# Features and Benefits of Common Investment Vehicles



Nowadays, investors have a myriad of choices when it comes to investment vehicles. Mutual funds and exchange traded funds (ETFs) are some of the most common and accessible. Separately managed accounts (SMAs) and collective investment trusts (CITs) have been in existence for decades and are growing in popularity.

#### All vehicles share some similarities



are regulated by government agencies



are professionally managed



are actively or passively managed



invests in various asset classes

## Vehicles also differ in a number of ways



THESE VEHICLES ALSO
DIFFER IN A NUMBER OF
WAYS. UNDERSTANDING
THESE DIFFERENCES CAN
HELP YOU DETERMINE
WHICH ONE MAY BE
SUITABLE FOR YOU.

Mutual funds pool investor funds
to invest in stocks, bonds and
other securities. Mutual fund
shares represent an investor's
proportionate ownership of the
portfolio. Shares are priced at net
asset value (NAV) after the major
exchanges close.



ETFs pool investor funds in a variety of securities, but unlike mutual funds they can be traded throughout the trading day much like stocks. ETFs achieve this intraday liquidity through their structure: ETFs are listed on an exchange and represent the per share value of the underlying assets. Investors trade the shares, not the underlying assets.

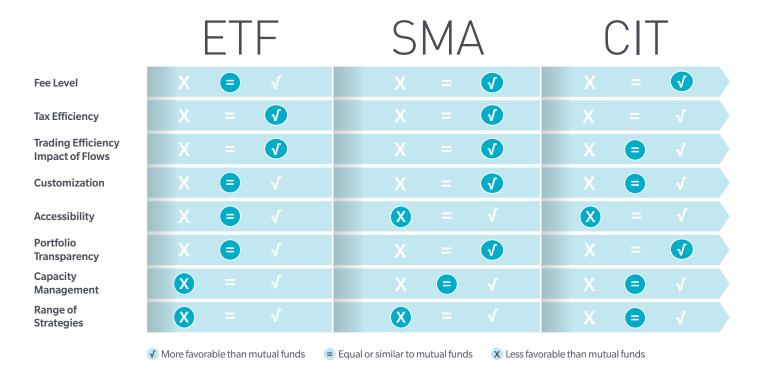


SMAs are a portfolio of securities held in a single account on an investor's behalf. Unlike with a mutual fund or ETF, the investor directly holds the securities in the portfolio, and the SMA can be customized to reflect their goals and preferences.



CITs pool the funds of taxqualified retirement plans (including pension plans or 401(k)s but excluding 403(b) plans and IRAs) to invest in stocks, bonds or other assets.

## Investment vehicle features compared to mutual fund Class I share -----



Source: MFS research; Cerulli, US Advisor Edge, US Managed Account Edge; ICI 2023 Factbook, Morningstar.

To learn more about how these investment vehicles may fit in your over all portfolio, talk to your investment professional. For more specific information on MFS Active ETFs, please visit **mfs.com/ActiveETFs**.

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

Before investing, consider the funds' investment objectives, risks, charges, and expenses. For a prospectus or summary prospectus containing this and other information, contact MFS or view online at mfs.com. Please read it carefully.

### Glossary

**Fee levels** – Compare average fees relative to mutual fund Class I shares. Other mutual fund share classes may be more expensive.

Tax efficiency – Mutual funds may already have capital gains dating to when the fund purchased the securities. CITs are not for taxable accounts. In an SMA, gains are based on the clients' costs basis. ETFs use the non-taxable in-kind exchange\* of underlying securities and ETF shares minimizing the need to realize capital gains.

#### Trading efficiency/Impact of flows -

Mutual funds may have limits on ownership of certain securities or industry weightings compared to other vehicles.

**Customization** – Ability to customize a portfolio based on various parameters.

Accessibility – Compares ease of purchase. Comparable ease will vary for mutual funds depending on the share class.

**Capacity management** – Mutual funds may impose purchase restrictions, limits or availability in the best interest of existing shareholders. ETFs cannot be closed due to being on the primary market.

Range of strategies – Compares the number of products available to purchase (according to Morningstar Direct, number of products available).

NEXT STEPS TO CONSIDER =

INVESTORS – WORK WITH YOUR INVESTMENT PROFESSIONAL TO START BUILDING YOUR LONG-TERM PORTFOLIO.

INVESTMENT PROFESSIONALS - CALL YOUR DEDICATED MFS TEAM AT 1-800-343-2829 FOR MORE DETAILED ANALYSIS OR VISIT MFS.COM.

<sup>\*</sup> An in-kind exchange is a tax-deferred transaction that allows for the disposal of an asset and the acquisition of another similar asset without generating a capital gains tax liability from the sale of the first asset.