

SECURITIES AND EXCHANGE COMMISSION

FORM 485APOS

Post-effective amendments [Rule 485(a)]

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FILER

MFS VARIABLE INSURANCE TRUST

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617-954-5000*

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
POST-EFFECTIVE AMENDMENT NO. 2
AND
REGISTRATION STATEMENT
UNDER
THE INVESTMENT COMPANY ACT OF 1940
AMENDMENT NO. 3

MFS VARIABLE INSURANCE TRUST
(Exact name of registrant as specified in its charter)

500 Boylston, Street, Boston, Massachusetts 02116
(Address of Principal Executive Offices)

Registrant's Telephone Number, Including Area Code: 617-954-5000
Stephen E. Cavan, Massachusetts Financial Services Company,
500 Boylston Street, Boston, Massachusetts 02116
(Name and Address of Agent for Service)

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING:

It is proposed that this filing will become effective (check appropriate box)

- / / immediately upon filing pursuant to paragraph (b)
- / / on [DATE] pursuant to paragraph (b)
- /X/ 60 days after filing pursuant to paragraph (a)(i)
- / / on March 1, 1995 pursuant to paragraph (a)(i)
- / / 75 days after filing pursuant to paragraph (a)(ii)
- / / on [DATE] pursuant to paragraph (a)(ii) of rule 485.

If appropriate, check the following box:

- / / this post-effective amendment designates a new effective date for a previously filed post-effective amendment

Pursuant to Rule 24f-2, the Registrant has registered an indefinite number of its Shares of Beneficial Interest, without par value, under the Securities Act of 1933. The Registrant will file a Rule 24f-2 Notice for its first fiscal year ended December 31, 1994 on or before February 28, 1995.

MFS VARIABLE INSURANCE TRUST

MFS OTC SERIES

MFS GROWTH SERIES

MFS RESEARCH SERIES

MFS GROWTH WITH INCOME SERIES

MFS TOTAL RETURN SERIES

MFS UTILITIES SERIES

MFS HIGH INCOME SERIES

MFS WORLD GOVERNMENTS SERIES

MFS STRATEGIC FIXED INCOME SERIES

MFS BOND SERIES

MFS LIMITED MATURITY SERIES

MFS MONEY MARKET SERIES

CROSS REFERENCE SHEET

(Pursuant to Rule 404 showing location in Prospectus and/or Statement of Additional Information of the responses to the Items in Parts A and B of Form N-1A)

ITEM NUMBER FORM N-1A, PART A	PROSPECTUS CAPTION	STATEMENT OF ADDITIONAL INFORMATION CAPTION
1 (a), (b)	Front Cover Page	*
2 (a)	Expense Summary	*
(b), (c)	*	*
3 (a)	Condensed Financial Information	*
(b)	*	*

ITEM NUMBER FORM N-1A, PART A	PROSPECTUS CAPTION	STATEMENT OF ADDITIONAL INFORMATION CAPTION
(c)	Information Concerning Shares of Each Series - Performance Information	*
(d)	Condensed Financial Information	*
4 (a)	Investment Concept of the Trust; Investment Objectives and Policies; Investment Techniques	*
(b)	Investment Objectives and Policies; Investment Techniques	*
(c)	Investment Techniques; Additional Risk Factors	*
5 (a)	Investment Concept of the Trust; Management of the Series - Investment Adviser	*
(b)	Front Cover Page; Management of the Series; Investment Adviser; Back Cover Page	*
(c), (d)	*	*
(e)	Information Concerning Shares of Each Series - Expenses	*
(f), (g)	Expense Summary	*
5A (a), (b), (c)	**	**
6 (a)	Information Concerning Shares of Each Series - Description of Shares, Voting Rights and Liabilities; Information Concerning Shares of Each Series - Purchases and Redemptions; Information Concerning Shares of Each Series - Purchases and Redemptions	*

ITEM NUMBER FORM N-1A, PART A	PROSPECTUS CAPTION	STATEMENT OF ADDITIONAL INFORMATION CAPTION
(b), (c), (d)	*	*
(e)	Shareholder Communication	*
(f)	Information Concerning Shares of Each Series - Distributions	*
(g)	Information Concerning Shares of Each Series - Tax Status; Information Concerning Shares of Each Series - Distributions	*
7 (a)	Front Cover Page; Management of the Series - Distributor; Back Cover Page	*
(b)	Information Concerning Shares of Each Series - Purchases and Redemptions; Information Concerning Shares of Each Series - Net Asset Value	*
(c)	*	*
(d)	Front Cover Page; Information Concerning Shares of Each Series - Purchases and Redemptions	*
(e), (f)	*	*
8 (a), (b)	Information Concerning Shares of Each Series - Purchases and Redemptions	*
(c)	*	*
(d)	Information Concerning Shares of Each Series - Purchases and Redemptions	*
9	*	*

ITEM NUMBER FORM N-1A, PART A	PROSPECTUS CAPTION	STATEMENT OF ADDITIONAL INFORMATION CAPTION
10 (a), (b)	*	Front Cover Page
11	*	Front Cover Page
12	*	*
13 (a)	*	Investment Techniques
(b), (c)	*	Investment Techniques; Investment Restrictions
(d)	*	Investment Techniques
14 (a), (b)	*	Management of the Trust
(c)	*	*
15 (a), (b), (c)	*	*
16 (a)	*	Management of the Trust - Investment Adviser; Management of the Trust - Trustees and Officers

(b)	*	Management of the Trust - Investment Adviser
(c), (d)	*	*
(e)	*	Portfolio Transactions and Brokerage Commissions
(f), (g)	*	*
(h)	*	Management of the Trust - Custodian; Independent Accountants and Financial Statements; Back Cover Page
(i)	*	Management of the Trust - Shareholder Servicing Agent
17 (a)	*	Portfolio Transactions and Brokerage Commissions

ITEM NUMBER FORM N-1A, PART A	PROSPECTUS CAPTION	STATEMENT OF ADDITIONAL INFORMATION CAPTION
(b)	*	*
(c)	*	Portfolio Transactions and Brokerage Commissions
(d), (e)	*	*
18 (a)	*	Description of Shares Voting Rights and Liabilities
(b)	*	*
19 (a)	*	*
(b)	*	Determination of Net Asset Value and Performance -Net Asset Value
(c)	*	*
20	*	Tax Status
21 (a), (b)	*	Management of the Trust - Distributor
(c)	*	*
22 (a)	*	*
(b)	*	Determination of Net Asset Value; Performance Information
23	*	Independent Accountants and Financial Statements

* Not Applicable

** Will be contained in Annual Report

The Annual Report which is referenced in the Statement of Additional Information will be filed with the 485(b) on or about April 30, 1995.

<TABLE>
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MFS-REGISTERED TRADEMARK-
VARIABLE
INSURANCE TRUST
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PROSPECTUS
May 1, 1995

MFS Variable Insurance Trust (the "Trust") is an open-end management investment company offering insurance company separate accounts a selection of investment vehicles for variable annuity and variable life insurance contracts (the "Contracts"). Currently the Trust offers shares of beneficial interest of 12 separate mutual fund series (individually or collectively hereinafter referred to as a "Series" or the "Series"):

- -- MFS EMERGING GROWTH SERIES (the "Emerging Growth Series"), which seeks to provide long-term growth of capital;
- -- MFS GROWTH SERIES (the "Growth Series"), which seeks to provide long-term growth of capital and future income rather than current income;
- -- MFS RESEARCH SERIES (the "Research Series"), which seeks to provide long-term growth of capital and future income;
- -- MFS GROWTH WITH INCOME SERIES (the "Growth With Income Series"), which seeks to provide reasonable current income and long-term growth of capital and income;
- -- MFS TOTAL RETURN SERIES (the "Total Return Series"), which seeks primarily to provide above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital and secondarily to provide a reasonable opportunity for growth of capital and income;
- -- MFS UTILITIES SERIES (the "Utilities Series"), which seeks capital growth and current income (income above that available from a portfolio invested entirely in equity securities);
- -- MFS HIGH INCOME SERIES (the "High Income Series"), which seeks high current income by investing primarily in a professionally managed portfolio of fixed income securities, some of which may involve equity features;
- -- MFS WORLD GOVERNMENTS SERIES (the "World Governments Series"), which seeks preservation and growth of capital, together with moderate current income;
- -- MFS STRATEGIC FIXED INCOME SERIES (the "Strategic Fixed Income Series"), which seeks to maximize current income.
- -- MFS BOND SERIES (the "Bond Series"), which seeks primarily to provide as high a level of current income as is believed consistent with prudent investment risk and secondarily to protect shareholders' capital;
- -- MFS LIMITED MATURITY SERIES (the "Limited Maturity Series"), which seeks primarily to provide as high a level of current income as is believed to be consistent with prudent investment risk and secondarily to protect shareholders' capital; and
- -- MFS MONEY MARKET SERIES (the "Money Market Series"), which seeks as high a level of current income as is considered consistent with the preservation of capital and liquidity.

SECURITIES OFFERING THE HIGH CURRENT INCOME SOUGHT BY THE HIGH INCOME SERIES (COMMONLY KNOWN AS "JUNK BONDS") ARE ORDINARILY IN THE LOWER RATING CATEGORIES OF RECOGNIZED RATING AGENCIES OR ARE UNRATED AND GENERALLY INVOLVE GREATER VOLATILITY OF PRICE AND RISK TO PRINCIPAL AND INCOME THAN SECURITIES IN THE HIGHER RATING CATEGORIES. ACCORDINGLY, AN INVESTMENT IN THE HIGH INCOME SERIES MAY NOT BE APPROPRIATE FOR ALL INVESTORS. THE EMERGING GROWTH SERIES, THE GROWTH SERIES, THE RESEARCH SERIES AND THE GROWTH WITH INCOME SERIES ARE INTENDED FOR INVESTORS WHO UNDERSTAND AND ARE WILLING TO ACCEPT THE RISKS ENTAILED IN SEEKING LONG-TERM GROWTH OF CAPITAL. BECAUSE OF THEIR INVESTMENT POLICIES PERMITTING INVESTMENT IN FOREIGN SECURITIES, INVESTMENTS IN EACH SERIES (EXCEPT FOR THE LIMITED MATURITY SERIES AND THE MONEY MARKET SERIES) MAY BE SUBJECT TO A GREATER DEGREE OF RISK THAN INVESTMENTS IN OTHER INVESTMENT COMPANIES WHICH INVEST ENTIRELY IN DOMESTIC SECURITIES.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

INVESTMENTS IN THE MONEY MARKET SERIES ARE NEITHER INSURED NOR GUARANTEED BY THE U.S. GOVERNMENT AND THERE IS NO ASSURANCE THAT THE FUND WILL BE ABLE TO MAINTAIN A STABLE NET ASSET VALUE OF \$1.00 PER SHARE.

SHARES OF THE TRUST ARE AVAILABLE AND ARE BEING MARKETED AS A POOLED FUNDING VEHICLE FOR LIFE INSURANCE COMPANIES WRITING ALL TYPES OF CONTRACTS.

This Prospectus sets forth concisely the information about each Series that a prospective investor should know before applying for the Contracts offered by the separate accounts of certain insurance companies ("Participating Insurance Companies"). Investors are advised to read this Prospectus and the applicable Contract prospectus carefully and retain them for future reference. If you require more detailed information, a Statement of Additional Information dated May 1, 1995, as supplemented from time to time, is available upon request without charge and may be obtained by calling or by writing to the Shareholder Servicing Agent. (see back cover for address and phone number.) The Statement of Additional Information, which is incorporated by reference into this Prospectus, has been filed with the Securities and Exchange Commission.

INVESTORS SHOULD READ THIS PROSPECTUS AND RETAIN IT FOR FUTURE REFERENCE.

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1. EXPENSE SUMMARY

<TABLE>
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	<C>	<C>	<C>	<C>
ANNUAL OPERATING EXPENSES (AS A PERCENTAGE OF AVERAGE NET ASSETS):				
</TABLE>				
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<CAPTION>				
	MFS EMERGING GROWTH SERIES	MFS GROWTH SERIES	MFS RESEARCH SERIES	MFS GROWTH WITH INCOME SERIES
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Management Fee.....	0.75%	0.75%	0.75%	0.75%
Other Expenses.....	0.25% (1)	0.25% (1)	0.25% (1)	0.25% (1)
Total Operating Expense.....	1.00% (1)	1.00% (1)	1.00% (1)	1.00% (1)

<CAPTION>

	MFS TOTAL RETURN SERIES	MFS UTILITIES SERIES	MFS HIGH INCOME SERIES	MFS WORLD GOVERNMENTS SERIES
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>

Management Fee.....	0.75%	0.75%	0.75%	0.75%
Other Expense.....	0.25%(1)	0.25%(1)	0.25%(1)	0.25%(2)
Total Operating Expenses.....	1.00%(1)	1.00%(1)	1.00%(1)	1.00%(2)

<CAPTION>

	MFS STRATEGIC		MFS	
	FIXED INCOME SERIES	MFS BOND SERIES	LIMITED MATURITY SERIES	MFS MONEY MARKET SERIES
<S>	<C>	<C>	<C>	<C>
Management Fee.....	0.75%	0.60%	0.55%	0.50%
Other Expenses.....	0.25%(1)	0.40%	0.45%	0.10%
Total Operating Expense.....	1.00%	1.00%	1.00%	0.60%

<FN>

- (1) The Adviser has agreed to bear, subject to reimbursement, expenses for each of the Series' such that a Series' aggregate operating expenses shall not exceed, on an annualized basis, 1.00% of the average daily net assets of the Series from November 2, 1994 through December 31, 1996, 1.25% of the average daily net assets of the Series from January 1, 1997 through December 31, 1998, and 1.50% of the average daily net assets of the Series thereafter; provided however, that this obligation may be terminated or revised at any time. See "Information Concerning Shares of Each Series-- Expenses." Absent this expense arrangement, "Other Expenses" and "Total Operating Expenses" would be % and %, respectively, for each Series, based upon estimated expenses for the Series' current fiscal year.
- (2) The Adviser has agreed to bear until December 31, 2004, subject to reimbursement, expenses of the Series such that the Series' aggregate operating expenses do not exceed 1.00%, on an annualized basis, of its average daily net assets. See "Information Concerning Shares of Each Series--Expenses." Absent this expense arrangement, "Other Expenses" and "Total Operating Expenses" would be % and %, respectively.
- (3) The Adviser has agreed to bear, subject to reimbursement, until December 31, 2004, expenses of the Series such that the Series' aggregate operating expenses do not exceed, on an annualized basis, 0.60% of its average daily net assets. See "Information Concerning Shares of Each Series--Expenses." Absent this expense arrangement, "Other Expenses" and "Total Operating Expenses" would be % and %, respectively.

</TABLE>

The Series' annual operating expenses do not reflect expenses imposed by separate accounts of Participating Insurance Companies through which an investment in a series is made or their related contracts. A separate account's expenses are disclosed in the prospectus through which the Contract relating to that separate account is offered for sale.

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2. INVESTMENT CONCEPT OF THE TRUST

The Trust is an open-end, registered management investment company comprised of the following twelve series: Emerging Growth Series, Growth Series, Research Series, Growth With Income Series, Total Return Series, Utilities Series, High Income Series, World Governments Series, Strategic Fixed Income Series, Bond Series, Limited Maturity Series and Money Market Series. Each Series is a segregated, separately managed portfolio of securities. All of the Series, except the Utilities Series, World Governments Series and Strategic Fixed Income Series, are diversified. Additional series may be created from time to time. The Trust was organized as a business trust under the laws of The Commonwealth of Massachusetts by a Declaration of Trust dated February 1, 1994.

The Trust currently intends to offer shares of each Series to insurance company separate accounts that fund Contracts. Separate accounts may purchase or redeem shares at net asset value without any sales or redemption charge. Fees and charges imposed by a separate account, however, will affect the actual return to the holder of a Contract. A separate account may also impose certain restrictions or limitations on the allocation of purchase payments or Contract value to one or more Series, and not all Series may be available in connection with a particular Contract. Prospective investors should consult the applicable Contract prospectus for information regarding fees and expenses of the Contract and separate account and any applicable restrictions or limitations. The Trust assumes no responsibility for such prospectuses.

Shares of the Series are offered to the separate accounts of Participating Insurance Companies that are affiliated or unaffiliated ("shared funding"). Shares of the Series may serve as the underlying investments for both variable annuity and variable life insurance contracts ("mixed funding"). Due to differences in tax treatment or other considerations, the interests of various Contract owners might at some time be in conflict. The Trust currently does not foresee any such conflict. Nevertheless, the Trust's Trustees intend to monitor events in order to identify any material irreconcilable conflicts which may possibly arise and to determine what action, if any, should be taken in response thereto. If such a conflict were to occur, one or more separate accounts of the Participating Insurance Companies might be required to withdraw its investments in one or more Series. This might force a Series to sell securities at disadvantageous prices.

Individual Contract holders are not the "shareholders" of the Trust. Rather, the Participating Insurance Companies and their separate accounts are the shareholders or investors, although such companies may pass through voting rights to their Contract holders.

The Trust's Board of Trustees provides broad supervision over the affairs of the Trust and the Series. Massachusetts Financial Services Company, a Delaware corporation ("MFS" or the "Adviser"), is the investment adviser to each Series. A majority of the Trustees of the Trust are not affiliated with the Adviser. The Adviser is responsible for the management of the assets of each Series and the officers of the Trust are responsible for the operations. The Adviser manages the Series' portfolios from day to day in accordance with the investment objectives and policies of each Series. The selection of investments and the way they are managed depend on the conditions and trends in the economy and the financial marketplaces.

3. CONDENSED FINANCIAL INFORMATION

The following information should be read in conjunction with the Fund's financial statements included in the Fund's Annual Report to shareholders which are incorporated by reference to the Statement of Additional Information in reliance upon the report of Deloitte & Touche LLP, independent certified public accountants, as experts in accounting and auditing.

<TABLE>
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	YEAR ENDED DECEMBER 31, 1994*

<S>	<C>
Per Share data (for a share outstanding throughout the period):	
Net asset value--beginning of period.....	\$ 10.00

Income from investment operations++	
Net investment income**.....	\$ 0.17
Net realized and unrealized loss on investments.....	(0.09)

Total from investment operations.....	\$ 0.08

Less distributions declared to shareholders	
From net investment income.....	\$ (0.17)
In excess of net investment income.....	(0.09)

Total distributions declared to shareholders.....	\$ (0.26)

Net asset value--end of period.....	\$ 9.82

Total return.....	0.79%
Ratios (to average net assets)/Supplemental data**:	
Expenses.....	1.00%+
Net investment income.....	4.68%+
Portfolio turnover.....	62%
Net assets at end of period (000 omitted).....	\$ 2,881
<FN>	

+ Annualized.	
++ Per share data is based on average shares outstanding.	
* For the period from the commencement of investment operations, June 14, 1994 to December 31, 1994.	
** The investment adviser did not impose a portion of its management fee for the period indicated. If this fee had been incurred by the Fund, the net investment income per share and the ratios would have been:	
Net investment income.....	\$0.16
Ratios (to average net assets):	
Expenses.....	1.10%+
Net investment income.....	4.58%+

</TABLE>

Total return information does not reflect expenses that apply to the separate accounts of Participating Insurance Companies or their related Contracts. The inclusion of these charges would reduce the total return figure for the period shown.

4. INVESTMENT OBJECTIVES AND POLICIES

Each Series has different investment objectives which it pursues through separate investment policies, as described below. The differences in objectives and policies among the Series can be expected to affect the degree of market and financial risk to which each Series is subject and the return of each Series. The investment objectives and policies of each Series may, unless otherwise specifically stated, be changed by the Trustees of the Trust without a vote of the shareholders. Any investment involves risk and there is no assurance that the objectives of any Series will be achieved.

MFS EMERGING GROWTH SERIES -- The Series seeks to provide long-term growth of capital. Dividend and interest income from portfolio securities, if any, is incidental to the Fund's investment objective of long-term growth of capital.

The Series' policy is to invest primarily (I.E., at least 80% of its assets under normal circumstances) in common stocks of small and medium-sized companies that are early in their life cycle but which have the potential to become major enterprises (emerging growth companies). Such companies generally would be expected to show earnings growth over time that is well above the growth rate of the overall economy and the rate of inflation, and would have the products, management and market opportunities which are usually necessary to become more widely recognized as growth companies.

However, the Series may also invest in more established companies whose rates of earnings growth are expected to accelerate because of special factors, such as rejuvenated management, new products, changes in consumer demand, or basic changes in the economic environment.

While the Series will invest primarily in common stocks, the Series may, to a limited extent, seek appreciation in other types of securities such as foreign or convertible securities and warrants when relative values make such purchases appear attractive either as individual issues or as types of securities in certain economic environments (see "Additional Risk Factors"). The Series may also enter into forward foreign currency exchange contracts for the purchase or sale of foreign currency for hedging purposes and non-hedging purposes, including transactions entered into for the purpose of profiting from anticipated changes in foreign currency exchange rates, as well as options on foreign currencies (see "Investment Techniques-- Forward Contracts on Foreign Currency" and "--Options on Foreign Currencies" below). The Series may also hold foreign currency (see "Additional Risk Factors" below). The Series may invest up to 25% of its total assets in foreign securities (not including American Depositary Receipts ("ADRs")), which may be traded on foreign exchanges. The Series may hold cash equivalents or other forms of debt securities as a reserve for future purchases of common stock or to meet liquidity needs.

The Series may invest in ADRs which are certificates issued by a U.S. depository (usually a bank) and represent a specified quantity of shares of an underlying non-U.S. stock on deposit with a custodian bank as collateral. Although ADRs are issued by a U.S. depository, they are subject to many of the risks of foreign securities such as exchange rates and more limited information about foreign issuers. (See "Additional Risk Factors" below).

The Series may invest in corporate asset-backed securities (see "Investment Techniques--Corporate Asset-Backed Securities" below). The Series may write covered call and put options and purchase call and put options on securities and stock indices in an effort to increase current income and for hedging purposes (see "Investment Techniques--Options" below). The Series may also purchase and sell stock index futures contracts and may write and purchase options thereon for hedging purposes and for non-hedging purposes, subject to applicable law (see "Investment Techniques--Futures Contracts and Options on Futures Contracts" below). In addition, the Series may purchase portfolio securities on a "when-issued" or on a "forward delivery" basis (see "Investment Techniques--When-Issued Securities" below). The Series may also invest a portion of its assets in "loan participations" (see "Investment Techniques--Loan Participations" below).

While it is not generally the Series' policy to invest or trade for short-term profits, the Series may dispose of a portfolio security whenever the Adviser is of the opinion that such security no longer has an appropriate appreciation potential or when another security appears to offer relatively greater appreciation potential. Subject to tax requirements, portfolio changes are made without regard to the length of time a security has been held, or whether a sale would result in a profit or loss.

The nature of investing in emerging growth companies involves greater risk than is customarily associated with investments in more established companies. Emerging growth companies often have limited product lines, markets or financial resources, and they may be dependent on one-person management. The securities of emerging growth companies may have limited marketability and may be subject to more abrupt or erratic market movements than securities of larger, more established growth companies or the market averages in general. Shares of the Series, therefore, are subject to greater fluctuation in value than shares of a conservative equity fund or of a growth fund which invests entirely in proven growth stocks.

The Series may invest to a limited extent in lower rated fixed income securities or comparable unrated securities (see "Additional Risk Factors--Lower Rated Bonds" below).

MFS GROWTH SERIES -- The Growth Series' investment objective is to provide

long-term growth of capital and future income rather than current income.

The Growth Series' policy is to invest, under normal market conditions, at least 65% of its assets in the common stocks, or securities convertible into common stocks, of companies believed to possess better than average prospects for long-term growth. Emphasis is placed on the selection of progressive, well-managed companies.

The Series currently intends to invest in only those convertible securities that are "investment grade" rated Baa or better by Moody's or BBB or better by S&P or by Fitch or securities which the Adviser believes to be of similar quality to "investment grade" securities. However, the Series retains the right to invest in convertible bonds that are in the lower rated categories (rated Ba or lower by Moody's or BB or lower by S&P or by Fitch) or securities which the Adviser believes to be of similar quality to these lower rated securities (commonly known as "junk bonds"). For a description of bond ratings, see Appendix B to this Prospectus.

The Growth Series may invest in ADRs and may invest up to 30% (and expects generally to invest between % and %) of its total assets in foreign securities, including emerging markets securities (not including ADRs). (See "Investment Techniques" and "Additional Risk Factors" below.) The Growth Series also may purchase portfolio securities on a "when-issued" or on a "forward delivery" basis. In addition, the Growth Series may write covered call and put options and purchase call and put options on securities and stock indices as well as "yield curve" options. The Series may also purchase and sell stock index and foreign currency futures contracts and may write and purchase options thereon (see "Investment Techniques" below).

The Growth Series may enter into forward foreign currency exchange contracts and options on foreign currencies (see "Investment Techniques" below). The Series may hold foreign currency received in connection with investments in foreign securities or in anticipation of purchasing foreign securities. (See "Additional Risk Factors" below).

MFS RESEARCH SERIES -- The Research Series' investment objective is to provide long-term growth of capital and future income.

The portfolio securities of the Research Series are selected by the investment research analysts in the Equity Research Group of the Adviser. The Series' assets are allocated to economic sectors (E.G. health care, technology, consumer staples), and then to industry groups within these sectors (E.G. within the health care sector, the managed care, drug and medical supply industries). The allocation by sector and industry is determined by the analysts acting together as a group. Individual analysts are then responsible for selecting what they view as the best securities for capital appreciation and future income within their assigned industries.

The Research Series' policy is to invest a substantial proportion of its assets in the common stocks or securities convertible into common stocks of companies believed to possess better than average prospects for long-term growth. A smaller proportion of the assets may be invested in bonds, short-term obligations, preferred stocks or common stocks whose principal characteristic is income production rather than growth. Such securities may also offer opportunities for growth of capital as well as income. In the case of both growth stocks and income issues, emphasis is placed on the selection of progressive, well-managed companies. The Series' non-convertible debt investments, if any, may consist of "investment grade" securities (rated Baa or better by Moody's or BBB or better by S&P or by Fitch), and, with respect to no more than 10% of the Series' assets, securities in the lower rated categories (rated Ba or lower by Moody's or BB or lower by S&P or by Fitch) or securities which the Adviser believes to be of similar quality to these lower rated securities (commonly known as "junk bonds"). No more than 5% of the Series' convertible securities, if any, will consist of securities in the lower rated categories (rated Ba or lower by Moody's or BB or lower by S&P or by Fitch) or securities which the Adviser believes to be of similar quality to these lower rated securities. For a description of bond ratings, see Appendix B to this Prospectus. It is not the

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Series' policy to rely exclusively on ratings issued by established credit rating agencies but rather to supplement such ratings with the Adviser's own independent and ongoing review of credit quality. The Series' achievement of its investment objective may be more dependent on the Adviser's own credit analysis than in the case of a fund investing in primarily higher quality bonds. From time to time, the Series' management will exercise its judgment with respect to the proportions invested in growth stocks, income-producing securities or cash (including foreign currency) and cash equivalents depending on its view of their relative attractiveness.

The Research Series may invest in ADRs and also may invest up to 20% (and expects generally to invest between % and %) of its total assets in foreign securities (not including ADRs). (See "Additional Risk Factors" below). In addition, the Research Series may enter into forward foreign currency exchange

contracts. (See "Investment Techniques" below). The Series may also hold foreign currency received in connection with investments in foreign securities or in anticipation of purchasing foreign securities. (See "Additional Risk Factors" below).

The Research Series may purchase securities that are not registered under the Securities Act of 1933 (the "1933 Act"), including those that can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act.

MFS GROWTH WITH INCOME SERIES -- The Growth With Income Series' investment objectives are to provide reasonable current income and long-term growth of capital and income.

Under normal market conditions, the Growth With Income Series will invest at least 65% of its assets in common stocks or securities convertible into common stocks that are believed to have long-term prospects for growth and income. The Series currently intends to invest in convertible securities only if such securities are "investment grade" (rated Baa or better by Moody's or BBB or better by S&P or Fitch) or securities which the Adviser believes to be of similar quality to "investment grade" securities. The Series retains the right to invest in convertible securities that are in the lower rated categories (rated Ba or lower by Moody's or BB or lower by S&P or by Fitch) or securities which the Adviser believes to be of similar quality to these lower rated securities (commonly known as "junk bonds"). For a description of bond ratings, see Appendix B to this Prospectus. However, the Series may hold its assets in cash or invest in commercial paper, repurchase agreements or other forms of debt securities either to provide reserves for future purchases of common stock or as a defensive measure in certain economic environments.

The Growth With Income Series may invest in ADRs and may also invest up to 75% (and expects generally to invest between % and %) of its total assets in foreign securities, including emerging markets securities (not including ADRs). The Series may hold foreign currency received in connection with investments in foreign securities and in anticipation of purchasing foreign securities. (See "Investment Techniques" and "Additional Risk Factors" below).

The Growth With Income Series may purchase securities on a "when-issued" or on a "forward delivery" basis. The Series also may invest in zero coupon bonds. (See "Investment Techniques" below).

The Growth With Income Series may write covered put and call options and purchase put and call options on securities and on stock indices. The Series also may enter into stock index and foreign currency futures contracts and purchase and write options on such futures contracts. In addition, the Series may enter into forward foreign currency exchange contracts and may purchase and write options on foreign currencies. (See "Investment Techniques" below).

MFS TOTAL RETURN SERIES -- The Total Return Series' primary investment objective is to obtain above-average income (compared to a portfolio entirely invested in equity securities) consistent with the prudent employment of capital, and its secondary objective is to provide a reasonable opportunity for growth of capital and income, since many securities offering a better than average yield may also possess growth potential. Thus, in selecting securities for its portfolio, the Series considers each of these objectives. Generally, at least 40% of the Total Return Series' assets are invested in equity securities.

The Series' policy is to invest in a broad list of securities, including short-term obligations. The list may be diversified not only by companies and industries, but also by type of security. Fixed income securities and equity securities (which include: common and preferred stocks; securities such as bonds, warrants or rights that are convertible into stock; and depositary

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receipts for those securities) may be held by the Series. Some fixed income securities may also have a call on common stock by means of a conversion privilege or attached warrants. The Total Return Series may vary the percentage of assets invested in any one type of security in accordance with the Adviser's interpretation of economic and money market conditions, fiscal and monetary policy and underlying security values. The Series' debt investments may consist of both "investment grade" securities (rated Baa or better by Moody's or BBB or better by S&P or by Fitch) and securities that are unrated or are in the lower rating categories (rated Ba or lower by Moody's or BB or lower by S&P or by Fitch) (commonly known as "junk bonds") including up to 20% of its assets in nonconvertible fixed income securities that are in these lower rating categories and comparable unrated securities (see "Additional Risk Factors" below). Generally, most of the Series' long-term debt investments will consist of "investment grade" securities. See Appendix B to this Prospectus for a description of these ratings. It is not the Series' policy to rely exclusively on ratings issued by established credit rating agencies but rather to supplement such ratings with the Adviser's own independent and ongoing review of credit quality.

The Series may also invest in United States government securities, including:
(1) U.S. Treasury obligations, which differ only in their interest rates,

maturities and times of issuance: U.S. Treasury bills (maturities of one year or less); U.S. Treasury notes (maturities of one to ten years); and U.S. Treasury bonds (generally maturities of greater than ten years), all of which are backed by the full faith and credit of the U.S. Government; and (2) obligations issued or guaranteed by U.S. Government agencies, authorities or instrumentalities, some of which are backed by the full faith and credit of the U.S. Treasury, E.G., direct pass-through certificates of the Government National Mortgage Association ("GNMA"); some of which are supported by the right of the issuer to borrow from the U.S. Government, E.G., obligations of Federal Home Loan Banks; and some of which are backed only by the credit of the issuer itself, E.G., obligations of the Student Loan Marketing Association (collectively, "U.S. Government Securities"). The term "U.S. Government Securities" also includes interests in trusts or other entities representing interests in obligations that are backed by the full faith and credit of the U.S. Government or are issued or guaranteed by the U.S. Government, its agencies, authorities or instrumentalities.

The Total Return Series may invest in ADRs and may invest up to 20% (and expects generally to invest between % and %) of its total assets in foreign securities, including emerging markets securities (not including ADRs). The Series may also hold foreign currency received in connection with investments in foreign securities or in anticipation of purchasing foreign securities. (See "Investment Techniques" and "Additional Risk Factors" below).

The Total Return Series may invest in mortgage pass-through securities, zero coupon bonds, deferred interest bonds and PIK bonds. The Series also may purchase securities on a "when-issued" or on a "forward delivery" basis. In addition, the Series may invest in indexed securities, mortgage "dollar roll" transactions, loan participations and corporate asset-backed securities. (See "Investment Techniques" below). The Total Return Series may purchase securities that are not registered under the 1933 Act, including those that can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risks" below).

The Total Return Series may write covered put and call options on securities and stock indices and purchase put and call options on securities and stock indices. The Series may also enter into "yield curve" options and may purchase and write options on foreign currencies. (See "Investment Techniques" below).

The Total Return Series may enter into stock index and foreign currency futures contracts and may purchase and write options on futures contracts. In addition, the Series may enter into forward foreign currency exchange contracts. (See "Investment Techniques" below).

MFS UTILITIES SERIES -- The Utilities Series' investment objective is to seek capital growth and current income (income above that available from a portfolio invested entirely in equity securities).

The Utilities Series will seek to achieve its objective by investing, under normal circumstances, at least 65% (but up to 100% at the discretion of the Adviser) of its assets in equity and debt securities of both domestic and foreign companies in the utilities industry. Equity securities in which the Series may invest include common stocks, preferred stocks, securities

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convertible into common stocks or preferred stocks, and warrants to purchase common or preferred stocks. At least 80% of the debt securities held by the Series will be rated at the time of investment at least Baa by Moody's or BBB by S&P or by Fitch will be of comparable quality as determined by the Adviser (see "Additional Risk Factors" below). See Appendix B to this prospectus for a description of these ratings. The Series may also invest in debt and equity securities of issuers in other industries, as discussed below, although under normal circumstances not more than 35% of the Series' assets will be so invested. In addition, the Series may hold a portion of its assets in cash and money market instruments.

Companies in the utilities industry include (i) companies engaged in the manufacture, production, generation, transmission, sale or distribution of electric, gas or other types of energy, water or other sanitary services and (ii) companies engaged in telecommunications, including telephone, cellular telephones, telegraph, satellite, microwave, cable television and other communications media (but not companies engaged in public broadcasting). The Adviser deems a particular company to be in the utilities industry if, at the time of investment, the Adviser determines that at least 50% of the company's assets or revenues are derived from one or more of those industries.

The portion of the Utilities Series' assets invested in a particular type of utility and in equity or debt securities will vary in light of changes in interest rates, market conditions and economic conditions and other factors. The Series may invest in foreign securities, including emerging market techniques non-dollar denominated securities, although under normal circumstances it is not expected that more than 35% of the Series' assets will be so invested. The Series also may invest in ADRs. The Series may hold foreign currency received in connection with investments in foreign securities and in anticipation of

purchasing foreign securities. (See "Investment Techniques" and "Additional Risk Factors" below). For further information on the principal sectors of the utilities industry in which the Series may invest, see Appendix D.

Since the Utilities Series' investments are concentrated in utility securities, the value of the Series' shares will be especially affected by factors peculiar to the utilities industry, and may fluctuate more widely than the value of shares of a fund that invests in a broader range of industries. The rates many utility companies may charge their customers are controlled by governmental regulatory commissions which may result in a delay in the utility company passing along increases in costs to its customers. Furthermore, there is no assurance that regulatory authorities will, in the future, grant rate increases or that such increases will be adequate to permit the payment of dividends on common stocks. Many utility companies, especially electric and gas and other energy related utility companies, are subject to various uncertainties, including: risks of increases in fuel and other operating costs; the high cost of borrowing to finance capital construction during inflationary periods; difficulty obtaining adequate returns on invested capital, even if frequent rate increases are approved by public service commissions; restrictions on operations and increased costs and delays as a result of environmental and nuclear safety regulations; securing financing for large construction projects during an inflationary period; difficulties of the capital markets in absorbing utility debt and equity securities; difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets; technological innovations which may render existing plants, equipment or products obsolete; the potential impact of natural or man-made disasters; difficulties in obtaining natural gas for resale or fuel for electric generation at reasonable prices; coping with the general effects of energy conservation, particularly in light of changing policies regarding energy; and special risks associated with the construction and operation of nuclear power generating facilities, including technical factors and costs, and the possibility that federal, state and municipal government authorities may from time to time review existing requirements and impose additional requirements. Certain utility companies, especially gas and telephone utility companies, have in recent years been affected by increased competition, which could adversely affect the profitability of such utility companies. Furthermore, there are uncertainties resulting from certain telecommunications companies' diversification into new domestic and international businesses as well as agreements by many such companies linking future rate increases to inflation or other factors not directly related to the active operating profits of the enterprise.

Foreign utility companies are also subject to regulation, although such regulations may or may not be comparable to those in the U.S. Foreign utility companies may be more heavily regulated by their respective governments than utilities in the U.S.

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and, as in the U.S., generally are required to seek government approval for rate increases. In addition, since many foreign utilities use fuel that causes more pollution than those used in the U.S., such utilities may be required to invest in pollution control equipment to meet any proposed pollution restrictions. Foreign regulatory systems vary from country to country and may evolve in ways different from regulation in the U.S.

The Utilities Series is permitted to invest in securities of issuers that are outside the utilities industry, although under normal circumstances not more than 35% of the Series' assets will be so invested. Such investments may include common stocks, debt securities (including municipal debt securities) and preferred stocks and will be selected to meet the Series' investment objective of both capital growth and current income. These securities may be issued by either U.S. or non-U.S. companies. Some of these issuers may be in industries related to the utilities industry and, therefore, may be subject to similar risks.

Investments outside the utilities industry may also include U.S. Government Securities, as that term is defined under "Investment Objectives and Policies--MFS Total Return Series" above. When and if available, U.S. Government securities may be purchased at a discount from face value. However, the Series does not intend to hold such securities to maturity for the purpose of achieving potential capital gains, unless current yields on the securities remain attractive.

The Utilities Series may invest in mortgage pass-through securities that are U.S. Government securities and in zero coupon bonds, collateralized mortgage obligations, multiclass pass-through securities and corporate asset-backed securities. The Series may purchase securities on a "when-issued" or on a "forward delivery" basis. The Series may invest in indexed securities whose value is linked to foreign currencies, interest rates, commodities, indices or other financial indicators. In addition, the Series may enter into mortgage "dollar roll" transactions. (See "Investment Techniques" below). The Series may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risk Factors" below).

The Utilities Series may write covered call and put options and purchase call and put options on domestic and foreign stock indices. The Series also may enter into futures contracts on fixed income securities, foreign currencies, indices of foreign currencies, and indices of fixed income securities. In addition, the Series may purchase and write options on such futures contracts. The Series may enter into forward foreign currency exchange contracts and may purchase and write options on foreign currencies. The Series also may hold foreign currency received in connection with investments in foreign securities or in anticipation of purchasing foreign securities. (See "Investment Techniques" below).

MFS HIGH INCOME SERIES -- The investment objective of the High Income Series is to seek high current income by investing primarily in a professionally managed diversified portfolio of fixed income securities, some of which may involve equity features. Capital growth, if any, is a consideration incidental to the Series' objective of high current income.

Fixed income securities offering the high current income sought by the High Income Series normally include those fixed income securities which offer a current yield above that generally available on debt securities in the three highest rating categories of the recognized rating agencies (commonly known as "junk bonds" if rated below the four highest categories of recognized rating agencies). However, since available yields and yield differentials vary over time, no specific level of income or yield differential can ever be assured. The dividends paid by the Series will increase or decrease in relation to the income received by the Series from its investments, which would in any case be reduced by the expenses of the Series before such income is distributed to its shareholders. For a description of these rating categories, see Appendix B to this Prospectus. (See "Additional Risk Factors" below).

Fixed income securities include preferred and preference stocks and all types of debt obligations of both domestic and foreign issuers, such as bonds, debentures, notes, equipment lease certificates, equipment trust certificates (including interests in trusts or other entities representing such obligations), conditional sales contracts, commercial paper and obligations issued or guaranteed by the U.S. Government, any foreign government or any of their respective political subdivisions, agencies or instrumentalities (including obligations, such as repurchase agreements, secured by instruments).

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Corporate debt securities may bear fixed, fixed and contingent, or variable rates of interest and may involve equity features, such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer; participations based on revenues, sales or profits; or the purchase of common stock in a unit transaction (where corporate debt securities and common stock are offered as a unit). Under normal market conditions, not more than 25% of the value of the total assets of the High Income Series will be invested in equity securities, including common stocks, warrants and rights.

Fixed income securities that the High Income Series may invest in also include zero coupon bonds, deferred interest bonds, PIK bonds, collateralized mortgage obligations, multiclass pass-through securities, stripped mortgage-backed securities, mortgage pass-through securities, corporate asset-backed securities, loan participations and other direct indebtedness. The Series may enter into mortgage "dollar roll" transactions. In addition, the Series may purchase securities on a "when-issued" or on a "forward delivery" basis. (See "Investment Techniques" below). The Series also may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risk Factors" below).

The High Income Series may invest in ADRs and may invest up to 35% (and expects generally to invest between % and %) of its total assets in foreign securities (not including ADRs). The Series may hold foreign currency received in connection with investments in foreign securities and in anticipation of purchasing foreign securities. The Series has authority to invest up to 25% of its total assets in securities issued or guaranteed by foreign governments or their agencies or instrumentalities. (See "Additional Risk Factors" below).

The High Income Series may invest up to 40% of the value of its total assets in each of the electric utility and telephone industries, but will not invest more than 25% in either of those industries unless yields available for four consecutive weeks in the four highest rating categories on new issue bonds in such industry (issue size of \$50 million or more) have averaged in excess of 105% of yields of new issue long-term industrial bonds similarly rated (issue size of \$50 million or more) and, in the opinion of the Adviser, the relative return available from the electric utility or telephone industry and the relative risk, marketability, quality and availability of securities of such industry justifies such an investment.

When and if available, fixed income securities may be purchased at a discount from face value. However, the High Income Series does not intend to hold such securities to maturity for the purpose of achieving potential capital gains, unless current yields on these securities remain attractive. From time to time the Series may purchase securities not paying interest at the time acquired if,

in the opinion of the Adviser, such securities have the potential for future income or capital appreciation.

The High Income Series may write covered put and call options and purchase put and call options on domestic and foreign fixed income securities. The Series may also enter into "yield curve" options. The Series may purchase and sell futures contracts on fixed income securities or indices of such securities and may write or purchase options on such futures contracts. In addition, the Series may enter into forward foreign currency exchange contracts and may purchase and write put and call options on foreign currencies. The Series may enter into interest rate swaps, currency swaps and other types of available swap agreements. The Series also may purchase and sell caps, floors and collars. (See "Investment Techniques" below).

MFS WORLD GOVERNMENTS SERIES -- The World Governments Series' investment objective is to seek not only preservation, but also growth of capital, together with moderate current income.

The World Governments Series seeks to achieve its investment objective through a professionally managed, internationally diversified portfolio consisting primarily of debt securities and to a lesser extent equity securities. The Series attempts to provide investors with an opportunity to enhance the value and increase the protection of their investment against inflation and otherwise by taking advantage of investment opportunities in the U.S. as well as in other countries where opportunities may be more rewarding. It is believed that diversification of assets on an international basis decreases the degree to which events in any one country, including the U.S., can affect the entire portfolio. Although the percentage of the Series' assets invested in securities issued abroad and denominated in foreign currencies will vary depending on the state of the economies

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of the principal countries of the world, their financial markets and the relationship of their currencies to the U.S. dollar, under normal conditions the Series' portfolio is internationally diversified. However, for defensive reasons or during times of international political or economic uncertainty or turmoil, most or all of the Series' investments may be in the U.S.

Under normal economic and market conditions, at least 80% of the Series' portfolio is invested in debt securities, such as bonds, debentures, mortgage securities, notes, commercial paper, obligations issued or guaranteed by a government or any of its political subdivisions, agencies or instrumentalities, certificates of deposit, as well as debt obligations which may have a call on common stock by means of a conversion privilege or attached warrants. Debt securities in which the Series may invest may also include zero coupon bonds, mortgage pass-through securities, collateralized mortgage obligations, multiclass pass-through securities and stripped mortgage-backed securities. The Series also may enter into mortgage "dollar roll" transactions. (See "Investment Techniques" below). The Series may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risk Factors" below).

The World Governments Series may write covered put and call options on securities and purchase put and call options. The Series may also enter into "yield curve" options. The Series may enter into futures contracts on fixed income securities, on foreign currencies and on indices of securities, and may purchase and write options on such futures contracts. In addition, the Series may enter into forward foreign currency exchange contracts and options on foreign currencies. The Series also may enter into interest rate swaps, currency swaps and other types of available swap agreements. The Series also may purchase and sell caps, floors and collars. (See "Investment Techniques" below).

The World Governments Series may invest in ADRs. The Series may also invest up to 100% (and expects generally between % and %) of its total assets in foreign securities including emerging market securities (not including ADRs). See "Investment Techniques" and "Additional Risk Factors" below. The Adviser will determine the amount of the World Governments Series' assets to be invested in the United States and the amount to be invested abroad. The U.S. assets will be invested in high quality debt securities and the remainder of the assets will be diversified among countries where opportunities for total return are expected to be most attractive. It is currently expected that investments within foreign countries will be primarily in government securities to minimize credit risks. The Series will not invest 25% or more of the value of its assets in the securities of any one foreign government. The portfolio will be managed actively and the asset allocations modified as the Adviser deems necessary.

The World Governments Series will purchase non-dollar securities denominated in the currency of countries where the interest rate environment as well as the general economic climate provide an opportunity for declining interest rates and currency appreciation. If interest rates decline, such non-dollar securities will appreciate in value. If the currency also appreciates against the dollar, the total investment in such non-dollar securities would be enhanced further. Conversely, a rise in interest rates or decline in currency exchange rates would

adversely affect the Series' return. Investments in non-dollar denominated securities are evaluated primarily on the strength of a particular currency against the dollar and on the interest rate climate of that country. Currency is judged on the basis of fundamental economic criteria (E.G., relative inflation levels and trends, growth rate forecasts, balance of payments status, and economic policies) as well as technical and political data. In addition to the foregoing, interest rates are evaluated on the basis of differentials or anomalies that may exist between different countries. The Series may hold foreign currency received in connection with investments in foreign securities and in anticipation of purchasing foreign securities. (See "Additional Risk Factors" below).

The phrase "preservation of capital" when applied to a domestic investment company is generally understood to imply that the portfolio is invested in very low risk securities and that the major risk is loss of purchasing power through the effects of inflation or major changes in interest rates. However, while the World Governments Series invests in securities which are believed to have minimal credit risk, an error of judgment in selecting a currency or an interest rate environment could result in a loss of capital.

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It is contemplated that the World Governments Series' long-term debt investments will consist primarily of securities which are believed by the Adviser to be of relatively high quality. If after the Series purchases such a security, the quality of the security deteriorates significantly, the security will be sold only if the Adviser believes it is advantageous to do so.

MFS STRATEGIC FIXED INCOME SERIES -- The Strategic Fixed Income Series' investment objective is to maximize current income.

The Strategic Fixed Income Series seeks to achieve its objective by investing approximately one-third of its assets in each of the following sectors of the fixed income securities markets: (i) U.S. Government securities, as that term is defined in "Investment Objectives and Policies--MFS Total Return Series" above and related options; (ii) debt securities issued by foreign governments, their political subdivisions and other foreign issuers; and (iii) high yielding corporate fixed income securities, some of which may involve equity features. By following this investment strategy, the Series' net asset value is likely to be more stable than that of a fund which invests in only one of these three fixed income sectors. The Investment Adviser believes that greater stability would occur because, in general, each sector historically has produced results which are different from each other sector, so that significant changes in one sector have tended to offset changes in other sectors. During periods of unusual market or economic conditions (such as a collapse of the high yield corporate fixed income market or a general contraction in yields on foreign obligations), the Series may invest up to 50% of its assets in any one sector and may choose not to invest in a sector in order to achieve its investment objective. The Series expects that, under normal market conditions, the maturity of its portfolio securities will not exceed 30 years in the U.S. Government sector and 25 years in the corporate fixed income sector. At least 80% of the Series' assets under normal circumstances will be invested in fixed income securities.

The Strategic Fixed Income Series may invest in ADRs. The Series does not currently intend to invest over 45% (and expects generally to invest between % and %) of its assets in foreign securities, including emerging markets securities (not including ADRs), but reserves the right to invest up to 67% of its assets in foreign securities, including emerging markets securities (not including ADRs), depending on market conditions. These foreign securities shall include securities issued by foreign governments considered stable by the Investment Adviser and fixed income securities of foreign corporations. The foreign government securities in which the Series intends to invest will generally consist of obligations supported through their authority to levy taxes by national, state or provincial governments or similar political subdivisions. While one-third of the Series' assets normally will be invested in securities issued abroad and denominated in foreign currencies ("non-dollar securities"), that amount may vary depending on the relative yield of such securities, the economies of the countries in which the investments are made and such countries' financial markets, the interest rate climate of such countries and the relationship of such countries' currencies to the U.S. dollar. Investments in non-dollar securities and currency will be evaluated on the basis of fundamental economic criteria (E.G., relative inflation levels and trends, growth rate forecasts, balance of payments status, and economic policies) as well as technical and political data. In addition to the foregoing, interest rates are evaluated on the basis of differentials or anomalies that may exist between different countries. The Series may hold foreign currency for hedging purposes to protect against declines in the U.S. dollar value of foreign securities held by the Series and against increases in the U.S. dollar value of the foreign securities which the Series might purchase. The Series may speculate in foreign currency when, in the judgment of the Investment Adviser, it would be beneficial to convert such currency into U.S. dollars at a later date, based on anticipated changes in the relevant exchange rate. The Series may invest more than 25% of the value of its total assets in securities of issuers located in any one country. (See "Investment Techniques" and "Additional Risk Factors" below.)

High yield corporate fixed income securities of both domestic and foreign issuers (denominated either in U.S. dollars or foreign currency) in which the Strategic Fixed Income Series may invest include preferred and preference stock and all types of long- or short-term debt obligations, such as bonds, debentures, notes, equipment lease certificates, equipment trust certificates, conditional sales contracts and commercial paper (including obligations, such as repurchase agreements, secured by such instruments). High yield corporate fixed income securities held by the Series are ordinarily unrated or in the

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lower rating categories of recognized rating agencies. (See "Additional Risk Factors" below.) Corporate fixed income securities may also include zero coupon bonds, deferred interest bonds and PIK bonds. Corporate fixed income securities may involve equity features, such as conversion or exchange rights or warrants for the acquisition of stock of the same or a different issuer; participations based on revenues, sales or profits; or the purchase of common stock in a unit transaction (where corporate debt securities and common stock are offered as a unit).

The Strategic Fixed Income Series may invest in "when-issued" securities, collateralized mortgage obligations, multiclass pass-through securities, stripped mortgage-backed securities, corporate asset-backed securities, zero coupon bonds, loan participations and other indebtedness and may enter into mortgage "dollar roll" transactions. (See "Investment Techniques" below.) The Series may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risk Factors" below.)

The Strategic Fixed Income Series may write covered put and call options on securities and purchase put and call options on securities. The Series may also enter into "yield curve" options. The Series may enter into futures contracts on fixed income securities, on foreign currencies and on indices of securities or foreign currencies, and may purchase and write options on such futures contracts. In addition, the Series may enter into forward foreign currency exchange contracts and options on foreign currencies. The Series may enter into interest rate swaps, currency swaps and other types of available swap agreements. The Series also may purchase and sell caps, floors and collars. (See "Investment Techniques" below.)

The Strategic Fixed Income Series may invest up to 40% of the value of its total assets in each of the electric utility and telephone industries, but will not invest more than 25% in either of those industries unless yields available for four consecutive weeks in the four highest rating categories on new issue bonds in such industry (issue size of \$50 million or more) have averaged in excess of 105% of yields of new issue long-term industrial bonds similarly rated (issue size of \$50 million or more).

When the Investment Adviser believes that investing for defensive purposes is appropriate, such as during periods of unusual market conditions, part or all of the Strategic Fixed Income Series' assets may be temporarily invested in the instruments set forth under "Short Term Investments for Defensive Purposes" below as well as in foreign government securities of at least investment grade level.

MFS BOND SERIES -- The Bond Series' primary investment objective is to provide as high a level of current income as is believed to be consistent with prudent investment risk. The Series' secondary objective is to protect shareholders' capital.

Under normal market conditions, all of the Bond Series' investments will be made in accordance with the following policies:

1. Approximately 80% of the Series' net assets will be invested in:
 - (a) non-convertible debt securities which have a rating within the four highest grades as determined by S&P (AAA, AA, A or BBB) or Fitch or Moody's (Aaa, Aa, A or Baa) and comparable unrated securities; for a description of these rating categories, see Appendix B to this Prospectus;
 - (b) U.S. Government Securities, as defined in "Investment Objectives and Policies--MFS Total Return Series" above;
 - (c) non-convertible debt securities issued or guaranteed by national or state banks or bank holding companies (as defined in the Federal Bank Holding Company Act) which, although not rated as a matter of policy by S&P or Moody's, are considered by the Adviser to have an investment quality equivalent to securities which may be purchased under item (a) above; or
 - (d) commercial paper, repurchase agreements, cash or cash equivalents (such as certificates of deposit and bankers' acceptances).
2. Up to 20% of the Series' total assets may be invested in non-convertible

debt securities which are not rated within the four highest grades of S&P or Moody's or Fitch as described above and comparable unrated securities

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(commonly known as "junk bonds") and in convertible debt securities and preferred stocks. These convertible debt securities and preferred stocks may be unrated or rated below the four highest grades of S&P and Moody's or Fitch described above. For a description of these ratings see Appendix B to this Prospectus. For a discussion of the risks of investing in these securities, see "Additional Risks" below.

Although the Bond Series may purchase Canadian and other foreign securities, under normal market conditions, it may not invest more than 10% of its assets in non-dollar denominated, non-Canadian foreign securities, including emerging markets securities. The Series may hold foreign currency received in connection with investments in foreign securities or in anticipation of purchasing foreign securities. (See "Investment Techniques" and "Additional Risk Factors" below).

The Bond Series may not directly purchase common stocks. However, the Series may retain up to 10% of its total assets in common stocks which were acquired either by conversion of fixed income securities or by the exercise of warrants attached thereto.

U.S. Government Securities also include interests in trusts or other entities representing interests in obligations that are issued or guaranteed by the U.S. Government, its agencies, authorities or instrumentalities.

The Bond Series may invest in corporate asset-backed securities, mortgage pass-through securities, zero coupon bonds, deferred interest bonds, PIK bonds, collateralized mortgage obligations, multiclass pass-through securities, stripped mortgage-backed securities, "when-issued" securities, indexed securities and mortgage "dollar roll" transactions. (See "Investment Techniques" below). The Series may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act. (See "Additional Risk Factors" below).

The Bond Series may write covered put and call options and purchase put and call options on domestic and foreign fixed income securities. The Series may also enter into "yield curve" options. The Bond Series may purchase and sell futures contracts on domestic or foreign fixed income securities or indices of such securities as well as options on such futures contracts. The Series may also enter into forward foreign currency exchange contracts and options on foreign currency. In addition, the Series may enter into interest rate swaps, currency swaps and other types of available swap agreements. The Series also may purchase caps, floors and collars. (See "Investment Techniques" below).

MFS LIMITED MATURITY SERIES -- The Limited Maturity Series' primary investment objective is to provide as high a level of current income as is believed to be consistent with prudent investment risk. The Series' secondary objective is to protect shareholders' capital.

In seeking to achieve its investment objectives, the Limited Maturity Series invests, under normal market conditions, substantially all its assets in the following securities:

1. Debt securities (including corporate asset-backed securities and mortgage pass-through securities discussed below) which have a rating within the four highest grades as determined by S&P or Fitch (AAA, AA, A or BBB) or Moody's (Aaa, Aa, A or Baa) and comparable unrated securities; for a description of these rating categories, see Appendix B to this Prospectus;
2. U.S. Government Securities, as defined in "Investment Objectives and Policies--MFS Total Return Series" above; or
3. Commercial paper, repurchase agreements, cash or cash equivalents (such as certificates of deposit and bankers' acceptances).

The Limited Maturity Series will only invest in securities rated within the four highest grades, as determined by S&P or Moody's or Fitch, and comparable unrated securities. In addition, the dollar weighted average quality of the Series will be within the three highest grades, as determined by S&P or Moody's or Fitch (or the Adviser in the case of unrated securities).

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Under normal market conditions, substantially all the securities in the Series' portfolio will have remaining maturities of five years or less or estimated remaining average lives of five years or less. In the case of mortgage-backed and corporate asset-backed securities as well as collateralized mortgage obligations, the average life is likely to be substantially shorter than the stated final maturity as a result of unscheduled principal prepayments.

For purposes of the foregoing investment policy, securities having a certain

maturity will be deemed to include securities with an equivalent "duration" of such securities. "Duration" is a commonly used measure of the longevity of a debt instrument that takes into account the full stream of payments received on a debt instrument, including both interest and principal payments, based on their present values. A debt instrument's duration is derived by discounting principal and interest payments to their present value using the instrument's current yield to maturity and taking the dollar-weighted average time until those payments will be received. Contractual rights to dispose of a security will be considered in calculating duration because such rights limit the period during which the Series bears a market risk with respect to the security.

The Limited Maturity Series may invest in U.S. Government Securities as defined under "Investment Objectives and Policies--MFS Total Return Series" above.

The Limited Maturity Series may invest up to 25% of its assets in dollar denominated foreign debt securities, including emerging markets securities. (See "Investment Techniques" and "Additional Risk Factors" below). The Series may invest in mortgage pass-through securities, zero coupon bonds, collateralized mortgage obligations, corporate asset-backed securities and multiclass pass-through securities. In addition, the Series may enter into mortgage "dollar roll" transactions and may purchase securities on a "when-issued" or on a "forward delivery" basis. (See "Investment Techniques" below). The Series also may purchase securities that are not registered under the 1933 Act but can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act.

The Limited Maturity Series may purchase and sell futures contracts on fixed income securities or indices of such securities. In addition, the Series may enter into interest rate swaps, currency swaps and other available swap agreements. The Series also may purchase and sell caps, floors and collars. (See "Investment Techniques" below).

MFS MONEY MARKET SERIES -- The Money Market Series' investment objective is to seek as high a level of current income as is considered consistent with the preservation of capital and liquidity.

The Money Market Series seeks to achieve its investment objective by investing primarily (I.E., at least 80% of its assets under normal circumstances) in the following instruments:

(a) U.S. Government Securities, as defined in "Investment Objectives and Policies--MFS Total Return Series" above (including repurchase agreements collateralized by such securities);

(b) obligations of banks (including certificates of deposit and bankers' acceptances) which at the date of investment have capital, surplus, and undivided profits (as of the date of their most recently published financial statements) in excess of \$100,000,000; and obligations of other banks or savings and loan associations if such obligations are insured by the Federal Deposit Insurance Corporation, provided that not more than 10% of the Series' total assets will be invested in such insured obligations;

(c) commercial paper which at the date of investment is rated A-1 by S&P or by Fitch or P-1 by Moody's or, if not rated, is issued or guaranteed as to payment of principal and interest by companies which at the date of investment have an outstanding debt issue rated AA or better by S&P or by Fitch or Aa or better by Moody's (for a description of these ratings, see Appendix B to this Prospectus); and

(d) short-term (maturing in 13 months or less) corporate obligations which at the date of investment are rated AA or better by S&P or by Fitch or Aa or better by Moody's.

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The Money Market Series may also invest up to 20% of its total assets in debt instruments not specifically described in (a) through (d) above, provided that such instruments are deemed by the Trustees of the Trust to be of comparable high quality and liquidity and provided that such investments are in accordance with applicable law. The Money Market Series may invest its assets in the securities of foreign issuers and in the securities of foreign branches of U.S. banks such as negotiable certificates of deposit (Eurodollars). Since the portfolio of the Series may contain such securities, an investment in the Series may involve a greater degree of risk than an investment in a fund which invests only in debt obligations of U.S. domestic issuers, due to the possibility that there may be less publicly available information, more volatile markets, less securities regulation, less favorable tax provisions, war or expropriation. (See "Additional Risk Factors" below).

In addition, the Money Market Series may invest up to 75% of its assets in all finance companies as a group, all banks and bank holding companies as a group and all utility companies as a group when, in the opinion of management, yield differentials and money market conditions suggest such investments are advisable and when cash is available for such investments and instruments are available for purchase which fulfill the Series' objective in terms of quality and

marketability.

All the assets of the Money Market Series will be invested in obligations which mature in 13 months or less and substantially all of these investments will be held to maturity; however, securities collateralizing repurchase agreements may have maturities in excess of 13 months. The Money Market Series will, to the extent feasible, make portfolio investments primarily in anticipation of or in response to changing economic and money market conditions and trends. Currently, the dollar weighted average maturity of the investments of the Series may not exceed 90 days.

5. INVESTMENT TECHNIQUES

LENDING OF PORTFOLIO SECURITIES: Each of the Series (except the Money Market Series) may seek to increase its income by lending portfolio securities. Such loans will usually be made to member firms (and subsidiaries thereof) of the New York Stock Exchange (the "Exchange") and to member banks of the Federal Reserve System, and would be required to be secured continuously by collateral in cash, cash equivalents or U.S. Treasury securities maintained on a current basis at an amount at least equal to the market value of the securities loaned. If the Adviser determines to make securities loans, it is intended that the value of the securities loaned would not exceed 30% of the value of the total assets of the Series making the loans.

EMERGING MARKETS SECURITIES: Each of the Growth With Income Series, Utilities Series, Total Return Series, World Governments Series, Limited Maturity Series, Bond Series, Strategic Fixed Income Series and Growth Series may invest in fixed income securities of issuers (including foreign governments and their subdivisions, agencies or instrumentalities) located in emerging markets. For the purposes of each Series, emerging markets include any country: (i) having an "emerging stock market" as defined by the International Finance Corporation; (ii) with low-to middle-income economies according to the International Bank for Reconstruction and Development (the World Bank); (iii) listed in World Bank publications as developing; or (iv) determined by MFS to be an emerging market as defined above. Each Series may invest in fixed income securities of: (i) foreign governments or any of their political subdivisions, agencies or instrumentalities; (ii) companies the principal securities trading market for which is an emerging market country; (iii) companies organized under the laws of, and with a principal office in, an emerging market country; (iv) companies whose principal activities are located in emerging market countries; or (v) companies whose securities are traded in any market that derive 50% or more of their total revenue from either goods or services produced in an emerging market or sold in an emerging market.

REPURCHASE AGREEMENTS: Each of the Series may enter into repurchase agreements in order to earn additional income on available cash or as a temporary defensive measure. Under a repurchase agreement, a Series acquires securities subject to the seller's agreement to repurchase at a specified time and price. If the seller becomes subject to a proceeding under the bankruptcy laws or its assets are otherwise subject to a stay order, the Series' right to liquidate the securities may be restricted (during which time the value of the securities could decline). As discussed in the Statement of Additional Information, each Series has adopted certain procedures intended to minimize any risk.

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"WHEN-ISSUED" SECURITIES: Each of the Series (except the Research Series, the World Governments Series and the Money Market Series) may purchase securities on a "when-issued" or on a "forward delivery" basis, which means that the securities will be delivered to the Series at a future date usually beyond customary settlement time. The commitment to purchase a security for which payment will be made on a future date may be deemed a separate security. In general, a Series does not pay for such securities until received, and does not start earning interest on the securities until the contractual settlement date. While awaiting delivery of securities purchased on such bases, a Series will normally invest in cash, cash equivalents and high grade debt securities.

MORTGAGE "DOLLAR ROLL" TRANSACTIONS: Each of the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may enter into mortgage "dollar roll" transactions with selected banks and broker-dealers pursuant to which a Series sells mortgage-backed securities for delivery in the future (generally within 30 days) and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities on a specified future date. A Series will only enter into covered rolls. A "covered roll" is a specific type of dollar roll for which there is an offsetting cash position or a cash equivalent security position which matures on or before the forward settlement date of the dollar roll transaction. In the event that the party with whom the Series contracts to replace substantially similar securities on a future date fails to deliver such securities, the Series may not be able to obtain such securities at the price specified in such contract and thus may not benefit from the price differential between the current sales price and the repurchase price.

CORPORATE ASSET-BACKED SECURITIES: Each of the Emerging Market Series, the Total

Return Series, the Bond Series, the Limited Maturity Series, the High Income Series, the Strategic Fixed Income Series and the Utilities Series may invest in corporate asset-backed securities. These securities, issued by trusts and special purpose corporations, are backed by a pool of assets, such as credit card and automobile loan receivables, representing the obligations of a number of different parties.

Corporate asset-backed securities present certain risks. For instance, in the case of credit card receivables, these securities may not have the benefit of any security interest in the related collateral. Credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in all of the obligations backing such receivables. Therefore, there is the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The underlying assets (E.G., loans) are also subject to prepayments which shorten the securities' weighted average life and may lower their return.

Corporate asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. To lessen the effect of failures by obligors on underlying assets to make payments, the securities may contain elements of credit support which fall into two categories: (i) liquidity protection; and (ii) protection against losses resulting from ultimate default by an obligor on the underlying assets. Liquidity protection refers to the provision of advances, generally by the entity administering the pool of assets, to ensure that the receipt of payments on the underlying pool occurs in a timely fashion. Protection against losses resulting from ultimate default ensures payment through insurance policies or letters of credit obtained by the issuer or sponsor from third parties. A Series will not pay any additional or separate fees for credit support. The degree of credit support provided for each issue is generally based on historical information respecting the level of credit risk associated with the underlying assets. Delinquency or loss in excess of that anticipated or failure of the credit support could adversely affect the return on an investment in such a security.

ZERO COUPON BONDS, DEFERRED INTEREST BONDS AND PIK BONDS: Each of the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series, the Limited Maturity Series, the High

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Income Series and the Utilities Series may invest in zero coupon bonds. The Total Return Series, the Bond Series and the High Income Series may also invest in deferred interest bonds and PIK bonds. Zero coupon and deferred interest bonds are debt obligations which are issued or purchased at a significant discount from face value. The discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest payment date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds provide for a period of delay before the regular payment of interest begins. PIK bonds are debt obligations which provide that the issuer thereof may, at its option, pay interest on such bonds in cash or in the form of additional debt obligations. Such investments benefit the issuer by mitigating its need for cash to meet debt service, but also require a higher rate of return to attract investors who are willing to defer receipt of such cash. Such investments may experience greater volatility in market value due to changes in interest rates than debt obligations which make regular payments of interest. Each Series will accrue income on such investments for tax and accounting purposes, as required, which is distributable to shareholders and which, because no cash is received at the time of accrual, may require the liquidation of other portfolio securities to satisfy the Series' distribution obligations.

COLLATERALIZED MORTGAGE OBLIGATIONS AND MULTICLASS PASS-THROUGH SECURITIES: Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may invest a portion of its assets in collateralized mortgage obligations or "CMOs," which are debt obligations collateralized by mortgage loans or mortgage pass-through securities. Typically, CMOs are collateralized by certificates issued by GNMA, the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC"), but also may be collateralized by whole loans or private mortgage pass-through securities (such collateral collectively referred to as "Mortgage Assets"). Each of these Series may also invest a portion of its assets in multiclass pass-through securities which are interests in a trust composed of Mortgage Assets. CMOs (which include

multiclass pass-through securities) may be issued by agencies, authorities or instrumentalities of the U.S. Government or by private originators of, or investors in, mortgage loans, including savings and loan associations, mortgage banks, commercial banks, investment banks and special purpose subsidiaries of the foregoing. Payments of principal of and interest on the Mortgage Assets, and any reinvestment income thereon, provide the funds to pay debt service on the CMOs or make scheduled distributions on the multiclass pass-through securities. In a CMO, a series of bonds or certificates are usually issued in multiple classes with different maturities. Each class of CMOs, often referred to as a "tranche", is issued at a specific fixed or floating coupon rate and has a stated maturity or final distribution date. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates, resulting in a loss of all or part of the premium if any has been paid. Certain classes of CMOs have priority over others with respect to the receipt of prepayments on the mortgages. Therefore, depending on the type of CMOs in which a Series invests, the investment may be subject to a greater or lesser risk of prepayments than other types of mortgage-related securities.

Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may also invest in parallel pay CMOs and Planned Amortization Class CMOs ("PAC Bonds"). Parallel pay CMOs are structured to provide payments of principal on each payment date to more than one class. PAC Bonds generally require payments of a specified amount of principal on each payment date. PAC Bonds are always parallel pay CMOs with the required principal payment on such securities having the highest priority after interest has been paid to all classes. For a further description of CMOs, parallel pay CMOs and PAC Bonds and the risks related to transactions therein, see the Statement of Additional Information.

STRIPPED MORTGAGE-BACKED SECURITIES: Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series and the High Income Series may also invest a portion of its assets in stripped mortgage-backed securities ("SMBS"), which are derivative multiclass mortgage securities usually structured with two classes that receive different proportions of interest and principal distributions from an underlying pool of mortgage assets. For a further description of SMBS and the risks related to transactions therein, see the Statement of Additional Information.

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LOAN PARTICIPATIONS AND OTHER DIRECT INDEBTEDNESS: Each of the Emerging Growth Series, Total Return Series, the High Income Series and the Strategic Fixed Income Series may invest a portion of its assets in "loan participations" and other direct indebtedness. By purchasing a loan participation, a Series acquires some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. Many such loans are secured, and most impose restrictive covenants which must be met by the borrower. These loans are made generally to finance internal growth, mergers, acquisitions, stock repurchases, leveraged buy-outs and other corporate activities. Such loans may be in default at the time of purchase. A Series may also purchase other direct indebtedness such as trade or other claims against companies, which generally represent money owed by the company to a supplier of goods and services. These claims may also be purchased at a time when the company is in default. Certain of the loan participations and other direct indebtedness acquired by a Series may involve revolving credit facilities or other standby financing commitments which obligate a Series to pay additional cash on a certain date or on demand.

The highly leveraged nature of many such loans and other direct indebtedness may make such loans especially vulnerable to adverse changes in economic or market conditions. Loan participations and other direct indebtedness may not be in the form of securities or may be subject to restrictions on transfer, and only limited opportunities may exist to resell such instruments. As a result, a Series may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value. For a further discussion of loan participations, other direct indebtedness and the risks related to transactions therein, see the Statement of Additional Information.

MORTGAGE PASS-THROUGH SECURITIES: Each of the Total Return Series, the Bond Series, the World Governments Series, the Limited Maturity Series and the High Income Series may invest in mortgage pass-through securities. Mortgage pass-through securities are securities representing interests in "pools" of mortgage loans. The Utilities Series may invest in mortgage pass-through securities that are securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities. Monthly payments of interest and principal by the individual borrowers on mortgages are passed through to the holders of the securities (net of fees paid to the issuer or guarantor of the securities) as the mortgages in the underlying mortgage pools are paid off. Payment of principal and interest on some mortgage pass-through securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of the U.S. Government (in the case of securities guaranteed by GNMA); or guaranteed by U.S. Government-sponsored corporations (such as FNMA or FHLMC, which are supported only by the discretionary authority of the U.S. Government to purchase the agency's

obligations). Mortgage pass-through securities may also be issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers). See the Statement of Additional Information for a further discussion of these securities.

INDEXED SECURITIES: Each of the Total Return Series, High Income Series, the Bond Series and the Utilities Series may invest in indexed securities whose value is linked to foreign currencies, interest rates, commodities, indices or other financial indicators. Most indexed securities are short to intermediate term fixed-income securities whose values at maturity and/or interest rates rise or fall according to the change in one or more specified underlying instruments. Indexed securities may include securities that have embedded swap agreements (see "Swaps and Related Transactions"). Indexed securities may be positively or negatively indexed (I.E., their value may increase or decrease if the underlying instrument appreciates), and may have return characteristics similar to direct investments in the underlying instrument or to one or more options on the underlying instrument. Indexed securities may be more volatile than the underlying instrument itself.

SWAPS AND RELATED TRANSACTIONS: As one way of managing its exposure to different types of investments, each of the High Income Series, the World Governments Series, the Strategic Fixed Income Series, the Bond Series and the Limited Maturity Series may enter into interest rate swaps, currency swaps and other types of available swap agreements, such as caps, collars and floors. Swaps involve the exchange by a Series with another party of cash payments based upon different interest rate indexes, currencies, and other prices or rates, such as the value of mortgage prepayment rates. For example, in the

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typical interest rate swap, a Series might exchange a sequence of cash payments based on a floating rate index for cash payments based on a fixed rate. Payments made by both parties to a swap transaction are based on a principal amount determined by the parties.

Each of the High Income Series, the World Governments Series, the Strategic Fixed Income Series, the Bond Series and the Limited Maturity Series may also purchase and sell caps, floors and collars. In a typical cap or floor agreement, one party agrees to make payments only under specified circumstances, usually in return for payment of a fee by the counterparty. For example, the purchase of an interest rate cap entitles the buyer, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually-based principal amount from the counterparty selling such interest rate cap. The sale of an interest rate floor obligates the seller to make payments to the extent that a specified interest rate falls below an agreed-upon level. A collar arrangement combines elements of buying a cap and selling a floor.

Swap agreements will tend to shift a Series' investment exposure from one type of investment to another. For example, if a Series agreed to exchange payments in dollars for payments in foreign currency, in each case based on a fixed rate, the swap agreement would tend to decrease a Series' exposure to U.S. interest rates and increase its exposure to foreign currency and interest rates. Caps and floors have an effect similar to buying or writing options. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Series' investments and its share price and yield.

Swap agreements are sophisticated hedging instruments that typically involve a small investment of cash relative to the magnitude of risks assumed. As a result, swaps can be highly volatile and may have a considerable impact on a Series' performance. Swap agreements are subject to risks related to the counterparty's ability to perform, and may decline in value if the counterparty's creditworthiness deteriorates. A Series may also suffer losses if it is unable to terminate outstanding swap agreements or reduce its exposure through offsetting transactions.

Swaps, caps, floors and collars are highly specialized activities which involve certain risks. See the Statement of Additional Information for further information on, and the risks involved in, these activities.

OPTIONS ON SECURITIES: Each of the Emerging Growth, the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series and the High Income Series may write (sell) covered put and call options and purchase put and call options on securities. Each of these Series will write options on securities for the purpose of increasing its return and/or to protect the value of its portfolio. In particular, where a Series writes an option that expires unexercised or is closed out by the Series at a profit, it will retain the premium paid for the option which will increase its gross income and will offset in part the reduced value of the portfolio security underlying the option, or the increased cost of portfolio securities to be acquired. In contrast, however, if the price of the underlying security moves adversely to the Series' position, the option may be exercised and the Series will be required to purchase or sell the underlying security at a disadvantageous price, which may only be partially offset by the

amount of the premium. Series may also write combinations of put and call options on the same security, known as "straddles." Such transactions can generate additional premium income but also present increased risk.

By writing a call option on a security, a Series limits its opportunity to profit from any increase in the market value of the underlying security, since the holder will usually exercise the call option when the market value of the underlying security exceeds the exercise price of the call. However, the Series retains the risk of depreciation in value of securities on which it has written call options.

Each of these Series may also purchase put or call options in anticipation of market fluctuations which may adversely affect the value of its portfolio or the prices of securities that a Series wants to purchase at a later date. In the event that the expected market fluctuations occur, the Series may be able to offset the resulting adverse effect on its portfolio, in whole or in part, through the options purchased. The premium paid for a put or call option plus any transaction costs will reduce the benefit, if any, realized by the Series upon exercise or liquidation of the option, and, unless the price of the underlying security changes sufficiently, the option may expire without value to the Series.

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In certain instances, the Strategic Fixed Income Series and the Emerging Growth Series may enter into options on Treasury securities that are "reset" options or "adjustable strike" options. These options provide for periodic adjustment of the strike price and may also provide for the periodic adjustment of the premium during the term of the option. The Statement of Additional Information contains a further discussion of these investments.

OPTIONS ON STOCK INDICES: Each of the Emerging Growth Series, the Growth Series, the Total Return Series, the Growth With Income Series and the Utilities Series may write (sell) covered call and put options and purchase call and put options on stock indices. Each of these Series may write options on stock indices for the purpose of increasing its gross income and to protect its portfolio against declines in the value of securities it owns or increases in the value of securities to be acquired. When a Series writes an option on a stock index, and the value of the index moves adversely to the holder's position, the option will not be exercised, and the Series will either close out the option at a profit or allow it to expire unexercised. A Series will thereby retain the amount of the premium, less related transaction costs, which will increase its gross income and offset part of the reduced value of portfolio securities or the increased cost of securities to be acquired. Such transactions, however, will constitute only partial hedges against adverse price fluctuations, since any such fluctuations will be offset only to the extent of the premium received by a Series for the writing of the option, less related transaction costs. In addition, if the value of an underlying index moves adversely to a Series' option position, the option may be exercised, and the Series will experience a loss which may only be partially offset by the amount of the premium received.

Each of these Series may also purchase put or call options on stock indices in order, respectively, to hedge its investments against a decline in value or to attempt to reduce the risk of missing a market or industry segment advance. A Series' possible loss in either case will be limited to the premium paid for the option, plus related transaction costs.

"YIELD CURVE" OPTIONS: Each of the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series and the High Income Series may enter into options on the yield "spread," or yield differential, between two securities, a transaction referred to as a "yield curve" option, for hedging and non-hedging (an effort to increase current income) purposes. In contrast to other types of options, a yield curve option is based on the difference between the yields of designated securities rather than the actual prices of the individual securities, and is settled through cash payments. Accordingly, a yield curve option is profitable to the holder if this differential widens (in the case of a call) or narrows (in the case of a put), regardless of whether the yields of the underlying securities increase or decrease. Yield curve options written by a Series will be covered as described in the Statement of Additional Information. The trading of yield curve options is subject to all the risks associated with trading other types of options, as discussed below under "Additional Risk Factors" and in the Statement of Additional Information. In addition, such options present risks of loss even if the yield on one of the underlying securities remains constant, if the spread moves in a direction or to an extent which was not anticipated.

FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS: Each of the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may purchase and sell Futures Contracts on foreign or domestic fixed income securities or indices of such securities, including municipal bond indices and any other indices of foreign or domestic fixed income securities that may become available for trading. Each of these Series may also purchase and write options on such Futures Contracts ("Options on Futures Contracts"). Each of the Emerging Growth Series, the Growth Series, the Total Return Series

and the Growth With Income Series may purchase and sell Futures Contracts on stock indices, while the Emerging Growth Series, the Growth Series, the Total Return Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series and the Utilities Series may purchase and sell Futures Contracts on foreign currencies or indices of foreign currencies. Each of these Series may also purchase and write Options on such Futures Contracts.

Such transactions will be entered into for hedging purposes or for non-hedging purposes to the extent permitted by applicable law. Each Series will incur brokerage fees when it purchases and sells Futures Contracts, and will be required to maintain margin deposits. In addition, Futures Contracts entail risks. Although the Adviser believes that use of such contracts will

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benefit a Series, if its investment judgment about the general direction of exchange rates or the stock market is incorrect, the Series' overall performance may be poorer than if it had not entered into any such contract and the Series may realize a loss. A Series will not enter into any Futures Contract if immediately thereafter the value of all open positions in Futures Contracts held by such Series would exceed 50% of the value of its total assets.

Purchases of Options on Futures Contracts may present less risk in hedging a Series' portfolio than the purchase or sale of the underlying Futures Contracts since the potential loss is limited to the amount of the premium plus related transaction costs, although it may be necessary to exercise the option to realize any profit, which results in the establishment of a futures position. The writing of Options on Futures Contracts, however, does not present less risk than the trading of Futures Contracts and will constitute only a partial hedge, up to the amount of the premium received. In addition, if an option is exercised, a Series may suffer a loss on the transaction.

Futures Contracts and Options on Futures Contracts that are entered into by a Series will be traded on U.S. and foreign exchanges.

FORWARD CONTRACTS: Each of the Emerging Growth Series, the Growth Series, the Research Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series, the High Income Series and the Utilities Series may enter into forward foreign currency exchange contracts for the purchase or sale of a fixed quantity of a foreign currency at a future date ("Forward Contracts"). Each of these Series may enter into Forward Contracts for hedging purposes and (except for the Bond Series and the High Income Series) for non-hedging purposes (I.E., speculative purposes). By entering into transactions in Forward Contracts for hedging purposes, a Series may be required to forego the benefits of advantageous changes in exchange rates and, in the case of Forward Contracts entered into for non-hedging purposes, a Series may sustain losses which will reduce its gross income. Such transactions, therefore, could be considered speculative. Forward Contracts are traded over-the-counter and not on organized commodities or securities exchanges. As a result, Forward Contracts operate in a manner distinct from exchange-traded instruments, and their use involves certain risks beyond those associated with transactions in Futures Contracts or options traded on exchanges. A Series may choose to, or be required to, receive delivery of the foreign currencies underlying Forward Contracts it has entered into. Under certain circumstances, such as where the Adviser believes that the applicable exchange rate is unfavorable at the time the currencies are received or the Adviser anticipates, for any other reason, that the exchange rate will improve, the Fund may hold such currencies for an indefinite period of time. A Series may also enter into a Forward Contract on one currency to hedge against risk of loss arising from fluctuations in the value of a second currency (referred to as a "cross hedge") if, in the judgment of the Adviser, a reasonable degree of correlation can be expected between movements in the values of the two currencies. Each of these Series has established procedures consistent with statements of the Securities and Exchange Commission (the "SEC") and its staff regarding the use of Forward Contracts by registered investment companies, which requires use of segregated assets or "cover" in connection with the purchase and sale of such contracts.

OPTIONS ON FOREIGN CURRENCIES: Each of the Emerging Growth Series, the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series, the High Income Series and the Utilities Series may also purchase and write options on foreign currencies ("Options on Foreign Currencies") for the purpose of protecting against declines in the dollar value of portfolio securities and against increases in the dollar cost of securities to be acquired. As in the case of other types of options, however, the writing of an Option on Foreign Currency will constitute only a partial hedge, up to the amount of the premium received, and a Series may be required to purchase or sell foreign currencies at disadvantageous exchange rates, thereby incurring losses. The purchase of an Option on Foreign Currency may constitute an effective hedge against fluctuations in exchange rates although, in the event of rate movements adverse to a Series' position, it may forfeit the entire amount of the premium paid for the option plus related transaction costs. A Series may also choose to, or be required to, receive delivery of the foreign currencies underlying Options on Foreign

Currencies it has entered into. Under certain circumstances, such as where the Adviser believes that the applicable exchange rate is unfavorable at the time the currencies are received or the Adviser anticipates, for any other reason, that the exchange rate will improve, a Series may hold such currencies for an indefinite period of time.

6. ADDITIONAL RISK FACTORS

OPTIONS, FUTURES CONTRACTS AND FORWARD CONTRACTS: Although certain Series will enter into transactions in options, Futures Contracts, Options on Futures Contracts, Forward Contracts and Options on Foreign Currencies for hedging purposes, such transactions nevertheless involve certain risks. For example, a lack of correlation between the instrument underlying an option or Futures Contract and the assets being hedged, or unexpected adverse price movements, could render a Series' hedging strategy unsuccessful and could result in losses. Certain Series also may enter into transactions in options, Futures Contracts, Options on Futures Contracts and Forward Contracts for other than hedging purposes, which involves greater risk. In particular, such transactions may result in losses for a Series which are not offset by gains on other portfolio positions, thereby reducing gross income. In addition, foreign currency markets may be extremely volatile from time to time. There also can be no assurance that a liquid secondary market will exist for any contract purchased or sold, and a Series may be required to maintain a position until exercise or expiration, which could result in losses. The Statement of Additional Information contains a description of the nature and trading mechanics of options, Futures Contracts, Options on Futures Contracts, Forward Contracts and Options on Foreign Currencies, and includes a discussion of the risks related to transactions therein.

Transactions in Forward Contracts may be entered into only in the over-the-counter market. Futures Contracts and Options on Futures Contracts may be entered into on U.S. exchanges regulated by the Commodity Futures Trading Commission and on foreign exchanges. In addition, the securities and indexes underlying options, Futures Contracts and Options on Futures Contracts traded by the Series will include both domestic and foreign securities.

LOWER RATED BONDS: Each of the Emerging Growth Series, the Research Series, the Total Return Series, the Bond Series, the Limited Maturity Series, the Strategic Fixed Income Series, the High Income Series and the Utilities Series may invest in fixed income securities and, in the case of the Growth Series and the Growth with Income Series, convertible securities rated Baa by Moody's or BBB by S&P or Fitch and comparable unrated securities. These securities, while normally exhibiting adequate protection parameters, have speculative characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than in the case of higher grade securities.

Each of these Series (except the Limited Maturity Series) may also invest in securities rated Ba or lower by Moody's or BB or lower by S&P or Fitch and comparable unrated securities (commonly known as "junk bonds") to the extent described above. These securities are considered speculative and, while generally providing greater income than investments in higher rated securities, will involve greater risk of principal and income (including the possibility of default or bankruptcy of the issuers of such securities) and may involve greater volatility of price (especially during periods of economic uncertainty or change) than securities in the higher rating categories. However, since yields vary over time, no specific level of income can ever be assured. These lower rated high yielding fixed income securities generally tend to reflect economic changes and short-term corporate and industry developments to a greater extent than higher rated securities which react primarily to fluctuations in the general level of interest rates (although these lower rated fixed income securities are also affected by changes in interest rates, the market's perception of their credit quality, and the outlook for economic growth). In the past, economic downturns or an increase in interest rates have, under certain circumstances, caused a higher incidence of default by the issuers of these securities and may do so in the future, especially in the case of highly leveraged issuers. During certain periods, the higher yields on a Series' lower rated high yielding fixed income securities are paid primarily because of the increased risk of loss of principal and income, arising from such factors as the heightened possibility of default or bankruptcy of the issuers of such securities. Due to the fixed income payments of these securities, a Series may continue to earn the same level of interest income while its net asset value declines due to portfolio losses, which could result in an increase in the Series' yield despite the actual loss of principal. The market for these lower rated fixed income securities may be less liquid than the market for

investment grade fixed income securities, and judgment may at times play a greater role in valuing these securities than in the case of investment grade fixed income securities. Changes in the value of securities subsequent to their acquisition will not affect cash income or yield to maturity to a Series but

will be reflected in the net asset value of shares of the Series. See the Statement of Additional Information for more information on lower rated securities.

FOREIGN SECURITIES: The Limited Maturity Series may invest in dollar-denominated foreign debt securities. The Money Market Series may invest in securities of foreign issuers and in securities of foreign branches of U.S. banks such as negotiable certificates of deposit (Eurodollars). The remaining Series may invest in dollar-denominated and non-dollar/denominated foreign securities. Investing in securities of foreign issuers generally involves risks not ordinarily associated with investing in securities of domestic issuers. These include changes in currency rates, exchange control regulations, governmental administration or economic or monetary policy (in the United States or abroad) or circumstances in dealings between nations. Costs may be incurred in connection with conversions between various currencies. Special considerations may also include more limited information about foreign issuers, higher brokerage costs, different accounting standards and thinner trading markets. Foreign securities markets may also be less liquid, more volatile and less subject to government supervision than in the United States. Investments in foreign countries could be affected by other factors including expropriation, confiscatory taxation and potential difficulties in enforcing contractual obligations and could be subject to extended settlement periods. All of the Series except the Limited Maturity Series and the Money Market Series may hold foreign currency received in connection with investments in foreign securities when, in the judgment of the Adviser, it would be beneficial to convert such currency into U.S. dollars at a later date, based on anticipated changes in the relevant exchange rate. Such Series may also hold foreign currency in anticipation of purchasing foreign securities. See the Statement of Additional Information for further discussion of foreign securities and the holding of foreign currency, as well as the associated risks.

AMERICAN DEPOSITARY RECEIPTS: Each of the Series except the Limited Maturity Series and the Money Market Series may invest in ADRs which are certificates issued by a U.S. depository (usually a bank) and represent a specified quantity of shares of an underlying non-U.S. stock on deposit with a custodian bank as collateral. Because ADRs trade on United States securities exchanges, the Adviser does not treat them as foreign securities. However, they are subject to many of the risks of foreign securities such as changes in exchange rates and more limited information about foreign issuers.

Each of the Growth Series, Growth With Income Series, Total Return Series, Utilities Series, World Governments Series, Strategic Fixed Income Series, Bond Series and Limited Maturity Series may invest in emerging markets. In addition to the general risks of investing in foreign securities, investments in emerging markets involve special risks. Securities of many issuers in emerging markets may be less liquid and more volatile than securities of comparable domestic issuers. These securities may be considered speculative and, while generally offering higher income and the potential for capital appreciation, may present significantly greater risk. Emerging markets may have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of the Series is uninvested and no return is earned thereon. The inability of the Series to make intended security purchases due to settlement problems could cause the Series to miss attractive investment opportunities. Inability to dispose of portfolio securities due to settlement problems could result either in losses to the Series due to subsequent declines in value of the portfolio securities or, if the Series has entered into a contract to sell the security, possible liability to the purchaser. Certain markets may require payment for securities before delivery. Securities prices in emerging markets can be significantly more volatile than in the more developed nations of the world, reflecting the greater uncertainties of investing in less established markets and economies. In particular, countries with emerging markets may have relatively unstable governments, present the risk of nationalization of businesses, restrictions on foreign ownership, or prohibitions of repatriation of assets, and may have less protection of property rights than more developed countries. The economies of countries with emerging markets may be predominantly based on only a few industries, may be highly vulnerable to changes in local or global trade conditions, and may suffer from extreme and volatile debt burdens or inflation rates. Local securities

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markets may trade a small number of securities and may be unable to respond effectively to increases in trading volume, potentially making prompt liquidation of substantial holdings difficult or impossible at times. Securities of issuers located in countries with emerging markets may have limited marketability and may be subject to more abrupt or erratic movements.

Certain emerging markets may require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. In addition, if a deterioration occurs in an emerging market's balance of payments or for other reasons, a country could impose temporary restrictions on foreign capital remittances. The Series could be adversely

affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital, as well as by the application to the Series of any restrictions on investments.

Investment in certain foreign emerging market debt obligations may be restricted or controlled to varying degrees. These restrictions or controls may at times preclude investment in certain foreign emerging market debt obligations and increase the expenses of the Series.

RESTRICTED SECURITIES: Each of the Series (except the Growth Series and the Growth With Income Series) may purchase securities that are not registered under the 1933 Act ("restricted securities"), including those that can be offered and sold to "qualified institutional buyers" under Rule 144A under the 1933 Act ("Rule 144A securities"). The Trust's Board of Trustees determines, based upon a continuing review of the trading markets for a specific Rule 144A security, whether such security is illiquid and thus subject to the Series' limitation on investing not more than 15% of its net assets (not more than 10% of its net assets in the case of the Money Market Series) in illiquid investments, or liquid and thus not subject to such limitation. The Board of Trustees has adopted guidelines and delegated to MFS the daily function of determining and monitoring the liquidity of Rule 144A securities. The Board, however, will retain sufficient oversight and be ultimately responsible for the determinations. The Board will carefully monitor each Series' investments in Rule 144A securities, focusing on such important factors, among others, as valuation, liquidity and availability of information. This investment practice could have the effect of increasing the level of illiquidity in a Series to the extent that qualified institutional buyers become for a time uninterested in purchasing Rule 144A securities held in the Fund's portfolio.

NON-DIVERSIFICATION: Each of the World Governments Series, the Strategic Fixed Income Series and the Utilities Series is "non-diversified," as that term is defined in the Investment Company Act of 1940 (the "1940 Act"), but intends to qualify as a "regulated investment company" ("RIC") for federal income tax purposes. This means, in general, that although more than 5% of the Series' total assets may be invested in the securities of one issuer (including a foreign government), at the close of each quarter of its taxable year the aggregate amount of such holdings may not exceed 50% of the value of its total assets, and no more than 25% of the value of its total assets may be invested in the securities of a single issuer. To the extent that a non-diversified Series at times may hold the securities of a smaller number of issuers than if it were "diversified" (as defined in the 1940 Act), the Series will at such times be subject to greater risk with respect to its portfolio securities than a fund that invests in a broader range of securities, because changes in the financial condition or market assessment of a single issuer may cause greater fluctuations in the Series' total return and the net asset value of its shares.

SHORT-TERM INVESTMENTS FOR DEFENSIVE PURPOSES -- During periods of unusual market conditions when the Adviser believes that investing for defensive purposes is appropriate, or in order to meet anticipated redemption requests, a large portion or all of the assets of each Series may be invested in cash (including foreign currency) or cash equivalents including, but not limited to, obligations of banks (including certificates of deposit, bankers' acceptances, time deposits and repurchase agreements), commercial paper, short-term notes, U.S. Government Securities and related repurchase agreements. See Appendix A to this Prospectus for a description of U.S. Government obligations and certain short-term investments.

PORTFOLIO TRADING

Each Series intends to manage its portfolio by buying and selling securities, as well as holding securities to maturity, to help attain its investment objectives and policies.

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Each Series will engage in portfolio trading if it believes a transaction, net of costs (including custodian charges), will help in attaining its investment objectives. In trading portfolio securities, a Series seeks to take advantage of market developments, yield disparities and variations in the creditworthiness of issuers. For a description of the strategies which may be used by the Series in trading portfolio securities, see "Portfolio Transactions and Brokerage Commissions" in the Statement of Additional Information. Because each Series (except the Money Market Series) is expected to have a portfolio turnover rate of over 100%, transaction costs incurred by each such Series and the realized capital gains and losses of each such Series may be greater than that of a fund with a lesser portfolio turnover rate.

The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain, and maintain the availability of, execution at the most favorable prices and in the most effective manner possible. Consistent with the foregoing primary consideration, the Rules of Fair Practice of the National Association of Securities Dealers, Inc. (the "NASD") and such other policies as the Trustees of the Trust may determine, the Adviser may consider sales of VLI policies and VA contracts for which the Trust is an

investment option, together with sales of shares of other investment company clients of MFS Fund Distributors, Inc., the distributor of shares of the Trust and of the MFS Family of Funds, as a factor in the selection of broker-dealers to execute each Series' portfolio transactions. From time to time the Adviser may direct certain portfolio transactions to broker-dealer firms which, in turn, have agreed to pay a portion of the Series operating expenses (e.g., fees charged by the custodian of the Series' assets). For a further discussion of portfolio trading, see the Statement of Additional Information.

The Statement of Additional Information includes a discussion of other investment policies and listing of specific investment restrictions which govern the investment policies of each Series. The specific investment restrictions listed in the Statement of Additional Information may not be changed without shareholder approval (see the Statement of Additional Information). The Series' investment limitations, policies and rating standards are adhered to at the time of purchase or utilization of assets; a subsequent change in circumstances will not be considered to result in a violation of policy.

7. MANAGEMENT OF THE SERIES

The Trust's Board of Trustees, as part of its overall management responsibility, oversees various organizations responsible for each Series' day-to-day management.

INVESTMENT ADVISER -- MFS manages each Series pursuant to an Investment Advisory Agreement with the Trust on behalf of each Series dated April 14, 1994 (the "Advisory Agreement"). MFS provides the Series with overall investment advisory and administrative services, as well as general office facilities. Subject to such policies as the Trustees may determine, MFS makes investment decisions for each Series. For its services and facilities, MFS receives a management fee, computed and paid monthly, in an amount equal to the following annual rates of the average daily net assets of each Series:

<TABLE>
<CAPTION>

SERIES	PERCENTAGE OF THE AVERAGE DAILY NET ASSETS OF EACH SERIES
Emerging Growth Series.....	0.75%
Growth Series.....	0.75%
Research Series.....	0.75%
Growth With Income Series.....	0.75%
Total Return Series.....	0.75%
Utilities Series.....	0.75%
High Income Series.....	0.75%
World Governments Series.....	0.75%
Strategic Fixed Income Series.....	0.75%
Bond Series.....	0.60%
Limited Maturity Series.....	0.55%
Money Market Series.....	0.50%

</TABLE>

For the World Governments Series' fiscal year ended December 31, 1994, MFS received management fees under the Series' Advisory Agreement of \$7,604. Pursuant to the reimbursement plan discussed on page four of this prospectus for its fiscal year-ended December 31, 1994 MFS reimbursed the World Government Series \$36,473.

Except where indicated otherwise, the identity and background of the portfolio manager for each Series is set forth below. Each portfolio manager has acted in that capacity since the commencement of investment operations of each Series.

1. John W. Ballen, a Senior Vice President of the Adviser, is the Emerging Growth Series' portfolio manager. Mr. Ballen has been employed by the Adviser since 1984.
2. George F. Bennett, Jr., a Senior Vice President of the Adviser, is the Growth Series' portfolio manager. Mr. Bennett has been employed by the Adviser since 1969.
3. The Research Series is currently managed by a committee comprised of various equity research analysts employed by the Adviser.
4. Kevin R. Parke and John D. Laupheimer, Jr., a Senior Vice President and a Vice President of the Adviser, respectively, is the Growth With Income Series' portfolio managers. Mr. Parke has been employed by the Adviser since 1985, and Mr. Laupheimer has been employed by the Adviser since 1981.

5. Richard E. Dahlberg, a Senior Vice President of the Adviser, is the Total Return Series' portfolio manager. Mr. Dahlberg has been employed by the Adviser since 1968.
6. Maura A. Shaughnessy, a Vice President of the Adviser, is the Utilities Series' portfolio manager. Ms. Shaughnessy has been employed by the Adviser since 1991. Prior to 1991, Ms. Shaughnessy served as Equity Analyst at Harvard Management Company.
7. Joan S. Batchelder, a Senior Vice President of the Adviser, is the High Income Series' portfolio manager. Ms. Batchelder has been employed by the Adviser since 1984.
8. Stephen C. Bryant, a Senior Vice President of the Adviser, is the World Governments Series' portfolio manager.
Mr. Bryant has been employed by the Adviser since 1987.
9. James Swanson, a Senior Vice President of the Adviser, is the Strategic Fixed Income Series' portfolio manager.
Mr. Swanson has been employed by the Adviser since 1985.
10. Geoffrey L. Kurinsky, a Senior Vice President of the Adviser, is the Bond Series', Limited Maturity Series' and the Money Market Series' portfolio manager. Mr. Kurinsky has been employed by the Adviser since 1987.

MFS also serves as investment adviser to each of the other funds in the MFS Family of Funds (the "MFS Funds") and to MFS-Registered Trademark- Municipal Income Trust, MFS Multimarket Income Trust, MFS Government Markets Income Trust, MFS Intermediate Income Trust, MFS Charter Income Trust, MFS Special Value Trust, MFS Institutional Trust, MFS Union Standard Trust, MFS/Sun Life Series Trust, Sun Growth Variable Annuity Fund, Inc. and seven variable accounts, each of which is a registered investment company established by Sun Life Assurance Company of Canada (U.S.) ("Sun Life of Canada (U.S.)") in connection with the sale of Compass-2 and Compass-3 combination fixed/variable annuity contracts. MFS and its wholly-owned subsidiary MFS Asset Management Inc., provide investment advice to substantial private clients.

MFS is America's oldest mutual fund organization. MFS and its predecessor organizations have a history of money management dating from 1924 and the founding of the first mutual fund in the United States, Massachusetts Investors Trust. Net assets under the management of the MFS organization were approximately \$ billion on behalf of approximately million investor accounts as of . As of such date, the MFS organization managed approximately \$ billion of assets invested in equity securities and approximately \$ billion of assets invested in fixed income securities. Approximately \$ billion of the assets managed by MFS are invested in securities of foreign issuers and non-U.S. dollar-denominated securities of U.S. issuers. MFS is a subsidiary of Sun Life of Canada (U.S.), which in turn is a

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subsidiary of Sun Life Assurance Company of Canada ("Sun Life"). The Directors of MFS are A. Keith Brodtkin, Jeffrey L. Shames, Arnold D. Scott, John D. McNeil and John R. Gardner. Mr. Brodtkin is the Chairman, Mr. Shames is the President and Mr. Scott is the Secretary and a Senior Executive Vice President of MFS. Messrs. McNeil and Gardner are the Chairman and President, respectively, of Sun Life. Sun Life, a mutual life insurance company, is one of the largest international life insurance companies and has been operating in the United States since 1895, establishing a headquarters office here in 1973. The executive officers of MFS report to the Chairman of Sun Life.

A. Keith Brodtkin, the Chairman and a Director of MFS, is the Chairman and President and a Trustee of the Trust. W. Thomas London, Stephen E. Cavan, James R. Bordewick, Jr., and James O. Yost, all of whom are officers of MFS, are officers of the Trust.

From time to time, the Adviser may purchase, redeem and exchange shares of any Series. The purchase by the Adviser of shares of a Series may have the effect of lowering that Series' expense ratio, while the redemption by the Adviser of shares of a Series may have the effect of increasing that Series' expense ratio.

DISTRIBUTOR -- MFS Fund Distributors, Inc. ("MFD"), a wholly-owned subsidiary of MFS, is the distributor of shares of each Series and also serves as distributor for certain of the other mutual funds managed by MFS.

SHAREHOLDER SERVICING AGENT -- MFS Service Center, Inc. (the "Shareholder Servicing Agent"), a wholly owned subsidiary of MFS, performs transfer agency, certain dividend disbursing agency and other services for each Series.

8. INFORMATION CONCERNING SHARES OF EACH SERIES

PURCHASES AND REDEMPTIONS

The separate accounts of the Participating Insurance Companies place orders to purchase and redeem shares of each Series based on, among other things, the

amount of premium payments to be invested and surrender and transfer requests to be effected on that day pursuant to Contracts. Orders received by the Trust are effected on days on which the Exchange is open for trading. For orders received by the Trust before the close of regular trading on the Exchange (normally 4 p.m. eastern time), such purchases and redemptions of the shares of each Series are effected at the respective net asset values per share determined as of the close of regular trading on the Exchange on that same day. Participating Insurance Companies shall be the designee of the Trust for receipt of purchase and redemption orders from Contract holders and receipt by such designee shall constitute receipt by the Trust; provided that the Trust receives notice of such order by 9:30 a.m. eastern time on the next following day on which the Exchange is open for trading. Payment for shares shall be by federal funds transmitted by wire and must be received by 2:00 p.m. eastern time on the next following day on which the Exchange is open for trading after the purchase order is received. Redemption proceeds shall be by federal funds transmitted by wire and shall be sent by 2:00 p.m. eastern time on the next following day on which the Exchange is open for trading after the redemption order is received. No fee is charged the shareholders when they redeem Series shares.

The offering of shares of any Series may be suspended for a period of time and each Series reserves the right to refuse any specific purchase order. Purchase orders may be refused if, in the Adviser's opinion, they are of a size that would disrupt the management of a Series. The Trust may suspend the right of redemption of shares of any Series and may postpone payment for any period: (i) during which the Exchange is closed other than customary weekend and holiday closings or during which trading on the Exchange is restricted; (ii) when the SEC determines that a state of emergency exists which may make payment or transfer not reasonably practicable; (iii) as the SEC may by order permit for the protection of the security holders of the Trust; or (iv) at any time when the Trust may, under applicable laws, rules and regulations, suspend payment on the redemption of its shares.

Should any conflict between Contract holders arise which would require that a substantial amount of net assets be withdrawn from any Series, orderly portfolio management could be disrupted to the potential detriment of such Contract.

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NET ASSET VALUE

The net asset value per share of each Series is determined each day during which the Exchange is open for trading. This determination is made once during each such day as of the close of regular trading on the Exchange by deducting the amount of the Series' liabilities from the value of the Series' assets and dividing the difference by the number of shares of the Series outstanding. Values of assets in a Series' portfolio are determined on the basis of their market or other fair value (amortized cost value in the case of the Money Market Series), as described in the Statement of Additional Information. All investments, assets and liabilities are expressed in U.S. dollars based upon current currency exchange rates.

DISTRIBUTIONS

Substantially all of each Series' (except the Money Market Series') net investment income for any calendar year is declared as dividends and paid to its shareholders as dividends on an annual basis. In addition, each Series may make one or more distributions during the calendar year to its shareholders from any long-term capital gains, and may also make one or more distributions to its shareholders from short-term capital gains. In determining the net investment income available for distribution, a Series may rely on projections of its anticipated net investment income (which may include short-term capital gains from the sales of securities or other assets, and, if allowed by a Series' investment restrictions, premiums from options written), over a longer term, rather than its actual net investment income for the period.

Substantially all of the Money Market Series' net investment income for any calendar year is declared as dividends daily and paid to its shareholders as dividends on a monthly basis. Generally, those dividends are distributed on the last business day of the month in the form of additional shares of the Money Market Series at the rate of one share (and fraction thereof) for each dollar (and fraction thereof) of dividend income or, at the election of the shareholder, in cash. Shares purchased become entitled to dividends declared as of the first day following the date of investment.

Shareholders of any of the Series may elect to receive dividends and capital gain distributions in either cash or additional shares.

TAX STATUS

Each Series of the Trust is treated as a separate entity for federal income tax purposes. In order to minimize the taxes each Series would otherwise be required to pay, each Series intends to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended ("the Code"), and to make distributions to its shareholders in accordance with the timing requirements imposed by the Code. It is not expected that any of the Series will be required to pay entity level federal income or excise taxes.

Shares of the Series are offered only to the Participating Insurance Companies' separate accounts that fund Contracts. See the applicable Contract prospectus for a discussion of the federal income tax treatment of (1) the separate accounts that purchase and hold Series shares and (2) the holders of the Contracts that are funded through those accounts. In addition to the diversification requirements of Subchapter M of the Code, each Series also intends to diversify its assets as required by Code Section 817(h)(1), and the regulations thereunder. See also "Tax Status" in the Statement of Additional Information."

DESCRIPTION OF SHARES, VOTING RIGHTS AND LIABILITIES

Each Series currently has one class of shares, entitled Shares of Beneficial Interest (without par value). The Trust has reserved the right to create and issue additional classes and series of shares, in which case each class of shares of a series would participate equally in the earnings, dividends and assets attributable to that class of that particular series. Shareholders are entitled to one vote for each share held, and shares of each Series are entitled to vote separately to approve investment advisory agreements or changes in investment restrictions with respect to that Series, but shares of all Series vote together in the election of Trustees and selection of accountants. Additionally, each Series will vote separately on any other matter that affects solely that Series, but will otherwise vote together with all other Series on all other matters. The Trust does not intend to hold annual shareholder meetings. The Declaration of Trust provides that a Trustee may be removed from office in certain instances. See "Description of Shares, Voting Rights and Liabilities" in the Statement of Additional Information.

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Each share of a Series represents an equal proportionate interest in the Series with each share, subject to the liabilities of the particular Series. Shares have no pre-emptive or conversion rights. Shares are fully paid and non-assessable. Should a Series be liquidated, shareholders are entitled to share PRO RATA in the net assets available for distribution to shareholders. Shares will remain on deposit with the Shareholder Servicing Agent and certificates will not be issued.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed (E.G., fidelity bonding and omission insurance) and the Trust itself was unable to meet its obligations.

As of December 31, 1994, Century Life of America on behalf of Century Variable Annuity Account, 2000 Heritage Way, Waverly, Florida 50677-9208 was the owner of 69.22% of the outstanding shares of the World Governments Series. As of December 31, 1994, Massachusetts Financial Services Company Inc., 500 Bolyston Street, Boston, Massachusetts 02116-3740 was the approximate owner of 29.99% of the outstanding shares of the World Governments Series.

PERFORMANCE INFORMATION

Each Series' performance may be quoted in advertising in terms of yield and, except for the Money Market Series, total return. Performance is based on historical results and is not intended to indicate future performance. Performance quoted for a Series includes the effect of deducting that Series' expenses, but may not include charges and expenses attributable to any particular insurance product. Excluding these charges from quotations of a Series' performance has the effect of increasing the performance quoted. Performance for a Series will vary based on, among other things, changes in market conditions, the level of interest rates and the level of the Series' expenses. For further information about the World Governments Series performance for the fiscal year ended December 31, 1994, please see the Series' annual report. A copy of the annual report may be obtained without charge by contacting the Shareholder Servicing Agent (see back cover for address and phone number.)

MONEY MARKET SERIES: From time to time, quotations of the Money Market Series' "yield" and "effective yield" may be included in advertisements, sales literature or reports to shareholders or prospective investors. The yield of the Money Market Series refers to the net investment income generated by the Series over a specified seven-day period (the ending date of which will be stated). Included in "net investment income" is the amortization of market premium or accretion of market and original issue discount. This income is then "annualized." That is, the amount of income generated by the Series during that week is assumed to be generated during each week over a 365 day period and is shown as a percentage. The effective yield is expressed similarly but, when annualized, the income earned by an investment in the Series is assumed to be reinvested. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

OTHER SERIES: From time to time, quotations of a Series' total return and yield

may be included in advertisements, sales literature or reports to shareholders or prospective investors. The total return of a Series refers to return assuming an investment has been held in the Series for one year and for the life of the Series (the ending date of which will be stated). The total return quotations may be expressed in terms of average annual or cumulative rates of return for all periods quoted. Average annual total return refers to the average annual compound rate of return of an investment in a Series. Cumulative total return represents the cumulative change in value of an investment in a Series. Both will assume that all dividends and capital gains distributions were reinvested. The yield of a Series refers to net investment income generated by a Series over a specified 30-day (or one month) period. This income is then "annualized." That is, the amount of income generated by the Series during that 30-day (or one month) period is assumed to be generated over a 12-month period and is shown as a percentage of net asset value.

EXPENSES

The Trust pays the compensation of the Trustees who are not officers of MFS and all expenses of each Series (other than those assumed by MFS) including but not limited to: governmental fees; interest charges; taxes; membership dues in the Investment Company Institute allocable to each Series; fees and expenses of independent auditors, of legal counsel, and of any transfer agent, registrar or dividend disbursing agent of each Series; expenses of repurchasing and redeeming shares and

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servicing shareholder accounts; expenses of preparing, printing and mailing prospectuses, periodic reports, notices and proxy statements to shareholders and to governmental officers and commissions; brokerage and other expenses connected with the execution, recording and settlement of portfolio security transactions; insurance premiums; fees and expenses of Investors Bank & Trust Company, the Trust's Custodian, for all services to each Series, including safekeeping of funds and securities and maintaining required books and accounts; expenses of calculating the net asset value of shares of each Series; and expenses of shareholder meetings. Expenses relating to the issuance, registration and qualification of shares of each Series and the preparation, printing and mailing of prospectuses are borne by each Series except that the Distribution Agreement with MFD requires MFD to pay for prospectuses that are to be used for sales purposes. Expenses of the Trust which are not attributable to a specific Series are allocated between the Series in a manner believed by management of the Trust to be fair and equitable.

Subject to termination or revision at the discretion of MFS, MFS has agreed to pay until December 31, 2004 the foregoing expenses of the World Governments Series (except for fees paid under the Advisory Agreement) such that the Series' aggregate operating expenses do not exceed, on an annualized basis, 1.00% of its average daily net assets. Such payments by MFS are subject to reimbursement by the World Governments Series which will be accomplished by the payment by the Series of an expense reimbursement fee to MFS computed and paid monthly at a percentage of its average daily net assets for its then current fiscal year, with a limitation that immediately after such payment the aggregate operating expenses of the Series would not exceed, on an annualized basis, 1.00% of its average daily net assets. The expense reimbursement agreement terminates for the World Governments Series on the earlier of the date on which payments made thereunder by the Series equal the prior payment of such reimbursable expenses by MFS or December 31, 2004.

Subject to termination or revision at the discretion of MFS, MFS has agreed to pay expenses of each of the Series (except the World Governments Series and the Money Market Series) such that the respective Series' aggregate operating expenses shall not exceed, on an annualized basis, 1.00% of the average daily net assets of the respective Series from November 2, 1994 through December 31, 1996, 1.25% of the average daily net assets of the respective Series from January 1, 1997 through December 31, 1998, and 1.50% of the average daily net assets of the respective Series thereafter. Such payments by MFS are subject to reimbursement by each Series which will be accomplished by the payment of the Series of an expense reimbursement fee to MFS computed and paid monthly at a percentage of the respective Series' average daily net assets for its then current fiscal year, with a limitation that immediately after such payment the aggregate operating expenses of the respective Series would not exceed, on an annualized basis, 1.00% of the average daily net assets of the respective Series through December 31, 1996, 1.25% of the average daily net assets of the respective Series from January 1, 1997 through December 31, 1998, and 1.50% of the average daily net assets of the respective Series thereafter. This expense reimbursement agreement terminates for each such Series on the earlier of the date on which payments made thereafter by the respective Series equal the prior payment of such reimbursable expenses by MFS or December 31, 2004.

Subject to termination or revision at the discretion of MFS, MFS has agreed to pay until December 31, 2004, expenses of the Money Market Series (the "Series") such that the Series' aggregate operating expenses shall not exceed, on an annualized basis, 0.60% of the average daily net assets of the Series; provided, however, that this obligation may be terminated or revised at any time by MFS without the consent of the Trust or the Series by notice in writing from MFS to

the Trust on behalf of the Series. Such payments by MFS are subject to reimbursement by the Series, which will be accomplished by the payment by the Series of an expense reimbursement fee to MFS computed and paid monthly at a percentage of the average daily net assets of the Series for its then current fiscal year, with a limitation that immediately after such payment the aggregate operating expenses of the Series would not exceed, on an annualized basis, 0.60% of its average daily net assets. This expense reimbursement terminates for the Series on the earlier of the date on which payments made thereunder by such Series equal the prior payments of such reimbursable expenses by MFS or December 31, 2004.

SHAREHOLDER COMMUNICATIONS

Owners of Contracts issued by Participating Insurance Companies for which shares of one or more Series are the investment vehicle will receive from the Participating Insurance Companies semi-annual financial statements and audited year-end

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financial statements certified by the Trust's independent certified public accountants. Each report will show the investments owned by the Trust and the valuations thereof as determined by the Trustees and will provide other information about the Trust and its operations.

Participating Insurance Companies with inquiries regarding the Trust may call the Trust's Shareholder Servicing Agent. (See back cover for address and phone number.)

The Statement of Additional Information for the Trust, dated May 1, 1995, contains more detailed information about each of the Series, including information related to: (i) the investment policies and restrictions of each Series; (ii) the Trustees, officers and investment adviser of the Trust; (iii) portfolio transactions; (iv) the shares of each Series, including rights and liabilities of shareholders; (v) the method used to calculate yield and total rate of return quotations of each Series; (vi) the determination of net asset value of shares of each Series; and (vii) certain voting rights of shareholders of each Series.

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INVESTMENT ADVISER

Massachusetts Financial Services Company
500 Boylston Street, Boston, MA 02116
(617) 954-5000

DISTRIBUTOR

MFS Fund Distributors, Inc.
500 Boylston Street, Boston, MA 02116
(617) 954-5000

CUSTODIAN

Investors Bank & Trust Company
89 South Street, Boston, MA 02111

DIVIDEND DISBURSING AGENT

State Street Bank and Trust Company
225 Franklin Street, Boston, MA 02110

SHAREHOLDER SERVICING AGENT

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500 Boylston Street, Boston, MA 02116
Toll free: 800-225-2606

MAILING ADDRESS:

P.O. Box 2281, Boston, MA 02107-9906

INDEPENDENT ACCOUNTANTS

Deloitte & Touche LLP
125 Summer Street, Boston, MA 02110

MFS-REGISTERED TRADEMARK-
VARIABLE
INSURANCE
TRUST

PROSPECTUS

MAY 1, 1995

MFS-REGISTERED TRADEMARK- VARIABLE INSURANCE TRUST

500 Boylston Street, Boston, MA 02116

DESCRIPTION OF OBLIGATIONS ISSUED OR GUARANTEED BY
U.S. GOVERNMENT AGENCIES, AUTHORITIES OR INSTRUMENTALITIES

U.S. GOVERNMENT OBLIGATIONS -- are issued by the U.S. Treasury and include bills, certificates of indebtedness, notes and bonds. Agencies and instrumentalities of the U.S. Government are established under the authority of an act of Congress and include, but are not limited to, the Tennessee Valley Authority, the Bank for Cooperatives, the Farmers Home Administration, Federal Home Loan Banks, Federal Intermediate Credit Banks and Federal Land Banks, as well as those listed below.

FEDERAL FARM CREDIT CONSOLIDATED SYSTEMWIDE NOTES AND BONDS -- are bonds issued by a cooperatively owned nationwide system of banks and associations supervised by the Farm Credit Administration. These bonds are not guaranteed by the U.S. Government.

MARITIME ADMINISTRATION BONDS -- are bonds issued by the Department of Transportation of the U.S. Government.

FHA DEBENTURES -- are debentures issued by the Federal Housing Administration of the U.S. Government and are fully and unconditionally guaranteed by the U.S. Government.

GNMA CERTIFICATES -- are mortgage-backed securities, with timely payment guaranteed by the full faith and credit of the U.S. Government, which represent a partial ownership interest in a pool of mortgage loans issued by lenders such as mortgage bankers, commercial banks and savings and loan associations. Each mortgage loan included in the pool is also insured or guaranteed by the Federal Housing Administration, the Veterans Administration or the Farmers Home Administration.

FEDERAL HOME LOAN MORTGAGE CORPORATION ("FHLMC") BONDS -- are bonds issued and guaranteed by the Federal Home Loan Mortgage Corporation and are not guaranteed by the U.S. Government.

FEDERAL HOME LOAN BANK BONDS -- are bonds issued by the Federal Home Loan Bank System and are not guaranteed by the U.S. Government.

FINANCING CORPORATION BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Financing Corporation.

FEDERAL NATIONAL MORTGAGE ASSOCIATION BONDS -- are bonds issued and guaranteed by the Federal National Mortgage Association and are not guaranteed by the U.S. Government.

RESOLUTION FUNDING CORPORATION BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Resolution Funding Corporation.

STUDENT LOAN MARKETING ASSOCIATION ("SLMA") DEBENTURES -- are debentures backed by the Student Loan Marketing Association and are not guaranteed by the U.S. Government.

TENNESSEE VALLEY AUTHORITY BONDS AND NOTES -- are bonds and notes issued and guaranteed by the Tennessee Valley Authority.

Some of the foregoing obligations, such as Treasury bills and GNMA pass-through certificates, are supported by the full faith and credit of the U.S. Government; others, such as securities of FNMA, by the right of the issuer to borrow from the U.S. Treasury; still others, such as bonds issued by SLMA, are supported only by the credit of the instrumentality. No assurance can be given that the U.S. Government will provide financial support to instrumentalities sponsored by the U.S. Government as it is not obligated by law, in certain instances, to do so.

Although this list includes a description of the primary types of U.S. Government agency, authorities or instrumentality obligations in which the Series may invest, the Series may invest in obligations of U.S. Government agencies or instrumentalities other than those listed above.

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DESCRIPTION OF SHORT-TERM INVESTMENTS OTHER THAN U.S. GOVERNMENT OBLIGATIONS

CERTIFICATES OF DEPOSIT -- are certificates issued against funds deposited in a bank (including eligible foreign branches of U.S. banks), are for a definite period of time, earn a specified rate of return and are normally negotiable.

BANKERS' ACCEPTANCES -- are marketable short-term credit instruments used to finance the import, export, transfer or storage of goods. They are termed "accepted" when a bank guarantees their payment at maturity.

COMMERCIAL PAPER -- refers to promissory notes issued by corporations in order to finance their short-term credit needs.

DESCRIPTION OF BOND RATINGS

The ratings of Moody's, S&P and Fitch represent their opinions as to the quality of various debt instruments. It should be emphasized, however, that ratings are not absolute standards of quality. Consequently, debt instruments with the same maturity, coupon and rating may have different yields while debt instruments of the same maturity and coupon with different ratings may have the same yield.

MOODY'S INVESTORS SERVICE, INC.

AAA: Bonds which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA: Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.

A: Bonds which are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

BAA: Bonds which are rated Baa are considered as medium grade obligations, I.E., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

BA: Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B: Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

CAA: Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

CA: Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

C: Bonds which are rated C are the lowest rated class of bonds and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.

ABSENCE OF RATING: Where no rating has been assigned or where a rating has been suspended or withdrawn, it may be for reasons unrelated to the quality of the issue.

Should no rating be assigned, the reason may be one of the following:

1. an application for rating was not received or accepted;
2. the issue or issuer belongs to a group of securities or companies that are not rated as a matter of policy;
3. there is a lack of essential data pertaining to the issue or issuer; and
4. the issue was privately placed, in which case the rating is not published in Moody's publications.

Suspension or withdrawal may occur if new and material circumstances arise, the effects of which preclude satisfactory analysis; if there is no longer available

reasonable up-to-date data to permit a judgment to be formed; if a bond is called for redemption; or for other reasons.

STANDARD & POOR'S RATINGS GROUP

AAA: Debt rated AAA has the highest rating assigned by S&P's. Capacity to pay interest and repay principal is extremely strong.

AA: Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A: Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB: Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB: Debt rated BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments. The BB rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BBB- rating.

B: Debt rated B has a greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial or economic conditions will likely impair capacity or willingness to pay interest and repay principal. The B rating category is also used for debt subordinated to senior debt that is assigned an actual or implied BB or BB- rating.

CCC: Debt rated CCC has a currently identifiable vulnerability to default, and is dependent upon favorable business, financial and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial, or economic conditions, it is not likely to have the capacity to pay interest and repay principal. The CCC rating category is also used for debt subordinated to senior debt that is assigned an actual or implied B or B- rating.

CC: The rating CC is typically applied to debt subordinated to senior debt that is assigned an actual or implied CCC rating.

C: The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC- debt rating. The C rating may be used to cover a situation where a bankruptcy petition has been filed, but debt service payments are continued.

C1: The rating C1 is reserved for income bonds on which no interest is being paid.

D: Debt rated D is in payment default. The D rating category is used when interest payments or principal payments are not made on the date due even if the applicable grace period has not expired, unless S&P believes that such payments will be made during such grace period. The D rating also will be used upon the filing of a bankruptcy petition if debt service payments are jeopardized.

PLUS (+) OR MINUS (-): The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR: Indicates that no public rating has been requested, that there is insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

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A-1 AND P-1 COMMERCIAL PAPER RATINGS

Description of S&P and Moody's highest commercial paper ratings:

The rating "A" is the highest commercial paper rating assigned by S&P, and issues so rated are regarded as having the greatest capacity for timely payment. Issues in the "A" category are delineated with the numbers 1, 2 and 3 to indicate the relative degree of safety. The A-1 designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those A-1 issues determined to possess overwhelming safety characteristics will be denoted with a plus (+) sign designation.

The rating P-1 is the highest commercial paper rating assigned by Moody's. Issuers rated P-1 have a superior ability for repayment. P-1 repayment capacity will normally be evidenced by the following characteristics: (1) leading market

positions in well established industries; (2) high rates of return on funds employed; (3) conservative capitalization structure with moderate reliance on debt and ample asset protection; (4) broad margins in earnings coverage of fixed financial charges and high internal cash generation; and (5) well established access to a range of financial markets and assured sources of alternate liquidity.

FITCH INVESTORS SERVICE, INC.

AAA: Bonds considered to be investment grade and of the highest credit quality. The obligor has an exceptionally strong ability to pay interest and prepay principal, which is unlikely to be affected by reasonably foreseeable events.

AA: Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is very strong, although not quite as strong as bonds rated 'AAA'. Because bonds rated in the 'AAA' and 'AA' categories are not significantly vulnerable to foreseeable future developments, short-term debt of these issuers is generally rated 'F-1+'.

A: Bonds considered to be investment grade and of very high credit quality. The obligor's ability to pay interest and repay principal is considered to be strong, but may be more vulnerable to adverse changes in economic conditions and circumstances than bonds with higher ratings.

BBB: Bonds considered to be investment grade and of satisfactory credit quality. The obligor's ability to pay interest and repay principal is considered to be adequate. Adverse changes in economic conditions and circumstances, however, are more likely to have adverse impact on these bonds, and therefore impair timely payment. The likelihood that the ratings of these bonds will fall below investment grade is higher than for bonds with higher ratings.

BB: Bonds are considered speculative. The obligor's ability to pay interest and repay principal may be affected over time by adverse economic changes. However, business and financial alternatives can be identified which could assist the obligor in satisfying its debt service requirements.

B: Bonds are considered highly speculative. While bonds in this class are currently meeting debt service requirements, the probability of continued timely payment of principal and interest reflects the obligor's limited margin of safety and the need for reasonable business and economic activity throughout the life of the issue.

CCC: Bonds have certain identifiable characteristics which, if not remedied, may lead to default. The ability to meet obligations requires an advantageous business and economic environment.

CC: Bonds are minimally protected. Default in payment of interest and/or principal seems probable over time.

C: Bonds are in imminent default in payment of interest of principal.

PLUS(+) MINUS(-): Plus and minus signs are used with a rating symbol to indicate the relative position of a credit within the rated category. Plus and minus signs, however, are not used in the 'AAA' category.

NR indicates that Fitch does not rate the specific issue.

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CONDITIONAL A conditional rating is premised on the successful completion of a project or the occurrence of a specific event.

SUSPENDED A rating is suspended when Fitch deems the amount of information available from the issuer to be inadequate for rating purposes.

WITHDRAWN A rating will be withdrawn when an issue matures or is called or refinanced, and, at Fitch's discretion, when an issuer fails to furnish proper and timely information.

FITCHALERT Ratings are placed on FitchAlert to notify investors of an occurrence that is likely to result in a rating change and the likely direction of such change. These are designated a "Positive", indicating a potential upgrade, "Negative", for potential downgrade, or "Evolving", where ratings may be lowered, FitchAlert is relatively short-term, and should be resolved within 12 months.

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APPENDIX C

PRINCIPAL SECTORS OF THE UTILITIES INDUSTRY

The principal sectors of the utility industry in which the Utilities Series may invest are discussed below.

ELECTRIC -- The electric utility industry consists of companies that are engaged principally in the generation, transmission and sale of electric energy, although many also provide other energy-related services. Domestic electric utility companies, in general, recently have been favorably affected by lower fuel and financing costs and the full or near completion of major construction programs. In addition, many of these companies recently have generated cash flows in excess of current operating expenses and construction expenditures, permitting some degree of diversification into unregulated businesses. Some electric utilities have also taken advantage of the right to sell power outside of their traditional geographic areas. Electric utility companies historically have been subject to the risks associated with increases in fuel and other operating costs, high interest costs on borrowings needed for capital construction programs, costs associated with compliance with environmental and safety regulations and changes in the regulatory climate.

In the U.S., the construction and operation of nuclear power facilities is subject to increased scrutiny by, and evolving regulations of, the Nuclear Regulatory Commission and state agencies having comparable jurisdiction. Increased scrutiny might result in higher operating costs and higher capital expenditures, with the risk that the regulators may disallow inclusion of these costs in rate authorizations or the risk that a company may not be permitted to operate or complete construction of a facility. In addition, operators of nuclear power plants may be subject to significant costs for disposal of nuclear fuel and for the de-commissioning of such plants.

TELECOMMUNICATIONS -- The telephone industry is large and highly concentrated. Companies that distribute telephone services and provide access to the telephone networks comprise the greatest portion of this segment. Telephone companies in the U.S. are still experiencing the effects of the breakup of American Telephone & Telegraph Company, which occurred in 1984. Since 1984, companies engaged in telephone communication services have expanded their non-regulated activities into other businesses, including cellular telephone services, data processing, equipment retailing, computer software and hardware services, and financial services. This expansion has provided significant opportunities for certain telephone companies to increase their earnings and dividends at faster rates than had been allowed in traditionally regulated businesses. Increasing competition, technological innovations and other structural changes, however, could adversely affect the profitability of such utilities.

GAS -- Gas transmission companies and gas distribution companies are also undergoing significant changes. In the U.S., interstate transmission companies are regulated by the Federal Energy Regulatory Commission, which is reducing its regulation of the industry. Many companies have diversified into oil and gas exploration and development, making returns more sensitive to energy prices. In the recent decade, gas utility companies have been adversely affected by disruptions in the oil industry and have also been affected by increased concentration and competition. In the opinion of the Adviser, however, environmental considerations could improve the gas industry outlook in the future. For example, natural gas is the cleanest of the hydrocarbon fuels, and this may result in incremental shifts in fuel consumption toward natural gas and away from oil and coal.

WATER -- Water supply utilities are companies that collect, purify, distribute and sell water. In the U.S. and around the world, the industry is highly fragmented because most of the supplies are owned by local authorities. Companies in this industry are generally mature and are experiencing little or no per capita volume growth.

There can be no assurance that the positive developments noted above, including those relating to changing regulation, will occur or that risk factors other than those noted above will not develop in the future.

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MFS-REGISTERED TRADEMARK- VARIABLE
INSURANCE TRUST-SM-

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STATEMENT OF
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INFORMATION

MAY 1,
1995

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MFS VARIABLE INSURANCE TRUST-SM-
500 Boylston Street, Boston, Massachusetts 02116
(617) 954-5000

This Statement of Additional Information sets forth information which may be of interest to investors but which is not necessarily included in the Trust's Prospectus, dated May 1, 1995 as supplemented from time to time. This Statement of Additional Information should be read in conjunction with the Prospectus, a copy of which may be obtained without charge by contacting the Shareholder Servicing Agent (see back cover for address and phone number).

THIS STATEMENT OF ADDITIONAL INFORMATION IS NOT A PROSPECTUS AND IS AUTHORIZED FOR DISTRIBUTION TO PROSPECTIVE INVESTORS ONLY IF PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS.

UST-13 12/93 785

1. GENERAL INFORMATION AND DEFINITIONS

MFS Variable Insurance Trust (the "Trust") is a professionally managed open-end management investment company (a "mutual fund") consisting of twelve separate series: MFS Emerging Growth Series (the "Emerging Growth Series"), MFS Growth Series (the "Growth Series"), MFS Research Series (the "Research Series"), MFS Growth With Income Series (the "Growth With Income Series"), MFS Total Return Series (the "Total Return Series"), MFS Utilities Series (the "Utilities Series"), MFS High Income Series (the "High Income Series"), MFS World Governments Series (the "World Governments Series"), MFS Strategic Fixed Income Series (the "Strategic Fixed Income Series"), MFS Bond Series (the "Bond Series"), MFS Limited Maturity Series (the "Limited Maturity Series") and MFS Money Market Series (the "Money Market Series") (individually or collectively hereinafter referred to as a "Series" or the "Series"). Additional series may be created by the Trustees from time to time. Shares of each series will be offered only to the separate accounts of certain insurance companies (individually, a "Participating Insurance Company" and collectively, the "Participating Insurance Companies") that fund certain variable annuity and variable life insurance contracts ("Contracts"). Each Series offers its shares using a joint prospectus dated May 1, 1995, as supplemented or amended from time to time (the "Prospectus").

Each Series' investment adviser and distributor is, respectively, Massachusetts Financial Services Company ("MFS" or the "Adviser") and MFS Fund Distributors, Inc. ("MFD" or the "Distributor"), each a Delaware corporation.

2. INVESTMENT TECHNIQUES

LENDING OF PORTFOLIO SECURITIES: Each of the Series (except the Money Market Series) may seek to increase its income by lending portfolio securities. Such loans will usually be made only to member firms of the New York Stock Exchange (the "Exchange") (and subsidiaries thereof) and member banks of the Federal Reserve System, and would be required to be secured continuously by collateral in cash, cash equivalents or United States ("U.S.") Treasury securities maintained on a current basis at an amount at least equal to the market value of the securities loaned. A Series would have the right to call a loan and obtain the securities loaned at any time on customary industry settlement notice (which will not usually exceed five business days). For the duration of a loan, the Series would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and would also receive compensation from the investment of the collateral. The Series would not, however, have the right to vote any securities having voting rights during the existence of the loan, but the Series would call the loan in anticipation of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment. As with other extensions of credit there are risks of delay in recovery or even loss of rights in the collateral should the borrower of the securities fail financially. However, the loans would be made only to firms deemed by the Adviser to be of good standing, and when, in the judgment of the Adviser, the consideration which can be earned currently from securities loans of this type justifies the

attendant risk. If the Adviser determines to make securities loans, it is intended that the value of the securities loaned would not exceed 30% of the value of a Series' total assets.

REPURCHASE AGREEMENTS: Each of the Series may enter into repurchase agreements with sellers who are member firms (or a subsidiary thereof) of the Exchange or members of the Federal Reserve System, recognized primary U.S. Government securities dealers or institutions which the Adviser has determined to be of comparable creditworthiness. The securities that a Series purchases and holds through its agent are U.S. Government securities, the values of which are equal to or greater than the repurchase price agreed to be paid by the seller. The repurchase price may be higher than the purchase price, the difference being income to the Series, or the purchase and repurchase prices may be the same, with interest at a standard rate due to the Series together with the repurchase price on repurchase. In either case, the income to the Series is unrelated to the interest rate on the Government securities.

The repurchase agreement provides that in the event the seller fails to pay the price agreed upon on the agreed upon delivery date or upon demand, as the case may be, a Series will have the right to liquidate the securities. If at the time the Series is contractually entitled to exercise its right to liquidate the securities, the seller is subject to a proceeding under the bankruptcy laws or its assets are otherwise subject to a stay order, the Series' exercise of its right to liquidate the securities may be delayed and result in certain losses and costs to the Series. Each Series has adopted and follows procedures which are intended to minimize the risks of repurchase agreements. For example, each Series only enters into repurchase agreements after the Adviser has determined that the seller is creditworthy, and the Adviser monitors that seller's creditworthiness on an ongoing basis. Moreover, under such agreements, the value of the securities (which are marked to market every business day) is required to be greater than the repurchase price, and a Series has the right to make margin calls at any time if the value of the securities falls below the agreed upon margin.

"WHEN-ISSUED" SECURITIES: Each of the Series (except the Research Series, the World Governments Series and the Money Market Series) may purchase securities on a "when-issued" or on a "forward delivery" basis. Although a Series is not limited as to the amount of these securities for which it may have commitments to purchase on such bases, it is expected that under normal circumstances the Series will not commit more than 20% of its total assets to such purchases. When a Series commits to purchase these securities on a "when-issued" or "forward delivery" basis, it will set up procedures consistent with the General Statement of Policy of the Securities and Exchange Commission (the "SEC") concerning such purchases. Since that policy currently recommends that an amount of the Series' assets equal to the amount of the purchase be held aside or segregated to be used to pay for the commitment, the Series will always have cash, short-term money market instruments or high quality debt securities sufficient to cover any commitments or to limit any potential risk. Although no Series intends to make such purchases for speculative purposes and each Series intends to adhere to the provisions of the SEC policy, purchases of securities on such bases may involve more risk than other types of purchases. For example, a Series may have

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to sell assets which have been set aside in order to meet redemptions. Also, if a Series determines it is necessary to sell the "when-issued" or "forward delivery" securities before delivery, the Series may incur a loss because of market fluctuations since the time the commitment to purchase such securities was made.

MORTGAGE "DOLLAR ROLL" TRANSACTIONS: Each of the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may enter into mortgage "dollar roll" transactions pursuant to which it sells mortgage-backed securities for delivery in the future and simultaneously contracts to repurchase substantially similar securities on a specified future date. During the roll period, a Series foregoes principal and interest paid on the mortgage-backed securities. A Series is compensated for the lost interest by the difference between the current sales price and the lower price for the future purchase (often referred to as the "drop") as well as by the interest earned on the cash proceeds of the initial sale. A Series may also be compensated by receipt of a commitment fee. In the event that the party with whom the Series contracts to replace substantially similar securities on a future date fails to deliver such securities, the Series may not be able to obtain such securities at the price specified in such contract and thus may not benefit from the price differential between the current sales price and the repurchase price.

CORPORATE ASSET-BACKED SECURITIES: Each of the Emerging Growth Series, the Total Return Series, the Bond Series, the Limited Maturity Series, the Strategic Fixed Income Series, the High Income Series and the Utilities Series may invest in corporate asset-backed securities. These securities, issued by trusts and special purpose corporations, are backed by a pool of assets, such as credit card and automobile loan receivables, representing the obligations of a number of different parties.

Corporate asset-backed securities present certain risks. For instance, in the case of credit card receivables, these securities may not have the benefit of any security interest in the related collateral. Credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in all of the obligations backing such receivables. Therefore, there is the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The underlying assets (E.G., loans) are also subject to prepayments which shorten the securities weighted average life and may lower their return.

Corporate asset-backed securities are often backed by a pool of assets representing the obligations of a number of different parties. To lessen the effect of failures by obligors on underlying assets to make payments, the securities may contain elements of credit support which fall into two categories: (i) liquidity protection and (ii) protection against losses resulting from ultimate default by an obligor on the underlying assets. Liquidity protection refers to the provision of advances, generally by the entity administering the pool of assets, to ensure that the receipt of payments on the underlying pool occurs in a timely fashion. Protection against losses resulting from ultimate default ensures payment through insurance policies or letters of credit obtained by the issuer or sponsor from third parties. A Series will not pay any additional or separate fees for credit support. The degree of credit support provided for each issue is generally based on historical information respecting the level of credit risk associated with the underlying assets. Delinquency or loss in excess of that anticipated or failure of the credit support could adversely affect the return on an investment in such a security.

COLLATERALIZED MORTGAGE OBLIGATIONS AND MULTICLASS PASS-THROUGH SECURITIES: Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may invest a portion of its assets in collateralized mortgage obligations or "CMOs", which are debt obligations collateralized by mortgage loans or mortgage pass-through securities (such collateral referred to collectively as "Mortgage Assets"). Unless the context indicates otherwise, all references herein to CMOs include multiclass pass-through securities.

Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly or semi-annual basis. The principal of and interest on the Mortgage Assets may be allocated among the several classes of a series of a CMO in innumerable ways. In a common structure, payments of principal, including any principal prepayments, on the Mortgage Assets are applied to the classes of the series of a CMO in the order of their respective stated maturities or final distribution dates, so that no payment of principal will be made on any class of CMOs until all other classes having an earlier stated maturity or final distribution date have been paid in full. Certain CMOs may be stripped (securities which provide only the principal or interest factor of the underlying security). See "Stripped Mortgage-Backed Securities" below for a discussion of the risks of investing in these stripped securities and of investing in classes consisting of principals of interest payments or principal payments.

Each of the Bond Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may also invest in parallel pay CMOs and Planned Amortization Class CMOs ("PAC Bonds"). Parallel pay CMOs are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO structures, must be retired by its stated maturity date or final distribution date but may be retired earlier.

STRIPPED MORTGAGE-BACKED SECURITIES: Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series and the High Income Series may invest a portion of its assets in

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stripped mortgage-backed securities ("SMBS") which are derivative multiclass mortgage securities issued by agencies of or instrumentalities of the U.S. Government, or by private originators of, or investors in mortgage loans, including savings and loan institutions, mortgage banks, commercial banks and investment banks.

SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions from a pool of mortgage assets. A common type of SMBS will have one class receiving some of the interest and most

of the principal from the Mortgage Assets, while the other class will receive most of the interest and the remainder of the principal. In the most extreme case, one class will receive all of the interest (the interest-only or "IO" class) while the other class will receive all of the principal (the principal-only or "PO" class). The yield to maturity on an IO is extremely sensitive to the rate of principal payments, including prepayments on the related underlying Mortgage Assets, and a rapid rate of principal payments may have a material adverse effect on such security's yield to maturity. If the underlying Mortgage Assets experience greater than anticipated prepayments of principal, a Series may fail to fully recoup its initial investment in these securities. The market value of the class consisting primarily or entirely of principal payments generally is unusually volatile in response to changes in interest rates. Because SMBS were only recently introduced, established trading markets for these securities have not yet developed, although the securities are traded among institutional investors and investment banking firms.

LOAN PARTICIPATIONS AND OTHER DIRECT INDEBTEDNESS: Each of the Emerging Growth Series, Total Return Series, the Strategic Fixed Income Series and the High Income Series may purchase loan participations and other direct indebtedness. In purchasing a loan participation, a Series acquires some or all of the interest of a bank or other lending institution in a loan to a corporate borrower. Many such loans are secured, although some may be unsecured. Such loans may be in default at the time of purchase. Loans and other direct indebtedness that are fully secured offer a Series more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, there is no assurance that the liquidation of collateral from a secured loan or other direct indebtedness would satisfy the corporate borrower's obligation, or that the collateral can be liquidated.

These loans and other direct indebtedness are made generally to finance internal growth, mergers, acquisitions, stock repurchases, leveraged buy-outs and other corporate activities. Such loans and other direct indebtedness loans are typically made by a syndicate of lending institutions, represented by an agent lending institution which has negotiated and structured the loan and is responsible for collecting interest, principal and other amounts due on its own behalf and on behalf of the others in the syndicate, and for enforcing its and their other rights against the borrower. Alternatively, such loans and other direct indebtedness may be structured as a novation, pursuant to which a Series would assume all of the rights of the lending institution in a loan or as an assignment, pursuant to which the Series would purchase an assignment of a portion of a lender's interest in a loan or other direct indebtedness either directly from the lender or through an intermediary. A Series may also purchase trade or other claims against companies, which generally represent money owned by the company to a supplier of goods or services. These claims may also be purchased at a time when the company is in default.

Certain of the loan participations and the other direct indebtedness acquired by a Series may involve revolving credit facilities or other standby financing commitments which obligate the Series to pay additional cash on a certain date or on demand. These commitments may have the effect of requiring a Series to increase its investment in a company at a time when the Series might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid). To the extent that a Series is committed to advance additional funds, it will at all times hold and maintain in a segregated account cash or other high grade debt obligations in an amount sufficient to meet such commitments.

A Series' ability to receive payment of principal, interest and other amounts due in connection with these investments will depend primarily on the financial condition of the borrower. In selecting the loan participations and other direct indebtedness which a Series will purchase, the Adviser will rely upon its own (and not the original lending institution's) credit analysis of the borrower. As the Series may be required to rely upon another lending institution to collect and pass onto the Series amounts payable with respect to the loan and to enforce the Series' rights under the loan and other direct indebtedness, an insolvency, bankruptcy or reorganization of the lending institution may delay or prevent the Series from receiving such amounts. In such cases, the Series will evaluate as well the creditworthiness of the lending institution and will treat both the borrower and the lending institution as an "issuer" of the loan participation for purposes of certain investment restrictions pertaining to the diversification of the Series' portfolio investments. The highly leveraged nature of many such loans and other direct indebtedness may make such loans and other direct indebtedness especially vulnerable to adverse changes in economic or market conditions. Investments in such loans and other direct indebtedness may involve additional risk to a Series. For example, if a loan or other direct indebtedness is foreclosed, a Series could become part owner of any collateral, and would the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a Series could be held liable as a co-lender. It is unclear whether loans and other forms of direct indebtedness offer securities law protections against fraud and misrepresentation. In the absence of definitive regulatory guidance, each Series relies on the Adviser's research in an attempt to avoid situations where fraud and misrepresentation could adversely affect a Series. In addition, loan participations and other direct investments may not be

in the form of securities or may be subject to restrictions on transfer, and only limited opportunities may exist to resell such instruments. As a result, a Series may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value. To the extent that the Adviser determines that any such investments are illiquid, a Series will include them in the investment limitations described below.

MORTGAGE PASS-THROUGH SECURITIES: Each of the Total Return Series, the Bond Series, the World Governments Series, the Limited Maturity Series and the High Income Series may invest in mortgage

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pass-through securities. The Utilities Series may invest in mortgage pass-through securities that are securities issued or guaranteed as to principal and interest by the U.S. Government, its agencies, authorities or instrumentalities. Mortgage pass-through securities are securities representing interests in "pools" of mortgage loans. Monthly payments of interest and principal by the individual borrowers on mortgages are passed through to the holders of the securities (net of fees paid to the issuer or guarantor of the securities) as the mortgages in the underlying mortgage pools are paid off. The average lives of mortgage pass-throughs are variable when issued because their average lives depend on prepayment rates. The average life of these securities is likely to be substantially shorter than their stated final maturity as a result of unscheduled principal prepayment. Prepayments on underlying mortgages result in a loss of anticipated interest, and all or part of a premium if any has been paid, and the actual yield (or total return) to the Fund may be different than the quoted yield on the securities. Mortgage premiums generally increase with falling interest rates and decrease with rising interest rates. Like other fixed income securities, when interest rates rise the value of mortgage pass-through security generally will decline; however, when interest rates are declining, the value of mortgage pass-through securities with prepayment features may not increase as much as that of other fixed-income securities.

Payment of principal and interest on some mortgage pass-through securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of the U.S. Government (in the case of securities guaranteed by the Government National Mortgage Association ("GNMA")); or guaranteed by agencies or instrumentalities of the U.S. Government (such as the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation, (FHLMC) which are supported only by the discretionary authority of the U.S. Government to purchase the agency's obligations). Mortgage pass-through securities may also be issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers). Some of these mortgage pass-through securities may be supported by various forms of insurance or guarantees.

Interests in pools of mortgage-related securities differ from other forms of debt securities, which normally provide for periodic payment of interest in fixed amounts with principal payments at maturity or specified call dates. Instead, these securities provide a monthly payment which consists of both interest and principal payments. In effect, these payments are a "pass-through" of the monthly payments made by the individual borrowers on their mortgage loans, net of any fees paid to the issuer or guarantor of such securities. Additional payments are caused by prepayments of principal resulting from the sale, refinancing or foreclosure of the underlying property, net of fees or costs which may be incurred. Some mortgage pass-through securities (such as securities issued by the GNMA) are described as "modified pass-through." These securities entitle the holder to receive all interests and principal payments owed on the mortgages in the mortgage pool, net of certain fees, at the scheduled payment dates regardless of whether the mortgagor actually makes the payment.

The principal governmental guarantor of mortgage pass-through securities is GNMA. GNMA is a wholly owned U.S. Government corporation within the Department of Housing and Urban Development. GNMA is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA (such as savings and loan institutions, commercial banks and mortgage bankers) and backed by pools of FHA-insured or VA-guaranteed mortgages. These guarantees, however, do not apply to the market value or yield of mortgage pass-through securities. GNMA securities are often purchased at a premium over the maturity value of the underlying mortgages. This premium is not guaranteed and will be lost if prepayment occurs.

Government-related guarantors (I.E., whose guarantees are not backed by the full faith and credit of the U.S. Government) include FNMA and FHLMC. FNMA is a government-sponsored corporation owned entirely by private stockholders. It is subject to general regulation by the Secretary of Housing and Urban Development. FNMA purchases conventional residential mortgages (I.E., mortgages not insured or guaranteed by any governmental agency) from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks, credit unions and mortgage

bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment by FNMA of principal and interest.

FHLMC is also a government-sponsored corporation owned by private stockholders. FHLMC issues Participation Certificates ("PCs") which represent interests in conventional mortgages (I.E., not federally insured or guaranteed) for FHLMC's national portfolio. FHLMC guarantees timely payment of interest and ultimate collection of principal regardless of the status of the underlying mortgage loans.

Commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers also create pass-through pools of mortgage loans. Such issuers may also be the originators and/or servicers of the underlying mortgage-related securities. Pools created by such non-governmental issuers generally offer a higher rate of interest than government and government-related pools because there are no direct or indirect government or agency guarantees of payments in the former pools. However, timely payment of interest and principal of mortgage loans in these pools may be supported by various forms of insurance or guarantees, including individual loan, title, pool and hazard insurance and letters of credit. The insurance and guarantees are issued by governmental entities, private insurers and the mortgage poolers. There can be no assurance that the private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. A Series may also buy mortgage-related securities without insurance or guarantees.

INDEXED SECURITIES: Each of the Total Return Series, High Income Series, the Bond Series and the Utilities Series may purchase securities whose prices are indexed to the prices of other securities, securities indices, currencies, precious metals or other commodities, or other financial indicators. Indexed securities may include securities that have embedded swap agreements (see "Swaps and Related Transactions"), typically, but not always, are debt securities or deposits whose value at maturity or coupon rate

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is determined by reference to a specific instrument or statistic. Gold-indexed securities, for example, typically provide for a maturity value that depends on the price of gold, resulting in a security whose price tends to rise and fall together with gold prices. Currency-indexed securities typically are short-term to intermediate-term debt securities whose maturity values or interest rates are determined by reference to the values of one or more specified foreign currencies, and may offer higher yields than U.S. dollar-denominated securities of equivalent issuers. Currency-indexed securities may be positively or negatively indexed; that is, their maturity value may increase when the specified currency value increases, resulting in a security that performs similarly to a foreign-denominated instrument, or their maturity value may decline when foreign currencies increase, resulting in a security whose price characteristics are similar to a put on the underlying currency. Currency-indexed securities may also have prices that depend on the values of a number of different foreign currencies relative to each other.

The performance of indexed securities depends to a great extent on the performance of the security, currency, or other instrument to which they are indexed, and may also be influenced by interest rate changes in the U.S. and abroad. At the same time, indexed securities are subject to the credit risks associated with the issuer of the security, and their values may decline substantially if the issuer's creditworthiness deteriorates. Recent issuers of indexed securities have included banks, corporations, and certain U.S. government agencies.

SWAPS AND RELATED TRANSACTIONS: Each of the High Income Series, the World Governments Series, the Strategic Fixed Income Series, the Bond Series and the Limited Maturity Series may enter into interest rate swaps, currency swaps and other types of available swap agreements, such as caps, collars and floors.

Swap agreements may be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Series' exposure to long or short-term interest rates (in the U.S. or abroad), foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as securities prices or inflation rates. Swap agreements can take many different forms and are known by a variety of names. A Series is not limited to any particular form or variety of swap agreement if MFS determines it is consistent with the Series' investment objective and policies.

Each of the High Income Series, the World Governments Series, the Strategic Fixed Income Series, the Bond Series and the Limited Maturity Series will maintain cash or appropriate liquid assets with its custodian to cover its current obligations under swap transactions. If a Series enters into a swap agreement on a net basis (I.E., the two payment streams are netted out, with the Series receiving or paying, as the case may be, only the net amount of the two payments), the Series will maintain cash or liquid assets with its Custodian with a daily value at least equal to the excess, if any, of the Series' accrued obligations under the swap agreement over the accrued amount the Series is

entitled to receive under the agreement. If a Series enters into a swap agreement on other than a net basis, it will maintain cash or liquid assets with a value equal to the full amount of the Series' accrued obligations under the agreement.

The most significant factor in the performance of swaps, caps, floors and collars is the change in the specific interest rate, currency or other factor that determines the amount of payments to be made under the arrangement. If the Adviser is incorrect in its forecasts of such factors, the investment performance of a Series would be less than what it would have been if these investment techniques had not been used. If a swap agreement calls for payments by a Series, the Series must be prepared to make such payments when due. In addition, if the counterparty's creditworthiness declined, the value of the swap agreement would be likely to decline, potentially resulting in losses.

If the counterparty defaults, a Series' risk of loss consists of the net amount of payments that the Series is contractually entitled to receive. Each Series anticipates that it will be able to eliminate or reduce its exposure under these arrangements by assignment or other disposition or by entering into an offsetting agreement with the same or another counterparty.

OPTIONS ON SECURITIES: Each of the Emerging Growth Series, the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series and the High Income Series may write (sell) covered put and call options, and purchase put and call options, on securities. Call and put options written by a Series may be covered in the manner set forth below.

A call option written by a Series is "covered" if the Series owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or for additional cash consideration held in a segregated account by its custodian) upon conversion or exchange of other securities held in its portfolio. A call option is also covered if a Series holds a call on the same security and in the same principal amount as the call written where the exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by the Series in cash, short-term money market instruments or high quality debt securities in a segregated account with its custodian. A put option written by a Series is "covered" if the Series maintains cash, short-term money market instruments or high-quality debt securities with a value equal to the exercise price in a segregated account with its custodian, or else holds a put on the same security and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written or where the exercise price of the put held is less than the exercise price of the put written if the difference is maintained by the Series in cash, short-term money market instruments or high-quality debt securities in a segregated account with its custodian. Put and call options written by a Series may also be covered in such other manner as may be in accordance with the requirements of the exchange on which, or the counter party with which, the option is traded, and applicable laws and regulations. If the writer's obligation is not so covered, it is subject to the risk of the full change in value of the underlying security from the time the option is written until exercise.

Effecting a closing transaction in the case of a written call option will permit a Series to write another call option on the underlying security with either a different exercise price or expiration date or

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both, or in the case of a written put option will permit the Series to write another put option to the extent that the exercise price thereof is secured by deposited cash, short-term money market instruments or high-quality debt securities. Such transactions permit a Series to generate additional premium income, which will partially offset declines in the value of portfolio securities or increases in the cost of securities to be acquired. Also, effecting a closing transaction will permit the cash or proceeds from the concurrent sale of any securities subject to the option to be used for other investments of a Series, provided that another option on such security is not written. If a Series desires to sell a particular security from its portfolio on which it has written a call option, it will effect a closing transaction in connection with the option prior to or concurrent with the sale of the security.

A Series will realize a profit from a closing transaction if the premium paid in connection with the closing of an option written by the Series is less than the premium received from writing the option, or if the premium received in connection with the closing of an option purchased by a Series is more than the premium paid for the original purchase. Conversely, a Series will suffer a loss if the premium paid or received in connection with a closing transaction is more or less, respectively, than the premium received or paid in establishing the option position. Because increases in the market price of a call option will generally reflect increases in the market price of the underlying security, any loss resulting from the repurchase of a call option previously written by a Series is likely to be offset in whole or in part by appreciation of the

underlying security owned by the Series.

The Series may write options in connection with buy-and-write transactions; that is, a Series may purchase a security and then write a call option against that security. The exercise price of the call a Series determines to write will depend upon the expected price movement of the underlying security. The exercise price of a call option may be below ("in-the-money"), equal to ("at-the-money") or above ("out-of-the-money") the current value of the underlying security at the time the option is written. Buy-and-write transactions using in-the-money call options may be used when it is expected that the price of the underlying security will decline moderately during the option period. Buy-and-write transactions using out-of-the-money call options may be used when it is expected that the premiums received from writing the call option plus the appreciation in the market price of the underlying security up to the exercise price will be greater than the appreciation in the price of the underlying security alone. If the call options are exercised in such transactions, a Series' maximum gain will be the premium received by it for writing the option, adjusted upwards or downwards by the difference between the Series' purchase price of the security and the exercise price, less related transaction costs. If the options are not exercised and the price of the underlying security declines, the amount of such decline will be offset in part, or entirely, by the premium received.

The writing of covered put options is similar in terms of risk/return characteristics to buy-and-write transactions. If the market price of the underlying security rises or otherwise is above the exercise price, the put option will expire worthless and a Series' gain will be limited to the premium received, less related transaction costs. If the market price of the underlying security declines or otherwise is below the exercise price, a Series may elect to close the position or retain the option until it is exercised, at which time the Series will be required to take delivery of the security at the exercise price; a Series' return will be the premium received from the put option minus the amount by which the market price of the security is below the exercise price, which could result in a loss. Out-of-the-money, at-the-money and in-the-money put options may be used by a Series in the same market environments that call options are used in equivalent buy-and-write transactions.

A Series may also write combinations of put and call options on the same security, known as "straddles," with the same exercise price and expiration date. By writing a straddle, a Series undertakes a simultaneous obligation to sell and purchase the same security in the event that one of the options is exercised. If the price of the security subsequently rises sufficiently above the exercise price to cover the amount of the premium and transaction costs, the call will likely be exercised and the Series will be required to sell the underlying security at a below market price. This loss may be offset, however, in whole or part, by the premiums received on the writing of the two options. Conversely, if the price of the security declines by a sufficient amount, the put will likely be exercised. The writing of straddles will likely be effective, therefore, only where the price of the security remains stable and neither the call nor the put is exercised. In those instances where one of the options is exercised, the loss on the purchase or sale of the underlying security may exceed the amount of the premiums received.

By writing a call option, a Series limits its opportunity to profit from any increase in the market value of the underlying security above the exercise price of the option. By writing a put option, a Series assumes the risk that it may be required to purchase the underlying security for an exercise price above its then current market value, resulting in a capital loss unless the security subsequently appreciates in value. The writing of options on securities will not be undertaken by a Series solely for hedging purposes, and could involve certain risks which are not present in the case of hedging transactions. Moreover, even where options are written for hedging purposes, such transactions constitute only a partial hedge against declines in the value of portfolio securities or against increases in the value of securities to be acquired, up to the amount of the premium.

A Series may purchase options for hedging purposes or to increase its return. Put options may be purchased to hedge against a decline in the value of portfolio securities. If such decline occurs, the put options will permit a Series to sell the securities at the exercise price, or to close out the options at a profit. By using put options in this way, a Series will reduce any profit it might otherwise have realized in the underlying security by the amount of the premium paid for the put option and by transaction costs.

A Series may purchase call options to hedge against an increase in the price of securities that the Series anticipates purchasing in the future. If such increase occurs, the call option will permit the Series to purchase the securities at the exercise price, or to close out the options at a profit. The premium paid for the call option plus any transaction costs will reduce the benefit, if any, realized by a Series

upon exercise of the option, and, unless the price of the underlying security rises sufficiently, the option may expire worthless to the Series.

In certain instances, the Emerging Growth Series and the Strategic Fixed Income Series may enter into options on U.S. Treasury securities which provide for periodic adjustment of the strike price and may also provide for the periodic adjustment of the premium during the term of each such option. Like other types of options, these transactions, which may be referred to as "reset" options or "adjustable strike options," grant the purchaser the right to purchase (in the case of a "call") or sell (in the case of a "put"), a specified type and series of U.S. Treasury security at any time up to a stated expiration date (or, in certain instances, on such date). In contrast to other types of options, however, the price at which the underlying security may be purchased or sold under a "reset" option is determined at various intervals during the term of the option, and such price fluctuates from interval to interval based on changes in the market value of the underlying security. As a result, the strike price of a "reset" option, at the time of exercise, may be less advantageous to the Emerging Growth Series than if the strike price had been fixed at the initiation of the option. In addition, the premium paid for the purchase of the option may be determined at the termination, rather than the initiation, of the option. If the premium is paid at termination, the Series assumes the risk that (i) the premium may be less than the premium which would otherwise have been received at the initiation of the option because of such factors as the volatility in yield of the underlying Treasury security over the term of the option and adjustments made to the strike price of the option, and (ii) the option purchaser may default on its obligation to pay the premium at the termination of the option.

OPTIONS ON STOCK INDICES: Each of the Emerging Growth Series, the Growth Series, the Total Return Series, the Growth With Income Series and the Utilities Series may write (sell) covered call and put options and purchase call and put options on stock indices. In contrast to an option on a security, an option on a stock index provides the holder with the right but not the obligation to make or receive a cash settlement upon exercise of the option, rather than the right to purchase or sell a security. The amount of this settlement is equal to (i) the amount, if any, by which the fixed exercise price of the option exceeds (in the case of a call) or is below (in the case of a put) the closing value of the underlying index on the date of exercise, multiplied by (ii) a fixed "index multiplier."

A Series may cover call options on stock indices by owning securities whose price changes, in the opinion of the Adviser, are expected to be similar to those of the underlying index, or by having an absolute and immediate right to acquire such securities without additional cash consideration (or for additional cash consideration held in a segregated account by its custodian) upon conversion or exchange of other securities in its portfolio. Where a Series covers a call option on a stock index through ownership of securities, such securities may not match the composition of the index and, in that event, the Series will not be fully covered and could be subject to risk of loss in the event of adverse changes in the value of the index. A Series may also cover call options on stock indices by holding a call on the same index and in the same principal amount as the call written where the exercise price of the call held (a) is equal to or less than the exercise price of the call written or (b) is greater than the exercise price of the call written if the difference is maintained by the Series in cash, short-term money market instruments or high-quality debt securities in a segregated account with its custodian. A Series may cover put options on stock indices by maintaining cash, short-term money market instruments or high-quality debt securities with a value equal to the exercise price in a segregated account with its custodian, or by holding a put on the same stock index and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written or where the exercise price of the put held is less than the exercise price of the put written if the difference is maintained by the Series in cash, short-term money market instruments or high-quality debt securities in a segregated account with its custodian. Put and call options on stock indices may also be covered in such other manner as may be in accordance with the rules of the exchange on which, or the counterparty with which, the option is traded and applicable laws and regulations.

A Series will receive a premium from writing a put or call option, which increases the Series' gross income in the event the option expires unexercised or is closed out at a profit. If the value of an index on which a Series has written a call option falls or remains the same, the Series will realize a profit in the form of the premium received (less transaction costs) that could offset all or a portion of any decline in the value of the securities it owns. If the value of the index rises, however, a Series will realize a loss in its call option position, which will reduce the benefit of any unrealized appreciation in the Series' stock investments. By writing a put option, a Series assumes the risk of a decline in the index. To the extent that the price changes of securities owned by a Series correlate with changes in the value of the index, writing covered put options on indices will increase a Series' losses in the event of a market decline, although such losses will be offset in part by the premium received for writing the option.

A Series may also purchase put options on stock indices to hedge its investments against a decline in value. By purchasing a put option on a stock index, a Series will seek to offset a decline in the value of securities it owns through appreciation of the put option. If the value of a Series' investments does not

decline as anticipated, or if the value of the option does not increase, the Series' loss will be limited to the premium paid for the option plus related transaction costs. The success of this strategy will largely depend on the accuracy of the correlation between the changes in value of the index and the changes in value of the Series' security holdings.

The purchase of call options on stock indices may be used by a Series to attempt to reduce the risk of missing a broad market advance, or an advance in an industry or market segment, at a time when the Series holds uninvested cash or short-term debt securities awaiting investment. When purchasing call options for this purpose, a Series will also bear the risk of losing all or a portion of the premium paid if the value of the index does not rise. The purchase of call options on stock indices when a Series is substantially fully invested is a form of leverage, up to the amount of the premium and related transaction costs, and involves risks of loss and of increased volatility similar to those involved in purchasing calls on securities the Fund owns.

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The index underlying a stock index option may be a "broad-based" index, such as the Standard & Poor's 500 Index or the New York Stock Exchange Composite Index, the changes in value of which ordinarily will reflect movements in the stock market in general. In contrast, certain options may be based on narrower market indices, such as the Standard & Poor's 100 Index, or on indices of securities of particular industry groups, such as those of oil and gas or technology companies. A stock index assigns relative values to the stocks included in the index and the index fluctuates with changes in the market values of the stocks so included. The composition of the index is changed periodically.

YIELD CURVE OPTIONS: Each of the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series and the High Income Series may also enter into options on the "spread," or yield differential, between two fixed income securities, in transactions referred to as "yield curve" options. In contrast to other types of options, a yield curve option is based on the difference between the yields of designated securities, rather than the prices of the individual securities, and is settled through cash payments. Accordingly, a yield curve option is profitable to the holder if this differential widens (in the case of a call) or narrows (in the case of a put), regardless of whether the yields of the underlying securities increase or decrease.

Yield curve options may be used for the same purposes as other options on securities. Specially, a Series may purchase or write such options for hedging purposes. For example, a Series may purchase a call option on the yield spread between two securities, if it owns one of the securities and anticipates purchasing the other security and wants to hedge against an adverse change in the yield spread between the two securities. A Series may also purchase or write yield curve options for other than hedging purposes (I.E., in an effort to increase its current income) if, in the judgment of the Adviser, the Series will be able to profit from movements in the spread between the yields of the underlying securities. The trading of yield curve options is subject to all of the risks associated with the trading of other types of options. In addition, however, such options present risk of loss even if the yield of one of the underlying securities remains constant, if the spread moves in a direction or to an extent which was not anticipated. Yield curve options written by a Series will be "covered". A call (or put) option is covered if the Series holds another call (or put) option on the spread between the same two securities and maintains in a segregated account with its custodian cash or cash equivalents sufficient to cover the Series' net liability under the two options. Therefore, a Series' liability for such a covered option is generally limited to the difference between the amount of the Series' liability under the option written by the Series less the value of the option held by the Series. Yield curve options may also be covered in such other manner as may be in accordance with the requirements of the counterparty with which the option is traded and applicable laws and regulations. Yield curve options are traded over-the-counter and because they have been only recently introduced, established trading markets for these securities have not yet developed.

The staff of the SEC has taken the position that purchased over-the-counter options and assets used to cover written over-the-counter options are illiquid and, therefore, together with other illiquid securities, cannot exceed a certain percentage of a Series' assets (the "SEC illiquidity ceiling"). Although the Adviser disagrees with this position, the Adviser intends to limit each Series' writing of over-the-counter options in accordance with the following procedure. Except as provided below, a Series intends to write over-the-counter options only with primary U.S. Government securities dealers recognized by the Federal Reserve Bank of New York. Also, the contracts which a Series has in place with such primary dealers will provide that the Series has the absolute right to repurchase an option it writes at any time at a price which represents the fair market value, as determined in good faith through negotiation between the parties, but which in no event will exceed a price determined pursuant to a formula in the contract. Although the specific formula may vary between contracts with different primary dealers, the formula will generally be based on a multiple of the premium received by a Series for writing the option, plus the

amount, if any, of the option's intrinsic value (I.E., the amount that the option is in-the-money). The formula may also include a factor to account for the difference between the price of the security and the strike price of the option if the option is written out-of-the-money. A Series will treat all or a part of the formula price as illiquid for purposes of the SEC illiquidity ceiling. A Series may also write over-the-counter options with non-primary dealers, including foreign dealers, and will treat the assets used to cover these options as illiquid for purposes of such SEC illiquidity ceiling.

FUTURES CONTRACTS: Each of the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Limited Maturity Series, the High Income Series and the Utilities Series may purchase and sell futures contracts ("Futures Contracts") on foreign or domestic fixed income securities or indices of such securities. Each of the Emerging Growth Series, the Growth Series, the Total Return Series and the Growth With Income Series may purchase and sell Futures Contracts on stock indexes, while the Emerging Growth Series, the Growth Series, the Total Return Series, the World Governments Series, the Growth With Income Series, the Strategic Fixed Income Series and the Utilities Series may purchase and sell Futures Contracts on foreign currencies or indices of foreign currencies. Such investment strategies will be used for hedging purposes and for non-hedging purposes, subject to applicable law.

A Futures Contract is a bilateral agreement providing for the purchase and sale of a specified type and amount of a financial instrument or foreign currency, or for the making and acceptance of a cash settlement, at a stated time in the future for a fixed price. By its terms, a Futures Contract provides for a specified settlement date on which, in the case of the majority of interest rate and foreign currency futures contracts, the fixed income securities or currency are delivered by the seller and paid for by the purchaser, or on which, in the case of stock index futures contracts and certain interest rate and foreign currency futures contracts, the difference between the price at which the contract was entered into and the contract's closing value is settled between the purchaser and seller in cash. Futures Contracts differ from options in that they are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. Futures Contracts call for settlement only on the expiration date and cannot be "exercised" at any other time during their term.

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The purchase or sale of a Futures Contract differs from the purchase or sale of a security or the purchase of an option in that no purchase price is paid or received. Instead, an amount of cash or cash equivalents, which varies but may be as low as 5% or less of the value of the contract, must be deposited with the broker as "initial margin." Subsequent payments to and from the broker, referred to as "variation margin," are made on a daily basis as the value of the index or instrument underlying the Futures Contract fluctuates, making positions in the Futures Contract more or less valuable - a process known as "mark-to-market."

Purchases or sales of stock index futures contracts are used to attempt to protect a Series' current or intended stock investments from broad fluctuations in stock prices. For example, a Series may sell stock index futures contracts in anticipation of or during a market decline to attempt to offset the decrease in market value of the Series' securities portfolio that might otherwise result. If such decline occurs, the loss in value of portfolio securities may be offset, in whole or part, by gains on the futures position. When a Series is not fully invested in the securities market and anticipates a significant market advance, it may purchase stock index futures contracts in order to gain rapid market exposure that may, in part or entirely, offset increases in the cost of securities that the Series intends to purchase. As such purchases are made, the corresponding positions in stock index futures contracts will be closed out. In a substantial majority of these transactions, the Series will purchase such securities upon termination of the futures position, but under unusual market conditions, a long futures position may be terminated without a related purchase of securities.

Interest rate Futures Contracts may be purchased or sold to attempt to protect against the effects of interest rate changes on a Series' current or intended investments in fixed income securities. For example, if a Series owned long-term bonds and interest rates were expected to increase, that Series might enter into interest rate futures contracts for the sale of debt securities. Such a sale would have much the same effect as selling some of the long-term bonds in that Series' portfolio. If interest rates did increase, the value of the debt securities in the portfolio would decline, but the value of that Series' interest rate futures contracts would increase at approximately the same rate, thereby keeping the net asset value of that Series from declining as much as it otherwise would have.

Similarly, if interest rates were expected to decline, interest rate futures contracts may be purchased to hedge in anticipation of subsequent purchases of long-term bonds at higher prices. Since the fluctuations in the value of the interest rate futures contracts should be similar to that of long-term bonds, a Series could protect itself against the effects of the anticipated rise in the value of long-term bonds without actually buying them until the necessary cash became available or the market had stabilized. At that time, the interest rate

futures contracts could be liquidated and that Series' cash reserves could then be used to buy long-term bonds on the cash market. A Series could accomplish similar results by selling bonds with long maturities and investing in bonds with short maturities when interest rates are expected to increase. However, since the futures market is more liquid than the cash market, the use of interest rate futures contracts as a hedging technique allows a Series to hedge its interest rate risk without having to sell its portfolio securities.

As noted in the Prospectus, a Series may purchase and sell foreign currency futures contracts for hedging purposes, to attempt to protect its current or intended investments from fluctuations in currency exchange rates. Such fluctuations could reduce the dollar value of portfolio securities denominated in foreign currencies, or increase the cost of foreign-denominated securities to be acquired, even if the value of such securities in the currencies in which they are denominated remains constant. A Series may sell futures contracts on a foreign currency, for example, where it holds securities denominated in such currency and it anticipates a decline in the value of such currency relative to the dollar. In the event such decline occurs, the resulting adverse effect on the value of foreign-denominated securities may be offset, in whole or in part, by gains on the futures contracts.

Conversely, a Series could protect against a rise in the dollar cost of foreign-denominated securities to be acquired by purchasing futures contracts on the relevant currency, which could offset, in whole or in part, the increased cost of such securities resulting from a rise in the dollar value of the underlying currencies. Where a Series purchases futures contracts under such circumstances, however, and the prices of securities to be acquired instead decline, the Series will sustain losses on its futures position which could reduce or eliminate the benefits of the reduced cost of portfolio securities to be acquired.

OPTIONS ON FUTURES CONTRACTS: Each Series that may buy or sell Futures Contracts (see "Futures Contracts" above) also may purchase and write options to buy or sell those Futures Contracts in which it may invest ("Options on Futures Contracts"). Such investment strategies will be used for hedging purposes and for non-hedging purposes, subject to applicable law.

An Option on a Futures Contract provides the holder with the right to enter into a "long" position in the underlying Futures Contract, in the case of a call option, or a "short" position in the underlying Futures Contract, in the case of a put option, at a fixed exercise price up to a stated expiration date or, in the case of certain options, on such date. Upon exercise of the option by the holder, the contract market clearinghouse establishes a corresponding short position for the writer of the option, in the case of a call option, or a corresponding long position in the case of a put option. In the event that an option is exercised, the parties will be subject to all the risks associated with the trading of Futures Contracts, such as payment of initial and variation margin deposits. In addition, the writer of an Option on a Futures Contract, unlike the holder, is subject to initial and variation margin requirements on the option position.

A position in an Option on a Futures Contract may be terminated by the purchaser or seller prior to expiration by effecting a closing purchase or sale transaction, subject to the availability of a liquid secondary market, which is the purchase or sale of an option of the same series (I.E., the same exercise price and expiration date) as the option previously purchased or sold. The difference between the premiums paid and received represents the trader's profit or loss on the transaction.

Options on Futures Contracts that are written or purchased by a Series on U.S. exchanges are traded on the same contract market as the underlying Futures Contract, and, like Futures Contracts, are

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subject to regulation by the Commodities Futures Trading Commission (the "CFTC") and the performance guarantee of the exchange clearinghouse. In addition, Options on Futures Contracts may be traded on foreign exchanges.

A Series may cover the writing of call Options on Futures Contracts (a) through purchases of the underlying Futures Contract, (b) through ownership of the instrument, or instruments included in the index, underlying the Futures Contract, or (c) through the holding of a call on the same Futures Contract and in the same principal amount as the call written where the exercise price of the call held (i) is equal to or less than the exercise price of the call written or (ii) is greater than the exercise price of the call written if the difference is maintained by the Series in cash or securities in a segregated account with its custodian. A Series may cover the writing of put Options on Futures Contracts (a) through sales of the underlying Futures Contract, (b) through segregation of cash, short-term money market instruments or high quality debt securities in an amount equal to the value of the security or index underlying the Futures Contract, or (c) through the holding of a put on the same Futures Contract and in the same principal amount as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written or where the exercise price of the put held is less than the exercise price of the

put written if the difference is maintained by the Series in cash, short-term money market instruments or high quality debt securities in a segregated account with its custodian. Put and call Options on Futures Contracts may also be covered in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations. Upon the exercise of a call Option on a Futures Contract written by a Series, the Series will be required to sell the underlying Futures Contract which, if the Series has covered its obligation through the purchase of such Contract, will serve to liquidate its futures position. Similarly, where a put Option on a Futures Contract written by a Series is exercised, the Series will be required to purchase the underlying Futures Contract which, if the Series has covered its obligation through the sale of such Contract, will close out its futures position.

The writing of a call option on a Futures Contract for hedging purposes constitutes a partial hedge against declining prices of the securities or other instruments required to be delivered under the terms of the Futures Contract. If the futures price at expiration of the option is below the exercise price, a Series will retain the full amount of the option premium, less related transaction costs, which provides a partial hedge against any decline that may have occurred in the Series' portfolio holdings. The writing of a put option on a Futures Contract constitutes a partial hedge against increasing prices of the securities or other instruments required to be delivered under the terms of the Futures Contract. If the futures price at expiration of the option is higher than the exercise price, a Series will retain the full amount of the option premium which provides a partial hedge against any increase in the price of securities which the Series intends to purchase. If a put or call option a Series has written is exercised, the Series will incur a loss which will be reduced by the amount of the premium it receives. Depending on the degree of correlation between changes in the value of its portfolio securities and the changes in the value of its futures positions, a Series' losses from existing Options on Futures Contracts may to some extent be reduced or increased by changes in the value of portfolio securities.

The Series may purchase Options on Futures Contracts for hedging purposes instead of purchasing or selling the underlying Futures Contracts. For example, where a decrease in the value of portfolio securities is anticipated as a result of a projected market-wide decline or changes in interest or exchange rates, a Series could, in lieu of selling Futures Contracts, purchase put options thereon. In the event that such decrease occurs, it may be offset, in whole or in part, by a profit on the option. Conversely, where it is projected that the value of securities to be acquired by a Series will increase prior to acquisition, due to a market advance or changes in interest or exchange rates, a Series could purchase call Options on Futures Contracts, rather than purchasing the underlying Futures Contracts.

FORWARD CONTRACTS ON FOREIGN CURRENCY: Each of the Emerging Growth Series, the Growth Series, the Research Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series, the High Income Series and the Utilities Series may enter into forward foreign currency exchange contracts for hedging and non-hedging purposes (collectively, "Forward Contracts"). Forward Contracts may be used for hedging to attempt to minimize the risk to the Fund from adverse changes in the relationship between the U.S. dollar and foreign currencies. The Series intend to enter into Forward Contracts for hedging purposes similar to those described above in connection with foreign currency futures contracts. In particular, a Forward Contract to sell a currency may be entered into in lieu of the sale of a foreign currency futures contract where a Series seeks to protect against an anticipated increase in the exchange rate for a specific currency which could reduce the dollar value of portfolio securities denominated in such currency. Conversely, a Series may enter into a Forward Contract to purchase a given currency to protect against a projected increase in the dollar value of securities denominated in such currency which the Series intends to acquire. A Series also may enter into a Forward Contract in order to assure itself of a predetermined exchange rate in connection with a fixed income security denominated in a foreign currency. In addition, the Series may enter into Forward Contracts for "cross hedging" purposes (E.G., the purchase or sale of a Forward Contract on one type of currency, as a hedge against adverse fluctuations in the value of a second type of currency).

If a hedging transaction in Forward Contracts is successful, the decline in the value of portfolio securities or other assets or the increase in the cost of securities or other assets to be acquired may be offset, at least in part, by profits on the Forward Contract. Nevertheless, by entering into such Forward Contracts, a Series may be required to forego all or a portion of the benefits which otherwise could have been obtained from favorable movements in exchange rates or natural resources prices. The Series do not intend, in most instances, to hold Forward Contracts entered into until maturity, at which time they would be required to deliver or accept delivery of the underlying currency, but will usually seek to close out positions in such contracts by entering into offsetting transactions, which will serve to fix a Series' profit or loss based upon the value of the contracts at the time the offsetting transaction is executed.

The Series may also enter into transactions in Forward Contracts for other than hedging purposes, which presents greater profit potential but also involves increased risk. For example, a Series may purchase a given foreign currency through a Forward Contract if, in the judgment of the Adviser, the value of such currency is expected to rise relative to the U.S. dollar. Conversely, the Series may sell the currency through a Forward Contract if the Adviser believes that its value will decline relative to the dollar.

A Series entering into such transactions will profit if the anticipated movements in foreign currency exchange rates occurs, which will increase its gross income. Where exchange rates do not move in the direction or to the extent anticipated, however, the Series may sustain losses, which will reduce its gross income. Such transactions, therefore, could be considered speculative and could involve significant risk of loss.

Each Series has established procedures consistent with statements by the SEC and its staff regarding the use of Forward Contracts by registered investment companies, which require the use of segregated assets or "cover" in connection with the purchase and sale of such contracts. In those instances in which the Series satisfies this requirement through segregation of assets, it will maintain, in a segregated account, cash, cash equivalents or high-quality debt securities, which will be marked to market on a daily basis, in an amount equal to the value of its commitments under Forward Contracts. While these contracts are not presently regulated by the CFTC, the CFTC may in the future assert authority to regulate Forward Contracts. In such event, the Series' ability to utilize Forward Contracts in the manner set forth above may be restricted.

OPTIONS ON FOREIGN CURRENCIES: Each of the Emerging Growth Series, the Growth Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the World Governments Series, the Growth With Income Series, the High Income Series and the Utilities Series may purchase and write options on foreign currencies for hedging purposes in a manner similar to that in which futures contracts on foreign currencies, or Forward Contracts, will be utilized. For example, a decline in the dollar value of a foreign currency in which portfolio securities are denominated will reduce the dollar value of such securities, even if their value in the foreign currency remains constant. In order to protect against such diminutions in the value of portfolio securities, a Series may purchase put options on the foreign currency. If the value of the currency does decline, the Series will have the right to sell such currency for a fixed amount in dollars and will thereby offset, in whole in part, the adverse effect on its portfolio which otherwise would have resulted.

Conversely, where a rise in the dollar value of a currency in which securities to be acquired are denominated is projected, thereby increasing the cost of such securities, the Series may purchase call options thereon. The purchase of such options could offset, at least partially, the effects of the adverse movements in exchange rates. As in the case of other types of options, however, the benefit to a Series deriving from purchases of foreign currency options will be reduced by the amount of the premium and related transaction costs. In addition, where currency exchange rates do not move in the direction or to the extent anticipated, a Series could sustain losses on transactions in foreign currency options which would require it to forego a portion or all of the benefits of advantageous changes in such rates.

A Series may write options on foreign currencies for the same types of hedging purposes. For example, where the Series anticipates a decline in the dollar value of foreign-denominated securities due to adverse fluctuations in exchange rates it could, instead of purchasing a put option, write a call option on the relevant currency. If the expected decline occurs, the option will most likely not be exercised, and the diminution in value of portfolio securities will be offset by the amount of the premium received.

Similarly, instead of purchasing a call option to hedge against an anticipated increase in the dollar cost of securities to be acquired, a Series could write a put option on the relevant currency which, if rates move in the manner projected, will expire unexercised and allow the Series to hedge such increased cost up to the amount of the premium. Foreign currency options written by a Series will generally be covered in a manner similar to the covering of other types of options. As in the case of other types of options, however, the writing of a foreign currency option will constitute only a partial hedge up to the amount of the premium, and only if rates move in the expected direction. If this does not occur, the option may be exercised and a Series would be required to purchase or sell the underlying currency at a loss which may not be offset by the amount of the premium. Through the writing of options on foreign currencies, a Series also may be required to forego all or a portion of the benefits which might otherwise have been obtained from favorable movements in exchange rates.

ADDITIONAL RISK FACTORS:

OPTIONS, FUTURES AND FORWARD TRANSACTIONS

RISK OF IMPERFECT CORRELATION OF HEDGING INSTRUMENTS WITH A SERIES' PORTFOLIO.

The Series' ability effectively to hedge all or a portion of their portfolios

through transactions in options, Futures Contracts, Options on Futures Contracts, Forward Contracts and options on foreign currencies depend on the degree to which price movements in the underlying index or instrument correlate with price movements in the relevant portion of the Series' portfolios. In the case of futures and options based on an index, the portfolio will not duplicate the components of the index, and in the case of futures and options on fixed income securities, the portfolio securities which are being hedged may not be the same type of obligation underlying such contract. The use of Forward Contracts for "cross hedging" purposes may involve greater correlation risks. As a result, the correlation probably will not be exact. Consequently, the Series bear the risk that the price of the portfolio securities being hedged will not move in the same amount or direction as the underlying index or obligation.

For example, if a Series purchases a put option on an index and the index decreases less than the value of the hedged securities, the

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Series would experience a loss which is not completely offset by the put option. It is also possible that there may be a negative correlation between the index or obligation underlying an option or Futures Contract in which the Series has a position and the portfolio securities the Series is attempting to hedge, which could result in a loss on both the portfolio and the hedging instrument. In addition, a Series may enter into transactions in Forward Contracts or options on foreign currencies in order to hedge against exposure arising from the currencies underlying such instruments. In such instances, the Series will be subject to the additional risk of imperfect correlation between changes in the value of the currencies underlying such forwards or options and changes in the value of the currencies being hedged.

It should be noted that stock index futures contracts or options based upon a narrower index of securities, such as those of a particular industry group, may present greater risk than options or futures based on a broad market index. This is due to the fact that a narrower index is more susceptible to rapid and extreme fluctuations as a result of changes in the value of a small number of securities. Nevertheless, where a Series enters into transactions in options, or futures on narrowly-based indexes for hedging purposes, movements in the value of the index should, if the hedge is successful, correlate closely with the portion of the Series' portfolio or the intended acquisitions being hedged.

The trading of Futures Contracts, options and Forward Contracts for hedging purposes entails the additional risk of imperfect correlation between movements in the futures or option price and the price of the underlying index or obligation. The anticipated spread between the prices may be distorted due to the differences in the nature of the markets such as differences in margin requirements, the liquidity of such markets and the participation of speculators in the options, futures and forward markets. In this regard, trading by speculators in options, futures and Forward Contracts has in the past occasionally resulted in market distortions, which may be difficult or impossible to predict, particularly near the expiration of such contracts.

The trading of Options on Futures Contracts also entails the risk that changes in the value of the underlying Futures Contracts will not be fully reflected in the value of the option. The risk of imperfect correlation, however, generally tends to diminish as the maturity date of the Futures Contract or expiration date of the option approaches.

Further, with respect to options on securities, options on stock indexes, options on currencies and Options on Futures Contracts, the Series are subject to the risk of market movements between the time that the option is exercised and the time of performance thereunder. This could increase the extent of any loss suffered by a Series in connection with such transactions.

In writing a covered call option on a security, index or futures contract, a Series also incurs the risk that changes in the value of the instruments used to cover the position will not correlate closely with changes in the value of the option or underlying index or instrument. For example, where a Series covers a call option written on a stock index through segregation of securities, such securities may not match the composition of the index, and the Series may not be fully covered. As a result, the Series could be subject to risk of loss in the event of adverse market movements.

The writing of options on securities, options on stock indexes or Options on Futures Contracts constitutes only a partial hedge against fluctuations in the value of a Series' portfolio. When a Series writes an option, it will receive premium income in return for the holder's purchase of the right to acquire or dispose of the underlying obligation. In the event that the price of such obligation does not rise sufficiently above the exercise price of the option, in the case of a call, or fall below the exercise price, in the case of a put, the option will not be exercised and the Series will retain the amount of the premium, less related transaction costs, which will constitute a partial hedge against any decline that may have occurred in the Series' portfolio holdings or any increase in the cost of the instruments to be acquired.

Where the price of the underlying obligation moves sufficiently in favor of the

holder to warrant exercise of the option, however, and the option is exercised, the Series will incur a loss which may only be partially offset by the amount of the premium it received. Moreover, by writing an option, a Series may be required to forego the benefits which might otherwise have been obtained from an increase in the value of portfolio securities or other assets or a decline in the value of securities or assets to be acquired.

In the event of the occurrence of any of the foregoing adverse market events, a Series' overall return may be lower than if it had not engaged in the hedging transactions.

Those Series that may enter transactions in options (except for Options on Foreign Currencies), Futures Contracts, Options on Futures Contracts and Forward Contracts for hedging purposes may also enter into such transactions for non-hedging purposes. Non-hedging transactions in such investments involve greater risks and may result in losses which may not be offset by increases in the value of portfolio securities or declines in the cost of securities to be acquired. The Series will only write covered options, such that cash or securities necessary to satisfy an option exercise will be segregated at all times, unless the option is covered in such other manner as may be in accordance with the rules of the exchange on which the option is traded and applicable laws and regulations. Nevertheless, the method of covering an option employed by a Series may not fully protect it against risk of loss and, in any event, the Series could suffer losses on the option position which might not be offset by corresponding portfolio gains. Entering into transactions in Futures Contracts, Options on Futures Contracts and Forward Contracts for other than hedging purposes could expose the Series to significant risk of loss if foreign currency exchange rates do not move in the direction or to the extent anticipated.

With respect to the writing of straddles on securities, a Series incurs the risk that the price of the underlying security will not remain stable, that one of the options written will be exercised and that the resulting loss will not be offset by the amount of the premiums received. Such transactions, therefore, create an opportunity for increased return by providing a Series with two simultaneous premiums on the same security, but involve additional risk, since the Series may have an option exercised against it regardless of whether the price of the security increases or decreases.

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RISK OF A POTENTIAL LACK OF A LIQUID SECONDARY MARKET. Prior to exercise or expiration, a futures or option position can only be terminated by entering into a closing purchase or sale transaction. This requires a secondary market for such instruments on the exchange on which the initial transaction was entered into. While the Series will enter into options or futures positions only if there appears to be a liquid secondary market therefor, there can be no assurance that such a market will exist for any particular contracts at any specific time. In that event, it may not be possible to close out a position held by a Series, and the Series could be required to purchase or sell the instrument underlying an option, make or receive a cash settlement or meet ongoing variation margin requirements. Under such circumstances, if the Series has insufficient cash available to meet margin requirements, it will be necessary to liquidate portfolio securities or other assets at a time when it is disadvantageous to do so. The inability to close out options and futures positions, therefore, could have an adverse impact on the Series' ability effectively to hedge their portfolios, and could result in trading losses.

The liquidity of a secondary market in a Futures Contract or option thereon may be adversely affected by "daily price fluctuation limits," established by exchanges, which limit the amount of fluctuation in the price of a contract during a single trading day. Once the daily limit has been reached in the contract, no trades may be entered into at a price beyond the limit, thus preventing the liquidation of open futures or option positions and requiring traders to make additional margin deposits. Prices have in the past moved the daily limit on a number of consecutive trading days.

The trading of Futures Contracts and options is also subject to the risk of trading halts, suspensions, exchange or clearinghouse equipment failures, government intervention, insolvency of a brokerage firm or clearinghouse or other disruptions of normal trading activity, which could at times make it difficult or impossible to liquidate existing positions or to recover excess variation margin payments.

MARGIN. Because of low initial margin deposits made upon the opening of a futures or forward position and the writing of an option, such transactions involve substantial leverage. As a result, relatively small movements in the price of the contract can result in substantial unrealized gains or losses. Where a Series enters into such transactions for hedging purposes, any losses incurred in connection therewith should, if the hedging strategy is successful, be offset, in whole or in part, by increases in the value of securities or other assets held by the Series or decreases in the prices of securities or other assets the Series intends to acquire. Where a Series enters into such transactions for other than hedging purposes, the margin requirements associated with such transactions could expose the Series to greater risk.

TRADING AND POSITION LIMITS. The exchange on which futures and options are traded may impose limitations governing the maximum number of positions on the same side of the market and involving the same underlying instrument which may be held by a single investor, whether acting alone or in concert with others (regardless of whether such contracts are held on the same or different exchanges or held or written in one or more accounts or through one or more brokers). Further, the CFTC and the various contract markets have established limits referred to as "speculative position limits" on the maximum net long or net short position which any person may hold or control in a particular futures or option contract. An exchange may order the liquidation of positions found to be in violation of these limits and it may impose other sanctions or restrictions. The Adviser does not believe that these trading and position limits will have any adverse impact on the strategies for hedging the portfolios of the Series.

RISKS OF OPTIONS ON FUTURES CONTRACTS. The amount of risk a Series assumes when it purchases an Option on a Futures Contract is the premium paid for the option, plus related transaction costs. In order to profit from an option purchased, however, it may be necessary to exercise the option and to liquidate the underlying Futures Contract, subject to the risks of the availability of a liquid offset market described herein. The writer of an Option on a Futures Contract is subject to the risks of commodity futures trading, including the requirement of initial and variation margin payments, as well as the additional risk that movements in the price of the option may not correlate with movements in the price of the underlying security, index, currency or Futures Contract.

RISKS OF TRANSACTIONS RELATED TO FOREIGN CURRENCIES AND TRANSACTIONS NOT CONDUCTED ON U.S. EXCHANGES. Transactions in Forward Contracts on foreign currencies, as well as futures and options on foreign currencies and transactions executed on foreign exchanges, are subject to all of the correlation, liquidity and other risks outlined above. In addition, however, such transactions are subject to the risk of governmental actions affecting trading in or the prices of currencies underlying such contracts, which could restrict or eliminate trading and could have a substantial adverse effect on the value of positions held by a Series. Further, the value of such positions could be adversely affected by a number of other complex political and economic factors applicable to the countries issuing the underlying currencies.

Further, unlike trading in most other types of instruments, there is no systematic reporting of last sale information with respect to the foreign currencies underlying contracts thereon. As a result, the available information on which trading systems will be based may not be as complete as the comparable data on which a Series makes investment and trading decisions in connection with other transactions. Moreover, because the foreign currency market is a global, 24-hour market, events could occur in that market which will not be reflected in the forward, futures or options market until the following day, thereby making it more difficult for the Series to respond to such events in a timely manner.

Settlements of exercises of over-the-counter Forward Contracts or foreign currency options generally must occur within the country issuing the underlying currency, which in turn requires traders to accept or make delivery of such currencies in conformity with any U.S. or foreign restrictions and regulations regarding the maintenance of foreign banking relationships, fees, taxes or other charges.

Unlike transactions entered into by the Series in Futures Contracts and exchange-traded options, options on foreign currencies, Forward Contracts and over-the-counter options on securities are not traded on contract markets regulated by the CFTC or (with the exception of certain foreign currency options) the SEC. To the

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contrary, such instruments are traded through financial institutions acting as market-makers, although foreign currency options are also traded on certain national securities exchanges, such as the Philadelphia Stock Exchange and the Chicago Board Options Exchange, subject to SEC regulation. In an over-the-counter trading environment, many of the protections afforded to exchange participants will not be available. For example, there are no daily price fluctuation limits, and adverse market movements could therefore continue to an unlimited extent over a period of time. Although the purchaser of an option cannot lose more than the amount of the premium plus related transaction costs, this entire amount could be lost. Moreover, the option writer and a trader of Forward Contracts could lose amounts substantially in excess of their initial investments, due to the margin and collateral requirements associated with such positions.

In addition, over-the-counter transactions can only be entered into with a financial institution willing to take the opposite side, as principal, of a Series' position unless the institution acts as broker and is able to find another counterparty willing to enter into the transaction with the Series. Where no such counterparty is available, it will not be possible to enter into a desired transaction. There also may be no liquid secondary market in the trading of over-the-counter contracts, and a Series could be required to retain options purchased or written, or Forward Contracts entered into, until exercise,

expiration or maturity. This in turn could limit the Series' ability to profit from open positions or to reduce losses experienced, and could result in greater losses.

Further, over-the-counter transactions are not subject to the guarantee of an exchange clearinghouse, and a Series will therefore be subject to the risk of default by, or the bankruptcy of, the financial institution serving as its counterparty. One or more of such institutions also may decide to discontinue their role as market-makers in a particular currency or security, thereby restricting the Series' ability to enter into desired hedging transactions. A Series will enter into an over-the-counter transaction only with parties whose creditworthiness has been reviewed and found satisfactory by the Adviser.

Options on securities, options on stock indexes, Futures Contracts, Options on Futures Contracts and options on foreign currencies may be traded on exchanges located in foreign countries. Such transactions may not be conducted in the same manner as those entered into on U.S. exchanges, and may be subject to different margin, exercise, settlement or expiration procedures. As a result, many of the risks of over-the-counter trading may be present in connection with such transactions.

Options on foreign currencies traded on national securities exchanges are within the jurisdiction of the SEC, as are other securities traded on such exchanges. As a result, many of the protections provided to traders on organized exchanges will be available with respect to such transactions. In particular, all foreign currency option positions entered into on a national securities exchange are cleared and guaranteed by the Options Clearing Corporation (the "OCC"), thereby reducing the risk of counterparty default. Further, a liquid secondary market in options traded on a national securities exchange may be more readily available than in the over-the-counter market, potentially permitting a Series to liquidate open positions at a profit prior to exercise or expiration, or to limit losses in the event of adverse market movements.

The purchase and sale of exchange-traded foreign currency options, however, is subject to the risks of the availability of a liquid secondary market described above, as well as the risks regarding adverse market movements, margining of options written, the nature of the foreign currency market, possible intervention by governmental authorities and the effects of other political and economic events. In addition, exchange-traded options on foreign currencies involve certain risks not presented by the over-the-counter market. For example, exercise and settlement of such options must be made exclusively through the OCC, which has established banking relationships in applicable foreign countries for this purpose. As a result, the OCC may, if it determines that foreign governmental restrictions or taxes would prevent the orderly settlement of foreign currency option exercises, or would result in undue burdens on the OCC or its clearing member, impose special procedures on exercise and settlement, such as technical changes in the mechanics of delivery of currency, the fixing of dollar settlement prices or prohibitions on exercise.

POLICIES ON THE USE OF FUTURES AND OPTIONS ON FUTURES CONTRACTS. In order to assure that the Series will not be deemed to be a "commodity pool" for purposes of the Commodity Exchange Act, regulations of the CFTC require that a Series enter into transactions in Futures Contracts and Options on Futures Contracts only (i) for BONA FIDE hedging purposes (as defined in CFTC regulations), or (ii) for non-hedging purposes, provided that the aggregate initial margin and premiums on such non-hedging positions does not exceed 5% of the liquidation value of the Series' assets. In addition, the Series must comply with the requirements of various state securities laws in connection with such transactions.

Each Series has adopted the additional restriction that it will not enter into a Futures Contract if, immediately thereafter, the value of securities and other obligations underlying all such Futures Contracts would exceed 50% of the value of such Series' total assets. Moreover, a Series will not purchase put and call options if as a result more than 5% of its total assets would be invested in such options.

When a Series purchases a Futures Contract, an amount of cash or securities will be deposited in a segregated account with the Series custodian so that the amount so segregated will at all times equal the value of the Futures Contract, thereby insuring that the use of such futures is unleveraged.

RISKS OF INVESTING IN LOWER RATED BONDS

Each of the Emerging Growth Series, the Growth Series, the Growth With Income Series, the Research Series, the Total Return Series, the Bond Series, the Limited Maturity Series, the Strategic Fixed Income Series, the High Income Series and the Utilities Series may invest in fixed income securities rated Baa by Moody's Investors Service, Inc. ("Moody's") or BBB by Standard & Poor's Ratings Group ("S&P") or Fitch Investors Service, Inc. ("Fitch") and comparable unrated securities. These securities, while normally exhibiting adequate protection parameters, have speculative

characteristics and changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than in the case of higher grade fixed income securities.

Each of these Series (except the Limited Maturity Series) may also invest in fixed income securities rated Ba or lower by Moody's or BB or lower by S&P or Fitch and comparable unrated securities (commonly known as "junk bonds") to the extent described in the Prospectus. No minimum rating standard is required by the Series. These securities are considered speculative and, while generally providing greater income than investments in higher rated securities, will involve greater risk of principal and income (including the possibility of default or bankruptcy of the issuers of such securities) and may involve greater volatility of price (especially during periods of economic uncertainty or change) than securities in the higher rating categories and because yields vary over time, no specific level of income can ever be assured. These lower rated high yielding fixed income securities generally tend to reflect economic changes (and the outlook for economic growth), short-term corporate and industry developments and the market's perception of their credit quality (especially during times of adverse publicity) to a greater extent than higher rated securities which react primarily to fluctuations in the general level of interest rates (although these lower rated fixed income securities are also affected by changes in interest rates). In the past, economic downturns or an increase in interest rates have, under certain circumstances, caused a higher incidence of default by the issuers of these securities and may do so in the future, especially in the case of highly leveraged issuers. The prices for these securities may be affected by legislative and regulatory developments. The market for these lower rated fixed income securities may be less liquid than the market for investment grade fixed income securities. Furthermore, the liquidity of these lower rated securities may be affected by the market's perception of their credit quality. Therefore, the Adviser's judgment may at times play a greater role in valuing these securities than in the case of investment grade fixed income securities, and it also may be more difficult during times of certain adverse market conditions to sell these lower rated securities to meet redemption requests or to respond to changes in the market.

While the Adviser may refer to ratings issued by established credit rating agencies, it is not the Series' policy to rely exclusively on ratings issued by these rating agencies, but rather to supplement such ratings with the Adviser's own independent and ongoing review of credit quality. To the extent the Series invests in these lower rated securities, the achievement of its investment objectives may be more dependent on the Adviser's own credit analysis than in the case of a fund investing in higher quality fixed income securities. These lower rated securities may also include zero coupon bonds, deferred interest bonds and PIK bonds.

FOREIGN SECURITIES:

The Limited Maturity Series may invest in dollar-denominated foreign debt securities. The Money Market Series may invest in the securities of foreign issuers and in the securities of foreign branches of U.S. banks, such as negotiable certificates of deposit (Eurodollars). The remaining Series may invest in dollar-denominated and non dollar-denominated foreign securities. As discussed in the Prospectus, investing in foreign securities generally represents a greater degree of risk than investing in domestic securities due to possible exchange rate fluctuations, less publicly available information, more volatile markets, less securities regulation, less favorable tax provisions, war or expropriation. As a result of its investments in foreign securities, a Series may receive interest or dividend payments, or the proceeds of the sale or redemption of such securities, in the foreign currencies in which such securities are denominated. Under certain circumstances, such as where the Adviser believes that the applicable exchange rate is unfavorable at the time the currencies are received or the Adviser anticipates, for any other reason, that the exchange rate will improve, a Series may hold such currencies for an indefinite period of time. While the holding of currencies will permit a Series to take advantage of favorable movements in the applicable exchange rate, such strategy also exposes the Series to risk of loss if exchange rates move in a direction adverse to the Series' position. Such losses could reduce any profits or increase any losses sustained by the Series from the sale or redemption of securities and could reduce the dollar value of interest or dividend payments received.

AMERICAN DEPOSITORY RECEIPTS

Each of the Series except the Limited Maturity Series and the Money Market Series may invest in American Depositary Receipts ("ADRs") which are certificates issued by a U.S. depository (usually a bank) and represent a specified quantity of shares of an underlying non-U.S. stock on deposit with a custodian bank as collateral. ADRs may be sponsored or unsponsored. A sponsored ADR is issued by a depository which has an exclusive relationship with the issuer of the underlying security. An unsponsored ADR may be issued by any number of U.S. depositories. A Series may invest in either type of ADR. Although the U.S. investor holds a substitute receipt of ownership rather than direct stock certificates, the use of the depository receipts in the United States can reduce costs and delays as well as potential currency exchange and other difficulties. A Series may purchase securities in local markets and direct

delivery of these ordinary shares to the local depository of an ADR agent bank in the foreign country. Simultaneously, the ADR agents create a certificate which settles at the Series' custodian in five days. A Series may also execute trades on the U.S. markets using existing ADRs. A foreign issuer of the security underlying an ADR is generally not subject to the same reporting requirements in the United States as a domestic issuer. Accordingly the information available to a U.S. investor will be limited to the information the foreign issuer is required to disclose in its own country and the market value of an ADR may not reflect undisclosed material information concerning the issuer of the underlying security. ADRs may also be subject to exchange rate risks if the underlying foreign securities are denominated in foreign currency.

PORTFOLIO TRADING

The Emerging Growth Series, the Growth Series, the Research Series, the Total Return Series, the Bond Series, the Strategic Fixed Income Series, the Growth With Income Series, the Limited Maturity Series, the High Income Series and the Utilities Series expect to have a portfolio turnover rate of up to %, %, %, %, %, %, %, and % respectively, during

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the current fiscal year. The World Governments Series has a portfolio turnover rate of 62% for the fiscal year ended December 31, 1994.

A Series' limitations, policies and ratings restrictions are adhered to at the time of purchase or utilization of assets; a subsequent change in circumstances will not be considered to result in a violation of policy.

3. INVESTMENT RESTRICTIONS

Each Series has adopted the following restrictions which cannot be changed without the approval of the holders of a majority of the Series' shares (which, as used in this Statement of Additional Information, means the lesser of (i) more than 50% of the outstanding shares of the Trust or a Series, as applicable, or (ii) 67% or more of the outstanding shares of the Trust or a Series, as applicable, present at a meeting if holders of more than 50% of the outstanding shares of the Trust or a Series, as applicable, are represented in person or by proxy). Except for Investment Restriction (1), these investment restrictions and policies are adhered to at the time of purchase or utilization of assets; a subsequent change in circumstances will not be considered to result in a violation of any of the restrictions.

The Trust, on behalf of any Series, may not:

(1)

borrow amounts in excess of 33 1/3% of its assets including amounts borrowed and then only as a temporary measure for extraordinary or emergency purposes;

(2)

underwrite securities issued by other persons except insofar as the Series may technically be deemed an underwriter under the Securities Act of 1933, as amended (the "1933 Act") in selling a portfolio security;

(3)

purchase or sell real estate (including limited partnership interests but excluding securities secured by real estate or interests therein and securities of companies, such as real estate investment trusts, which deal in real estate or interests therein), interests in oil, gas or mineral leases, commodities or commodity contracts (excluding currencies and any type of option, Futures Contracts and Forward Contracts) in the ordinary course of its business. The Series reserves the freedom of action to hold and to sell real estate, mineral leases, commodities or commodity contracts (including currencies and any type of option, Futures Contracts and Forward Contracts) acquired as a result of the ownership of securities;

(4)

issue any senior securities except as permitted by the 1940 Act. For purposes of this restriction, collateral arrangements with respect to any type of swap, option, Forward Contracts and Futures Contracts and collateral arrangements with respect to initial and variation margin are not deemed to be the issuance of a senior security;

make loans to other(5) persons. For these purposes, the purchase of commercial paper, the purchase of a portion or all of an issue of debt securities, the lending of portfolio securities, or the investment of the Series' assets in repurchase agreements, shall not be considered the making of a loan; or

(6)

purchase any securities of an issuer of a particular industry, if as a result, more than 25% of its gross assets would be invested

in securities of issuers whose principal business activities are in the same industry (except (i) there is no limitation with respect to obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities and repurchase agreements collateralized by such obligations, (ii) the High Income Series may invest up to 40% of its gross assets in each of the electric utility and telephone industries, (iii) the Money Market Series may invest up to 75% of its assets in all finance companies as a group, all banks and bank holding companies as a group and all utility companies as a group when in the opinion of management yield differentials and money market conditions suggest and when cash is available for such investment and instruments are available for purchase which fulfill that Series' objective in terms of quality and marketability, (iv) the Strategic Fixed Income Series may invest up to 40% of its assets in each of the electric utility and telephone industries and (v) the Utilities Series will invest at least 25% of its gross assets in the utilities industry).

In addition, each Series has adopted the following nonfundamental policies which may be changed by the vote of the Trust's Board of Trustees without shareholder approval. The Trust, on behalf of any Series, will not:

(1)

invest in illiquid investments, including securities subject to legal or contractual restrictions on resale or for which there is no readily available market (e.g., trading in the security is suspended, or, in the case of unlisted securities, where no market exists) if more than 15% of the Series' assets (taken at market value) (10% of assets in the case of the Money Market Series) would be invested in such securities. Repurchase agreements maturing in more than seven days will be deemed to be illiquid for purposes of the Series' limitation on investment in illiquid securities. Securities that are not registered under the 1933 Act and sold in reliance on Rule 144A thereunder, but are determined to be liquid by the Trust's Board of Trustees (or its delegee), will not be subject to this 15% (10% in the case of the Money Market Series) limitation;

(2)

purchase securities issued by any other investment company in excess of the amount permitted by the 1940 Act, except when such purchase is part of a plan of merger or consolidation;

(3)

purchase any securities or evidences of interest therein on margin, except that the Series may obtain such short-term credit as may be necessary for the clearance of any transaction and except that the Series may make margin deposits in connection with any type of swap, option, Futures Contracts and Forward Contracts;

(4)

sell any security which the Series does not own unless by virtue of its ownership of other securities the Series has at the time of sale a right to obtain securities without payment of further consideration equivalent in kind and amount to the securities sold and provided that if such right is conditional, the sale is made upon the same conditions;

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(5)

pledge, mortgage or hypothecate in excess of 33 1/3% of its gross assets. For purposes of this restriction, collateral arrangements with respect to any type of swap, option, Futures Contracts and Forward Contracts and payments of initial and variation margin in connection therewith, are not considered a pledge of assets;

(6)

purchase or sell any put or call option or any combination thereof, provided that this shall not prevent the purchase, ownership, holding or sale of (i) warrants where the grantor of the warrants is the issuer of the underlying securities or (ii) put or call options or combinations thereof with respect to securities, indices of securities, swaps, foreign currencies and Futures Contracts;

(7)

invest for the purpose of exercising control or management;

(8)

hold obligations issued or guaranteed by any one U.S. Governmental agency or instrumentality, at the end of any calendar quarter (or within 30 days thereafter), to the extent such holdings would cause the Series to fail to comply with the diversification requirements imposed by Section 817(h) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury regulations issued thereunder on segregated asset accounts that fund variable contracts.

4. MANAGEMENT OF THE TRUST

The Board of Trustees of the Trust provides broad supervision over the affairs of each Series. MFS is responsible for the investment management of each Series' assets and the officers of the Trust are responsible for its operations. The Trustees and officers of the Trust are listed below, together with their principal occupations during the past five years. (Their titles may have varied during that period.)

TRUSTEES

A. KEITH BRODKIN*, Chairman
Massachusetts Financial Services Company, Chairman.

NELSON J. DARLING, JR.
Director or Trustee of several corporations or trusts, including: Eastern Enterprises (diversified holding company), Trustee.
Address: 18 Tremont Street, Boston, Massachusetts

WILLIAM R. GUTOW
Private Investor; Real Estate Consultant; Capitol Entertainment (Blockbuster Video Franchise), Senior Vice President (since 1989).
Address: 3102 Maple Avenue, #100, Dallas, Texas

OFFICERS

W. THOMAS LONDON*, Treasurer
Massachusetts Financial Services Company, Senior Vice President and Assistant Treasurer.

STEPHEN E. CAVAN*, Secretary and Clerk
Massachusetts Financial Services Company, Senior Vice President, General Counsel and Assistant Secretary.

JAMES R. BORDEWICK, JR.*, Assistant Secretary
Massachusetts Financial Services Company, Vice President and Associate General Counsel (since September 1990); associated with a major law firm (prior to August 1990).

JAMES O. YOST*, Assistant Treasurer
Massachusetts Financial Services Company.

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*"Interested persons" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of the Adviser, whose address is 500 Boylston Street, Boston, Massachusetts 02116.

Mr. Brodtkin and each officer hold comparable positions with certain affiliates of MFS or with certain other funds of which MFS or a subsidiary is the investment adviser or distributor. Messrs. Brodtkin and Cavan are the Chairman and the Secretary, respectively, of MFD and hold similar positions with certain other MFS affiliates.

As of December 31, 1994, Massachusetts Financial Service Company Inc., 500 Bolyson Street, Boston, Massachusetts 02116-3740 was the approximate owner of 29.99% of the outstanding shares of the World Government Series.

As of December 31, 1994, Century life of America on behalf of Century Variable Annuity Account, 2000 Heritage Way, Waverly, Florida 50677-9208 was the owner of 69.22% of the outstanding shares of the World Governments Series.

As of the date of this Statement of Additional Information, MFS owned all of the outstanding shares of each Series except the World Governments Series.

The Trust pays the compensation of non-interested Trustees (who will receive a fee of \$ per year plus \$ per meeting and committee meeting attended, together with such trustee's out-of-pocket expenses.

Set forth in Exhibit A hereto is certain information concerning the cash compensation paid to non-interested Trustees.

The Declaration of Trust provides that the Trust will indemnify its Trustees and officers against liabilities and expenses incurred in connection with litigation in which they may be involved because of their offices with the Trust, unless, as to liabilities of the Trust or its shareholders, it is finally adjudicated that they engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in their offices, or with respect to any matter, unless it is adjudicated that they did not act in good faith in the reasonable belief that their actions were in the best interest of the Trust. In the case of settlement, such indemnification will not be provided unless it has been determined pursuant to the Declaration of Trust, that such officers or Trustees have not engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of their duties.

INVESTMENT ADVISER

MFS and its predecessor organizations have a history of money management dating

from 1924. MFS is a subsidiary of Sun Life Assurance Company of Canada (U.S.), which in turn is a subsidiary of Sun Life Assurance Company of Canada ("Sun Life").

INVESTMENT ADVISORY AGREEMENT

MFS manages the assets of each Series pursuant to an Investment Advisory Agreement with the Trust on behalf of each Series dated as of April 14, 1994 (the "Advisory Agreement"). MFS provides the Series with overall investment advisory and administrative services, as well as general office facilities. Subject to such policies as the Trustees may determine, MFS makes investment decisions for

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the Series. For these services and facilities, the Adviser receives an annual management fee, computed and paid monthly, as disclosed in the Prospectus under the heading "Management of the Series."

For the Fund's fiscal year ended December 31, 1994, MFS received management fees under the Advisory Agreement of \$7,604. Pursuant to the reimbursement plan discussed in the Expense Summary section of the prospectus for its fiscal year-ended December 31, 1994, MFS reimbursed the World Governments Series \$36,473.

In order to comply with the expense limitations of certain state securities commissions, MFS will reduce its management fee or otherwise reimburse a Series for any expenses, exclusive of interest, taxes and brokerage commissions, incurred by the Series in any fiscal year to the extent such expenses exceed the most restrictive of such state expense limitations. MFS will make appropriate adjustments to such reductions and reimbursements in response to any amendment or rescission of the various state requirements.

MFS pays the compensation of the Trust's officers and of any Trustee who is an officer of MFS. MFS also furnishes at its own expense all necessary administrative services, including office space, equipment, clerical personnel, investment advisory facilities, and all executive and supervisory personnel necessary for managing each Series' investments, effecting its portfolio transactions and, in general, administering its affairs.

The Advisory Agreement with the Trust will remain in effect until August 1, 1995, and will continue in effect thereafter with respect to any Series only if such continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the Series' shares (as defined in "Investment Restrictions") and, in either case, by a majority of the Trustees who are not parties to the Advisory Agreement or interested persons of any such party. The Advisory Agreement terminates automatically if it is assigned and may be terminated with respect to any Series without penalty by vote of a majority of the Series' shares (as defined in "Investment Restrictions") or by either party on not more than 60 days' nor less than 30 days' written notice. The Advisory Agreement with respect to each Series provides that if MFS ceases to serve as the investment adviser to the Series, the Series will change its name so as to delete the term "MFS" and that MFS may render services to others and may permit other fund clients to use the term "MFS" in their names. The Advisory Agreement also provides that neither MFS nor its personnel shall be liable for any error of judgment or mistake of law or for any loss arising out of any investment or for any act or omission in the execution and management of the Series, except for willful misfeasance, bad faith or gross negligence in the performance of its or their duties or by reason of reckless disregard of its or their obligations and duties under the Advisory Agreement.

CUSTODIAN

Investors Bank & Trust Company (the "Custodian") is the custodian of the Trust's assets. The Custodian's responsibilities include safekeeping and controlling each Series' cash and securities, handling the receipt and delivery of securities, determining income and collecting interest and dividends on a Series' investments, maintaining books of original entry for portfolio and fund accounting and other required books and accounts, and calculating the daily net asset value of shares of the Series. The Custodian does not determine the investment policies of the Series or decide which securities the Series will buy or sell. Each Series may, however, invest in securities of the Custodian and may deal with the Custodian as principal in securities transactions. The Custodian has contracted with MFS for MFS to perform certain accounting functions related to certain transactions for which the Adviser receives remuneration on a cost basis. State Street Bank and Trust Company serves as the dividend and distribution disbursing agent of the Series.

SHAREHOLDER SERVICING AGENT

MFS Service Center, Inc. (the "Shareholder Servicing Agent"), a wholly-owned subsidiary of MFS and a registered transfer agent, is each Series' shareholder servicing agent, pursuant to a Shareholder Servicing Agent Agreement with the Trust on behalf of the Series, dated as of April 14, 1994 (the "Agency Agreement"). The Shareholder Servicing Agent's responsibilities under the Agency

Agreement include administering and performing transfer agent functions and the keeping of records in connection with the issuance, transfer and redemption of shares of the Series. For these services, the Shareholder Servicing Agent will receive a fee based on the net assets of each Series, computed and paid monthly. In addition, the Shareholder Servicing Agent will be reimbursed by a Series for certain expenses incurred by the Shareholder Servicing Agent on behalf of the Series. For the fiscal year ended December 31, 1994, the Fund paid the Shareholder Servicing Agent fees of \$992 under the Agency Agreement. State Street Bank and Trust Company, the dividend and distribution disbursing agent for the Series, has contracted with the Shareholder Servicing Agent to administer and perform certain dividend and distribution disbursing functions for the Series.

DISTRIBUTOR

MFD, a wholly-owned subsidiary of MFS, serves as the distributor for the continuous offering of shares of the Trust pursuant to a Distribution Agreement dated as of April 14, 1994 (the "Distribution Agreement").

As agent, MFD currently offers shares of each Series on a continuous basis to the separate accounts of Participating Insurance Companies in all states in which the Series or the Trust may from time to time be registered or where permitted by applicable law. The Distribution Agreement provides that MFD accepts orders for shares at net asset value as no sales commission or load is charged. MFD has made no firm commitment to acquire shares of any Series.

The Distribution Agreement will remain in effect until August 1, 1995 and will continue in effect thereafter only if such continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the Trust's shares (as defined in "Investment Restrictions") and in either case, by a majority of the Trustees who are not parties to such Distribution Agreement or interested persons of any such party. The Distribution Agreement terminates automatically if it is assigned and may be terminated without penalty by either party on not more than 60 days' nor less than 30 days' notice.

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5. PORTFOLIO TRANSACTIONS AND BROKERAGE COMMISSIONS

Specific decisions to purchase or sell securities for a Series are made by employees of MFS, who are appointed and supervised by its senior officers. Changes in a Series' investments are reviewed by the Trust's Board of Trustees. A Series' portfolio manager may serve other clients of MFS or any subsidiary of MFS in a similar capacity.

The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain and maintain the availability of execution at the most favorable prices and in the most effective manner possible. MFS has complete freedom as to the markets in and the broker-dealers through which it seeks this result. MFS attempts to achieve this result by selecting broker-dealers to execute portfolio transactions on behalf of the Series and other clients of MFS on the basis of their professional capability, the value and quality of their brokerage services, and the level of their brokerage commissions. In the case of securities, such as fixed income securities, which are principally traded in the over-the-counter market on a net basis through dealers acting for their own account and not as brokers (where no stated commissions are paid but the prices include a dealer's markup or markdown), MFS normally seeks to deal directly with the primary market makers, unless in its opinion, better prices are available elsewhere. In the case of securities purchased from underwriters, the cost of such securities generally includes a fixed underwriting commission or concession. Securities firms or futures commission merchants may receive brokerage commissions on transactions involving options, Futures Contracts and Options on Futures Contracts and the purchase and sale of underlying securities upon exercise of options. The brokerage commissions associated with buying and selling options may be proportionately higher than those associated with general securities transactions. From time to time, soliciting dealer fees are available to MFS on the tender of a Series' portfolio securities in so-called tender or exchange offers. Such soliciting dealer fees are in effect recaptured for the Series by MFS. At present no other recapture arrangements are in effect.

Under the Advisory Agreements and as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended, MFS may cause a Series to pay a broker-dealer which provides brokerage and research services to MFS an amount of commission for effecting a securities transaction for a Series in excess of the amount other broker-dealers would have charged for the transaction if MFS determines in good faith that the greater commission is reasonable in relation to the value of the brokerage and research services provided by the executing broker-dealer viewed in terms of either a particular transaction or MFS's overall responsibilities to the Series or to its other clients. Not all of such services are useful or of value in advising a Series.

The term "brokerage and research services" includes advice as to the value of securities, the advisability of purchasing or selling securities, and the

availability of purchasers or sellers of securities; furnishing analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts; and effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

Although commissions paid on every transaction will, in the judgment of MFS, be reasonable in relation to the value of the brokerage services provided, commissions exceeding those which another broker might charge may be paid to broker-dealers who were selected to execute transactions on behalf of the Series' and MFS's other clients in part for providing advice as to the availability of purchasers or sellers of securities and services in effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

Broker-dealers may be willing to furnish statistical, research and other factual information or services ("Research") to MFS for no consideration other than brokerage or underwriting commissions. Securities may be bought or sold through such broker-dealers, but at present, unless otherwise directed by a Series, a commission higher than one charged elsewhere will not be paid to such a firm solely because it provided Research to MFS. The Trustees (together with the Trustees of the other MFS Funds) have directed MFS to allocate a total of \$20,000 of commission business from the various MFS Funds to the Pershing Division of Donaldson, Lufkin & Jenrette as consideration for the annual renewal of the Lipper Directors' Analytical Data Service (which provides information useful to the Trustees in reviewing the relationship between each Fund and MFS).

The investment management personnel of MFS attempt to evaluate the quality of Research provided by brokers. Results of this effort are sometimes used by MFS as a consideration in the selection of brokers to execute portfolio transactions. However, MFS is unable to quantify the amount of commissions which will be paid as a result of such Research because a substantial number of transactions will be effected through brokers which provide Research but which were selected principally because of their execution capabilities.

The management fee that each Series pays to MFS will not be reduced as a consequence of the receipt of brokerage and research services by MFS. To the extent a Series' portfolio transactions are used to obtain such services, the brokerage commissions paid by the Series will exceed those that might otherwise be paid, by an amount which cannot be presently determined. Such services would be useful and of value to MFS in serving both a Series and other clients and, conversely, such services obtained by the placement of brokerage business of other clients would be useful to MFS in carrying out its obligations to the Series. While such services are not expected to reduce the expenses of MFS, MFS would, through use of the services, avoid the additional expenses which would be incurred if it should attempt to develop comparable information through its own staff.

In certain instances there may be securities which are suitable for a Series' portfolio as well as for that of one or more of the other clients of MFS. Investment decisions for a Series and for such other clients are made with a view to achieving their respective investment objectives. It may develop that a particular security is bought or sold for only one client even though it might be held by, or bought or sold for, other clients. Likewise, a particular security may be

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bought for one or more clients when one or more other clients are selling that same security. Some simultaneous transactions are inevitable when several clients receive investment advice from the same investment adviser, particularly when the same security is suitable for the investment objectives of more than one client. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security as far as a Series is concerned. In other cases, however, it is believed that a Series' ability to participate in volume transactions will produce better executions for the Series.

6. TAX STATUS

Shares of the Series are offered only to the separate accounts of the Participating Insurance Companies that fund Contracts. See the applicable Contract prospectus for a discussion of the special taxation of those companies with respect to those accounts and of the Contract holders.

Each Series of the Trust intends to elect and qualify each year for treatment as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code") by meeting all applicable requirements of Subchapter M, including requirements as to the nature of each Series' gross income, the amount of each Series' distributions, and the composition and holding period of each Series' portfolio assets. Because each Series intends to distribute all of its net investment income and net realized capital and foreign currency gains to shareholders in accordance with the timing and certain other

requirements imposed by the Code, it is not expected that any of the Series will be required to pay any federal income or excise taxes, although a Series which has foreign-source income may be subject to foreign withholding taxes. If any of the Series should fail to qualify as a "regulated investment company" in any year, that Series would incur a regular corporate federal income tax upon its taxable income.

Each Series intends to diversify its assets as required by section 817(h) of the Code and the regulations thereunder. These requirements, which are in addition to the diversification requirements of Subchapter M, place certain limitations on the proportion of each Series' assets that may be represented by any single investment and securities from the same issuer. For these purposes each U.S. Government agency or instrumentality is treated as a separate issuer, while a particular foreign government and its agencies, instrumentalities and political subdivisions all are considered one issuer. If a Series should fail to comply with these requirements, variable annuity and variable life insurance contracts that invest in the Series would not be treated as annuity, endowment or life insurance contracts under the Code.

Distributions of net capital gains, whether made in cash or in additional shares, are taxable to shareholders as long-term capital gains without regard to the length of time the shareholders have held their shares. Certain distributions of a Series which are declared in October, November, or December, to shareholders of record in such month and paid the following January, will be taxable to shareholders as if received on December 31 of the year in which they are declared.

Any investment by a Series in zero coupon bonds, deferred interest bonds, payment-in-kind bonds, certain stripped securities, and certain securities purchased at a market discount will cause the Series to recognize income prior to the receipt of cash payments with respect to those securities. In order to distribute this income and avoid a tax on the Series, the Series may be required to liquidate portfolio securities that it might otherwise have continued to hold.

A Series' transactions in options, Futures Contracts, Forward Contracts, foreign currencies, swaps and related transactions, to the extent allowed by its investment objectives, will be subject to special tax rules that may affect the amount, timing, and character of Series income and distributions to shareholders. For example, certain positions held by a Series on the last business day of each taxable year will be marked to market (I.E., treated as if closed out) on that day, and any gain or loss associated with the positions, as well as gain or loss associated with such positions closed out during the taxable year, will be treated as 60% long-term and 40% short-term capital gain or loss. Certain positions held by a Series that substantially diminish its risk of loss with respect to other positions in its portfolio may constitute "straddles," and may be subject to special tax rules that would cause deferral of Series losses, adjustments in the holding periods of Series securities, and conversion of short-term into long-term capital losses. Certain tax elections exist for straddles which may alter the effects of these rules. Each Series will limit its activities in options, Futures Contracts, Forward Contracts and foreign currencies to the extent necessary to meet the requirements of Subchapter M of the Code.

Special tax considerations apply with respect to a Series that invests in foreign securities. Foreign exchange gains and losses realized by the Series will generally be treated as ordinary income and losses. Use of foreign currencies for non-hedging purposes may be limited in order to avoid a tax on a Series. Investment by a Series in certain "passive foreign investment companies" may also be limited in order to avoid a tax on the Series.

Investment income received by a Series from sources within foreign countries may be subject to foreign income taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that may entitle a Series to a reduced rate of tax or an exemption from tax on such income; the Series' intend to qualify for treaty reduced rates where available. It is not possible, however, to determine a Series effective rate of foreign tax in advance since the amount of the Series' assets to be invested within various countries is not known.

7. NET INCOME AND DISTRIBUTIONS

MONEY MARKET SERIES: The net income attributable to the Money Market Series is determined each day during which the Exchange is open for trading. (As of the date of this Statement of Additional Information, the Exchange is open for trading every weekday except for the following holidays (or the days on which they are

observed): New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day.) (For taxation information on distributions, see "Tax Status" above.)

For this purpose, the net income attributable to shares of the Money Market

Series (from the time of the immediately preceding determination thereof) shall consist of (i) all interest income accrued on the portfolio assets of the Money Market Series, (ii) less all actual and accrued expenses of Money Market Series determined in accordance with generally accepted accounting principles, and (iii) plus or minus net realized gains and losses and net unrealized appreciation or depreciation on the assets of the Money Market Series. Interest income shall include discount earned (including both original issue and market discount) on discount paper accrued ratably to the date of maturity.

Since the net income is declared as a dividend each time the net income is determined, the net asset value per share (I.E., the value of the net assets of the Money Market Series divided by the number of shares outstanding) remains at \$1.00 per share immediately after each such determination and dividend declaration. Any increase in the value of a shareholder's investment, representing the reinvestment of dividend income, is reflected by an increase in the number of shares in its account.

It is expected the shares of the Money Market Series will have a positive net income at the time of each determination thereof. If for any reason the net income determined at any time is a negative amount, which could occur, for instance, upon default by an issuer of a portfolio security, the Money Market Series would first offset the negative amount with respect to each shareholder account from the dividends declared during the month with respect to each such account. If and to the extent that such negative amount exceeds such declared dividends at the end of the month (or during the month in the case of an account liquidated in its entirety), the Money Market Series could reduce the number of its outstanding shares by treating each shareholder of the Money Market Series as having contributed to its capital that number of full and fractional shares of the Money Market Series in the account of such shareholder which represents its proportion of such excess. Each shareholder the Money Market Series will be deemed to have agreed to such contribution in these circumstances by its investment in the Money Market Series. This procedure would permit the net asset value per share of the Money Market Series to be maintained at a constant \$1.00 per share.

ALL OTHER SERIES: Each Series other than the Money Market Series intends to distribute to its shareholders annually dividends substantially equal to all of its net investment income. Such Series' net investment income consists of non-capital gain income less expenses. Such Series' intend to distribute net realized short- and long-term capital gains, if any, at least annually. Shareholders will be informed of the tax consequences of such distributions, including whether any portion represents a return of capital, after the end of each calendar year. (For additional taxation information, see "Tax Status" above.)

8. DETERMINATION OF NET ASSET VALUE; PERFORMANCE INFORMATION

NET ASSET VALUE

The net asset value per share of each Series is determined each day during which the Exchange is open for trading. This determination is made once during each such day as of the close of regular trading on the Exchange by deducting the amount of a Series' liabilities from the value of its assets and dividing the difference by the number of shares of the Series outstanding.

MONEY MARKET SERIES: Portfolio securities of the Money Market Series are valued at amortized cost, which the Trustees have determined in good faith constitutes fair value for the purposes of complying with the 1940 Act. This valuation method will continue to be used until such time as the Trustees determine that it does not constitute fair value for such purposes. The Money Market Series will limit its portfolio to those investments in U.S. dollar-denominated instruments which the Board of Trustees determines present minimal credit risks, and which are of high quality as determined by any major rating service or, in the case of any instrument that is not so rated, of comparable quality as determined by the Board of Trustees. The Money Market Series has also agreed to maintain a dollar-weighted average maturity of 90 days or less and to invest only in securities maturing in 13 months or less. The Board of Trustees has established procedures designed to stabilize the net asset value per share of the Money Market Series, as computed for the purposes of sales and redemptions, at \$1.00 per share. If the Trustees determine that a deviation from the \$1.00 per share price may exist which may result in a material dilution or other unfair result to investors or existing shareholders, they will take corrective action as they regard as necessary and appropriate, which action could include the sale of instruments prior to maturity (to realize capital gains or losses); shortening average portfolio maturity; withholding dividends; or using market quotations for valuation purposes.

ALL OTHER SERIES: Securities, futures contracts and options in a Series' portfolio (other than short-term obligations) for which the principal market is one or more securities or commodities exchanges will be valued at the last reported sale price or at the settlement price prior to the determination (or if there has been no current sale, at the closing bid price) on the primary exchange on which such securities, futures contracts or options are traded; but

if a securities exchange is not the principal market for securities, such securities will, if market quotations are readily available, be valued at current bid prices, unless such securities are reported on the NASDAQ system, in which case they are valued at the last sale price or, if no sales occurred during the day, at the last quoted bid price. Debt securities (other than short-term obligations but including listed issues) in a Series' portfolio are valued on the basis of valuations furnished by a pricing service which utilizes both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-sized trading in similar groups of securities, yields, quality, coupon rate, maturity, type of issue, trading characteristics and other market data, without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities.

Short-term

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obligations, if any, in a Series' portfolio are valued at amortized cost, which constitutes fair value as determined by the Board of Trustees. Short-term securities with a remaining maturity in excess of 60 days will be valued based upon dealer supplied valuations. Portfolio securities and over-the-counter options, for which there are no quotations or valuations are valued at fair value as determined in good faith by or at the direction of the Board of Trustees.

PERFORMANCE INFORMATION

MONEY MARKET SERIES: The Money Market Series will provide current annualized and effective annualized yield quotations based on the daily dividends of shares of the Money Market Series. These quotations may from time to time be used in advertisements, shareholder reports or other communications to shareholders.

Any current yield quotation of the Money Market Series which is used in such a manner as to be subject to the provisions of Rule 482(d) under the 1933 Act shall consist of an annualized historical yield, carried at least to the nearest hundredth of one percent, based on a specific seven calendar day period and shall be calculated by dividing the net change in the value of an account having a balance of one share of that class at the beginning of the period by the value of the account at the beginning of the period and multiplying the quotient by 365/7. For this purpose the net change in account value would reflect the value of additional shares purchased with dividends declared on the original share and dividends declared on both the original share and any such additional shares, but would not reflect any realized gains or losses from the sale of securities or any unrealized appreciation or depreciation on portfolio securities. In addition, any effective yield quotation of the Money Market Series so used shall be calculated by compounding the current yield quotation for such period by multiplying such quotation by 7/365, adding 1 to the product, raising the sum to a power equal to 365/7, and subtracting 1 from the result. These yield quotations should not be considered as representative of the yield of the Money Market Series in the future since the yield will vary based on the type, quality and maturities of the securities held in its portfolio, fluctuations in short-term interest rates and changes in the Money Market Series expenses.

ALL OTHER SERIES:

TOTAL RATE OF RETURN -- Each Series, other than the Money Market Series, will calculate its total rate of return of its shares for certain periods by determining the average annual compounded rates of return over those periods that would cause an investment of \$1,000 (made with all distributions reinvested) to reach the value of that investment at the end of the periods. Each Series may also calculate total rates of return which represent aggregate performance over a period or year-by-year performance. The aggregate average annual total rate of return for shares of the World Governments Series for the period from June 10, 1994 (commencement of operations) to December 31, 1994 was 0.79% (including the effect of the sales charge) and 0.79% (without the effect of the sales charge).

YIELD -- Any yield quotation for a Series, other than the Money Market Series, is based on the annualized net investment income per share of that Series for the 30-day period. The yield for such a Series is calculated by dividing its net investment income earned during the period by the offering price per share of that Series on the last day of the period. The resulting figure is then annualized. Net investment income per share is determined by dividing (i) the dividends and interest of that Series during the period, minus accrued expenses of that Series for the period by (ii) the average number of shares of that Series entitled to receive dividends during the period multiplied by the offering price per share on the last day of the period. The yield calculation for shares of the World Governments Series for the 30-day period ended December 31, 1994 was 7.46% taking into account certain fee waivers.

CURRENT DISTRIBUTION RATE -- Yield, which is calculated according to a formula prescribed by the Securities and Exchange Commission, is not indicative of the amounts which were or will be paid to the Fund's shareholders. Amounts paid to shareholders of each class are reflected in the quoted "current distribution rate" for that class. The current distribution rate for a class is computed by

dividing the total amount of dividends per share paid by the Fund to shareholders of that class during the past twelve months by the maximum public offering price of that class at the end of such period. Under certain circumstances, such as when there has been a change in the amount of dividend payout, or a fundamental change in investment policies, it might be appropriate to annualize the dividends paid over the period such policies were in effect, rather than using the dividends during the past twelve months. The current distribution rate differs from the yield computation because it may include distributions to shareholders from sources other than dividends and interest, such as premium income for option writing, short-term capital gains and return of invested capital, and is calculated over a different period of time. The current distribution rate for shares of the World Governments Series for the 12 month period ended December 31, 1994 was 2.65%.

From time to time each Series may, as appropriate, quote fund rankings or reprint all or a portion of evaluations of fund performance and operations appearing in various independent publications, including but not limited to the following: Money, Fortune, U.S. News and World Report, Kiplinger's Personal Finance, The Wall Street Journal, Barron's, Investors Business Daily, Newsweek, Financial World, Financial Planning, Investment Advisor, USA Today, Pensions and Investments, SmartMoney, Forbes, Global Finance, Registered Representative, Institutional Investor, the Investment Company Institute, Johnson's Charts, Morningstar, Lipper Analytical Services, Inc., Variable Annuity Research Data Service, CDA Wiesenberger, Shearson Lehman and Salomon Bros. Indices, Ibbotson, Business Week, Lowry Associates, Media General, Investment Company Data, The New York Times, Your Money, Strangers Investment Advisor, Financial Planning on Wall Street, Standard and Poor's, Individual Investor, THE 100 BEST MUTUAL FUNDS YOU CAN BUY, by Gordon K. Williamson, Consumer Price Index, and Sanford C. Bernstein & Co. Series' performance may also be compared to the performance of other mutual funds tracked by financial or business publications or periodicals.

The Series may also quote evaluations mentioned in independent radio or television broadcasts.

From time to time the Series may use charts and graphs to illustrate the past performance of various indices such as those mentioned above.

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MFS FIRSTS: MFS has a long history of innovations.

- -- 1924 -- Massachusetts Investors Trust is established as the first mutual fund in America.
- -- 1924 -- Massachusetts Investors Trust is the first mutual fund to make full public disclosure of its operations in shareholder reports.
- -- 1932 -- One of the first internal research departments is established to provide in-house analytical capability for an investment management firm.
- -- 1933 -- Massachusetts Investors Trust is the first mutual fund to register under the 1933 Act.
- -- 1936 -- Massachusetts Investors Trust is the first mutual fund to let shareholders take capital gain distributions either in additional shares or in cash.
- -- 1976 -- MFS-Registered Trademark- Municipal Bond Fund is among the first municipal bond funds established.
- -- 1979 -- Spectrum becomes the first combination fixed/variable annuity with no initial sales charge.
- -- 1981 -- MFS-Registered Trademark- World Governments Fund is established as America's first globally diversified fixed-income mutual fund.
- -- 1984 -- MFS-Registered Trademark- Municipal High Income Fund is the first mutual fund to seek high tax-free income from lower-rated municipal securities.
- -- 1986 -- MFS-Registered Trademark- Managed Sectors Fund becomes the first mutual fund to target and shift investments among industry sectors for shareholders.
- -- 1986 -- MFS-Registered Trademark- Municipal Income Trust is the first closed-end, high-yield municipal bond fund traded on the New York Stock Exchange.
- -- 1987 -- MFS-Registered Trademark- Multimarket Income Trust is the first closed-end, multimarket high income fund listed on the New York Stock Exchange.
- -- 1989 -- MFS Regatta becomes America's first non-qualified market-value-adjusted fixed/variable annuity.

- -- 1990 -- MFS-Registered Trademark- World Total Return Fund is the first global balanced fund.
- -- 1993 -- MFS-Registered Trademark- World Growth Fund is the first global emerging markets fund to offer the expertise of two sub-advisers.
- -- 1993 -- MFS becomes money manager of MFS-Registered Trademark- Union Standard Trust, the first trust to invest solely in companies deemed to be union-friendly by an Advisory Board of senior labor officials, senior managers of companies with significant labor contracts, academics and other national labor leaders or experts.

9. DESCRIPTION OF SHARES, VOTING RIGHTS AND LIABILITIES

The Trust's Declaration of Trust permits the Trustees of the Trust to issue an unlimited number of full and fractional Shares of Beneficial Interest (without par value) of one or more separate series and to divide or combine the shares of any series into a greater or lesser number of shares without thereby changing the proportionate beneficial interests in that series. The Trustees have currently authorized shares of the twelve series identified on page 2 hereof. The Declaration of Trust further authorizes the Trustees to classify or reclassify any series of shares into one or more classes. The Trustees have no current intention to classify more than one class of shares. Each share of a Series represents an equal proportionate interest in the assets of the Series. Upon liquidation of a Series, shareholders of the Series are entitled to share PRO RATA in the net assets of the Series available for distribution to shareholders. The Trust reserves the right to create and issue additional series or classes of shares, in which case the shares of each class would participate equally in the earnings, dividends and assets allocable to that class of the particular series.

Shareholders are entitled to one vote for each share held and may vote in the election of Trustees and on other matters submitted to meetings of shareholders. Although Trustees are not elected annually by the shareholders, shareholders have under certain circumstances the right to remove one or more Trustees in accordance with the provisions of Section 16(c) of the 1940 Act. No material amendment may be made to the Declaration of Trust without the affirmative vote of a majority of the Trust's shares. Shares have no pre-emptive or conversion rights. Shares are fully paid and non-assessable. The Trust may enter into a merger or consolidation, or sell all or substantially all of its assets (or all or substantially all of the assets belonging to any series of the Trust), if approved by the vote of the holders of two-thirds of the Trust's outstanding shares voting as a single class, or of the affected series of the Trust, as the case may be, except that if the Trustees of the Trust recommend such merger, consolidation or sale, the approval by vote of the holders of a majority of the Trust's or the affected series' outstanding shares (as defined in "Investment Restrictions") will be sufficient. The Trust or any series of the Trust may also be terminated (i) upon liquidation and distribution of its assets, if approved by the vote of the holders of two-thirds of its outstanding shares, or (ii) by the Trustees by written notice to the shareholders of the Trust of the affected series. If not so terminated, the Trust will continue indefinitely.

The Trust is an entity of the type commonly known as a "Massachusetts business trust." Under Massachusetts law, shareholders of such a trust may, under certain circumstances, be held personally liable as partners for its obligations. However, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Trust and provides for indemnification and reimbursement of expenses out of Trust property for any shareholder held personally liable for the obligations of the Trust. The Declaration of Trust also provides that it shall maintain appropriate insurance (for example, fidelity bonding and errors and omissions insurance) for the protection of the Trust, its shareholders, Trustees, officers, employees and agents covering possible tort or other liabilities. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which both inadequate insurance existed and the Trust itself was unable to meet its obligations.

The Declaration of Trust further provides that obligations of the Trust are not binding upon the Trustees individually but only upon the property of the Trust and that the Trustees will not be liable for

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any action or failure to act, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

10. INDEPENDENT ACCOUNTANTS AND FINANCIAL STATEMENTS

Deloitte & Touche LLP are the Trust's independent certified public accountants. The Statements of Assets and Liabilities for the MFS OTC Series, MFS Growth Series, MFS Research Series, MFS Growth With Income Series, MFS Total Return Series, MFS Utilities Series, MFS High Income Series, MFS Strategic Fixed Income Series, MFS Bond Series, MFS Limited Maturity Series, and MFS Money Market

Series at December 31, 1994, the Notes thereto and the Independent Auditors' Report dated February 3, 1995 have been included in this Statement of Additional Information in reliance upon the report of Deloitte and Touche LLP, independent certified public accountants, as experts in accounting and auditing. With respect to the MFS World Governments Series, the Portfolio of Investments at December 31, 1994, the Statement of Assets and Liabilities at December 31, 1994, the Statement of Operations for the period ended December 31, 1994, the Statement of Changes in Net Assets for the period ended December 31, 1994, the Notes to Financial Statements and the Independent Auditors' Report, each of which is included in the Annual Report to shareholders of the MFS World Governments Series, are incorporated by reference into this Statement of Additional Information and have been so incorporated in reliance upon the report of Deloitte & Touche LLP, independent certified public accountants, as experts in accounting and auditing. A copy of the World Governments Series' Annual Report accompanies this Statement of Additional Information.

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MFS VARIABLE INSURANCE TRUST
 STATEMENTS OF ASSETS AND LIABILITIES
 DECEMBER 31, 1994

<TABLE>

<CAPTION>

	MFS OTC SERIES	MFS GROWTH SERIES	MFS RESEARCH SERIES	MFS GROWTH WITH INCOME SERIES	MFS TOTAL RETURN SERIES	MFS UTILITIES SERIES	MFS HIGH INCOME SERIES	MFS STRATEGIC FIXED INCOME SERIES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets:								
Cash.....	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796
Deferred organization expenses.....	5,985	5,985	5,985	5,985	5,985	5,985	5,985	5,985
Total assets.....	8,781	\$ 8,781	\$ 8,781	\$ 8,781	\$ 8,781	\$ 8,781	\$ 8,781	\$ 8,781
Liabilities:								
Accrued expenses.....	181	181	181	181	181	181	181	181
Net assets.....	8,600	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600
Net Asset Value, Redemption Price and Offering Price Per Share of Beneficial Interest (860 shares outstanding for each Series, except the MFS Money Market Series, 8,600 shares outstanding for the MFS Money Market Series)...	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00

<CAPTION>

	MFS BOND SERIES	MFS LIMITED MATURITY SERIES	MFS MONEY MARKET SERIES
<S>	<C>	<C>	<C>
Assets:			
Cash.....	\$ 2,796	\$ 2,796	\$ 2,796
Deferred organization expenses.....	5,985	5,985	5,985
Total assets.....	\$ 8,781	\$ 8,781	\$ 8,781
Liabilities:			
Accrued expenses.....	181	181	181
Net assets.....	\$ 8,600	\$ 8,600	\$ 8,600
Net Asset Value, Redemption Price and Offering Price Per Share of Beneficial Interest (860 shares outstanding for each Series, except the MFS Money Market Series, 8,600 shares outstanding for the MFS Money Market Series)...	\$ 10.00	\$ 10.00	\$ 1.00

<FN>

NOTES:

- (1) The MFS Variable Insurance Trust (the "Trust") was organized on February 1, 1994 as a business trust under the laws of The Commonwealth of Massachusetts. The Trust currently consists of twelve series of shares or funds (the "Series"): MFS Emerging Growth Series, MFS Growth Series, MFS Research Series, MFS Growth with Income Series, MFS Total Return Series, MFS Utilities Series, MFS High Income Series, MFS World Governments Series, MFS Strategic Fixed Income Series, MFS Bond Series, MFS Limited Maturity Series and MFS Money Market Series. Each Series, except for the World Governments Series, has been inactive since that date except for matters relating to its organization and the Trust's registration as an investment company under the Investment Company Act of 1940 and the sale of 860 shares of beneficial interest (except the MFS Money Market Series) and of 8,600 shares of beneficial interest of the MFS Money Market Series (the "initial shares") to Massachusetts Financial Services Company.
- (2) Organization expenses are being deferred and will be amortized over five years beginning with the commencement of investment operations. The amount paid by any Series on any redemption by Massachusetts Financial Services Company, or any current holder of any Series' initial shares, will be reduced by the pro rata portion of any unamortized organization expenses which the number of initial shares redeemed bears to the total number of initial shares outstanding immediately prior to such redemption.

</TABLE>

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of MFS Variable Insurance Trust and Shareholders of MFS OTC Series, MFS Growth Series, MFS Research Series, MFS Growth with Income Series, MFS Total Return Series, MFS Utilities Series, MFS High Income Series, MFS World Governments Series, MFS Strategic Fixed Income Series, MFS Bond Series, MFS Limited Maturity Series, MFS Money Market Series:

We have audited the accompanying statements of assets and liabilities of MFS OTC Series, MFS Growth Series, MFS Research Series, MFS Growth with Income Series, MFS Total Return Series, MFS Utilities Series, MFS High Income Series, MFS World Governments Series, MFS Strategic Fixed Income Series, MFS Bond Series, MFS Limited Maturity Series, MFS Money Market Series, (the "Series") (comprising the MFS Variable Insurance Trust (the "Trust")) as of December 31, 1994. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of assets and liabilities is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets and liabilities. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits of the statements of assets and liabilities provide a reasonable basis for our opinion.

In our opinion, such statements of assets and liabilities present fairly, in all material respects, the financial position of each of the Series at December 31, 1994 in conformity with generally accepted accounting principles.

Deloitte & Touche LLP
Boston, Massachusetts
February 3, 1995

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INVESTMENT ADVISER
Massachusetts Financial Services Company
500 Boylston Street, Boston, MA 02116
(617) 954-5000

DISTRIBUTOR
MFS Fund Distributor, Inc.
500 Boylston Street, Boston, MA 02116
(617) 954-5000

CUSTODIAN
Investors Bank & Trust Company
89 South Street, Boston, Massachusetts 02110

DIVIDEND DISBURSING AGENT
State Street Bank and Trust Company
225 Franklin Street, Boston, MA 02110

SHAREHOLDER SERVICING AGENT
MFS Service Center, Inc.
500 Boylston Street, Boston, MA 02116
Toll free: (800) 225-2606

MAILING ADDRESS
P.O. Box 1400, Boston, MA 02104-9985
INDEPENDENT ACCOUNTANTS
Deloitte & Touche, LLP
125 Summer Street, Boston, MA 02110

MFS-REGISTERED TRADEMARK- VARIABLE
INSURANCE TRUST
500 Boylston Street
Boston, MA 02116

LOGO

EXHIBIT A

TRUSTEE COMPENSATION TABLE

<TABLE>
<CAPTION>

NAME OF TRUSTEE	TRUSTEE FEES FROM		TRUSTEE FEES FROM		TOTAL TRUSTEE FEES FROM THE FUND COMPLEX (2)
	WORLD GOVERNMENTS SERIES FUND (1)	OTHER THAN WORLD GOVERNMENTS SERIES (1)	EACH SERIES OTHER THAN WORLD GOVERNMENTS SERIES (1)	OTHER THAN WORLD GOVERNMENTS SERIES (1)	
<S>	<C>	<C>	<C>	<C>	<C>
William R. Gutow.....	\$ 517	\$ 417	\$ 417	\$ 417	\$ 10,618
Nelson J. Darling.....	\$ 517	\$ 417	\$ 417	\$ 417	\$ 10,618
<FN>					

NOTES:

- (1) For fiscal year ended December 31, 1994.
- (2) Information provided is for calendar year December 31, 1994. All Trustees served as Trustees of 16 funds advised by MFS (having aggregate net assets at December 31, 1994, of approximately \$142,859,794.

</TABLE>

PART C

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

MFS WORLD GOVERNMENTS SERIES

- (A) FINANCIAL STATEMENTS INCLUDED IN PART A
For the period from commencement of investment operations on June 10, 1994 to December 31, 1994 of the World Governments Series:

Financial Highlights

Included in Part B of this Registration Statement:

At December 31, 1994:
Portfolio of Investments* [TO BE PROVIDED BY AMENDMENT]
Statement of Assets and Liabilities* [TO BE PROVIDED BY AMENDMENT]

For the period from commencement of investment operations on June 10, 1994 to December 31, 1994:
Statement of Operations* [TO BE PROVIDED BY AMENDMENT]
Statement of Changes in Net Assets* [TO BE PROVIDED BY AMENDMENT]

ALL SERIES EXCEPT WORLD GOVERNMENT SERIES

- (b) FINANCIAL STATEMENTS INCLUDED IN PART A
None

Included in Part B of this Registration Statement:

At December 31, 1994:
Statement of Assets and Liabilities
Opinion of Independent Auditors

(B) EXHIBITS

- 1 (a) Declaration of Trust dated January 28, 1994. (1)

- (b) Amendment to Declaration of Trust - Designation of Series dated January 31, 1994. (1)
- 2 By-Laws, dated January 28, 1994. (1)
- 3 Not Applicable.
- 4 Not Applicable.
- 5 Investment Advisory Agreement by and between Registrant and Massachusetts Financial Services Company dated April 14, 1994. (1)
- 6 Distribution Agreement between Registrant and Massachusetts Investors Services, Inc. dated April 14, 1994. (1)
- 7 Not Applicable.

- 8 Custodian Agreement between Registrant and Investors Bank & Trust Company dated April 14, 1994. (1)
- 9 (a) Shareholder Servicing Agent Agreement between Registrant and MFS Service Center dated April 14, 1994. (1)
- (b) Dividend Disbursing Agency Agreement between Registrant and State Street Bank and Trust dated April 14, 1994. (1)
- 10 Opinion and Consent of Counsel to be filed with Registrant's Rule 24f-2 Notice for fiscal year ended December 31, 1994 on or before February 28, 1995.
- 11 Consent of Deloitte & Touche [TO BE PROVIDED BY AMENDMENT]
- 12 Not Applicable.
- 13 Investment Representation Letter is incorporated by reference to the Registrant's Pre-Effective Amendment No. 1 (File No. 33-74668) filed on March 25, 1994.
- 14 Not Applicable.
- 15 Not Applicable.
- 16 Schedule of Computation for Performance Quotations - Total Return. (1)

- Power of Attorney dated August 12, 1994. (1)

(1) INCORPORATED BY REFERENCE TO REGISTRANT'S POST-EFFECTIVE AMENDMENT NO. 1 FILED WITH THE SEC ON OCTOBER 20, 1994.

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Not applicable.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES

MFS OTC SERIES

(1) TITLE OF CLASS	(2) NUMBER OF RECORD HOLDERS
-----------------------	---------------------------------

Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
--	-------------------------------

MFS GROWTH SERIES

(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS RESEARCH SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS GROWTH WITH INCOME SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS TOTAL RETURN SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS UTILITIES SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS HIGH INCOME SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS WORLD GOVERNMENTS SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	2 (as of January 31, 1995)
MFS STRATEGIC FIXED INCOME SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS BOND SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)
MFS LIMITED MATURITY SERIES	
(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)

(1)	(2)
TITLE OF CLASS	NUMBER OF RECORD HOLDERS
Shares of Beneficial Interest (without par value)	1 (as of January 31, 1995)

ITEM 27. INDEMNIFICATION

Section 5.3 of the Registrant's Declaration of Trust (filed with Registrant's Registration Statement on February 1, 1994) provides that every person who is or has been a Trustee or officer of the Registrant shall be indemnified by the Registrant against all liability and against all expenses reasonably incurred or paid by him in connection with any claim, action, suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or

having been a Trustee or officer and against amounts paid or incurred by him in the settlement thereof. However, Section 5.3 further provides that no indemnification shall be provided to a Trustee or officer:

(i) against any liability to the Registrant or the shareholders of the Registrant by reason of a final adjudication by the court or other body before which the proceeding was brought that he engaged in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office;

(ii) with respect to any matter as to which he shall have been finally adjudicated not to have acted in good faith in the reasonable belief that his action was in the best interest of the Registrant; or

(iii) in the event of a settlement involving a payment by a Trustee or officer or other disposition not involving a final adjudication as provided in paragraph (i) or (ii) above resulting in a payment by a Trustee or officer, unless there has been either a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office by the court or other body approving the settlement or other disposition or by a reasonable determination, based upon a review of readily available facts (as opposed to a full trial-type inquiry) that he did not engage in such conduct:

(A) by vote of a majority of the Disinterested Trustees (as defined below) acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter); or

(B) by written opinion of independent legal counsel.

The term "Disinterested Trustee" is defined as one who is not an interested person of the Registrant and against whom none of such actions, suits or other proceedings or another action, suit or other proceeding on the same or similar grounds is then or had been pending.

Expenses of preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in Section 5.3 of the Registrant's Declaration of Trust shall be advanced by the Registrant prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient to repay such amount if it is ultimately determined that he is not entitled to indemnification under Section 5.3, provided that either:

(i) such undertaking is secured by a surety bond or some other appropriate security or the Registrant shall be insured against losses arising out of any such advances; or

(ii) a majority of the Disinterested Trustees acting on the matter (provided that a majority of the Disinterested Trustees then in office act on the matter) or an independent legal counsel in a written opinion, shall determine, based upon a review of readily available facts (as opposed to a full trial-type inquiry), that there is reason to believe that the recipient ultimately will be found entitled to indemnification.

Section 9 of the form of Shareholder Servicing Agent Agreement between the Registrant and MFS Service Center, Inc. ("MFSC"), which was filed with the Securities and Exchange Commission on October 20, 1994, specifies that the Registrant will indemnify MFSC against and hold MFSC harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit not resulting from MFSC's bad faith or negligence, and arising out of, or in connection with, MFSC's duties on behalf of the Registrant under such Agreement. In addition, Section 9 provides that the Registrant will indemnify MFSC against and hold MFSC harmless from any and all losses, claims, damages, liabilities or expenses (including reasonable counsel fees and expenses) resulting from any claim, demand, action or suit as a result of MFSC acting in accordance with any instructions reasonably believed by MFSC to have been executed or orally communicated by any person duly authorized by the Registrant or its principal underwriter, or as a result of acting in accordance with written or oral advice reasonably believed by MFSC to have been given by counsel for the Registrant, or as a result of acting in accordance with any instrument or share certificate reasonably believed by MFSC to have been genuine and signed, countersigned or executed by any person or persons authorized to sign, countersign or execute the same (unless contributed to by MFSC's gross negligence or bad faith).

The Trustees and officers of the Registrant and the personnel of the Registrant's investment adviser and distributor will be insured as of the effective date of this Registration Statement under an errors and omissions liability insurance policy. The Registrant and its officers are also insured under the fidelity bond required by Rule 17g-1 under the Investment Company Act of 1940, as amended.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

Massachusetts Financial Services Company ("MFS") serves as investment adviser to the following open-end funds comprising the MFS Family of Funds: Massachusetts Investors Trust, Massachusetts Investors Growth Stock Fund, MFS Growth Opportunities Fund, MFS Government Securities Fund, MFS Government Mortgage Fund, MFS Government Limited Maturity Fund, MFS Series Trust I (which has three series: MFS Managed Sectors Fund, MFS Cash Reserve Fund and MFS World Asset Allocation Fund), MFS Series Trust II (which has four series: MFS Emerging Growth Fund, MFS Capital Growth Fund, MFS Intermediate Income Fund and MFS Gold & Natural Resources Fund), MFS Series Trust III (which has two series: MFS High Income Fund and MFS Municipal High Income Fund), MFS Series Trust IV (which has four series: MFS Money Market Fund, MFS Government Money Market Fund, MFS Municipal Bond Fund and MFS OTC Fund), MFS Series Trust V (which has two series: MFS Total Return Fund and MFS Research Fund), MFS Series Trust VI (which has three series: MFS World Total Return Fund, MFS Utilities Fund and MFS World Equity Fund), MFS Series Trust VII (which has two series: MFS World Governments Fund and MFS Value Fund), MFS Series Trust VIII (which has two series: MFS Strategic Income Fund and MFS World Growth Fund), MFS Municipal Series Trust (which has 19 series: MFS Alabama Municipal Bond Fund, MFS Arkansas Municipal Bond Fund, MFS California Municipal Bond Fund, MFS Florida Municipal Bond Fund, MFS Georgia Municipal Bond Fund, MFS Louisiana Municipal Bond Fund, MFS Maryland Municipal Bond Fund, MFS Massachusetts Municipal Bond Fund, MFS Mississippi Municipal Bond Fund, MFS New York Municipal Bond Fund, MFS North Carolina Municipal Bond Fund, MFS Pennsylvania Municipal Bond Fund, MFS South Carolina Municipal Bond Fund, MFS Tennessee Municipal Bond Fund, MFS Texas Municipal Bond Fund, MFS Virginia

Municipal Bond Fund, MFS Washington Municipal Bond Fund, MFS West Virginia Municipal Bond Fund and MFS Municipal Income Fund) and MFS Fixed Income Trust (which has three series: MFS Bond Fund, MFS Limited Maturity Fund and MFS Municipal Limited Maturity Fund) (the "MFS Funds"). The principal business address of each of the aforementioned funds is 500 Boylston Street, Boston, Massachusetts 02116.

MFS also serves as investment adviser of the following no-load, open-end funds: MFS Institutional Trust ("MFSIT") (which has two series), MFS Variable Insurance Trust ("MVI") (which has twelve series) and MFS Union Standard Trust ("UST") (which has two series). The principal business address of each of the aforementioned funds is 500 Boylston Street, Boston, Massachusetts 02116.

In addition, MFS serves as investment adviser to the following closed-end funds: MFS Municipal Income Trust, MFS Multimarket Income Trust, MFS Government Markets Income Trust, MFS Intermediate Income Trust, MFS Charter Income Trust and MFS Special Value Trust (the "MFS Closed-End Funds"). The principal business address of each of the aforementioned funds is 500 Boylston

Street, Boston, Massachusetts 02116.

Lastly, MFS serves as investment adviser to MFS/Sun Life Series Trust ("MFS/SL"), Sun Growth Variable Annuity Fund, Inc. ("SGVAF"), Money Market Variable Account, High Yield Variable Account, Capital Appreciation Variable Account, Government Securities Variable Account, World Governments Variable Account, Total Return Variable Account and Managed Sectors Variable Account. The principal business address of each is One Sun Life Executive Park, Wellesley Hills, Massachusetts 02181.

MFS International Ltd. ("MIL"), a limited liability company organized under the laws of the Republic of Ireland and a subsidiary of MFS, whose principal business address is 41-45 St. Stephen's Green, Dublin 2, Ireland, serves as investment adviser to and distributor for MFS International Funds (which has four portfolios: MFS International Funds-U.S. Equity Fund, MFS International Funds-U.S. Emerging Growth Fund, MFS International Funds-International Governments Fund and MFS International Fund-Charter Income Fund) (the "MIL Funds"). The MIL Funds are organized in Luxembourg and qualify as an undertaking for collective investments in transferable securities (UCITS). The principal business address of the MIL Funds is 47, Boulevard Royal, L-2449 Luxembourg.

MIL also serves as investment adviser to and distributor for MFS Meridian U.S. Government Bond Fund, MFS Meridian Charter Income Fund, MFS Meridian Global Government Fund, MFS Meridian U.S. Emerging Growth Fund, MFS Meridian Global Equity Fund, MFS Meridian Limited Maturity Fund, MFS Meridian World Growth Fund, MFS Meridian Money Market Fund and MFS Meridian U.S. Equity Fund (collectively the "MFS Meridian Funds"). Each of the MFS Meridian Funds is organized as an exempt company under the laws of the Cayman Islands. The principal business address of each of the MFS Meridian Funds is P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies.

MFS Fund Distributors, Inc. ("MFD"), a wholly owned subsidiary of MFS, serves as distributor for the MFS Funds, MVI, UST and MFSIT.

Clarendon Insurance Agency, Inc. ("CIAI"), a wholly owned subsidiary of MFS, serves as distributor for certain life insurance and annuity contracts issued by Sun Life Assurance Company of Canada (U.S.).

MFS Service Center, Inc. ("MFSC"), a wholly owned subsidiary of MFS, serves as shareholder servicing agent to the MFS Funds, the MFS Closed-End Funds, MFS Institutional Trust, MFS Variable Insurance Trust and MFS Union Standard Trust.

MFS Asset Management, Inc. ("AMI"), a wholly owned subsidiary of MFS, provides investment advice to substantial private clients.

MFS Retirement Services, Inc. ("RSI"), a wholly owned subsidiary of MFS, markets MFS products to retirement plans and provides administrative and record keeping services for retirement plans.

MFS

The Directors of MFS are A. Keith Brodtkin, Jeffrey L. Shames, Arnold D. Scott, John R. Gardner and John D. McNeil. Mr. Brodtkin is the Chairman, Mr. Shames is the President, Mr. Scott is a Senior Executive Vice President and Secretary, James E. Russell is a Senior Vice President and the Treasurer, Stephen E. Cavan is a Senior Vice President, General Counsel and an Assistant Secretary, and Robert T. Burns is a Vice President and an Assistant Secretary of MFS.

MASSACHUSETTS INVESTORS TRUST
MASSACHUSETTS INVESTORS GROWTH STOCK FUND
MFS GROWTH OPPORTUNITIES FUND
MFS GOVERNMENT SECURITIES FUND
MFS GOVERNMENT MORTGAGE FUND
MFS SERIES TRUST I
MFS SERIES TRUST V
MFS GOVERNMENT LIMITED MATURITY FUND
MFS SERIES TRUST VI

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, Vice President of MFS, is Assistant Treasurer, James R. Bordewick, Jr., Vice President and Associate General Counsel of MFS, is Assistant Secretary.

MFS SERIES TRUST II

A. Keith Brodtkin is the Chairman and President, Leslie J. Nanberg, Senior Vice President of MFS, is a Vice President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is Assistant Secretary.

MFS GOVERNMENT MARKETS INCOME TRUST
MFS INTERMEDIATE INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Patricia A. Zlotin, Executive Vice President of MFS and Leslie J. Nanberg, Senior Vice President of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is the Assistant Secretary.

MFS SERIES TRUST III

A. Keith Brodtkin is the Chairman and President, James T. Swanson, Robert J. Manning, Cynthia M. Brown and Joan S. Batchelder, Senior Vice Presidents of MFS, Bernard Scozzafava, Vice President of MFS, and Matthew Fontaine, Assistant Vice President of MFS, are Vice Presidents, Sheila Burns-Magnan and Daniel E. McManus, Assistant Vice Presidents of MFS, are Assistant Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer, and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST IV
MFS FIXED INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Robert A. Dennis and Geoffrey L. Kurinsky, Senior Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST VII

A. Keith Brodtkin is the Chairman and President, Leslie J. Nanberg and Stephen C. Bryant, Senior Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SERIES TRUST VIII

A. Keith Brodtkin is the Chairman and President, Jeffrey L. Shames, Leslie J. Nanberg, Patricia A. Zlotin, James T. Swanson and John D. Laupheimer, Jr., Vice President of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS MUNICIPAL SERIES TRUST

A. Keith Brodtkin is the Chairman and President, Cynthia M. Brown and Robert A. Dennis are Vice Presidents, David B. Smith, Geoffrey L. Schechter and David R. King, Vice Presidents of MFS, are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS VARIABLE INSURANCE TRUST
MFS INSTITUTIONAL TRUST

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is the Assistant Treasurer and James R. Bordewick, Jr., is the Assistant Secretary.

MFS UNION STANDARD TRUST

A. Keith Brodtkin is the Chairman and President, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost and Karen C. Jordan are Assistant Treasurers and James R. Bordewick, Jr., is the Assistant

Secretary.

MFS MUNICIPAL INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Cynthia M. Brown and Robert J. Manning are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS MULTIMARKET INCOME TRUST
MFS CHARTER INCOME TRUST

A. Keith Brodtkin is the Chairman and President, Patricia A. Zlotin, Leslie J. Nanberg and James T. Swanson are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost, Vice President of MFS, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

MFS SPECIAL VALUE TRUST

A. Keith Brodtkin is the Chairman and President, Jeffrey L. Shames, Patricia A. Zlotin and Robert J. Manning are Vice Presidents, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, and James O. Yost, is Assistant Treasurer and James R. Bordewick, Jr., is Assistant Secretary.

SGVAF

W. Thomas London is the Treasurer.

MIL

A. Keith Brodtkin is a Director and the President, Arnold D. Scott, Jeffrey L. Shames are Directors, Ziad Malek, Senior Vice President of MFS, is a Senior Vice President and Managing Director, Thomas J. Cashman, Jr., a Vice President of MFS, is a Senior Vice President, Stanley T. Kwok is a Vice President, Anthony F. Clarizio is an Assistant Vice President, Stephen E. Cavan is a Director, Senior Vice President and the Clerk, James R. Bordewick, Jr. is a Director, Senior Vice President and an Assistant Clerk, Robert T. Burns is an Assistant Clerk and James E. Russell is the Treasurer.

MIL FUNDS

A. Keith Brodtkin is the Chairman, President and a Director, Arnold D. Scott and Jeffrey L. Shames are Directors, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James O. Yost is the Assistant Treasurer and James R. Bordewick, Jr., is the Assistant Secretary, and Ziad Malek is a Senior Vice President.

MFS MERIDIAN FUNDS

A. Keith Brodtkin is the Chairman, President and a Director, Arnold D. Scott and Jeffrey L. Shames are Directors, Stephen E. Cavan is the Secretary, W. Thomas London is the Treasurer, James R. Bordewick, Jr., is the Assistant Secretary and Ziad Malek is a Senior Vice President.

MFD

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, William W. Scott, Jr., an Executive Vice President of MFS, is the President, Stephen E. Cavan is the Secretary, Robert T. Burns is the Assistant Secretary, and James E. Russell is the Treasurer.

CIAI

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, Cynthia Orcott is President, Bruce C. Avery, Executive Vice President of MFS, is the Vice President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary, and Robert T. Burns is the Assistant Secretary.

MFSC

A. Keith Brodtkin is the Chairman, Arnold D. Scott and Jeffrey L. Shames are Directors, Joseph A. Recomendés, Senior Vice President of MFS, is the President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary,

and Robert T. Burns is the Assistant Secretary.

AMI

A. Keith Brodtkin is the Chairman and a Director, Jeffrey L. Shames, Leslie J. Nanberg and Arnold D. Scott are Directors, Thomas J. Cashman is the President and a Director, James E. Russell is the Treasurer and Robert T. Burns is the Secretary.

RSI

William W. Scott, Jr., Joseph A. Recomendés and Bruce C. Avery are Directors, Arnold D. Scott is the Chairman, Douglas C. Grip, a Senior Vice President of MFS, is the President, James E. Russell is the Treasurer, Stephen E. Cavan is the Secretary, Robert T. Burns is the Assistant Secretary and Henry A. Shea is an Executive Vice President.

In addition, the following persons, Directors or officers of MFS, have the affiliations indicated:

A. Keith Brodtkin Director, Sun Life Assurance Company of Canada (U.S.), One Sun Life Executive Park, Wellesley Hills, Massachusetts
Director, Sun Life Insurance and Annuity Company of New York, 67 Broad Street, New York, New York

John R. Gardner President and a Director, Sun Life Assurance Company of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada (Mr. Gardner is also an officer and/or Director of various subsidiaries and affiliates of Sun Life)

John D. McNeil Chairman, Sun Life Assurance Company of Canada, Sun Life Centre, 150 King Street West, Toronto, Ontario, Canada (Mr. McNeil is also an officer and/or Director of various subsidiaries and affiliates of Sun Life)

ITEM 29. PRINCIPAL UNDERWRITERS

- (a) Reference is hereby made to Item 28 above.
- (b) Reference is hereby made to Item 28 above.
- (c) Not Applicable.

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS

The accounts and records of the Registrant are located, in whole or in part, at the office of the Registrant and the following locations:

NAME	ADDRESS
Massachusetts Financial Services Company	500 Boylston Street Boston, MA 02116
MFS Fund Distributors, Inc.	500 Boylston Street Boston, MA 02116
Investors Bank & Trust Company	89 South Street Boston, MA 02111
MFS Service Center, Inc.	500 Boylston Street Boston, MA 02116

The Registrant's corporate documents are kept by the Registrant at its offices. Portfolio brokerage orders, other purchase orders, reasons for brokerage allocation and lists of persons authorized to transact business for the Registrant are kept by Massachusetts Financial Services Company at 500 Boylston Street, Boston, Massachusetts 02116. Shareholder account records are kept by MFS Service Center, Inc. at 500 Boylston Street, Boston, Massachusetts 02116. Transaction journals, receipts for the acceptance and delivery of securities and cash, ledgers and trial balances are kept by Investors Bank & Trust Company, 89 South Street, Boston, MA 02111.

ITEM 31. MANAGEMENT SERVICES

Not applicable.

ITEM 32. UNDERTAKINGS

(a) Not applicable.

(b) Not applicable.

(c) Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to trustees, officers and controlling persons of the Registrant pursuant to the provisions set forth in Item 27 of this Part C, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a trustee, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being Registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(d) The registrant undertakes to furnish each person to whom a prospectus is delivered with a copy of the Registrant's latest annual report to shareholders upon request and without charge.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Post-Effective Amendment No. 2 to the Registration Statement No. 811-4096 of MFS Variable Insurance Trust of our report dated February 3, 1995 appearing in the annual report to shareholders of MFS World Governments Series for the period ended December 31, 1994, and to the inclusion in such Registration Statement of our report dated February 3, 1995 relating to the statements of assets and liabilities of MFS OTC Series, MFS Growth Series, MFS Research Series, MFS Growth with Income Series, MFS Total Return Series, MFS Utilities Series, MFS High Income Series, MFS World Governments Series, MFS Strategic Fixed Income Series, MFS Bond Series, MFS Limited Maturity Series and MFS Money Market Series as of December 31, 1994. We also consent to the references to us under the headings "Condensed Financial Information" in the Prospectus and "Independent Accountants and Financial Statements" in the Statement of Additional Information, both of which are part of such Registration Statement.

Boston, Massachusetts
February 17, 1995