

FRS Investment Plan Detailed Fund Operations
MFS Massachusetts Investors Growth Stock Fund (\$50)

Asset Class and Objective	Specialty U.S. stock fund, focusing on growth-oriented large capitalization stocks
Fund Benchmark	Russell 1000 Growth Index (S&P 500 Index prior to 04/2001)
Investment Manager	MFS Institutional Advisors, Inc., 500 Boylston Street, Boston, MA 02116
Marketing Company	Nationwide Retirement Solutions
Restrictions on Transfers	Investment funds in the FRS Investment Plan are subject to excessive trading restrictions as detailed in the FRS Investment Plan Summary Plan Description and FRS Excessive Fund Trading Policy.
How mutual fund fees work	<p>On an annual basis, marketing companies estimate the fees that FRS Investment Plan participants will pay as a percentage of their mutual fund account assets; e.g., 0.50% per year. These figures reflect any rebates or reductions negotiated by the State Board of Administration and are published in the <i>Fund Profiles</i> and other plan materials.</p> <p>However, the actual fees you would pay as an investor in a mutual fund are not guaranteed and will vary over time when expressed as a percent of asset values. Mutual fund boards of directors can change fees without the FRS's permission. Changes occur throughout the year in the day-to-day expenditures made by mutual funds to cover their operating expenses and these changes are passed through to shareholders. The amount of assets under management changes from period to period and so fees expressed as a ratio of assets will vary, even if the actual dollar expenditures do not. Also, some mutual funds have fees that can rise or fall depending on performance compared to a benchmark.</p> <p>The actual expenses paid for mutual funds included in the FRS Investment Plan are detailed in their annual or semi-annual reports for previous periods. These reports are available free of charge by calling the MyFRS Financial Guidance Line (1-866-466-9377). Please note that these reports will not reflect any rebates or reductions negotiated by the State Board of Administration.</p>
Investment Philosophy	MFS's bottom-up approach to large cap growth equity management seeks long-term capital appreciation by investing in companies that exhibit strong growth fundamentals.
Research Process	The MFS Equity Research Department is staffed by both fundamental analysts and a group of quantitative analysts who support the investment team by compiling data, performing security screening, and conducting performance analytics. Each analyst follows 2-4 diverse industries and tracks approximately 40-50 companies within each industry. Analysts research companies across all capitalization ranges to develop a comprehensive understanding of the trends impacting their industries. MFS' security universe includes approximately 2000-2500 securities, of which 800-1000 are closely followed with proprietary earnings models. Each analyst develops an in-depth knowledge of the economic, political, and international situations that affect the 2-4 industries in which he/she specializes. At the company level, the research analysts assess the quality of products and services, the growth rate of a company versus its industry, the quality of management, and the company's financial strength. Company visits are a key feature of their fundamental research.
Security Selection	The research analysts supply the portfolio managers with stock ideas from their assigned industries, while the portfolio manager shares his knowledge across industries with the analysts, thus broadening the analysts' perspective on stock valuation. The portfolio manager reviews the analysts' best ideas to identify stocks with characteristics that meet selection criteria. The portfolio manager has discretion to accept or reject the analysts' recommendations. Stock selection focuses on bottom-up company analysis. The portfolio manager looks for the following characteristics in purchase candidates: high levels of free cash flow, high operating margins and return on equity, earnings growth equal to or greater than 20%, attractive valuation, superior management team, and high-quality franchise, product, or service. The MFS strategy seeks companies with great franchises at low prices with 20% growth potential within 12 months. Portfolios are biased towards traditional growth sectors such as software, media, and electronics.



IMPORTANT NOTE: The information on investment philosophy, research process, security selection, portfolio construction, sell discipline and personnel was provided to the FRS by product marketing companies or investment managers. The FRS has taken this information as given for the purposes of this document.

Portfolio Construction	Portfolios typically hold 130 to 150 stocks. Sector and industry weightings are largely a function of stock selection. No more than 25% of the portfolio may be invested in any given industry, and no more than 5% may be invested in one stock (at purchase). The fund may invest up to 50% of its assets in foreign securities with a target range between 0 and 30%.	
Sell Discipline	A stock will be reviewed for potential sale when it approaches the sell target price set at purchase. In addition, a stock will be considered for sale if; 1) the fund manager(s) anticipates events and/or trends that may negatively affect valuation or earnings growth (e.g., new management, new products which are not expected to fulfill expectations, changes in product demand, changes in the economic environment, etc.); or, 2) An alternative investment with stronger fundamentals and more favorable valuation offers an opportunity for a better return.	
Portfolio Manager(s)	Investment Experience	Experience Last 5 Years
Stephen Pesek	21 years	The fund portfolio manager since 1999, Stephen Pesek has been part of the investment management area of MFS since 1994.