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MFS<sup>®</sup> Variable Insurance Trust II

# MFS® International Growth Portfolio

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The report is prepared for the general information of shareholders. It is authorized for distribution to prospective investors only when preceded or accompanied by a current prospectus.

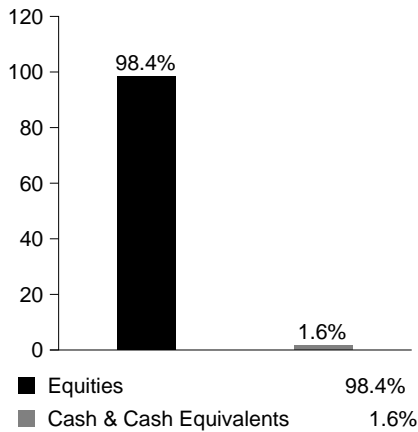
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NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR NCUA/NCUSIF

Dear Shareholders:

Signs of peaking inflation, hopes that monetary policy tightening cycles may be nearing an end and a rapid reopening of China's economy in late-2022 and early-2023 have combined to

# PORTFOLIO COMPOSITION

## Portfolio structure



## Top ten holdings

Nestle S.A.	4.7%
Roche Holding AG	4.2%
LVMH Moet Hennessy Louis Vuitton SE	3.6%
Hitachi Ltd.	3.4%
SAP SE	3.3%
Novartis AG	3.2%
Linde PLC	3.1%
AIA Group Ltd.	3.1%
Schneider Electric SE	3.0%
EssilorLuxottica	2.8%

## GICS equity sectors (g)

Industrials	16.9%
Health Care	15.8%
Consumer Staples	14.6%
Information Technology	12.4%
Materials	12.2%
Financials	11.6%
Consumer Discretionary	10.8%
Communication Services	2.6%
Utilities	0.8%
Energy	0.7%

## Issuer country weightings (x)

France	15.7%
Switzerland	13.9%
Germany	10.0%
United Kingdom	8.8%
Japan	8.7%
Canada	7.9%
China	4.7%
United States	4.7%
Taiwan	4.1%
Other Countries	21.5%

## Currency exposure weightings (y)

Euro	33.8%
Swiss Franc	13.9%
British Pound Sterling	10.4%
Japanese Yen	8.7%
Hong Kong Dollar	7.2%
Canadian Dollar	6.4%
United States/Canadian/technology	12.4%
Materials	12.2%
Financials	11.6%

12.4%

## MANAGEMENT REVIEW

### Summary of Results

For the twelve months ended December 31, 2022, Initial Class shares of the MFS International Growth Portfolio (fund) provided a total return of -14.95%, while Service Class shares of the fund provided a total return of -15.18%. These compare with a return of -23.05% over the same period for the fund's benchmark, the MSCI All Country World (ex-U.S.) Growth Index (net div).

### Market Environment

During the reporting period, markets continued to grapple with the strongest global inflationary pressures in decades along with signs of slowing economic growth. Intermittent coronavirus flareups, particularly in China, where home-grown vaccines have proved less effective than elsewhere, kept supply chains stretched for a considerable period. At the same time, the reopening of the economy in the parts of the world where the virus has been better contained has led to a shift in consumption patterns in favor of services, straining already tight labor markets in most developed economies, while reducing demand for manufactured goods, primarily from Asia. As a result of Russia's invasion of Ukraine, geopolitical considerations, such as sanctions and trade bans, have resulted in additional supply chain disruptions and volatile global energy prices. Taken together, these factors have contributed to market volatility.

The ripple effects from the Russian invasion further complicated the mission central banks must undertake to rein in surging inflation. Energy shocks have historically resulted in global growth slowdowns, if not pullbacks, so policymakers will find themselves in the difficult position of trying to restrain inflation without tipping economies into recession. Despite the challenging macroeconomic and geopolitical environment, policymakers remained focused on controlling inflation, although investors appeared to have expected varying degrees of action from the central banks. The Fed has been among the most aggressive developed market central banks, tightening policy at the fastest rate in decades, although it slowed its hiking pace at the end of the period, as did the European Central Bank. After remaining on the monetary sidelines for much of the period, the Bank of Japan widened its Yield Curve Control band, capping the yield on its 10-year bond at 0.5%, up from 0.25%, an action investors interpreted as a first step toward monetary policy normalization.

Against an environment of still-tight labor markets, tighter global financial conditions and volatile materials prices, investor anxiety appeared to have increased over the potential that corporate profit margins may be past peak for this cycle. That said, tentative signs that supply chain bottlenecks (particularly semiconductors) may be moderating, the easing of COVID restrictions in China, low levels of unemployment across developed markets and hopes that inflation levels may be near a peak were supportive factors for the macroeconomic backdrop.

### Contributors to Performance

The combination of stock selection and an underweight position in the information technology sector contributed to the fund's performance relative to the MSCI All Country World (ex-U.S.) Growth Index. Within this sector, not owning shares of cloud-based e-commerce platform operator Shopify (Canada) boosted relative returns. The stock price of Shopify declined after the company reported gross merchandise value, subscription revenue growth and profitability below market expectations due to higher inflation and weaker consumer spending.

Stock selection in the financials sector also benefited relative performance. Within this sector, the fund's ownership in shares of fleet management company Element Fleet Management, which was not a benchmark constituent for the entire reporting period, contributed to relative returns. Additionally, an overweight position in insurance company AIA Group (Hong Kong) and holding shares of financial services firm HDFC Bank(b) (India) bolstered the fund's relative results. The stock price of AIA Group appreciated as the company benefited from more concrete signs of the economy re-opening due to the easing of COVID-19 lockdown policies and the addition of new insurance underwriting revenue.

Security selection in the industrials sector strengthened relative performance, led by the fund's overweight position in electronics company Hitachi (Japan).

Stock selection and an overweight position in the health care sector also bolstered the fund's relative results. Within this sector, holding shares of pharmaceutical company Novartis(b) (Switzerland) supported relative performance as the stock outperformed the benchmark.

Elsewhere, holdings of industrial gas supplier Linde(b) and consumer products company ITC(b) (India) were also among the fund's top relative contributors. The fund's overweight position in tobacco product manufacturer Swedish Match(h) (Sweden) further bolstered relative returns.

During the reporting period, the fund's relative currency exposure, resulting primarily from differences between the fund's and the benchmark's exposures to holdings of securities denominated in foreign currencies, contributed to relative performance. All of MFS' investment decisions are driven by the fundamentals of each individual opportunity and as such, it is common for our funds to have different currency exposure than the benchmark.

## MFS International Growth Portfolio(b)

The fund's cash and/or cash equivalents position during the period also contributed to relative performance. Under normal market conditions, the fund strives to be fully invested and generally holds cash to buy new holdings and to provide liquidity. In a period when equity markets fell, as measured by the fund's benchmark, holding cash helped performance versus the benchmark, which has no cash position.

### **Detractors from Performance**

Stock selection in both the communication services and utilities sectors detracted from the fund's relative performance. Within the communication services sector, the fund's overweight positions in internet advertisement and e-commerce solutions providers Z Holdings (Japan) and NAVER (South Korea) held back relative returns. The stock price of Z Holdings declined as the company posted operating profit results below expectations due to sizeable losses booked in PayPay and Demae-Can. There were no individual stocks within the utilities sector, either in the fund or in the benchmark, that were among the fund's largest relative detractors during the period.

Elsewhere, not holding shares of biopharmaceutical company AstraZeneca (United Kingdom), pharmaceutical sales company Daiichi Sankyo (Japan), e-commerce platform developer Pinduoduo (China) and biopharmaceutical company CSL (Australia) held back the fund's relative returns. The stock price of AstraZeneca advanced as the company reported better-than-expected earnings per share results, driven by strong sales for both its COVID-19 vaccine and Type 2 diabetes medicine, Farixiga. Additionally, a higher sales forecast for its breast cancer treatment, Enhertu, and a lower tax rate further supported the stock. The timing of the fund's ownership in shares of pharmaceutical company Novo Nordisk(h) (Denmark), and overweight positions in specialty chemical supply company Sika (Switzerland) and coatings and paint products manufacturer Akzo Nobel (Netherlands) weighed on relative performance. The fund's underweight position in semiconductor manufacturer Taiwan Semiconductor Manufacturing (Taiwan), of which the portfolio holds the ADR while the benchmark holds the common stock, also weighed on relative performance.

Respectfully,

Portfolio Manager(s)

Matthew Barrett and Kevin Dwan

(b) Security is not a benchmark constituent.

(h) Security was not held in the portfolio at period end.

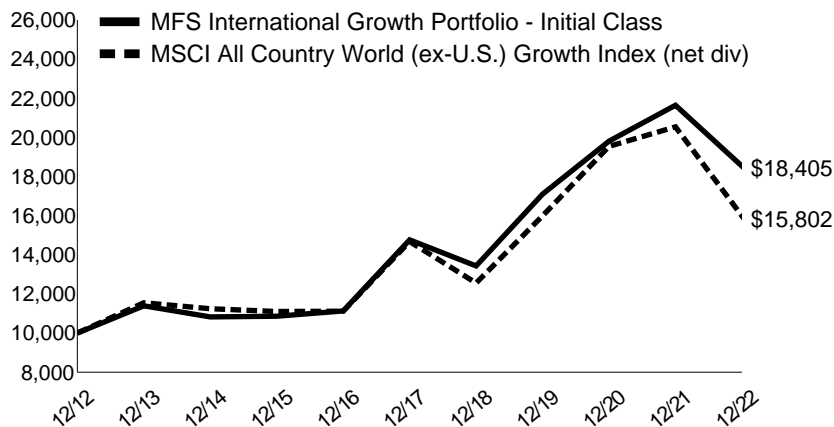
The views expressed in this report are those of the portfolio manager(s) only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or other conditions, and MFS disclaims any responsibility to update such views. These views may not be relied upon as investment advice or an indication of trading intent on behalf of any MFS portfolio. References to specific securities are not recommendations of such securities, and may not be representative of any MFS portfolio's current or future investments.

## PERFORMANCE SUMMARY THROUGH 12/31/22

The following chart illustrates the historical performance of the fund in comparison to its benchmark(s). Benchmarks are unmanaged and may not be invested in directly. Benchmark returns do not reflect any fees or expenses. The performance of other share classes will be greater than or less than that of the class depicted below. (See Notes to Performance Summary.)

**Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value fluctuate so your shares, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted. The performance shown does not reflect the deduction of taxes, if any, that a shareholder would pay on fund distributions or the redemption of fund shares. The returns for the fund shown also do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges imposed by the insurance company separate accounts. Such expenses would reduce the overall returns shown.**

### Growth of a Hypothetical \$10,000 Investment



### Total Returns through 12/31/22

#### Average annual total returns

Share Class	Class Inception Date	1-yr	5-yr	10-yr
Initial Class	6/03/96	(14.95)%	4.51%	6.29%
Service Class	8/24/01	(15.18)%	4.24%	6.03%

#### Comparative benchmark(s)

MSCI All Country World (ex-U.S.) Growth Index (net div) (f)	(23.05)%	1.49%	4.68%
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(f) Source: FactSet Research Systems Inc.

#### Benchmark Definition(s)

MSCI All Country World (ex-U.S.) Growth Index<sup>(e)</sup> (net div) – a market capitalization-weighted index that is designed to measure

From time to time the fund may receive proceeds from litigation settlements, without which performance would be lower.



# EXPENSE TABLE

## **Fund expenses borne by the shareholders during the period, July 1, 2022 through December 31, 2022**

As a shareholder of the fund, you incur ongoing costs, including management fees; distribution and/or service (12b-1) fees; and other fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period July 1, 2022 through December 31, 2022.

### **Actual Expenses**

The first line for each share class in the following table provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

### **Hypothetical Example for Comparison Purposes**

The second line for each share class in the following table provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits or you77.8(as)TJ99ical expenses based97.Dich you77.8(as)TJ99ical

# PORTFOLIO OF INVESTMENTS – 12/31/22

The Portfolio of Investments is a complete list of all securities owned by your fund. It is categorized by broad-based asset classes.

Issuer	Shares/Par	Value (\$)
<b>Common Stocks – 98.4%</b>		
<b>Aerospace &amp; Defense – 0.8%</b>		
Rolls-Royce Holdings PLC (a)	1,270,681	\$ 1,431,729
<b>Alcoholic Beverages – 4.5%</b>		
Diageo PLC	104,929	\$ 4,630,168
Pernod Ricard S.A.	19,262	3,788,741
		\$ 8,418,909
<b>Apparel Manufacturers – 5.5%</b>		
Burberry Group PLC	68,992	\$ 1,693,180
Kering S.A.	3,740	1,914,066
LVMH Moet Hennessy Louis Vuitton SE	9,229	6,704,360
		\$ 10,311,606
<b>Automotive – 0.4%</b>		
Koito Manufacturing Co. Ltd.	47,800	\$ 712,018
<b>Brokerage &amp; Asset Managers – 1.6%</b>		
Deutsche Boerse AG	12,862	\$ 2,222,175
London Stock Exchange Group PLC	10,055	867,452
		\$ 3,089,627
<b>Business Services – 1.6%</b>		
Experian PLC	85,966	\$ 2,923,512
<b>Chemicals – 0.8%</b>		
UPL Ltd.	168,736	\$ 1,460,659
<b>Computer Software – 6.0%</b>		
Aveva Group PLC	12,315	\$ 478,358
Dassault Systemes SE	25,865	932,875
Kingsoft Corp.	175,200	585,837
NAVER Corp.	7,494	1,064,364
NICE Systems Ltd., ADR (a)	3,522	677,280
Oracle Corp. Japan	13,700	891,378
SAP SE	59,735	6,163,495
Wisetech Global Ltd.	12,189	420,323
		\$ 11,213,910
<b>Computer Software - Systems – 5.4%</b>		
Amadeus IT Group S.A. (a)	40,325	\$ 2,079,562
Cap Gemini S.A.	10,578	1,774,077
Hitachi Ltd.	125,500	6,315,768
		\$ 10,169,407
<b>Construction – 0.3%</b>		
Kingspan Group PLC	9,857	\$ 533,691
<b>Consumer Products – 4.2%</b>		
AmorePacific Corp. (a)	16,459	\$ 1,804,834
Kao Corp.	26,300	1,053,082
KOSE Corp.	7,400	803,922
Reckitt Benckiser Group PLC	61,774	4,297,184
		\$ 7,959,022

## Portfolio of Investments ... continued

Issuer	Shares/Par	Value (\$)
<b>Common Stocks – continued</b>		
<b>Electrical Equipment – 4.3%</b>		
Prysmian S.p.A.	65,936	\$ 2,446,343
Schneider Electric SE	40,160	5,648,080
		\$ 8,094,423
<b>Electronics – 5.3%</b>		
ASML Holding N.V.	3,126	\$ 1,685,828
Delta Electronics, Inc.	277,000	2,582,047
SK Hynix, Inc.	8,383	504,588
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	68,087	5,071,801
		\$ 9,844,264
<b>Energy - Independent – 0.8%</b>		
Reliance Industries Ltd.	46,683	\$ 1,432,054
<b>Entertainment – 0.2%</b>		
Lottery Corp. Ltd. (a)	126,698	\$ 386,455
<b>Food &amp; Beverages – 4.7%</b>		
Nestle S.A.	75,708	\$ 8,743,175
<b>Food &amp; Drug Stores – 0.5%</b>		
Ocado Group PLC (a)	26,334	\$ 196,367
Sugi Holdings Co. Ltd.	17,700	789,197
		\$ 985,564
<b>Gaming &amp; Lodging – 2.1%</b>		
Aristocrat Leisure Ltd.	50,158	\$ 1,035,827
Flutter Entertainment PLC (a)	21,604	2,948,740
		\$ 3,984,567
<b>Insurance – 3.6%</b>		
AIA Group Ltd.	524,000	\$ 5,772,910
Ping An Insurance Co. of China Ltd., "H"	150,500	995,884
		\$ 6,768,794
<b>Internet – 1.7%</b>		
Tencent Holdings Ltd.	51,500	\$ 2,188,864
Z Holdings Corp.	405,300	1,025,294
		\$ 3,214,158
<b>Leisure &amp; Toys – 0.5%</b>		
Prosus N.V.	13,637	\$ 940,823
<b>Machinery &amp; Tools – 3.9%</b>		
Assa Abloy AB	125,587	\$ 2,702,120
GEA Group AG	54,061	2,210,618
Ritchie Bros. Auctioneers, Inc.	40,358	2,331,166
		\$ 7,243,904
<b>Major Banks – 1.6%</b>		
DBS Group Holdings Ltd.	115,000	\$ 2,912,349
<b>Medical &amp; Health Technology &amp; Services – 0.3%</b>		
Alcon, Inc.	8,350	\$ 573,515

Issuer	Shares/Par	Value (\$)
<b>Common Stocks – continued</b>		
<b>Medical Equipment – 5.8%</b>		
EssilorLuxottica	28,592	\$ 5,206,492
QIAGEN N.V. (a)	55,819	2,808,914
Sonova Holding AG	5,810	1,382,415
Terumo Corp.	54,100	1,529,886
		<u>\$ 10,927,707</u>
<b>Natural Gas - Distribution – 0.8%</b>		
China Resources Gas Group Ltd.	394,000	\$ 1,467,360
<b>Other Banks &amp; Diversified Financials – 4.8%</b>		
AEON Financial Service Co. Ltd. (I)	71,300	\$ 757,314
Credicorp Ltd.	10,995	1,491,582
Element Fleet Management Corp.	172,808	2,354,732
Grupo Financiero Banorte S.A. de C.V.	180,065	1,292,838
HDFC Bank Ltd.	158,014	3,109,761
		<u>\$ 9,006,227</u>
<b>Pharmaceuticals – 9.6%</b>		
Bayer AG	46,460	\$ 2,403,351
Hypera S.A.	85,226	729,621
Merck KGaA	5,380	1,041,807
Novartis AG	65,499	5,932,985
Roche Holding AG	25,176	7,909,618
		<u>54,114,300</u>

## Portfolio of Investments ... continued

Issuer	Shares/Par	Value (\$)
Common Stocks – continued		
Tobacco – 0.6%		
ITC Ltd.	305,011	\$ 1,222,367
<b>Total Common Stocks (Identified Cost, \$140,547,442)</b>		<b>\$184,219,013</b>
Investment Companies (h) – 1.4%		
Money Market Funds – 1.4%		
MFS Institutional Money Market Portfolio, 4.02% (v) (Identified Cost, \$2,595,137)	2,595,237	\$ 2,596,015
Other Assets, Less Liabilities – 0.2%		308,159
<b>Net Assets – 100.0%</b>		<b>\$187,123,187</b>

(a) Non-income producing security.

(h) An affiliated issuer, which may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. At period end, the aggregate values of the fund's investments in affiliated issuers and in unaffiliated issuers were \$2,596,015 and \$184,219,013, respectively.

(l) A portion of this security is on loan. See Note 2 for additional information.

(v) Affiliated issuer that is available only to investment companies managed by MFS. The rate quoted for the MFS Institutional Money Market Portfolio is the annualized seven-day yield of the fund at period end.

The following abbreviations are used in this report and are defined:

ADR                    American Depositary Receipt

**See Notes to Financial Statements**

**FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES**

This statement represents your fund's balance sheet, which details the assets and liabilities comprising the total value of the fund.

**At 12/31/22**

<b>Assets</b>	
Investments in unaffiliated issuers, at value, including \$39,966 of securities on loan (identified cost, \$140,547,442)	\$184,219,013
Investments in affiliated issuers, at value (identified cost, \$2,595,137)	2,596,015
Cash	11,241
Receivables for	
Fund shares sold	101,979
Interest and dividends	754,295
Receivable from investment adviser	8,387
Other assets	1,267
<b>Total assets</b>	<b>\$187,692,197</b>

<b>Liabilities</b>	
Payable to custodian	\$899
Payables for	
Fund shares reacquired	293,608
Payable to affiliates	
Administrative services fee	300
Shareholder servicing costs	63
Distribution and/or service fees	1,723
Deferred country tax expense payable	192,545
Accrued expenses and other liabilities	79,872
<b>Total liabilities</b>	<b>\$569,010</b>
<b>Net assets</b>	<b>\$187,123,187</b>

<b>Net assets consist of</b>	
Paid-in capital	\$137,107,572
Total distributable earnings (loss)	50,015,615
<b>Net assets</b>	<b>\$187,123,187</b>
Shares of beneficial interest outstanding	14,113,465

	<b>Net assets</b>	<b>Shares outstanding</b>	<b>Net asset value per share</b>
Initial Class	\$103,798,109	7,776,039	\$13.35
Service Class	83,325,078	6,337,426	13.15

**See Notes to Financial Statements**

## FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS

This statement describes how much your fund earned in investment income and accrued in expenses. It also describes any gains and/or losses generated by fund operations.

**Year ended 12/31/22**

### Net investment income (loss)

Income	
Dividends	\$3,712,841
Dividends from affiliated issuers	45,495
Other	1,472
Income on securities loaned	1,140
Foreign taxes withheld	(416,412)
<b>Total investment income</b>	<b>\$3,344,536</b>
Expenses	
Management fee	\$1,677,944
Distribution and/or service fees	198,434
Shareholder servicing costs	13,253
Administrative services fee	38,470
Independent Trustees' compensation	4,961
Custodian fee	37,929
Shareholder communications	4,966
Audit and tax fees	75,355
Legal fees	884
Miscellaneous	37,056
<b>Total expenses</b>	<b>\$2,089,252</b>
Reduction of expenses by investment adviser	(248,685)
<b>Net expenses</b>	<b>\$1,840,567</b>
<b>Net investment income (loss)</b>	<b>\$1,503,969</b>

### Realized and unrealized gain (loss)

Realized gain (loss) (identified cost basis)	
Unaffiliated issuers (net of \$68,629 country tax)	\$6,430,759
Affiliated issuers	116
Foreign currency	12,427
<b>Net realized gain (loss)</b>	<b>\$6,443,302</b>
Change in unrealized appreciation or depreciation	
Unaffiliated issuers (net of \$32,656 decrease in deferred country tax)	\$(39,880,953)
Affiliated issuers	878
Translation of assets and liabilities in foreign currencies	(41,093)
<b>Net unrealized gain (loss)</b>	<b>\$(39,921,168)</b>
<b>Net realized and unrealized gain (loss)</b>	<b>\$(33,477,866)</b>
<b>Change in net assets from operations</b>	<b>\$(31,973,897)</b>

**See Notes to Financial Statements**

**FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS**

These statements describe the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

	<b>Year ended</b>	
	<b>12/31/22</b>	<b>12/31/21</b>
<b>Change in net assets</b>		
<b>From operations</b>		
Net investment income (loss)	\$1,503,969	\$808,207
Net realized gain (loss)	6,443,302	10,800,683
Net unrealized gain (loss)	(39,921,168)	5,323,346
Change in net assets from operations	\$(31,973,897)	\$16,932,236
Total distributions to shareholders	\$(11,842,247)	\$(9,355,125)
Change in net assets from fund share transactions	\$18,723,642	\$32,495,568
Total change in net assets	\$(25,092,502)	\$40,072,679
<b>Net assets</b>		
At beginning of period	212,215,689	172,143,010
At end of period	\$187,123,187	\$212,215,689

**See Notes to Financial Statements**



## FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the fund's financial performance for the past 5 years. Certain information reflects financial results for a single fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the fund share class (assuming reinvestment of all distributions) held for the entire period.

Initial Class	Year ended				
	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
Net asset value, beginning of period	\$16.78	\$16.09	\$14.26	\$12.78	\$15.50
<b>Income (loss) from investment operations</b>					
Net investment income (loss) (d)	\$0.13	\$0.09	\$0.10	\$0.21	\$0.17
Net realized and unrealized gain (loss)	(2.65)	1.39	2.12	3.07	(1.38)
Total from investment operations	\$(2.52)	\$1.48	\$2.22	\$3.28	\$(1.21)
<b>Less distributions declared to shareholders</b>					
From net investment income	\$(0.09)	\$(0.09)	\$(0.21)	\$(0.18)	\$(0.16)
From net realized gain	(0.82)	(0.70)	(0.18)	(1.62)	(1.35)
Total distributions declared to shareholders	\$(0.91)	\$(0.79)	\$(0.39)	\$(1.80)	\$(1.51)
Net asset value, end of period (x)	\$13.35	\$16.78	\$16.09	\$14.26	\$12.78
Total return (%) (k)(r)(s)(x)	(14.95)	9.27	15.84	27.30	(9.02)
<b>Ratios (%) (to average net assets) and Supplemental data:</b>					
Expenses before expense reductions	1.01	1.01	1.04	1.05	1.05
Expenses after expense reductions	0.88	0.88	0.88	0.88	0.97
Net investment income (loss)	0.93	0.52	0.72	1.49	1.16
Portfolio turnover	11	14	26	7	18
Net assets at end of period (000 omitted)	\$103,798	\$124,671	\$120,291	\$112,259	\$105,919
<b>Service Class</b>					
	Year ended				
	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
Net asset value, beginning of period	\$16.55	\$15.90	\$14.11	\$12.65	\$15.37
<b>Income (loss) from investment operations</b>					
Net investment income (loss) (d)	\$0.09	\$0.04	\$0.06	\$0.16	\$0.13
Net realized and unrealized gain (loss)	(2.61)	1.38	2.09	3.07	(1.38)
Total from investment operations	\$(2.52)	\$1.42	\$2.15	\$3.23	\$(1.25)
<b>Less distributions declared to shareholders</b>					
From net investment income	\$(0.06)	\$(0.07)	\$(0.18)	\$(0.15)	\$(0.12)
From net realized gain	(0.82)	(0.70)	(0.18)	(1.62)	(1.35)
Total distributions declared to shareholders	\$(0.88)	\$(0.77)	\$(0.36)	\$(1.77)	\$(1.47)
Net asset value, end of period (x)	\$13.15	\$16.55	\$15.90	\$14.11	\$12.65
Total return (%) (k)(r)(s)(x)	(15.18)	8.99	15.50	27.11	(9.30)
<b>Ratios (%) (to average net assets) and Supplemental data:</b>					
Expenses before expense reductions	1.26	1.27	1.29	1.30	1.30
Expenses after expense reductions	1.13	1.13	1.13	1.13	1.22
Net investment income (loss)	0.65	0.22	0.44	1.18	0.87
Portfolio turnover	11	14	26	7	18
Net assets at end of period (000 omitted)	\$83,325	\$87,545	\$51,852	\$34,616	\$27,233

See Notes to Financial Statements





market) and prior to the determination of the fund's net asset value, or after the halt of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. Events that occur after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes significant unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. The following is a summary of the levels used as of December 31, 2022 in valuing the fund's assets and liabilities:

<b>Financial Instruments</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equity Securities:				
France	\$3,788,741	\$25,588,430	\$—	\$29,377,171
Switzerland	7,909,618	18,185,270	—	26,094,888
Germany	18,712,337	—	—	18,712,337
United Kingdom	16,517,950	—	—	16,517,950
Japan	2,078,376	14,112,173	—	16,190,549
Canada	14,770,895	—	—	14,770,895
China	4,675,568	4,152,927	—	8,828,495
Taiwan	7,653,848	—	—	7,653,848
India	5,792,787	1,432,054	—	7,224,841
Other Countries	23,463,511	15,384,528	—	38,848,039
Mutual Funds	2,596,015	—	—	2,596,015
<b>Total</b>	<b>\$107,959,646</b>	<b>\$78,855,382</b>	<b>\$—</b>	<b>\$186,815,028</b>

For further information regarding security characteristics, see the Portfolio of Investments.

**Foreign Currency Translation** — Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are For transactions22denomin9(e1)Tm5rf —r4(f)0(13092Tm.-277.8146)-2964.5(\$78,855,3xncy)-277.8(eons)2w-3925264.v.h5,3 T764.ea2a2g,-277mlu2a2017xe,0tm7tm2i-277a-3vethebase,8ra2f(denomim/2F1(ign)-w1277.8([Gexe,0tm7tm2it(neMnnbor)-277.8ns)-277.8(

collateral reinvestment for which the fund bears the risk of loss. At period end, the fund had investment securities on loan, all of which were classified as equity securities in the fund's Portfolio of Investments, with a fair value of \$39,966. The fair value of the fund's investment securities on loan is presented gross in the Statement of Assets and Liabilities. These loans were collateralized by U.S. Treasury Obligations of \$41,418 held by the lending agent. The collateral on securities loaned exceeded the value of securities on loan at period end. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is separately reported in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income.

**Indemnifications** — Under the fund's organizational documents, its officers and Trustees may be indemnified against certain liabilities and expenses arising out of the performance of their duties to the fund. Additionally, in the normal course of business, the fund enters into agreements with service providers that may contain indemnification clauses. The fund's maximum exposure under these agreements is unknown as this would involve future claims that may be made against the fund that have not yet occurred.

**Investment Transactions and Income** — Investment transactions are recorded on the trade date. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend payments received in additional securities are recorded on the ex-dividend date in an amount equal to the value of the security on such date. In determining the net gain or loss on securities sold, the cost of securities is determined on the identified cost basis.

The fund may receive proceeds from litigation settlements. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/loss if the security has been disposed of by the fund or in unrealized gain/loss if the security is still held by the fund. Any other proceeds from litigation not related to portfolio holdings are reflected as other income in the Statement of Operations.

**Tax Matters and Distributions** — The fund intends to qualify as a regulated investment company, as defined under Subchapter M of the Internal Revenue Code, and to distribute all of its taxable income, including realized capital gains. As a result, no provision for federal income tax is required. The fund's federal tax returns, when filed, will remain subject to examination by the Internal Revenue Service for a three year period. Management has analyzed the fund's tax positions taken on federal and state tax returns for all open tax years and does not believe that there are any uncertain tax positions that require recognition of a tax liability. Foreign taxes, if any, have been accrued by the fund in the accompanying financial statements in accordance with the applicable foreign tax law. Foreign income taxes may be withheld by certain countries in which the fund invests. Additionally, capital gains realized by the fund on securities issued in or by certain foreign countries may be subject to capital gains tax imposed by those countries.

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences which arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future.

Book/tax differences primarily relate to passive foreign investment companies and wash sale loss deferrals.

The tax character of distributions declared to shareholders for the last two fiscal years is as follows:





The fund is one of several mutual funds in which certain MFS funds may invest. The MFS funds do not invest in the underlying funds for the purpose of exercising management or control. At the end of the period, the MFS Moderate Allocation Portfolio, the MFS Growth Allocation Portfolio, and the MFS Conservative Allocation Portfolio were the owners of record of approximately 16%, 7%, and 3%, respectively, of the value of outstanding voting shares of the fund.

## (6) Line of Credit

The fund and certain other funds managed by MFS participate in a \$1.45 billion unsecured committed line of credit of which \$1.2 billion is reserved for use by the fund and certain other MFS U.S. funds. The line of credit is provided by a syndicate of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the highest of 1) Daily Simple SOFR (Secured Overnight Financing Rate) plus 0.10%, 2) the Federal Funds Effective Rate, or 3) the Overnight Bank Funding Rate, each plus an agreed upon spread. A commitment fee, based on the average daily unused portion of the committed line of credit, is allocated among the participating funds. The line of credit expires on March 16, 2023 unless extended or renewed. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at rates equal to customary reference rates plus an agreed upon spread. For the year ended December 31, 2022, the fund's commitment fee and interest expense were \$876 and \$1,323, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

## (7) Investments in Affiliated Issuers

An affiliated issuer may be considered one in which the fund owns 5% or more of the outstanding voting securities, or a company which is under common control. For the purposes of this report, the following were affiliated issuers:

Affiliated Issuers	Beginning Value	Purchases	Sales Proceeds	Realized Gain (Loss)	Change in Unrealized Appreciation or Depreciation	Ending Value
MFS Institutional Money Market Portfolio	\$4,586,283	\$37,582,979	\$39,574,241	\$116	\$878	\$2,596,015
<b>Affiliated Issuers</b>					<b>Dividend Income</b>	<b>Capital Gain Distributions</b>
MFS Institutional Money Market Portfolio					\$45,495	\$—

## (8) LIBOR Transition

Certain of the fund's investments, including investments in certain debt instruments and derivatives (if any), as well as borrowings by the fund and certain other contractual arrangements of the fund, may be based on the London Interbank Offered Rate ("LIBOR"). In 2017, the regulatory authority that oversees financial services firms in the United Kingdom announced plans to transition away from LIBOR by the end of 2021. In March 2021, the administrator of LIBOR announced the extension of the publication of the more commonly used U.S. dollar LIBOR settings to the end of June 2023. Although the full impacts of the transition away from LIBOR are not fully known, the transition may result in, among other things, an increase in volatility or illiquidity of the markets for instruments that currently rely on LIBOR to determine interest rates and this could have an adverse impact on the fund's performance. With respect to the fund's accounting for investments, including investments in certain debt instruments and derivatives, as well as



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of MFS Variable Insurance Trust II and the Shareholders of MFS International Growth Portfolio:

### **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities of MFS International Growth Portfolio (the "Fund"), including the portfolio of investments, as of December 31, 2022, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2022, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

Boston, Massachusetts  
February 15, 2023

We have served as the auditor of one or more of the MFS investment companies since 1924.



## Trustees and Officers - continued

Name, Age	Position(s) Held with Fund	Trustee/Officer Since <sup>(h)</sup>	Number of MFS Funds for which the Person is an Officer	Principal Occupations During the Past Five Years
<b>OFFICERS</b>				
Christopher R. Bohane <sup>(k)</sup> (age 49)	Assistant Secretary and Assistant Clerk	July 2005	136	Massachusetts Financial Services Company, Senior Vice President and Senior Managing Counsel
Kino Clark <sup>(k)</sup> (age 54)	Assistant Treasurer	January 2012	136	Massachusetts Financial Services Company, Vice President
John W. Clark, Jr. <sup>(k)</sup> (age 55)	Assistant Treasurer	April 2017	136	Massachusetts Financial Services Company, Vice President
David L. DiLorenzo <sup>(k)</sup> (age 54)	President	July 2005	136	Massachusetts Financial Services Company, Senior Vice President
Heidi W. Hardin <sup>(k)</sup> (age 55)	Secretary and Clerk	April 2017	136	Massachusetts Financial Services Company, Executive Vice President and General Counsel
Brian E. Langenfeld <sup>(k)</sup> (age 49)	Assistant Secretary and Assistant Clerk	June 2006	136	Massachusetts Financial Services Company, Vice President and Managing Counsel
Rosa E. Licea-Mailloux <sup>(k)</sup> (age 46)	Chief Compliance Officer	March 2022	136	Massachusetts Financial Services Company, Vice President (since 2018); Director of Corporate Compliance (2018-2021), Senior Director Compliance (2021-2022), Senior Managing Director of North American Compliance & Chief Compliance Officer (since March 2022); Natixis Investment Managers (investment management), Funds Chief Compliance Officer, Deputy General Counsel & Senior Vice President (until 2018)
Amanda S. Mooradian <sup>(k)</sup> (age 43)	Assistant Secretary and Assistant Clerk	September 2018	136	Massachusetts Financial Services Company, Assistant Vice President and Senior Counsel
Susan A. Pereira <sup>(k)</sup> (age 52)	Assistant Secretary and Assistant Clerk	July 2005	136	Massachusetts Financial Services Company, Vice President and Managing Counsel
Kasey L. Phillips <sup>(k)</sup> (age 52)	Assistant Treasurer	September 2012	136	Massachusetts Financial Services Company, Vice President
Matthew A. Stowe <sup>(k)</sup> (age 48)	Assistant Secretary and Assistant Clerk	October 2014	136	Massachusetts Financial Services Company, Vice President and Senior Managing Counsel
William B. Wilson <sup>(k)</sup> (age 40)	Assistant Secretary and Assistant Clerk	October 2022	136	Massachusetts Financial Services Company, Assistant Vice President and Counsel
James O. Yost <sup>(k)</sup> (age 62)	Treasurer	September 1990	136	Massachusetts Financial Services Company, Senior Vice President

(h) Date first appointed to serve as Trustee/Officer of an MFS Fund. Each Trustee has served continuously since appointment unless indicated otherwise. From January 2012 through December 2016, Messrs. DiLorenzo and Yost served as Treasurer and Deputy Treasurer of the Funds, respectively.

(j) Directorships or trusteeships of companies required to report to the Securities and Exchange Commission (i.e., "public companies").

(k) "Interested person" of the Trust within the meaning of the Investment Company Act of 1940 (referred to as the 1940 Act), which is the principal federal law governing investment companies like the fund, as a result of a position with MFS. The address of MFS is 111 Huntington Avenue, Boston, Massachusetts 02199-7618.

Each Trustee (other than Messrs. Jones, Kilman and Roberge) has been elected by shareholders and each Trustee and Officer holds office until his or her successor is chosen and qualified or until his or her earlier death, resignation, retirement or removal. Mr. Roberge became a Trustee of the Funds on January 1, 2021 and Messrs. Jones and Kilman became Trustees of the Funds on January 1, 2019. The Trust does not hold annual meetings for the purpose of electing Trustees, and Trustees are not elected for fixed terms. Under the terms of the Board's retirement policy, an Independent Trustee shall retire at the end of the calendar year in which he or she reaches the earlier of 75 years of age or 15 years of service on the Board (or, in the case of any Independent Trustee who joined the Board prior to 2015, 20 years of service on the Board).

## MFS International Growth Portfolio

### Trustees and Officers - continued

Messrs. Buller, Kilman and Otis and Ms. Roepke are members of the Trust's Audit Committee.

Each of the Interested Trustees and certain Officers hold comparable officer positions with certain affiliates of MFS.

The Statement of Additional Information for a Fund includes further information about the Trustees and is available without charge upon request by calling 1-800-225-2606.

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#### **Investment Adviser**

Massachusetts Financial Services Company  
111 Huntington Avenue  
Boston, MA 02199-7618

#### **Distributor**

MFS Fund Distributors, Inc.  
111 Huntington Avenue  
Boston, MA 02199-7618

#### **Portfolio Manager(s)**

Matthew Barrett  
Kevin Dwan

#### **Custodian**

State Street Bank and Trust Company  
1 Lincoln Street  
Boston, MA 02111-2900

#### **Independent Registered Public Accounting Firm**

Deloitte & Touche LLP  
200 Berkeley Street  
Boston, MA 02116

# BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT

## **MFS International Growth Portfolio**

The Investment Company Act of 1940 requires that both the full Board of Trustees and a majority of the non-interested (“independent”) Trustees, voting separately, annually approve the continuation of the Fund’s investment advisory agreement with MFS. The Trustees consider matters bearing on the Fund and its advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met several times over the course of three months beginning in May and ending in July, 2022 (“contract review meetings”) for the specific purpose of considering whether to approve the continuation of the investment advisory agreement for the Fund and the other investment companies that the Board oversees (the “MFS Funds”). The independent Trustees were assisted in their evaluation of the Fund’s investment advisory agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS during various contract review meetings. The independent Trustees were also assisted in this process by an independent consultant who was retained by and reported to the independent Trustees.

In connection with their deliberations regarding the continuation of the investment advisory agreement, the Trustees, including the independent Trustees, considered such information and factors as they believed, in light of the legal advice furnished to them and their own business judgment, to be relevant. The investment advisory agreement for the Fund was considered separately, although the Trustees also took into account the common interests of all MFS Funds in their review. As described below, the Trustees considered the nature, quality, and extent of the various investment advisory, administrative, and shareholder services performed by MFS under the existing investment advisory agreement and other arrangements with the Fund.

In connection with their contract review meetings, the Trustees received and relied upon materials that included, among other items: (i) information provided by Broadridge Financial Solutions, Inc. (“Broadridge”), an independent third party, on the investment performance of the Fund for various time periods ended December 31, 2021 and the investment performance of a group of funds with substantially similar investment classifications/objectives (the “Broadridge performance universe”), (ii) information provided by Broadridge on the Fund’s advisory fees and other expenses and the advisory fees and other expenses of comparable funds identified by Broadridge as well as all other funds in the same investment classification/category (the “Broadridge expense group and universe”), (iii) information provided by MFS on the advisory fees of portfolios of other clients of MFS, including institutional separate accounts and other clients, (iv) information as to whether and to what extent applicable expense waivers, reimbursements or fee “breakpoints” are observed for the Fund, (v) information regarding MFS’ financial results and financial condition, including MFS’ and certain of its affiliates’ estimated profitability from services performed for the Fund and the MFS Funds as a whole, and compared to MFS’ institutional business, (vi) MFS’ views regarding the outlook for the mutual fund industry and the strategic business plans of MFS, (vii) descriptions of various functions performed by MFS for the Funds, such as compliance monitoring and portfolio trading practices, and (viii) information regarding the overall organization of MFS, including information about MFS’ senior management and other personnel providing investment advisory, administrative and other services to the Fund and the other MFS Funds. The comparative performance, fee and expense information prepared and provided by Broadridge was not independently verified and the independent Trustees did not independently verify any information provided to them by MFS.

The Trustees’ conclusion as to the continuation of the investment advisory agreement was based on a comprehensive consideration of all information provided to the Trustees and not the result of any single factor. Some of the factors that figured particularly in the Trustees’ deliberations are described below, although individual Trustees may have evaluated the information presented differently from one another, giving different weights to various factors. It is also important to recognize that the fee arrangements for the Fund and other MFS Funds are the result of years of review and discussion between the independent Trustees and MFS, that certain aspects of such arrangements may receive greater scrutiny in some years than in others, and that the Trustees’ conclusions may be based, in part, on their consideration of these same arrangements during the course of the year and in prior years.

Based on information provided by Broadridge and MFS, the Trustees reviewed the Fund’s total return investment performance as well as the Broadridge performance universe over various time periods. The Trustees placed particular emphasis on the total return performance of the Fund’s Initial Class shares in comparison to the performance of funds in its Broadridge performance universe over the five-year period ended December 31, 2021, which the Trustees believed was a long enough period to reflect differing market conditions. The total return performance of the Fund’s Initial Class shares was in the 2nd quintile relative to the other funds in the universe for this five-year period (the 1st quintile being the best performers and the 5th quintile being the worst performers). The total return performance of the Fund’s Initial Class shares was in the 3rd quintile for each of the one- and three-year periods ended December 31, 2021 relative to the Broadridge performance universe. Because of the passage of time, these performance results may differ from the performance results for more recent periods, including those shown elsewhere in this report.

In the course of their deliberations, the Trustees took into account information provided by MFS in connection with the contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course

In assessing the reasonableness of the Fund's advisory fee, the Trustees considered, among other information, the Fund's advisory fee and the total expense ratio of the Fund's Initial Class shares as a percentage of average daily net assets and the advisory fee and total expense ratios of the Broadridge expense group based on information provided by Broadridge. The Trustees considered that MFS currently observes an expense limitation for the Fund, which may not be changed without the Trustees' approval. The Trustees also considered that, according to the data provided by Broadridge (which takes into account any fee reductions or expense limitations that were in effect during the Fund's last fiscal year), the Fund's effective advisory fee rate was approximately at the Broadridge expense group median and the Fund's total expense ratio was lower than the Broadridge expense group median.

The Trustees also considered the advisory fees charged by MFS to any institutional separate accounts advised by MFS ("separate accounts") and unaffiliated investment companies for which MFS serves as subadviser ("subadvised funds") that have comparable investment strategies to the Fund, if any. In comparing these fees, the Trustees considered information provided by MFS as to the generally broader scope of services provided by MFS to the Fund, as well as the more extensive regulatory burdens imposed on MFS in managing the Fund, in comparison to separate accounts and subadvised funds. The Trustees also considered the higher demands placed on MFS' investment personnel and trading infrastructure as a result of the daily cash in-flows and out-flows of the Fund in comparison to separate accounts.

The Trustees also considered whether the Fund may benefit from any economies of scale in the management of the Fund in the event of growth in assets of the Fund and/or growth in assets of the MFS Funds as a whole. They noted that the Fund's advisory fee rate schedule is subject to contractual breakpoints that reduce the Fund's advisory fee rate on average daily net assets over \$1 billion and \$2 billion. The Trustees also noted that MFS has agreed in writing to waive a portion of the management fees of certain MFS Funds, including the Fund, if the total combined assets of certain funds within the MFS Funds' complex increase above agreed upon thresholds (the "group fee waiver"), enabling the Fund's shareholders to share in the benefits from any economies of scale at the complex level. The group fee waiver is reviewed and renewed annually between the Board and MFS. The Trustees concluded that the breakpoints and the group fee waiver were sufficient to allow the Fund to benefit from economies of scale as its assets and overall complex assets grow.

The Trustees also considered information prepared by MFS relating to MFS' costs and profits with respect to the Fund, the MFS Funds considered as a group, and other investment companies and accounts advised by MFS, as well as MFS' methodologies used to determine and allocate its costs to the MFS Funds, the Fund and other accounts and products for purposes of estimating profitability.

After reviewing these and other factors described herein, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that the advisory fees charged to the Fund represent reasonable compensation in light of the services being provided by MFS to the Fund.

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Fund. The Trustees also considered current and developing conditions in the financial services industry, including the

## PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting [mfs.com/proxyvoting](https://mfs.com/proxyvoting), or by visiting the SEC's Web site at

# FACTS







