

# MFS Meridian® Funds

## Diversified Income Fund



30 APRIL 2018

### A fund that seeks income and capital appreciation

The fund's investment objective is to seek total return with an emphasis on current income, but also considering capital appreciation, measured in US dollars.

Key points:

- Invests primarily in debt securities (corporate and government issues), dividend paying equities, and real estate-related securities
- Uses a flexible, but disciplined approach to active asset allocation
- Combines broad diversification across multiple income-oriented asset classes, active asset allocation, and bottom-up security selection

#### PORTFOLIO MANAGEMENT

**Robert Almeida, Lead Portfolio Manager**

23 years in industry

**James T. Swanson, Lead Portfolio Manager**

43 years in industry

**William J. Adams**

23 years in industry

**Ward Brown**

22 years in industry

**David P. Cole**

24 years in industry

**Richard R. Gable**

25 years in industry

**Matthew W. Ryan**

31 years in industry

**Jonathan W. Sage**

22 years in industry

**Geoffrey L. Schechter**

29 years in industry

**Michael J. Skatrud**

22 years in industry

◆ 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 Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch 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 portfolio itself has not been rated.

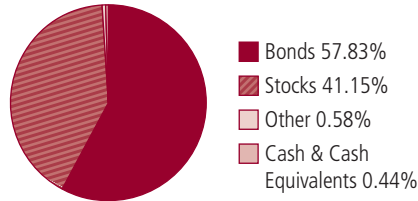
MFS Meridian Funds may be registered for sale in other jurisdictions or otherwise offered where registration is not required. MFS Meridian Funds are not available for sale in the United States or Canada or to US persons.

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MFS Investment Management Company (Lux) S.à.r.l

**MAY LOSE VALUE  
NOT GUARANTEED**

#### PORTFOLIO STRUCTURE



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

#### SECTORS

REITs	21.2%
Equity	20.0%
Emerging Markets Debt	18.3%
High Yield Corporates	17.3%
Mortgage Backed	12.0%
U.S. Treasuries	7.2%
U.S. Govt Agencies	1.4%
Other	0.6%
Investment Grade Corporates	0.5%
Commercial Mtg Backed	0.5%
Collateralized Debt Obligations	0.5%
Cash & Cash Equivalents	0.4%
Municipals	0.3%
Asset Backed	0.0%

#### PORTFOLIO FACTS

Net assets (USD)	189.2 million
Number of holdings	621
Avg. eff. maturity	8.1
Avg. eff. duration	5.5

\* Short positions, unlike long positions, lose value if the underlying asset gains value.

#### TOP 10 HOLDINGS

FNMA 30YR 3.5	
US Treasury Note 1.75% NOV 30 21	
Simon Property Group Inc REIT	
FNMA 30YR 4.0	
Public Storage REIT	
FNMA 30YR 4.5	
US Treasury Note 1.625% JUN 30 19	
Medical Properties Trust Inc REIT	
Alexandria Real Estate Equities Inc REIT	
Health Care REIT Inc REIT	

16.7% of total net assets

#### CREDIT QUALITY\*

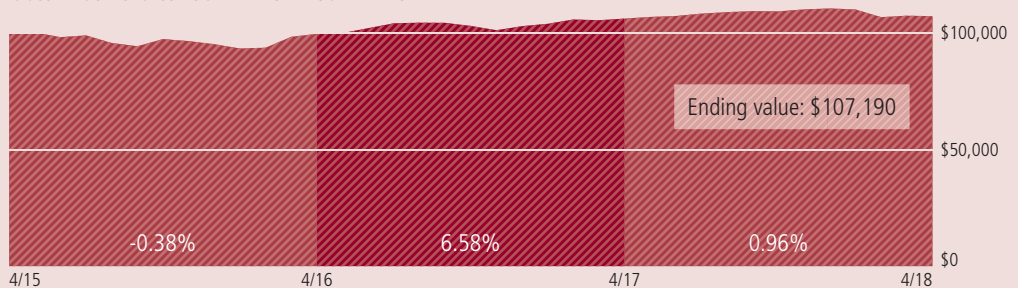
U.S. Government	13.2
Federal Agencies	22.7
AAA	1.3
AA	1.0
A	2.5
BBB	9.3
BB	20.9
B	25.0
CCC and Below	3.2
Other Not Rated*	-0.6
Avg. credit quality	BBB+

(% of fixed income)

Portfolio characteristics data are based on the equivalent exposure of unaudited net assets as of 30-Apr-18. Equivalent exposure measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ. The portfolio is actively managed, and current holdings may be different. Top ten holdings, portfolio characteristics and weightings do not reflect the effect of exposure/weightings for hedging of hedged share classes. Full holdings and net assets do reflect this hedging.

#### Growth of a \$100,000 investment and 12-month returns at NAV

Class A2USD shares 30-APR-15 — 30-APR-18



Fund returns for the representative share class shown assume the reinvestment of dividends and capital gain distributions but do not include a sales charge. Results would have been less favorable if the sales charge were included. This example is for illustrative purposes only and is not intended to represent the future performance of any MFS product. **Past performance is not a reliable indicator for future results.**

#### CALENDAR-YEAR TOTAL RETURNS, NOT INCLUDING SALES CHARGE A2USD\*

'08	'09	'10	'11	'12	'13	'14	'15	'16	'17
—	—	—	—	—	—	—	-3.35%	8.09%	7.38%

Please see reverse for complete performance information and important disclosure.

ANNUALIZED RETURNS AT NAV (%)^									SHARE CLASS INFORMATION					
Class	Ongoing Charges(%)†	Start of class perf. record	YTD^^	1 yr.	3 yrs.	5 yrs.	10 yrs.	Life	Distribution Rate (%)	Sedol	WKN	ISIN	CUSIP	Bloomberg
A1USD	1.65	31-OCT-14	-3.01	0.92	2.33	—	—	2.63	—	BQ1JV48	A1190S	LU1099986488	L6366H476	MFSA1US LX
A2USD	1.65	31-OCT-14	-3.01	0.96	2.34	—	—	2.64	2.37	BQ1JV59	A1190T	LU1099986561	L6366H492	MFSA2US LX
A3USD <sup>1,3</sup>	1.65	22-SEP-15	-3.00	0.92	2.33	—	—	2.64	4.08	BYM0GW9	A14Y28	LU1280190577	L6366W804	MFDIA3U LX
AH1EUR <sup>2</sup>	1.65	31-OCT-14	-3.40	-1.50	1.07	—	—	1.43	—	BQ1JV60	A1190U	LU1099986645	L6366H484	MFSAH1E LX
AH2EUR <sup>2</sup>	1.65	31-OCT-14	-3.37	-1.33	0.99	—	—	1.39	2.40	BRKXGG5	A12DYH	LU1123737725	L6365U551	MFSAH2E LX
AH3EUR <sup>1,2,3</sup>	1.65	22-SEP-15	-3.42	-1.46	0.73	—	—	1.17	4.13	BYM0GX0	A14Y29	LU1280190650	L6366W812	MFDAH3E LX
I1USD	0.95	31-OCT-14	-2.75	1.67	3.07	—	—	3.36	—	BQ1JVGO	A11902	LU1099987619	L6366H542	MFS1US LX
IH1EUR <sup>2</sup>	0.95	31-OCT-14	-3.17	-0.72	1.53	—	—	1.97	—	BQ1JVJ3	A11904	LU1099987882	L6366H559	MFSIH1E LX
<b>Benchmark:</b> Standard & Poor's 500 Stock Index														
EUR			-0.99	2.09	7.83	—	—							
USD			-0.38	13.27	10.57	—	—							
<b>Secondary Benchmark:</b> MFS Meridian Diversified Income Fund Blended Index 7/1/2015														
EUR			-3.21	-8.34	1.05	—	—							
USD			-2.61	1.69	3.62	—	—							

**Other share classes are available for which performance and expenses will differ.**

The source for all fund data is MFS. Source: Benchmark performance from SPAR, FactSet Research Systems Inc.

Fund inception date: 31 October 2014

^ Results represent the percent change in NAV.

^^ Periods less than one year are actual not annualized.

† Ongoing charges are expressed at an annual rate as a percentage of net assets. They are based on annualized expenses for the six months ended 31 July 2017. For a Class with less than the full period of data available, or where adjustment is necessary to reflect current charges, the ongoing charges figure is an estimate. Please see the KIID of the relevant Class for the most recent expense information.

1 The MFS Meridian Funds offer several share classes each with different expenses. Performance reflects the performance of a relevant older class with the same currency until the actual start of class performance record of the class detailed. Performance for periods prior to that date may have been higher or lower had the actual share class fees and expenses been reflected.

2 Hedged share classes aim to reduce exchange rate and return fluctuations between the applicable non-base currency hedged share class and the unhedged base currency class of the fund. From time to time shareholder transactions in the share class could result in a gain or a loss, which could be significant, in the share class value that is attributable to the adviser's hedging activities rather than to its investment management activities. Other share classes will not share in these gains or losses.

3 Unlike other share classes, the Gross Income Share Class pays income before the expenses attributable to the share class have been deducted. This has the effect of increasing the amount of income paid and therefore the distribution rate will be higher than the Income Share Class. However, expenses will be deducted from the fund's capital gains and/or capital which may cause your principal value to be less than your original investment. Investors should discuss the suitability of this share class with their tax or financial advisor.

**Returns would have been lower had sales charges, of up to 6% of the net asset value (NAV), or any commissions, fees or other charges that your financial intermediary may charge been reflected.**

Class 1 shares are only available to certain qualifying institutional investors.

Standard & Poor's 500 Stock Index measures the broad U.S. stock market.

MFS Meridian Diversified Income Fund Blended Index 7/1/2015 is comprised of the following:

- 1) Bloomberg Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index (25%) - a market capitalization-weighted index that measures the performance of noninvestment grade, fixed rate debt. Eurobonds and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded.
- 2) Bloomberg Barclays U.S. Government/Mortgage Bond Index (20%) - measures debt issued by the U.S. Government, and its agencies, as well as mortgage-backed passthrough securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- 3) JPMorgan Emerging Markets Bond Index Global (15%) - measures the performance of U.S.-dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.
- 4) Morgan Stanley Capital International (MSCI) US REIT Index (net div) (20%) - a market capitalization-weighted index that is designed to measure equity market performance for real estate investment trusts (REITs) that generate a majority of their revenue and income from real estate rental and leasing operations.
- 5) Morgan Stanley Capital International (MSCI) All Country World (ACWI) High Dividend Yield Index (net div) (20%) - is designed to reflect the performance of developed and emerging markets equities with higher-than-average dividend income and quality characteristics.

It is not possible to invest directly in an index.

TRAILING 3 YR RISK MEASURES VS. BENCHMARK (A2USD)	
<b>Standard Deviation</b>	5.66 vs 10.26

**Standard deviation** is an indicator of the portfolio's total return volatility, which is based on a minimum of 36 monthly returns. The larger the portfolio's standard deviation, the greater the portfolio's volatility.

Performance results reflect ongoing charges and any applicable expense subsidies and waivers in effect during the periods shown. All historic results assume the reinvestment of dividends and capital gains.

**Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.**

Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

**See the fund's offering documents for more details, including information on fund risks and expenses.**

The offering documents (sales prospectus and Key Investor Information Documents (KIIDs)), articles of incorporation and financial reports are available to investors at no cost in paper form or electronically at meridian.mfs.com, at the offices of the paying agent or representative in each jurisdiction or from your financial intermediary. KIIDs are available in the following languages; Danish, Dutch, English, French, German, Italian, Norwegian, Portuguese, Spanish and Swedish. The sales prospectus and other documents are available in English. For additional information, call 416.506.8418 in Toronto or 352.464.010.600 in Luxembourg or your local paying agent or representative.

MFS Meridian Funds is an investment company with a variable capital established under Luxembourg law. MFS Investment Management Company (Lux) S.à.r.l. is the management company of the Funds, having its registered office at 35, Boulevard du Prince Henri, L-1724, Luxembourg, Grand Duchy of Luxembourg (Company No. B.76.467). The Management Company and the Funds have been duly authorised by the CSSF (Commission de Surveillance du Secteur Financier) in Luxembourg.

The funds are duly registered with the CMVM for distribution to the public in Portugal under the passporting regime set forth in Directive 2009/65/EC of the European Parliament and of the Council and the Commission.

**IMPORTANT RISK CONSIDERATIONS**

The fund may not achieve its objective and/or you could lose money on your investment in the fund. Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, 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 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. The price of an instrument trading at a negative interest rate responds to interest rate changes like other debt instruments; however, an instrument purchased at a negative interest rate is expected to produce a negative return if held to maturity. 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 derivatives can be used to take both long and short positions, be highly volatile, involve leverage (which can magnify losses), and involve risks in addition to the risks of the underlying indicator(s) on which the derivative is based, such as counterparty and liquidity risk. Investments in below investment grade quality debt instruments can be more volatile and have greater risk of default, or already be in default, than higher-quality debt instruments. Mortgage-backed securities can be subject to prepayment and/or extension and therefore can offer less potential for gains and greater potential for loss. Real estate-related investments can be volatile because of general, regional, and local economic conditions, fluctuations in interest rates and property tax rates; shifts in zoning laws, environmental regulation and other governmental actions; increased operation expenses; lack of availability of mortgage funds; losses due to natural disasters; changes in property values and rental rates; overbuilding; losses due to casualty or condemnation, cash flows; the management skill and creditworthiness of the REIT manager, and other factors.

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

**RISK AND REWARD PROFILE CLASS A2USD**



The rating is based on past volatility of returns and may be different in the future or for other classes of the fund.