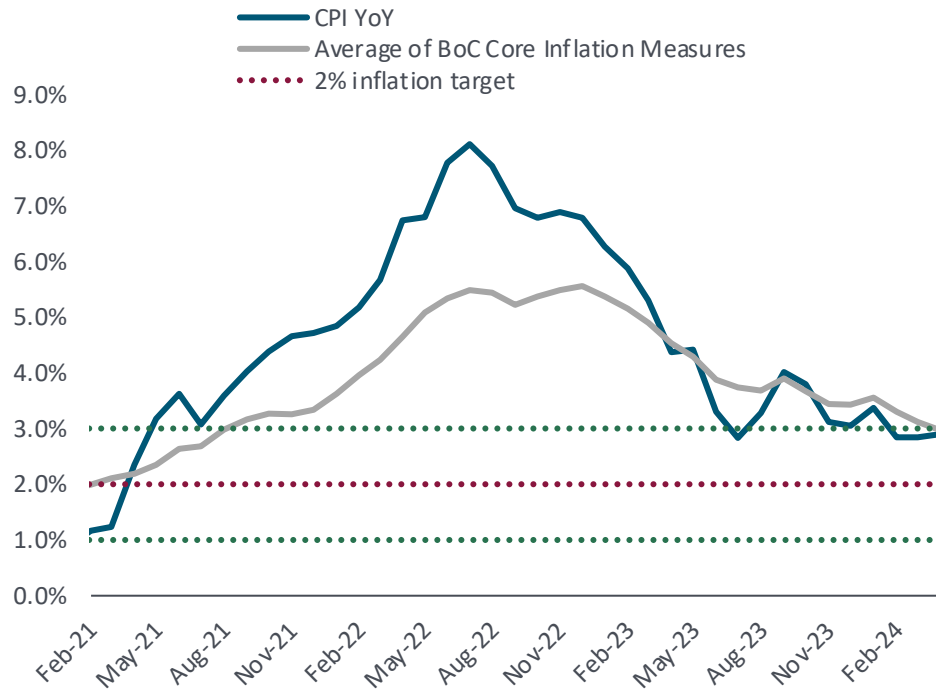
Focused on Focused on seeking to enhance returns while managing risk

Inflation Trending in the Right Direction

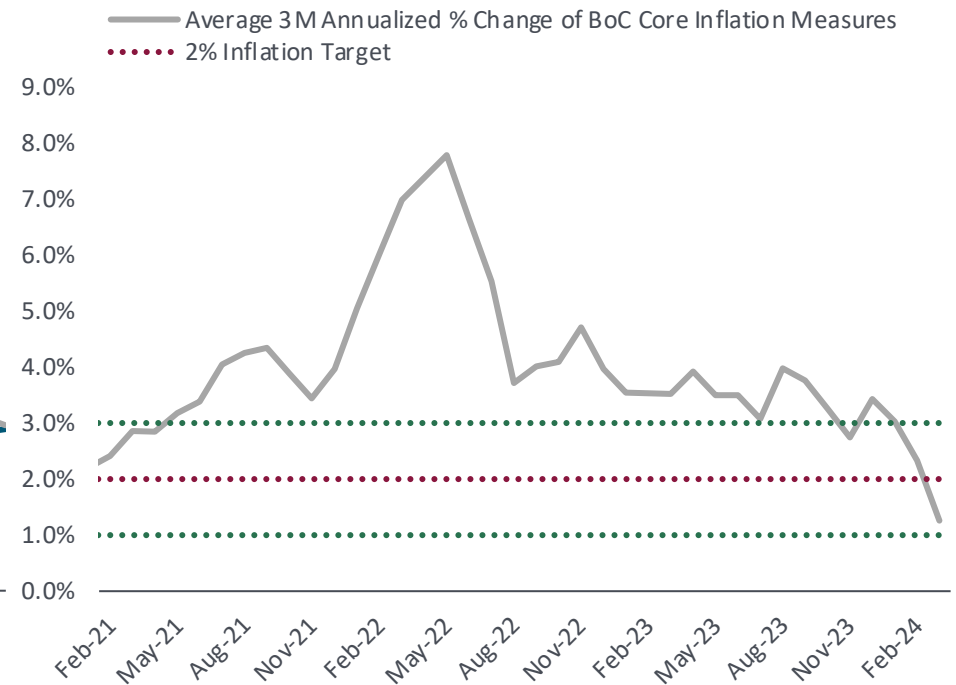
Inflation has moderated across a broadening range of goods and services



Canadian Inflation Approaching Target



BoC Core Inflation Measures: 3M Annualized % Change



CPI YoY	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Expected	3.1%	2.9%	3.4%	3.3%	3.1%	2.9%
Actual	3.1%	3.1%	3.4%	2.9%	2.8%	2.9%
Difference	0.0%	0.2%	0.0%	-0.4%	-0.3%	0.0%

Source: Bloomberg. LHS: STCA Statistics Canada, Bloomberg. Monthly data from 28 February 2021 to 31 March 2024. Average of BoC Canada core inflation measures is the average of the BoC core CPI trimmed inflation and median BoC CPI. Data is seasonally adjusted. RHS: Haver, Statcan. Monthly data from 28 February 2021 through 31 March 2024. Data is seasonally adjusted. Average of BoC Canada core inflation measures is the average of the BoC core CPI trimmed inflation and median BoC CPI

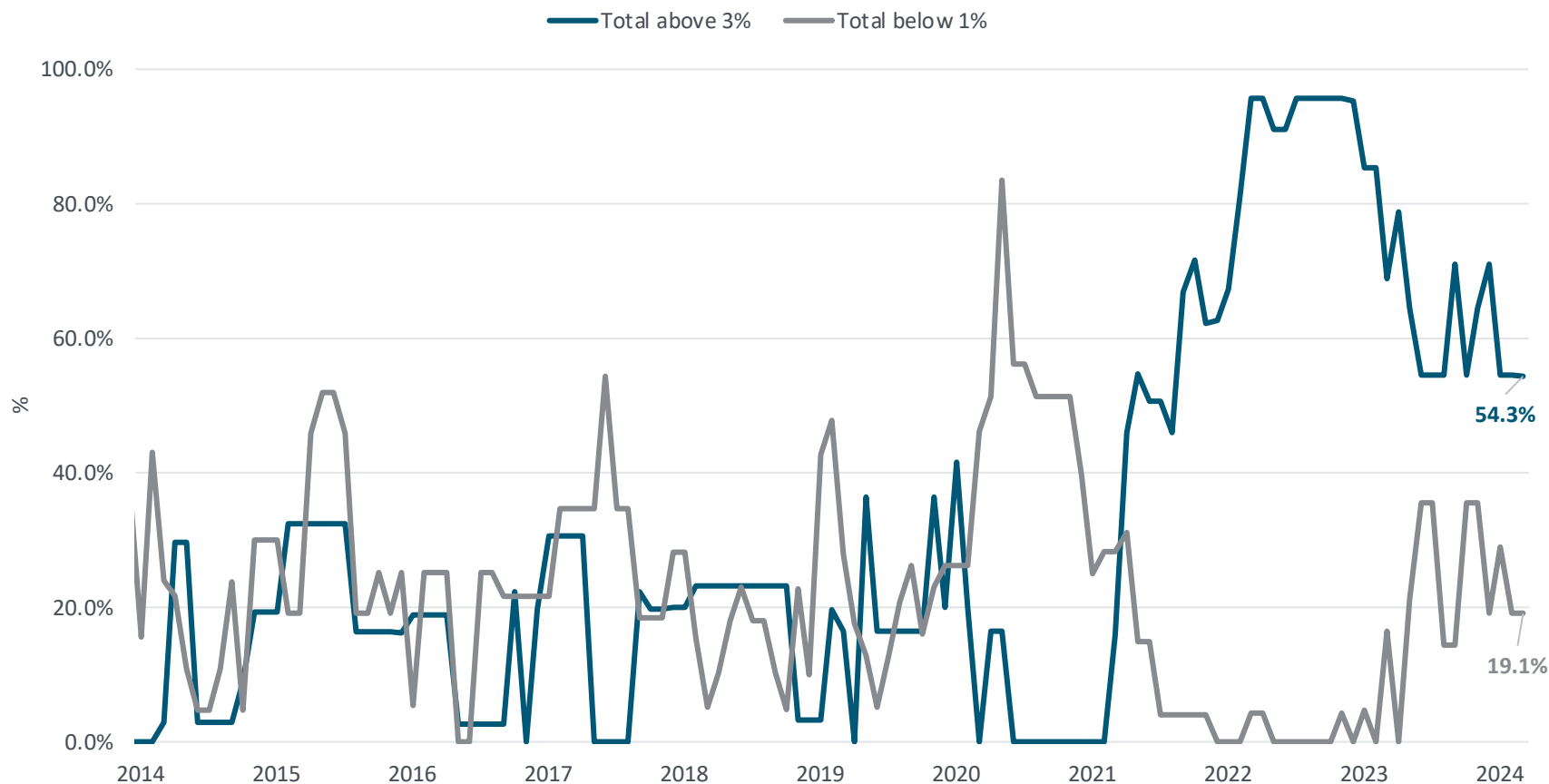
The BoC is seeing what they need to see...they just need to see it for longer before cutting rates

Breadth of Inflation

The breadth of inflation is receding with fewer CPI components running above target



Weighted Share of CPI Components by Inflation Rate

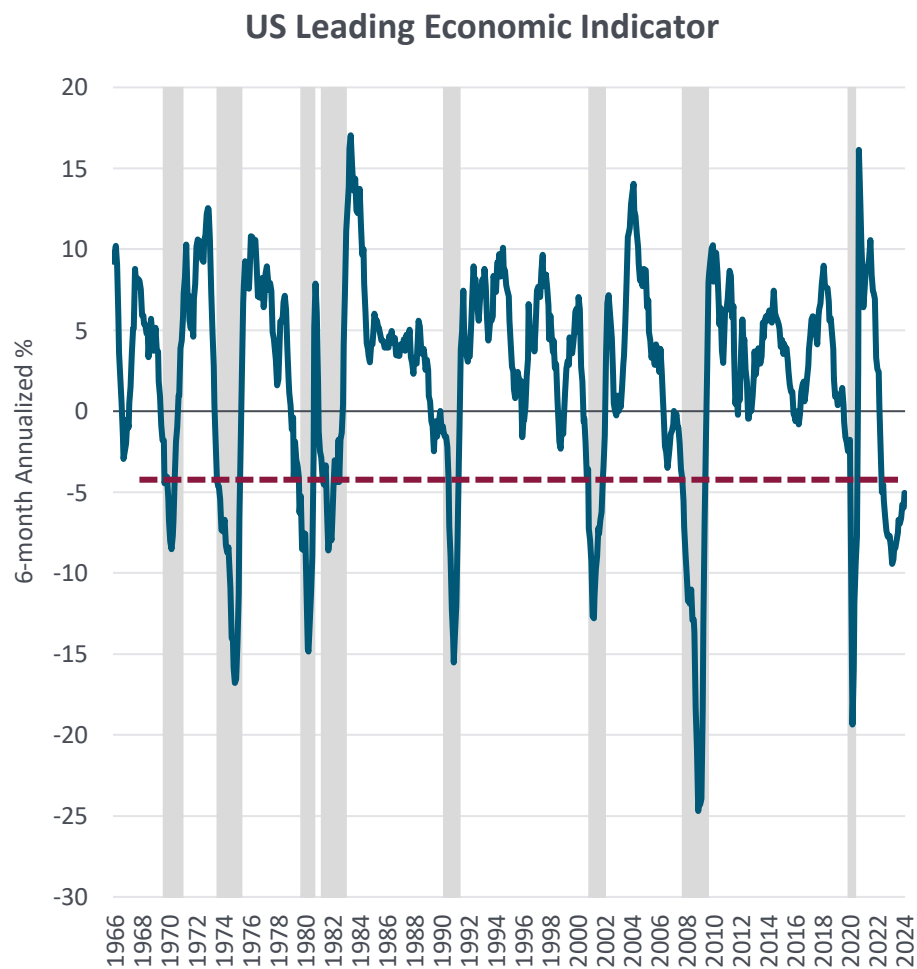


Source: Bloomberg, Statcan. Monthly data from 31 January 2014 through 31 March 2024.

Shelter inflation is now the main source of above-target inflation

Recession Risks are Still Alive, But Recent Data Resilient

Leading economic indicators still signaling a slowdown, but the second derivative has improved



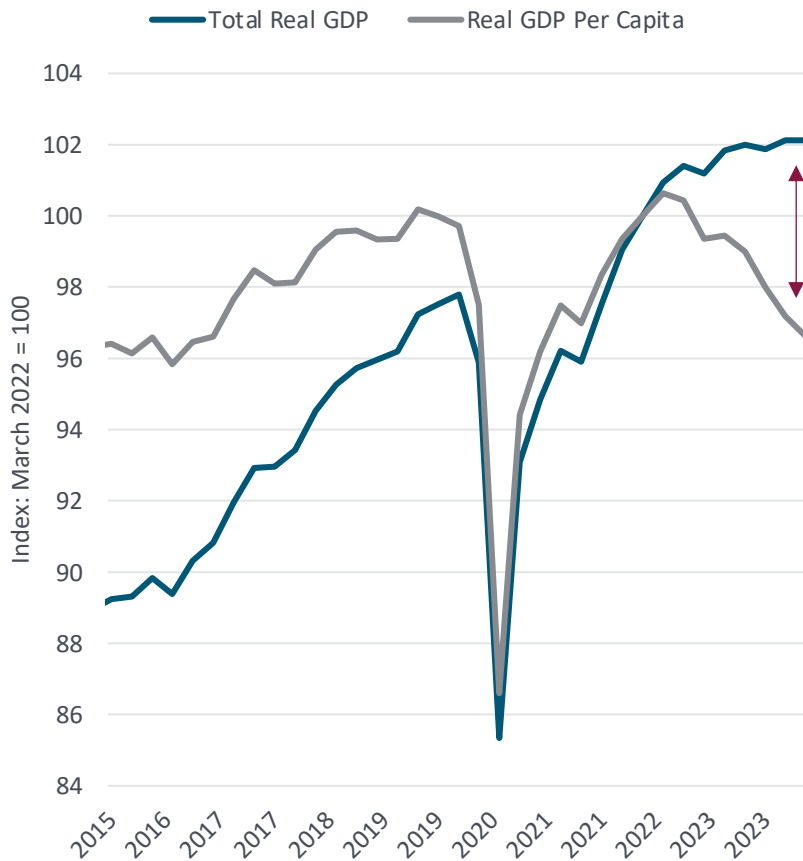
Source: LHS: FactSet. Monthly data from 31 January 1966 to 29 February 2024. LEI = Leading Economic Indicator. Shaded areas = US recessions. Dotted line at -4% represents rate of change reached prior to past recession. RHS: Bloomberg. Monthly data from March 2023 through February 2024. February 2024 is a forecast.

Resilient growth with moderating inflation suggests improved prospect of a soft landing

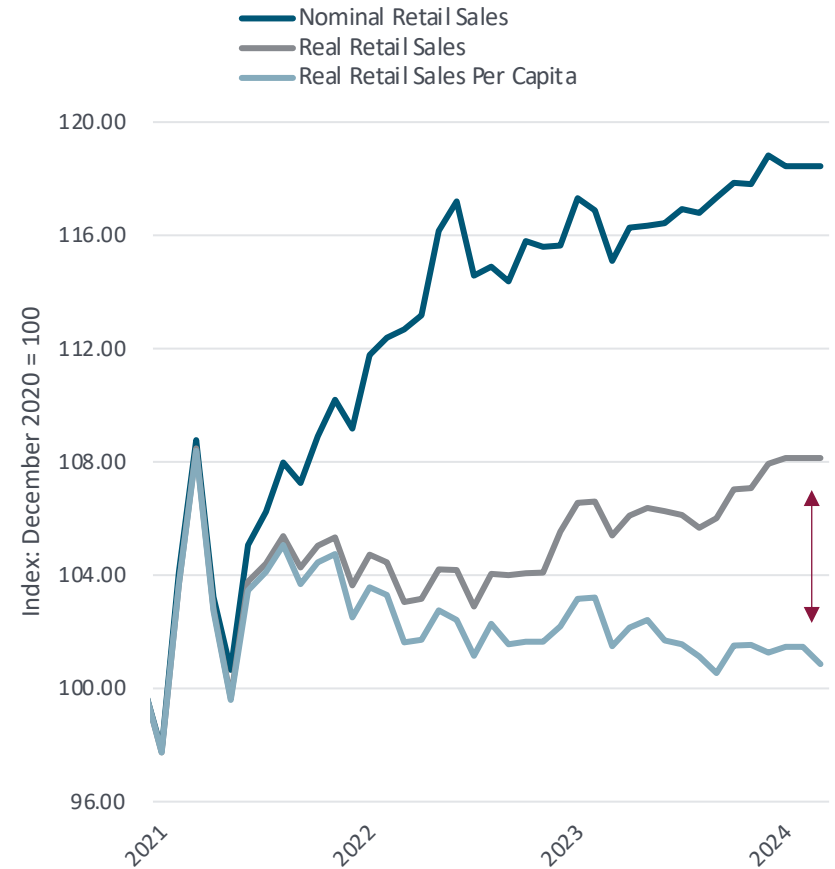
Canada in a Per-Capita Recession?



Decline in Per Capital GDP



Per Capita Canada Retail Sales Are Weak



Source: LHS: Bloomberg, STCA Canada. Quarterly data from 30 September 2015 through 31 March 2024. Both series indexed to 100 as of 31 March 2022. Total real GDP uses chained 2017 prices in Canadian Dollar. RHS: Haver, Bloomberg. Monthly data from January 2021 through March 2024. December 2020 = 100.

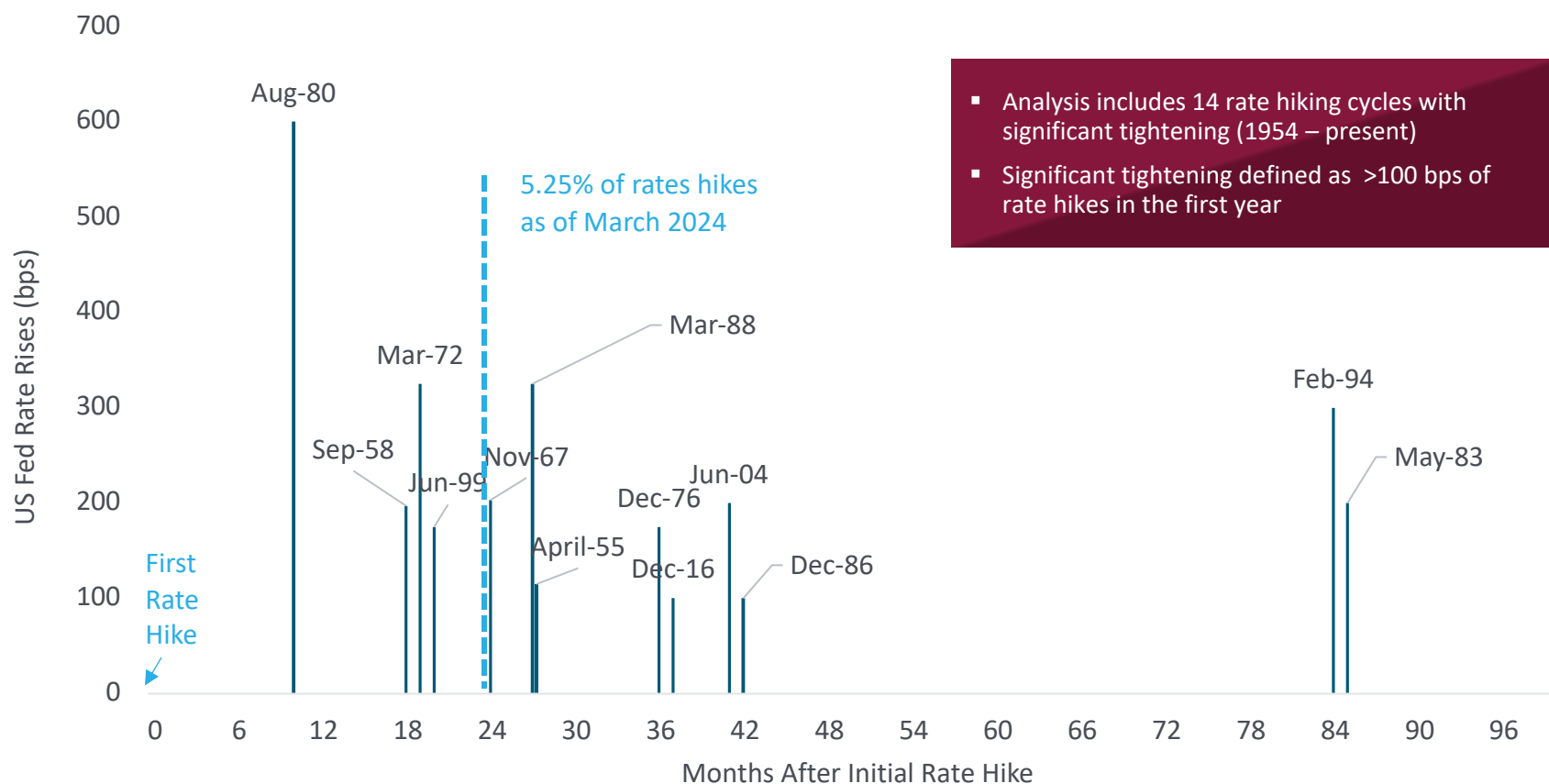
The combination of high rates and inflation has seemingly caught up with the average Canadian

The Lagged Effect of Monetary Tightening

Should we still be waiting for recession?



Start of Next US Recession if Historical Monetary Policy Lags Held True



- Analysis includes 14 rate hiking cycles with significant tightening (1954 – present)
- Significant tightening defined as >100 bps of rate hikes in the first year

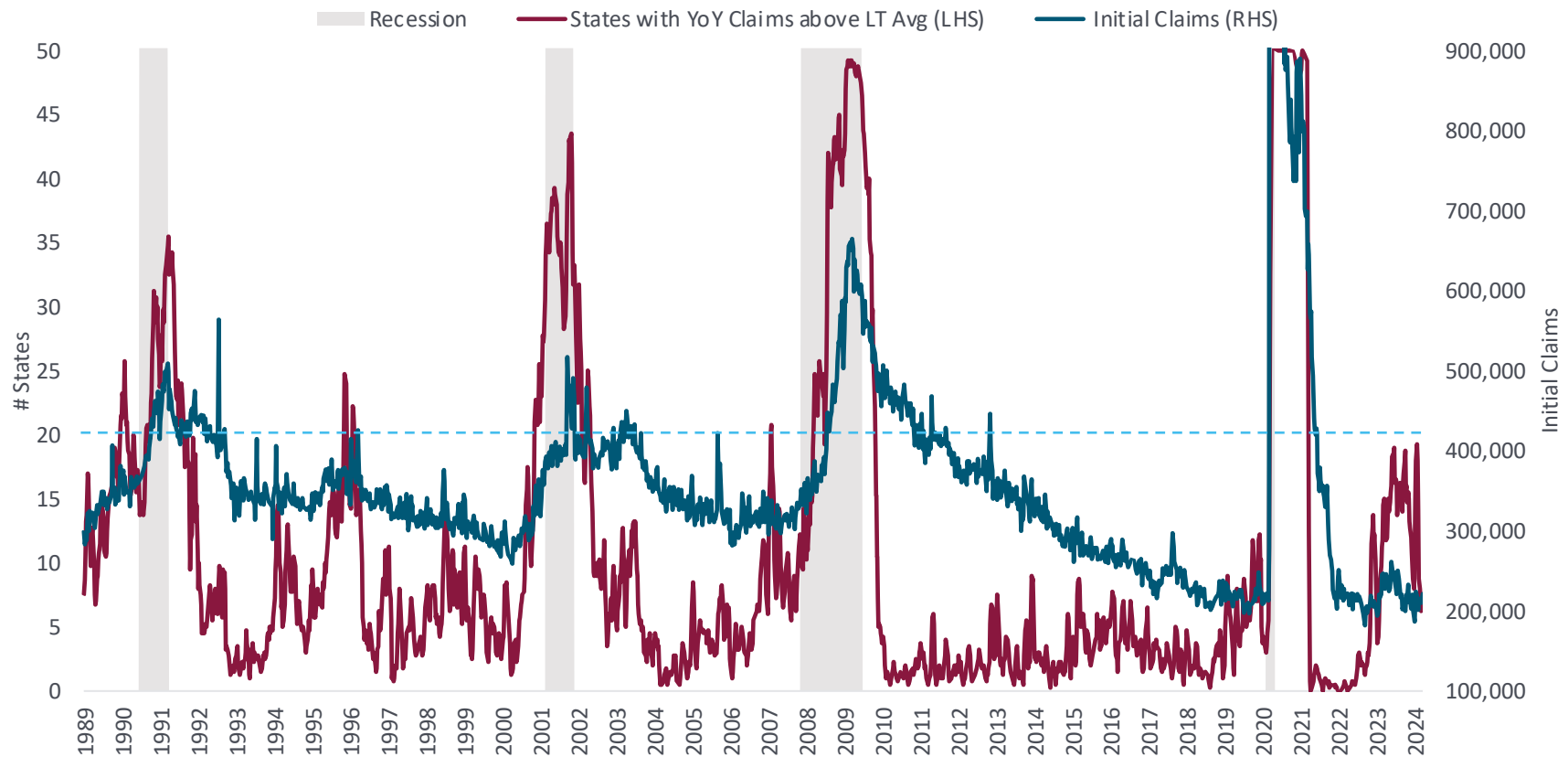
Source: Bloomberg, Haver and FRB. As of 31 March 2024. Dates shown on labels represent the months when the first rate hike took place in each cycle. Federal Funds Upper Bound used to identify rate hiking cycles from 1971 - 2023. Federal Funds Effective used from 1954 - 1970. February 1994 and December 2016 rate hiking cycles include 13 months (rather than 12 months) to better capture the amount of rate rises within a period of approximately 1 year.

Too soon to dismiss tail risk of recession, especially with risk of exogenous shocks

Leading Indicators Suggest Tough Environment



States with YoY Claims Above Long-term Average



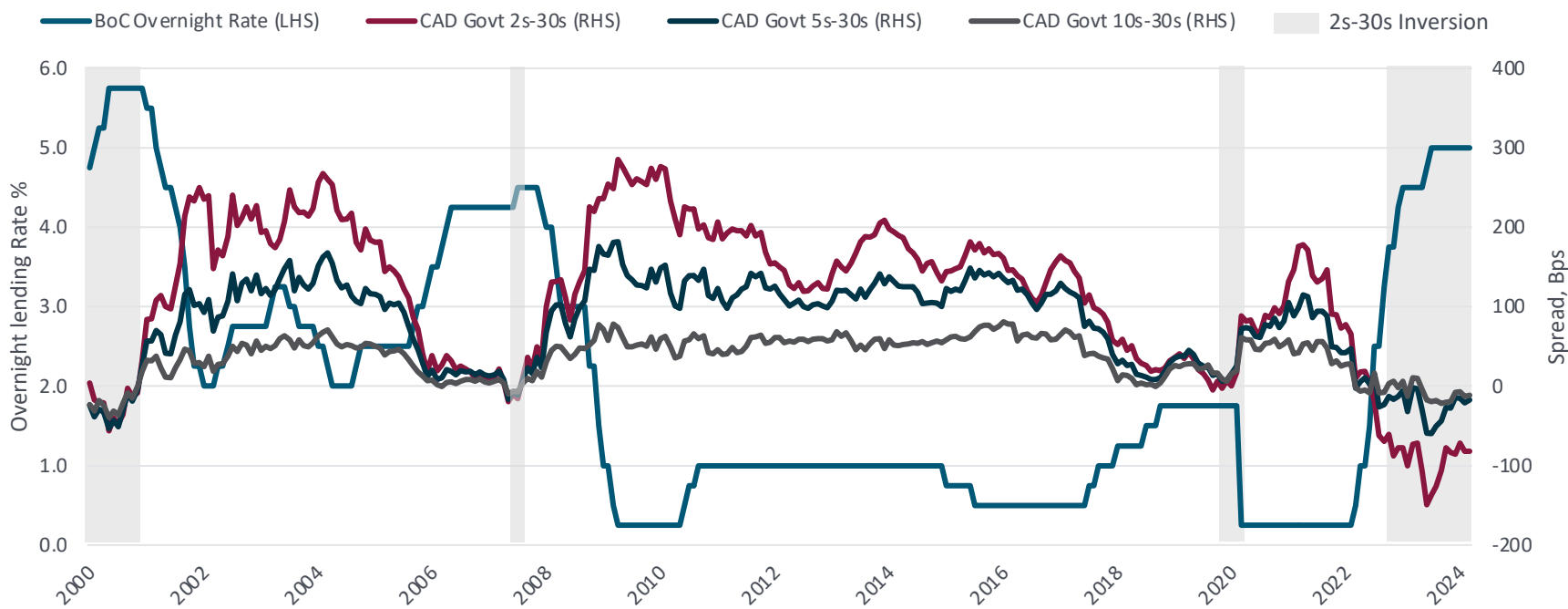
Source: Department of Labor, MFS research. Weekly data from 24 December 1988 through 23 March 2024. States with YoY claims above LT average is a four-week moving average of the number of states who's YoY % change in initial claims exceeds their long-term average of YoY % change in initial claims. Long term average YoY % change in initial claims calculated based on weekly observation from 24 December 1988 through 23 March 2024. Blue dotted line at 20 states represents estimate of threshold where past recessions were triggered.

The number of US states experiencing labour market weakness nearly approached recessionary levels

Review of Prior Yield Curve Inversions



Overnight Rate & Yield Curve Inversions



Curve	Current Slope (Bps)	Average Slope (Bps)	Average Change in Slope 12m After Peak BoC Rate (Bps)
CAD Govt 2s-30s	-82.2	113.0	+107.7
CAD Govt 5s-30s	-17.2	77.6	+57.9
CAD Govt 10s-30s	-11.3	36.1	+19.4

Source: Bloomberg. Monthly data from January 2000 through March 2024. Table: Current slope as of 31 March 2024. Average slope calculated from January 2000 through March 2024 using monthly observations. Average change in slope 12 months after peak BoC rate calculated using the following peak rate episodes: December 2000, June 2003, November 2007, December 2014, and February 2020.

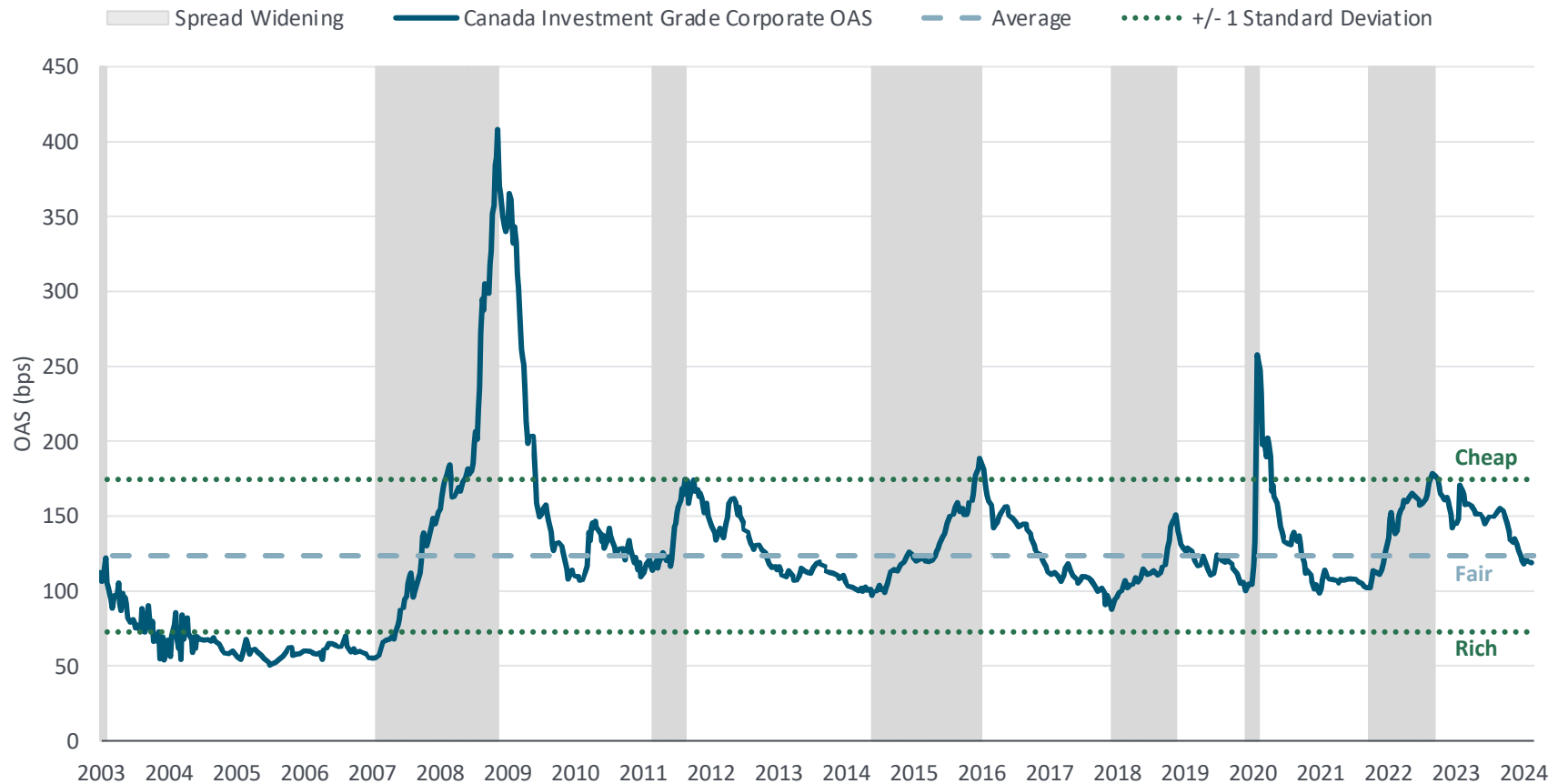
History suggests the current inverted yield curve could soon revert

Mini Cycles in Canada Credit

Credit spread volatility intracycle has risen since the GFC



Canadian Credit Cycles



Source: Bloomberg. Weekly data from 28 February 2003 through 19 April 2024. Shaded regions reflect periods of spread widening greater than 50 bps. OAS = Option adjusted spread. Canada Investment Grade Corporate = Bloomberg Canada Aggregate Corporate Index.

Periods of rapid spread widening followed by compression seem to occur on a higher frequency post-GFC

Starting Spread and Subsequent Spread Change



Canada IG

Starting Spread	Avg 2-year Fwd Spread Change	Min/Best Spread Decline	Max/Worst Spread Increase	# of Observations	% of Spread Compression
50-100	64	-35	331	58	33%
100-125	21	-49	139	88	24%
125-150	-11	-48	42	44	68%
150-175	-43	-63	5	21	90%
175-200	-61	-90	-27	7	100%
200-250	-106	-122	-82	4	100%
250+	-213	-264	-174	7	100%

Source: Bloomberg. Monthly data from 28 February 2003 through 31 March 2024. OAS = option adjusted spread. Index: Bloomberg Canada Aggregate Corporate Index. Spread as of 31 March 2024 = 120 basis points.

Are valuations reflecting the risk of recession?

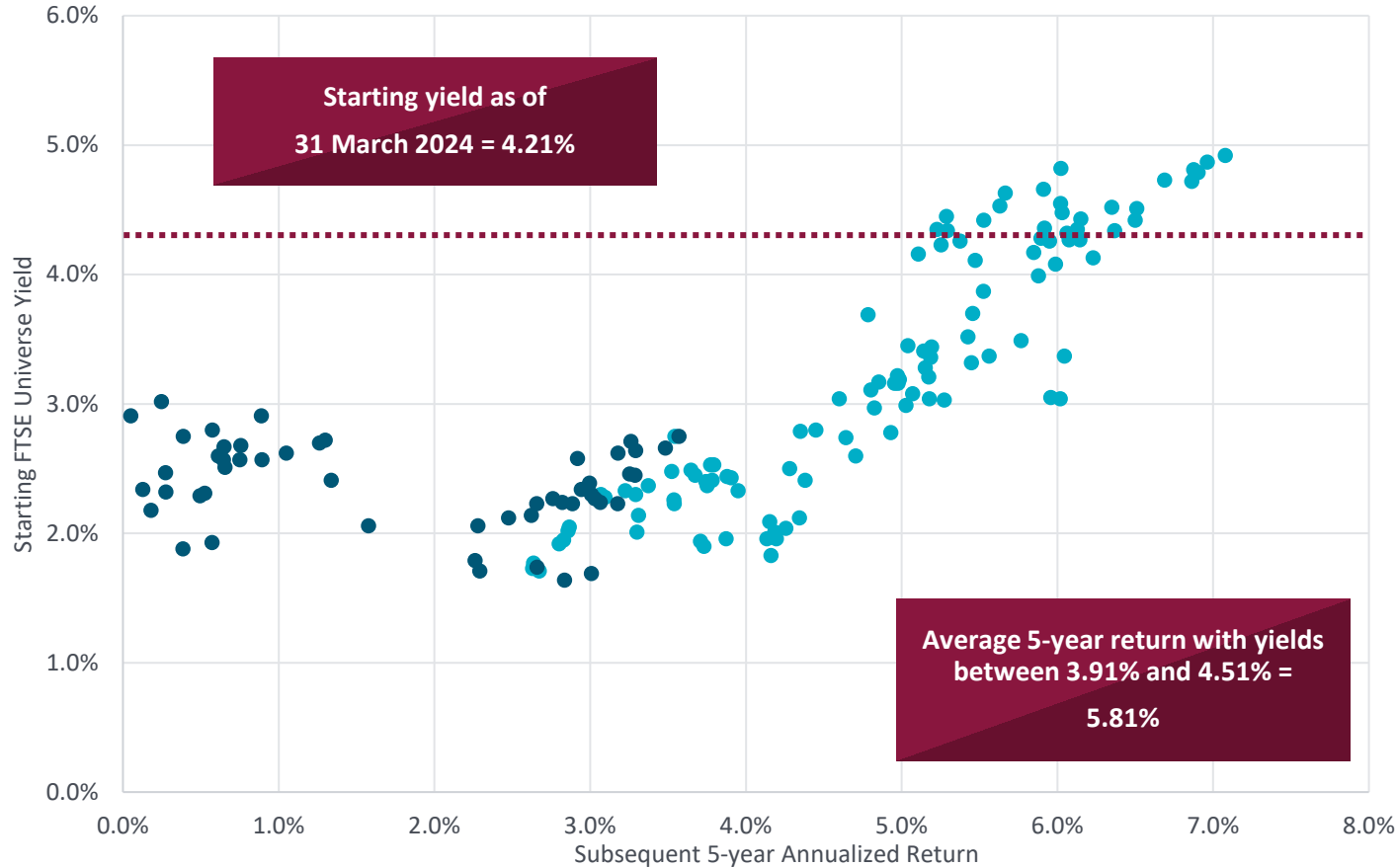
Starting Yield and Subsequent Return

The current yield level has historically been associated with strong 5-year subsequent returns



FTSE Canada Universe: Starting Yield vs. Subsequent 5-year Total Return

● Subsequent 5-year return over period where yields fell ● Subsequent 5-year return over period where yields rose



Starting Yield Range (%)	Average Subsequent 5-year Return
0-1	N/A
1-2	2.85%
2-3	2.75%
3-4	5.10%
4-5	6.04%
5-6	N/A

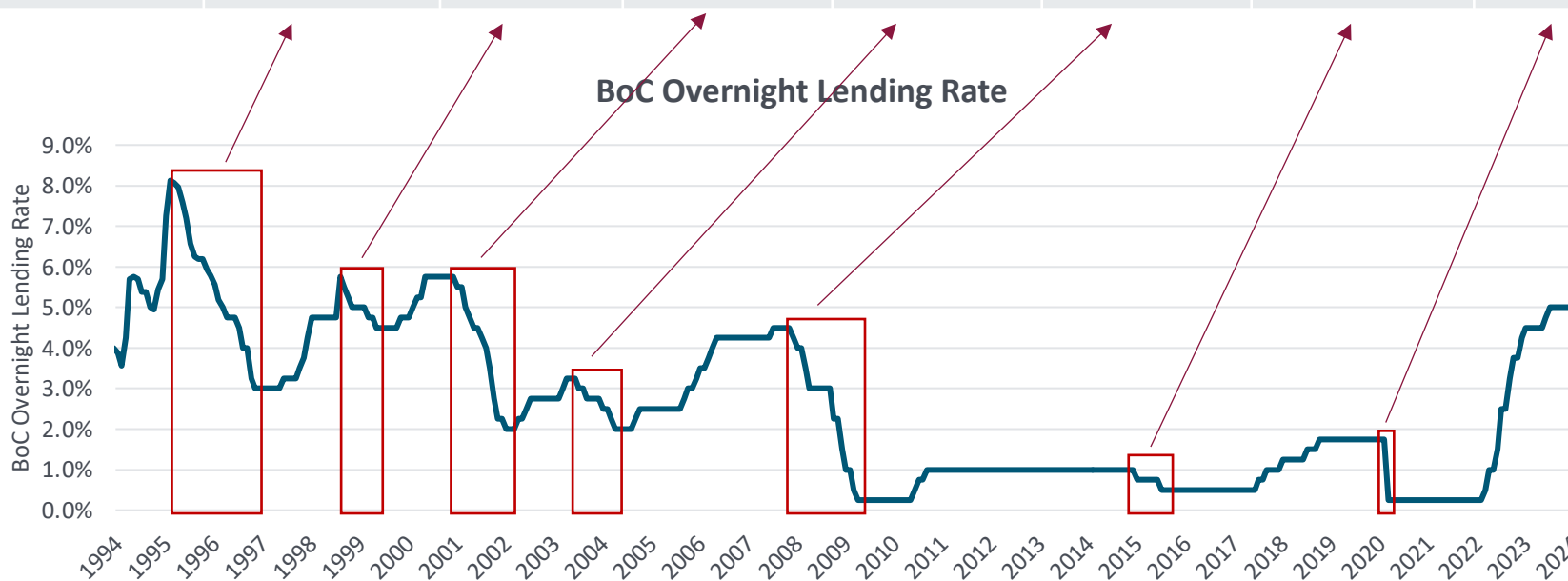
Source: FactSet, Bloomberg, FTSE Russell. Data based on month-end yields and monthly total returns in CAD from 30 December 2005 through 31 March 2024. Dashed line represents yield as of 31 March 2024 which was 4.21%.

High yields have set up Canadian fixed income to potentially achieve better total returns

Fixed Income Performance Over Past BoC Cutting Cycles



	1995/96 Soft Landing	Late 90s	2001 Dotcom Bubble	2003 Slow Growth	2007-2009 GFC	2014/15 Oil Crisis	2020 COVID
Total Return	31.6%	5.9%	8.2%	4.0%	8.3%	3.9%	-2.4%
Low Rate	3.0%	4.5%	2.0%	2.0%	0.25%	0.5%	0.25%
Peak Rate	8.13%	5.75%	5.75%	3.25%	4.5%	1.0%	1.75%
Change in Rate	-5.13%	-1.25%	-3.75%	-1.25%	-4.25%	-0.5%	-1.50%



Source: Bloomberg. Total returns in Canadian dollars, gross and are not annualized. 1995/96 Soft Landing cutting period = February 1995 through November 1996. Late 90s cutting period = August 1998 through May 1999. 2001 Dotcom Bubble cutting period = December 2000 through January 2002. 2003 Slow Growth cutting period = June 2003 through April 2004. 2007-2009 GFC cutting period = November 2007 through April 2009. 2014/15 Oil Crisis cutting period = December 2014 through July 2015. 2020 Covid cutting cycle = February 2020 through March 2020. BofC Overnight rate data monthly from January 2005 through March 2024. Canada Fixed Income = ICE BofA Canada Broad Market Index.

Excluding the covid anomaly, fixed income has benefited from rate cuts



ONE Canadian Government Bond Portfolio

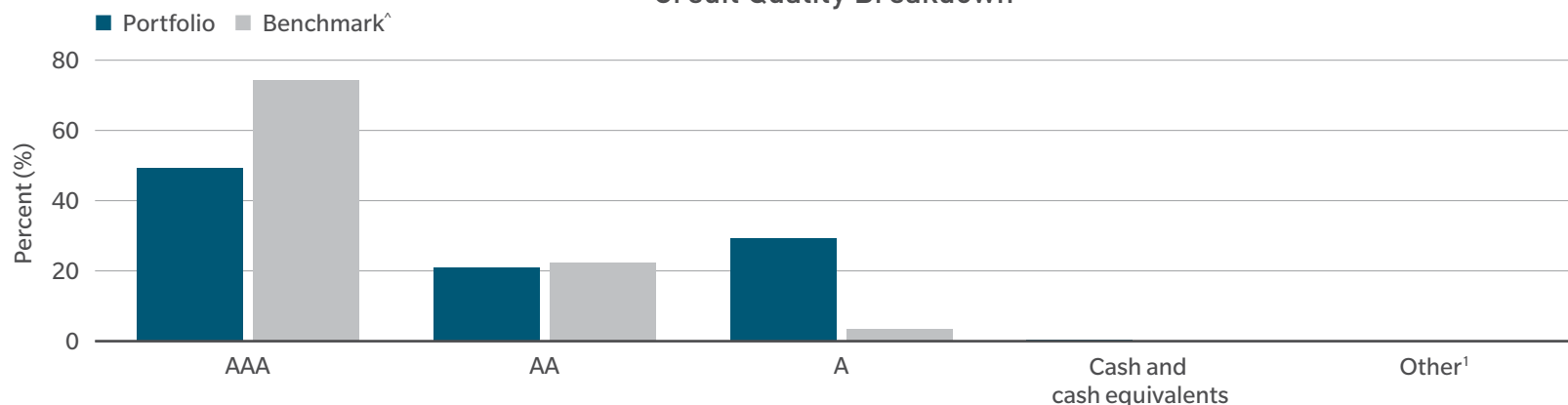
ONE Canadian Government Bond Portfolio

Overview



As of 31-Mar-24	Portfolio	Benchmark [^]
Effective duration	2.36 yrs	2.39 yrs
Yield to worst ²	4.33%	4.15%
Average quality ³	AA	AA+
Corporate exposure	30.5%	0.0%
Option-adjusted spread	34 bps	15 bps

Credit Quality Breakdown⁴



[^] Benchmark: 5% FTSE Canada 91 Day T-Bill Index, 95% FTSE Canada Short Term Government Bond Index.

¹ Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

² The weighted average yield-to-worst of all portfolio holdings. The yield-to-worst is computed by using the lower of either the yield-to-maturity or the yield-to-call on every possible call date. Essentially the yield-to-worst is a bond's yield-to-maturity under the least desirable bond repayment pattern under the assumption that bond market yields are unchanged.

³ The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

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 listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA 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. The index rating methodology may differ. Source: Bloomberg PORT. Based on market value. MFS has not independently verified benchmark data provided by the vendor or the underlying methodology, which may be different than MFS.

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ONE Canadian Government Bond Portfolio Positioning

As of 31 March 2024



Characteristics	Portfolio	Benchmark [^]	Difference
Effective duration (yrs) ¹	2.36	2.39	-0.03
Yield-to-worst (%) ²	4.33	4.15	0.18
Average quality ^{3,4}	AA	AA+	
Option-adjusted spread (bps)	34	15	19
Unhedged currency exposure (%)	0.0	0.0	0.0

Sector	Portfolio	Benchmark [^]	Difference
Government	64.6	95.0	-30.4
Federals	43.6	67.5	-23.9
Provincials	21.0	25.6	-4.7
Municipals	—	1.8	-1.8
Corporates	30.5	—	30.5
Securitized	4.6	—	4.6
Other ⁵	—	5.0	-5.0
Cash and cash equivalents	0.4	—	0.4
Total	100.0	100.0	0.0

Key Rate Duration	Portfolio	Benchmark [^]	Difference
6 months	0.14	0.16	-0.02
2 years	1.18	1.12	0.05
5 years	1.05	1.10	-0.05
10 years	0.00	0.00	0.00
20 years	0.00	0.00	0.00
30 years	0.00	0.00	0.00

Credit Quality ⁴	Portfolio	Benchmark [^]	Difference
AAA	49.3	74.3	-25.0
AA	21.0	22.3	-1.3
A	29.4	3.5	25.9
Cash and cash equivalents	0.4	—	0.4
Total	100.0	100.0	0.0

[^] Benchmark: 5% FTSE Canada 91 Day T-Bill Index, 95% FTSE Canada Short Term Government Bond Index.

¹ Average effective duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.

² The weighted average yield-to-worst of all portfolio holdings. The yield-to-worst is computed by using the lower of either the yield-to-maturity or the yield-to-call on every possible call date. Essentially the yield-to-worst is a bond's yield-to-maturity under the least desirable bond repayment pattern under the assumption that bond market yields are unchanged.

³ The Average Quality is a market average (using a linear scale) of securities included in the rating categories. MFS has not independently verified the benchmark data.

⁴ 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 listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA 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. The index rating methodology may differ.

⁵ Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

Source: Bloomberg PORT. Based on market value.

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799-MX-CB-OIB-OIU-29May24.22

Sector and Quality Positioning



Sector	As of 31-Mar-24 (%)			Prior Period Positioning (%)			
	Portfolio	Benchmark [^]	Difference	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Corporates	30.5	0.0	30.5	31.3	34.8	38.0	38.3
Financial	30.5	0.0	30.5	31.3	34.8	38.0	38.3
Government	64.6	95.0	-30.4	63.8	60.7	57.1	57.8
Federal	43.6	67.5	-23.9	43.5	34.9	31.8	29.2
Provincial	21.0	25.6	-4.7	20.2	25.8	25.3	28.5
Municipal	0.0	1.8	-1.8	0.0	0.0	0.0	0.0
Securitized	4.6	0.0	4.6	4.0	4.2	4.1	2.7
Cash and equivalents	0.4	0.0	0.4	1.0	0.4	0.7	1.3
Other ²	0.0	5.0	-5.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	0.0	100.0	100.0	100.0	100.0
Credit Quality¹							
AAA	49.3	74.3	-25.0	48.6	40.1	37.0	32.9
AA	21.0	22.3	-1.3	20.2	25.8	25.3	28.5
A	29.4	3.5	25.9	30.3	33.7	37.0	37.3
Cash and Equivalents	0.4	0.0	0.4	1.0	0.4	0.7	1.3
Total	100.0	100.0	0.0	100.0	100.0	100.0	100.0

Source: Bloomberg PORT. Based on market value.

[^] FTSE Canada 91 Day T-Bill Index, 95% FTSE Canada Short Term Government Bond Index.

¹ 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 listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA 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. The index rating methodology may differ.

² Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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Performance Results – Gross of Fees (CAD)

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



As of 31-Mar-24	Period	Portfolio Gross (%)	Benchmark (%)	Excess Return Gross vs. Benchmark (%)
Quarterly returns	1Q24	0.35	0.11	0.24
	4Q23	3.90	3.65	0.25
	3Q23	0.00	-0.18	0.18
	2Q23	-0.67	-0.97	0.30
Annual returns	2024 year to date	0.35	0.11	0.24
	2023	5.07	4.22	0.85
	2022	-3.61	-3.60	-0.01
	2021	-0.96	-1.06	0.10
Annualized returns	Since inception (01-Oct-97)	3.52	3.30	0.22
	10 years	1.74	1.26	0.48
	5 years	1.51	1.00	0.51
	3 years	0.46	0.04	0.42
	1 year	3.56	2.57	0.99

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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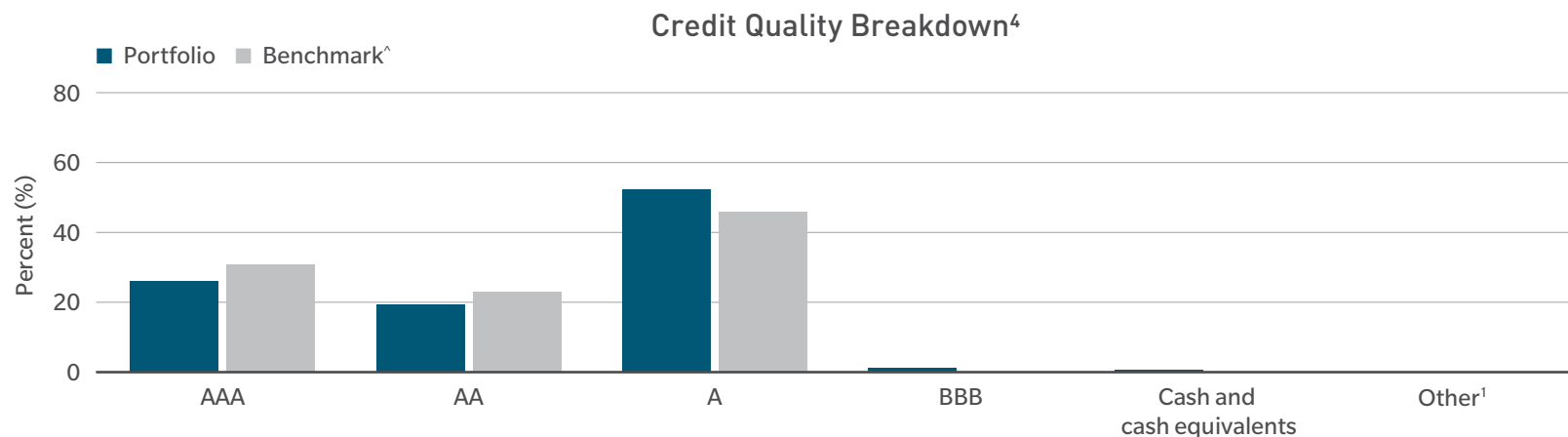
ONE Canadian Corporate Bond Portfolio

ONE Canadian Corporate Bond Portfolio

Overview



As of 31-Mar-24	Portfolio	Benchmark [^]
Effective duration	4.96 yrs	4.98 yrs
Yield to worst ²	4.41%	4.38%
Average quality ³	AA-	AA-
Corporate exposure	60.3%	47.4%
Option-adjusted spread	65 bps	60 bps



[^] 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.

¹ Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

² The weighted average yield-to-worst of all portfolio holdings. The yield-to-worst is computed by using the lower of either the yield-to-maturity or the yield-to-call on every possible call date. Essentially the yield-to-worst is a bond's yield-to-maturity under the least desirable bond repayment pattern under the assumption that bond market yields are unchanged.

³ The Average Credit Quality (ACQR) is a market weighted average (using a linear scale) of securities included in the rating categories.

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 listed above rate the security, but the security is rated by the Kroll Bond Rating Agency (KBRA), then the KBRA 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. The index rating methodology may differ. Source: Bloomberg PORT. Based on market value. MFS has not independently verified benchmark data provided by the vendor or the underlying methodology, which may be different than MFS.

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ONE Canadian Corporate Bond Portfolio Positioning

As of 31 March 2024



Characteristics	Portfolio	Benchmark [^]	Difference
Effective duration (yrs) ¹	4.96	4.98	-0.02
Yield-to-worst (%) ²	4.41	4.38	0.03
Average quality ^{3,4}	AA-	AA-	—
Option-adjusted spread (bps)	65	60	5
Unhedged currency exposure (%)	0.0	0.0	0.0

Sector	Portfolio	Benchmark [^]	Difference
Government	35.1	48.0	-12.9
Federals	21.3	25.6	-4.4
Provincials	12.7	21.2	-8.4
Municipals	1.1	1.2	-0.1
Corporates	60.3	47.4	13.0
Securitized	3.8	2.6	1.1
Other ⁵	0.0	2.0	-2.0
Cash and cash equivalents	0.8	0.0	0.8
Total	100.0	100.0	0.0

Key Rate Duration	Portfolio	Benchmark [^]	Difference
6 months	0.08	0.09	-0.01
2 years	0.80	0.85	-0.05
5 years	1.33	1.28	0.05
10 years	1.12	0.83	0.29
20 years	0.87	0.74	0.13
30 years	0.75	1.19	-0.44

Credit Quality ⁴	Portfolio	Benchmark [^]	Difference
AAA	26.1	30.9	-4.8
AA	19.5	23.1	-3.6
A	52.2	46.0	6.2
BBB	1.4	0.0	1.4
Not rated and other ⁵	0.0	0.0	0.0
Cash and cash equivalents	0.8	0.0	0.8
Total	100.0	100.0	100.0

[^] 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.

¹ Average effective duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value.

² The weighted average yield-to-worst of all portfolio holdings. The yield-to-worst is computed by using the lower of either the yield-to-maturity or the yield-to-call on every possible call date. Essentially the yield-to-worst is a bond's yield-to-maturity under the least desirable bond repayment pattern under the assumption that bond market yields are unchanged.

³ The Average Quality is a market average (using a linear scale) of securities included in the rating categories. MFS has not independently verified the benchmark data.

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Source: Bloomberg PORT. Based on market value.

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799-MX-CB-OIB-OIU-29May24.27

Sector and Quality Positioning



Sector	As of 31-Mar-24 (%)			Prior Period Positioning (%)			
	Portfolio	Benchmark [^]	Difference	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
Corporates	60.3	47.4	13.0	59.5	63.8	65.2	68.9
Infrastructure	5.6	2.2	3.4	5.8	6.3	8.7	8.7
Financial	42.7	40.6	2.2	42.2	45.1	44.4	47.9
Industrial	1.1	1.0	0.0	1.0	1.0	1.0	1.0
Energy	6.7	1.6	5.1	6.4	7.3	7.3	7.4
Real Estate	4.2	1.9	2.3	4.0	4.1	3.8	3.9
Government	35.1	48.0	-12.9	37.0	31.9	29.3	28.1
Federal	21.3	25.6	-4.4	22.0	17.4	14.0	12.6
Provincial	12.7	21.2	-8.4	13.6	13.1	13.9	14.0
Municipal	1.1	1.2	-0.1	1.5	1.4	1.4	1.4
Securitized	3.8	2.6	1.1	3.1	3.2	4.5	2.4
Other ²	0.0	2.0	-2.0	0.0	0.0	0.0	0.0
Cash and equivalents	0.8	0.0	0.8	0.5	1.1	1.0	0.6
Total	100.0	100.0	0.0	100.0	100.0	100.0	100.0
Credit Quality¹							
AAA	26.1	30.9	-4.8	26.0	21.6	19.5	16.0
AA	19.5	23.1	-3.6	23.2	21.6	22.0	22.5
A	52.2	46.0	6.2	47.8	53.0	55.1	58.4
BBB	1.4	0.0	1.4	2.6	2.6	2.5	2.5
Cash and Equivalents	0.8	0.0	0.8	0.5	1.1	1.0	0.6
Not Rated and Other ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	0.0	100.0	100.0	100.0	100.0

Source: Bloomberg PORT. Based on market value.

[^] 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.

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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 31-Mar-24	Period	Portfolio Gross (%)	Benchmark (%)	Excess Return Gross vs. Benchmark (%)
Quarterly returns	1Q24	-0.34	-0.39	0.05
	4Q23	6.56	6.51	0.05
	3Q23	-2.03	-2.08	0.05
	2Q23	-0.36	-0.61	0.25
Annual returns	2024 year to date	-0.34	-0.39	0.05
	2023	6.82	6.37	0.45
	2022	-7.94	-8.41	0.47
	2021	-1.86	-1.85	-0.01
Annualized returns	Since inception (01-Sep-08)	3.61	3.18	0.43
	10 years	2.54	2.22	0.32
	5 years	1.23	0.95	0.28
	3 years	-0.25	-0.56	0.31
	1 year	3.66	3.26	0.40

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

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