Sun Life Global Investments

Built for what's ahead.

Introduction to MFS Blended Research®

MFS Blended Research® is a differentiated investment approach that seamlessly integrates the strengths of both **fundamental research** and **quantitative research** to build more informed and resilient portfolios. By combining these two complementary disciplines, the approach provides a fuller understanding of the investable universe and supports stronger long-term decision making.

What is Blended Research®?

The Blended Research capability, launched around the year 2000 at MFS, systematically merges:

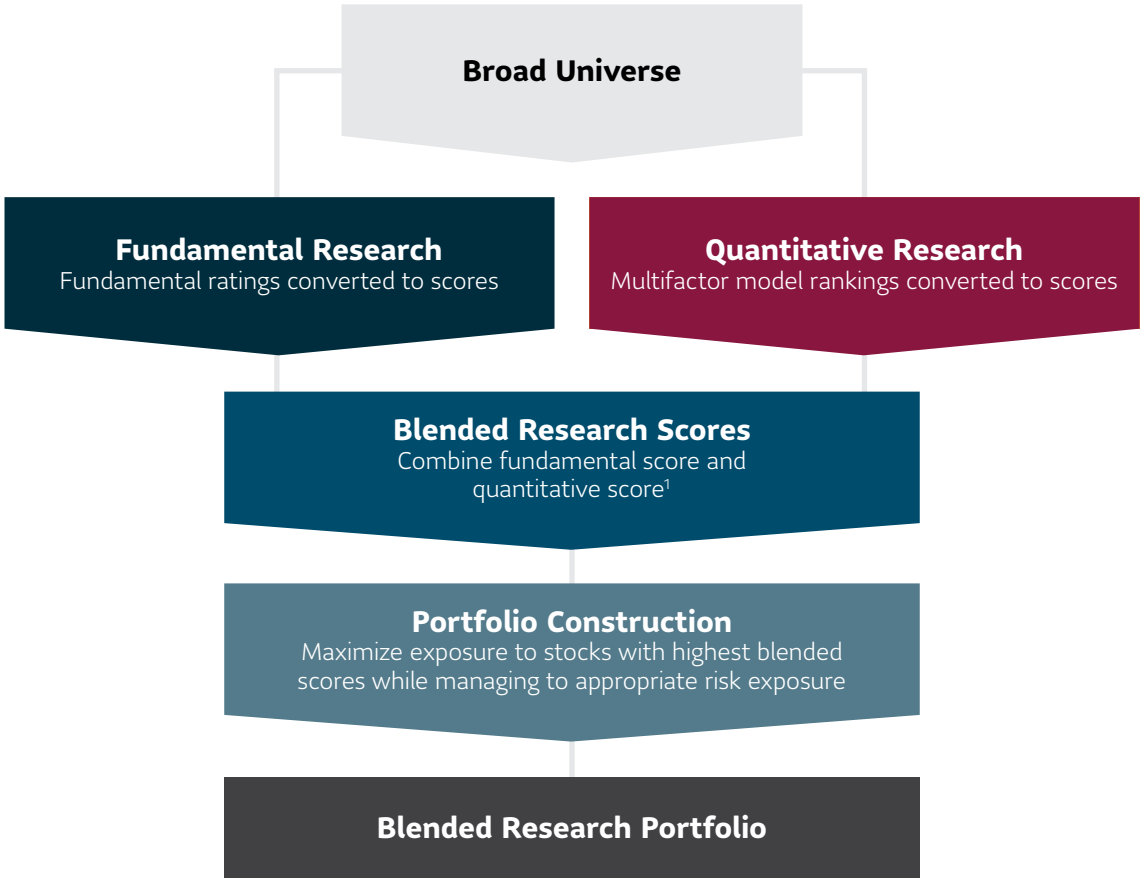
- **Proprietary fundamental research**—deep, forward looking analysis conducted by research analysts who meet with company management, perform on site evaluations, and build long-term models.
- **Proprietary quantitative research**—structured, consistent, and unbiased quantitative models that generate a view on every stock in the investment universe.

Together, these approaches are combined using a disciplined, quantitative portfolio construction process to build high conviction portfolios.

Why combine fundamental and quantitative research?

Each research method offers distinct advantages:

- **Fundamental research adds:**
  - Deep company specific insights
  - Forward looking perspectives on macro trends, corporate events, and strategic shifts
  - The ability to quickly incorporate new information into long-term forecasts
- **Quantitative research provides:**
  - A consistent and unbiased framework
  - Broad coverage across the entire investment universe
  - Structured evaluation using factors such as valuation, momentum, quality, and sentiment



[1]Stocks without a rating are treated the same as hold rated stocks for the purpose of creating a blended research score.

By integrating these two approaches, the Blended Research process benefits from both breadth and depth—capturing systematic patterns while maintaining informed judgment about long-term business fundamentals.

Performance across different market environments

The Blended Research process is intentionally designed to be effective through various stages of the business cycle:

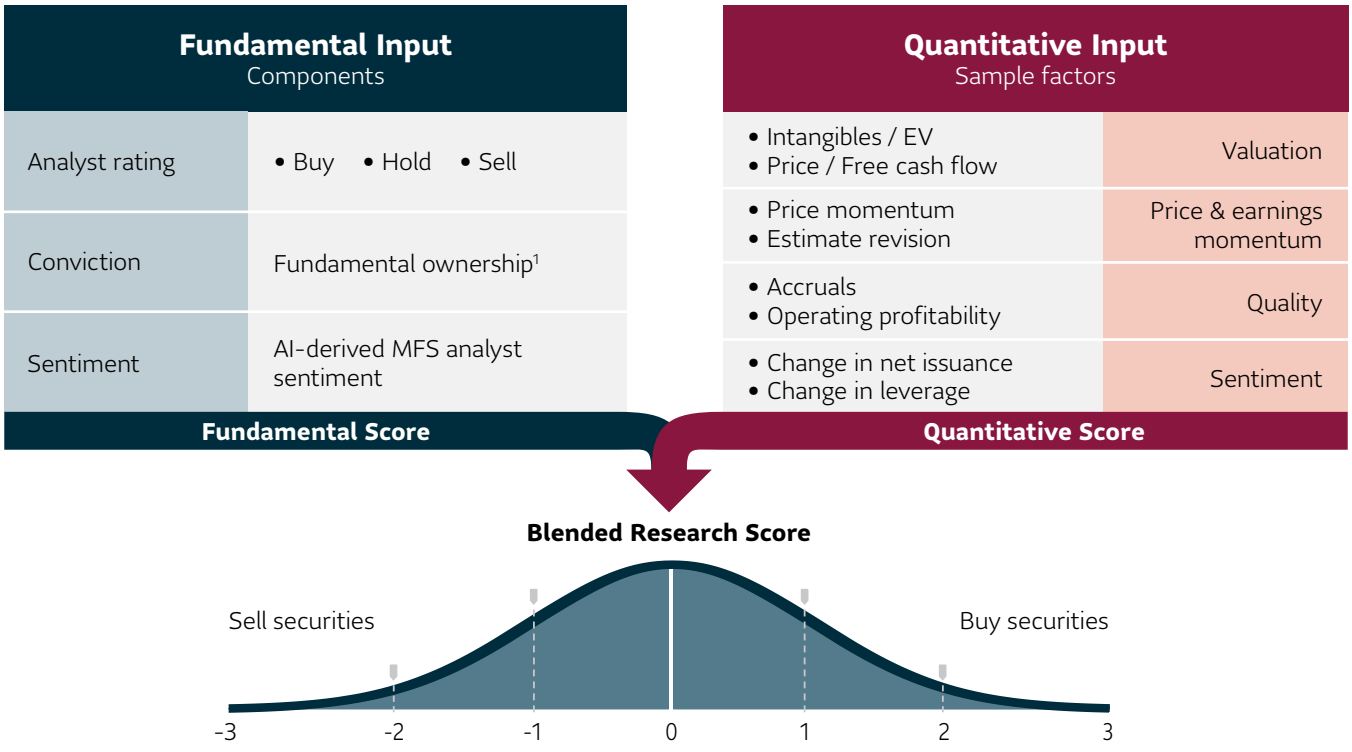
- **Early cycle environments (post recession)**
  Typically feature speculative, low-quality stocks. Quantitative value and momentum factors help capture these opportunities.
- **Mid cycle environments**
  Characterized by improving economic conditions and an emphasis on earnings growth and momentum—areas where quantitative models historically have performed well.
- **Late cycle environments**
  Focus on earnings durability, balance sheet strength, and margin stability. Here, the quality signals from both the quant models and the fundamental team become especially valuable.

This multidimensional structure provides potential for more consistent performance throughout a full market cycle.

How the quantitative models work

The quantitative research used in Blended Research relies on external ("street") data rather than proprietary fundamental inputs. Although shorter-term signals exist, the models prioritize longer duration factors (typically 12–18 months) that align with the time horizon of fundamental analysis. Key components include:

- **Valuation metrics** such as P/E, price to cash flow, and price to sales
- **Earnings momentum**, based on analysts' revisions
- **Price momentum**, capturing trends in stock performance
- **Quality factors**, including:
    - Balance sheet strength
    - Profitability measures
    - Earnings quality and accrual levels



This example is for illustrative purposes only. No forecasts can be guaranteed.
[1]Whether the stock is held at an overnight versus benchmark in diversified fundamental equity portfolios, excluding sector portfolios and concentrated portfolios.

How Blended Research differs from dedicated quant strategies

Dedicated quant strategies often rely on very short-term signals (days or weeks). Blended Research intentionally avoids these because they do not align with the longer-term nature of fundamental research. As a result:

- The strategy uses only factors with multi month effectiveness
- Portfolio turnover is lower than traditional quant strategies but higher than purely fundamental ones
- The combined signal aims to produce more stable, longer-term investment insights

MFS Blended Research Investment team: Tested by market experience, backed by depth

John (Jed) Stocks, CFA

Portfolio Manager[1]
26 years industry experience

Jonathan Sage, CFA

Portfolio Manager
29 years industry experience

Matthew Krummell

Institutional Portfolio Manager[1]
32 years industry experience

Jeffrey Morrison, CFA

Institutional Portfolio Manager
36 years industry experience

[1]As an Institutional Portfolio Manager, communicates investment policy, strategy, and positioning. Participates in the research process and strategy discussions. Assesses portfolio risk, customizes portfolio objectives and policies, and manages daily cash flows.

For more information, contact your Wealth Sales Team or:

- Learn more about **SLGI MFS Blended Research Low Vol International Fund**
- Learn more about **SLGI MFS Blended Research Low Vol Global Fund**

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