ANNUAL REPORT
December 31, 2013

MFS®

MFS® STRATEGIC INCOME PORTFOLIO

MFS® Variable Insurance Trust II

SIS-ANN

MFS® STRATEGIC INCOME PORTFOLIO

CONTENTS

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

LETTER FROM THE CHAIRMAN AND CEO

Dear Contract Owners:

As a new year begins, the global economy is recovering. U.S. economic growth accelerated in the second half of 2013. Now that the speculation is over regarding the timing of the U.S. Federal Reserve's move to scale back its bond-buying program, investors are viewing the central bank's decision to taper as a signal of confidence in the economic recovery.

The eurozone broke out of its lengthy recession halfway through the year. However, persistently high unemployment, particularly in Spain and Greece, continues to hinder the region's economic growth.

China is progressing in its transition to a more consumption-based, domestic economy. Japan has succeeded in jump-starting its sluggish economy; driving down the yen's value has made exports more attractive, leading to profit growth and a stock market surge. Although Japan could face a deterrent to growth in April, when its national sales tax rises to 8% from 5%, in the longer term the tax increase will help bolster the nation's finances.

Managing risk in the face of uncertainty is always a top priority for investors. At MFS®, our collaborative process employs integrated, global research and active risk management. Our team of investment professionals shares ideas and evaluates opportunities that span continents, investment disciplines and asset classes. Our goal is to build better insights, and ultimately better results, for our clients.

We understand and appreciate the economic challenges investors face, and we believe in the value of maintaining a long-term view and employing time-tested principles, such as asset allocation and diversification. We are confident that our unique approach can serve investors well as they work with their financial advisors to identify and pursue the most suitable opportunities.

Respectfully,

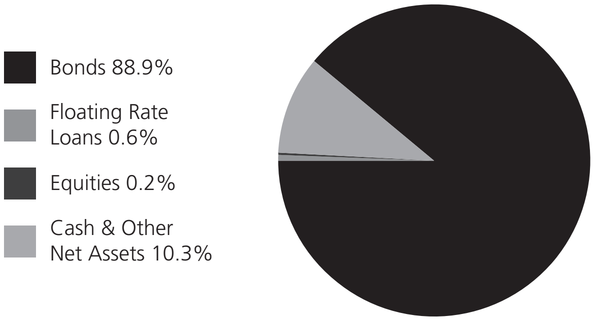
Robert J. Manning
Chairman and Chief Executive Officer
MFS Investment Management®

February 14, 2014

The opinions expressed in this letter are subject to change, may not be relied upon for investment advice, and no forecasts can be guaranteed.

PORTFOLIO COMPOSITION

Portfolio structure (i)



Fixed income sectors (i)

High Grade Corporates	48.4%
High Yield Corporates	32.2%
Non-U.S. Government Bonds	9.7%
Emerging Markets Bonds	4.5%
U.S. Government Agencies	1.1%
Commercial Mortgage-Backed Securities	0.7%
Floating Rate Loans	0.6%
Mortgage-Backed Securities	0.6%
Asset-Backed Securities	0.4%
Municipal Bonds	0.4%
Collateralized Debt Obligations	0.1%
U.S. Treasury Securities	(9.2)%

Composition including fixed income credit quality (a)(i)

AAA	2.5%
AA	4.1%
A	17.9%
BBB	37.4%
BB	14.0%
B	14.9%
CCC	5.4%
CC (o)	0.0%
C	0.3%
D (o)	0.0%
Federal Agencies	1.7%
Not Rated	(8.7)%
Non-Fixed Income	0.2%
Cash & Other	10.3%

Portfolio facts (i)

Average Duration (d)	4.4
Average Effective Maturity (m)	7.2 yrs.

Issuer country weightings (i)(x)

United States	67.2%
United Kingdom	4.9%
France	4.0%
Netherlands	2.6%
Italy	2.6%
Canada	2.4%
Germany	2.1%
Japan	2.0%
Australia	1.7%
Other Countries	10.5%

(a) For all securities other than those specifically described below, ratings are assigned to underlying securities utilizing ratings from Moody's, Fitch, and Standard & Poor's rating agencies and applying the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). Securities rated BBB or higher are considered investment grade. All ratings are subject to change. Federal Agencies includes rated and unrated U.S. Agency fixed-income securities, U.S. Agency mortgage-backed securities, and collateralized mortgage obligations of U.S. Agency mortgage-backed securities. Not Rated includes fixed income securities, including fixed income futures contracts, which have not been rated by any rating agency. Non-Fixed Income includes equity securities (including convertible bonds and equity derivatives) and commodities. Cash & Other includes cash, other assets less liabilities, offsets to derivative positions, and short-term securities. The fund may not hold all of these instruments. The fund is not rated by these agencies.

(d) Duration is a measure of how much a bond's price is likely to fluctuate with general changes in interest rates, e.g., if rates rise 1.00%, a bond with a 5-year duration is likely to lose about 5.00% of its value due to the interest rate move.

Portfolio Composition – continued

(i) For purposes of this presentation, the components include the market value of securities, and reflect the impact of the equivalent exposure of derivative positions, if any. These amounts may be negative from time to time. Equivalent exposure is a calculated amount that translates the derivative position into a reasonable approximation of the amount of the underlying asset that the portfolio would have to hold at a given point in time to have the same price sensitivity that results from the portfolio's ownership of the derivative contract. When dealing with derivatives, equivalent exposure is a more representative measure of the potential impact of a position on portfolio performance than market value. The bond component will include any accrued interest amounts.

(m) In determining an instrument's effective maturity for purposes of calculating the fund's dollar-weighted average effective maturity, MFS uses the instrument's stated maturity or, if applicable, an earlier date on which MFS believes it is probable that a maturity-shortening device (such as a put, pre-refunding or prepayment) will cause the instrument to be repaid. Such an earlier date can be substantially shorter than the instrument's stated maturity.

(o) Less than 0.1%.

(x) Represents the portfolio's exposure to issuer countries as a percentage of a portfolio's net assets.

Where the fund holds convertible bonds, these are treated as part of the equity portion of the portfolio.

The fund invests a portion of its assets in the MFS High Yield Pooled Portfolio. Percentages reflect exposure to the underlying holdings of the MFS High Yield Pooled Portfolio and not to the exposure from investing directly in the MFS High Yield Pooled Portfolio itself.

Percentages are based on net assets as of 12/31/13.

The portfolio is actively managed and current holdings may be different.

MANAGEMENT REVIEW

Summary of Results

For the twelve months ended December 31, 2013, Initial Class shares of the MFS Strategic Income Portfolio ("fund") provided a total return of 1.46%, while Service Class shares of the fund provided a total return of 1.08%. These compare with a return of 7.44% over the same period for the fund's benchmark, the Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index. For the same period, the fund's other benchmark, the MFS Strategic Income Blended Index ("Blended Index"), generated a return of 0.43%. The Blended Index reflects the blended returns of various fixed income market indices, with percentage allocations to each index designed to resemble the fixed income allocations of the fund. The market indices and related percentage allocations used to compile the Blended Index are set forth in the Performance Summary.

Market Environment

Just prior to the beginning of the period, a last minute political agreement concerning the US debt ceiling averted the worst-case scenario and markets gravitated towards risk assets. However, the implementation of the US budget sequester, combined with concerns surrounding the Italian election results, was a source of uncertainty which lingered throughout the first part of the period.

The more dominant features of the first few months of 2013 included a marked improvement in market sentiment as global macroeconomic indicators improved, monetary easing by the Bank of Japan accelerated and fears of fiscal austerity in the US waned. In the middle of the period, concerns that the US Federal Reserve ("Fed") would begin tapering its quantitative easing ("QE") program caused sovereign bond yields to spike, credit spreads to widen, and equity valuations to fall. Equities subsequently outperformed fixed income in response to the improved economic fundamentals.

Toward the end of the period, the Fed's decision to postpone QE tapering surprised markets. Favorable market reactions were tempered, however, by tense negotiations over US fiscal policy which resulted in a 16-day partial shutdown of the federal government and a short-term extension in the debt ceiling. The volatility was short-lived, however, as an extension of budget and debt ceiling deadlines allowed the government to re-open, and subsequent economic data reflected moderate but resilient US growth. Also well-received was the decision by the European Central Bank to cut its policy rate as inflation pressures waned in the region. In addition, equity investors appeared to have concluded that there would be no major change in US monetary policy as a result of the nomination of Janet Yellen as the new Fed Chair for the term beginning in early 2014.

Detractors from Performance

Relative to the Blended Index, the portion of the fund's return derived from yield, which was less than that of the benchmark, hindered results. The fund's lesser exposure to Italian bonds also dampened relative performance.

Contributors to Performance

The fund's greater exposure to the *financial*, *banking*, and *industrial* sectors aided relative performance as these market segments posted strong returns over the period. Yield curve [(y)] positioning in the US, particularly the fund's lesser exposure to shifts in the long end of the yield curve (centered around maturities of 10 years), was another positive factor for the fund's relative results.

Credit quality, primarily the fund's greater exposure to "BBB" rated [(r)] securities, further supported relative returns. A lack of exposure to Turkish and Indonesian bonds also benefited relative performance. The fund actively manages currency exposure, principally employing forward currency contracts for this purpose. During the reporting period, the fund's lesser exposure to the Japanese yen had a positive impact on the performance of the fund. Positive security selection was another area of relative strength.

Respectfully,

William Adams Portfolio Manager	Ward Brown Portfolio Manager	James Calmas Portfolio Manager	David Cole Portfolio Manager
Robert Persons Portfolio Manager	Matthew Ryan Portfolio Manager	Erik Weisman Portfolio Manager	

Note to Contract Owners: Effective April 30, 2013, Ward Brown is also a Portfolio Manager of the Fund.

(r) Bonds rated "BBB", "Baa", or higher are considered investment grade; bonds rated "BB", "Ba", or below are considered non-investment grade. The source for bond quality ratings is Moody's Investors Service, Standard & Poor's and Fitch, Inc. and are applied using the following hierarchy: If all three agencies provide a rating, the middle rating (after dropping the highest and lowest ratings) is assigned; if two of the three agencies rate a security, the lower of the two is assigned. Ratings are shown in the S&P and Fitch scale (e.g., AAA). For securities which are not rated by any of the three agencies, the security is considered Not Rated.

(y) A yield curve graphically depicts the yields of different maturity bonds of the same credit quality and type; a normal yield curve is upward sloping, with short-term rates lower than long-term rates.

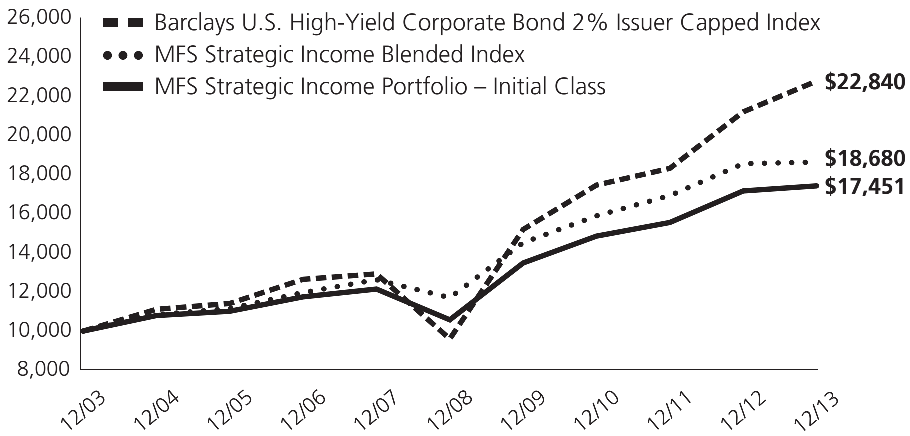
The views expressed in this report are those of the portfolio managers only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or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

PERFORMANCE SUMMARY THROUGH 12/31/13

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

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

Growth of a Hypothetical $10,000 Investment



Total Returns through 12/31/13

Average annual total returns

Share Class	Class inception date	1-yr	5-yr	10-yr
Initial Class	5/06/98	1.46%	10.52%	5.73%
Service Class	8/24/01	1.08%	10.24%	5.46%

Comparative benchmarks

Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index (f)	7.44%	18.96%	8.61%
MFS Strategic Income Blended Index (f)(w)	0.43%	9.76%	6.45%
Barclays U.S. Credit Bond Index (f)	(2.01)%	7.89%	5.23%
Barclays U.S. Government/Mortgage Bond Index (f)	(2.10)%	3.00%	4.37%
Citigroup World Government Bond Non-Dollar Hedged Index (f)	1.42%	3.16%	4.25%
Citigroup World Government Bond Non-Dollar Index (f)	(4.56)%	2.27%	4.10%
JPMorgan Emerging Markets Bond Index Global (f)	(6.58)%	11.52%	8.30%

(f) Source: FactSet Research Systems Inc.

(w) MFS Strategic Income Blended Index is at a point in time and allocations during the period can change. As of December 31, 2013, the blended index was comprised of 10% Barclays U.S. Credit Bond Index, 33% Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index, 14% JPMorgan Emerging Markets Bond Index Global, 8.5% Citigroup World Government Bond Non-Dollar Hedged Index, 8.5% Citigroup World Government Bond Non-Dollar Index, and 26% Barclays U.S. Government/Mortgage Bond Index.

Benchmark Definitions

Barclays U.S. Credit Bond Index – a market capitalization-weighted index that measures the performance of publicly issued, SEC-registered, U.S. corporate and specified foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

Barclays U.S. Government/Mortgage Bond Index – measures debt issued by the U.S. Government, and its agencies, as well as mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Barclays U.S. High-Yield Corporate Bond 2% Issuer Capped Index – a component of the Barclays U.S. High-Yield Corporate Bond Index, which measures performance of non-investment grade, fixed rate debt. The index limits the maximum exposure to any one issuer to 2%.

Citigroup World Government Bond Non-Dollar Hedged Index – a market capitalization-weighted index that is designed to represent the currency-hedged performance of the international developed government bond markets, excluding the United States.

Citigroup World Government Bond Non-Dollar Index – a market capitalization-weighted index that is designed to represent the performance of the international developed government bond markets, excluding the United States.

JPMorgan Emerging Markets Bond Index Global – measures the performance of U.S.-dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds.

It is not possible to invest directly in an index.

Notes to Performance Summary

Average annual total return represents the average annual change in value for each share class for the periods presented.

Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown. Without such subsidies and waivers the fund's performance results would be less favorable. Please see the prospectus and financial statements for complete details. All results are historical and assume the reinvestment of any dividends and capital gains distributions.

Performance results do not include adjustments made for financial reporting purposes in accordance with U.S. generally accepted accounting principles and may differ from amounts reported in the financial highlights.

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

EXPENSE TABLE

Fund Expenses Borne by the Contract Holders During the Period, July 1, 2013 through December 31, 2013

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

In addition to the fees and expenses which the fund bears directly, the fund indirectly bears a pro rata share of the fees and expenses of the underlying MFS Pooled Portfolio in which the fund invests. MFS Pooled Portfolios are mutual funds advised by MFS that do not pay management fees to MFS but do incur investment and operating costs. If these transactional and indirect costs were included, your costs would have been higher.

The example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period July 1, 2013 through December 31, 2013.

Actual Expenses

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

Hypothetical Example for Comparison Purposes

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

Please note that the expenses shown in the table are meant to highlight the fund's ongoing costs only and do not take into account the fees and expenses imposed under the variable contracts through which your investment in the fund is made. Therefore, the second line for each share class in the table is useful in comparing ongoing costs associated with an investment in vehicles (such as the fund) which fund benefits under variable annuity and variable life insurance contracts and to qualified pension and retirement plans only, and will not help you determine the relative total costs of investing in the fund through variable annuity and variable life insurance contracts. If the fees and expenses imposed under the variable contracts were included, your costs would have been higher.

Share Class		Annualized Expense Ratio	Beginning Account Value 7/01/13	Ending Account Value 12/31/13	Expenses Paid During Period (p) 7/01/13-12/31/13
Initial Class	Actual	0.82%	$1,000.00	$1,032.89	$4.20
	Hypothetical (h)	0.82%	$1,000.00	$1,021.07	$4.18
Service Class	Actual	1.07%	$1,000.00	$1,030.14	$5.48
	Hypothetical (h)	1.07%	$1,000.00	$1,019.81	$5.45

(h) 5% class return per year before expenses.

(p) Expenses paid are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by the number of days in the period, divided by the number of days in the year. In addition to the fees and expenses which the fund bears directly, the fund indirectly bears a pro rata share of the fees and expenses of the underlying funds in which the fund invests. If these indirect costs were included, your costs would have been higher.

Notes to Expense Table

Changes to the portfolio's fee arrangements occurred during the six month period. Had these fee changes been in effect throughout the entire six month period, the annualized expense ratios would have been 0.80% for the Initial Class shares and 1.05% for the Service Class shares; the actual expenses paid during the period would have been approximately $4.10 for the Initial Class shares and $5.37 for the Service Class shares; and the hypothetical expenses paid during the period would have been approximately $4.08 for the Initial Class shares and $5.35 for the Service Class shares. For further information about the fund's fee arrangements and changes to those fee arrangements, please see Note 3 in the Notes to Financial Statements.

PORTFOLIO OF INVESTMENTS – 12/31/13

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

Issuer	Shares/Par	Value ($)
BONDS – 64.4%		
Asset-Backed & Securitized – 1.2%		
Bayview Financial Revolving Mortgage Loan Trust, FRN, 1.767%, 2040 (z)	$ 306,251	$ 161,959
Capital Trust Realty Ltd., CDO, 5.16%, 2035 (n)	11,881	12,178
Credit Suisse Commercial Mortgage Trust, “A4”, FRN, 5.759%, 2039	151,476	166,194
Crest Ltd., CDO, 7%, 2040 (p)	518,891	25,945
Falcon Franchise Loan LLC, FRN, 8.603%, 2023 (i)(z)	88,424	9,727
Falcon Franchise Loan LLC, FRN, 12.796%, 2025 (i)(z)	90,214	30,583
First Union National Bank Commercial Mortgage Trust, FRN, 1.629%, 2043 (i)(z)	54,007	72
First Union-Lehman Brothers Bank of America, FRN, 0.574%, 2035 (i)	1,282,801	24,970
HLSS Servicer Advance Receivables Trust, 2013-T1, “A2”, 1.495%, 2046 (n)	150,000	149,445
JPMorgan Chase Commercial Mortgage Trust, 2007-LD11, “AM”, FRN, 5.805%, 2049	293,049	297,757
Lehman Brothers Commercial Conduit Mortgage Trust, FRN, 1.175%, 2030 (i)	70,183	1,939
Morgan Stanley Capital I, Inc., FRN, 1.41%, 2039 (i)(z)	920,223	6,451
		$ 887,220
Automotive – 1.0%		
Daimler Finance North America LLC, 1.875%, 2018 (n)	$ 364,000	$ 358,396
Hyundai Capital America, 1.875%, 2016 (n)	180,000	180,640
TRW Automotive, Inc., 4.45%, 2023 (n)	203,000	196,910
		$ 735,946
Biotechnology – 0.4%		
Life Technologies Corp., 6%, 2020	$ 240,000	$ 275,469
Broadcasting – 0.2%		
CBS Corp., 5.75%, 2020	$ 60,000	$ 67,278
News America, Inc., 8.5%, 2025	85,000	106,945
		$ 174,223
Brokerage & Asset Managers – 0.8%		
Blackstone Holdings Finance Co. LLC, 4.75%, 2023 (n)	$ 245,000	$ 253,488
TD Ameritrade Holding Corp., 5.6%, 2019	285,000	328,786
		$ 582,274
Building – 0.5%		
CRH PLC, 8.125%, 2018	$ 200,000	$ 244,874
Owens Corning, Inc., 4.2%, 2022	105,000	100,117
		$ 344,991

Issuer	Shares/Par	Value ($)
BONDS – continued		
Cable TV – 1.2%		
Cox Communications, Inc., 3.25%, 2022 (n)	$ 306,000	$ 276,463
DIRECTV Holdings LLC, 5.875%, 2019	110,000	124,535
NBCUniversal Enterprise, Inc., 1.974%, 2019 (n)	104,000	101,672
Time Warner Cable, Inc., 8.25%, 2019	310,000	362,984
		$ 865,654
Chemicals – 0.9%		
Dow Chemical Co., 8.55%, 2019	$ 430,000	$ 554,926
Sociedad Quimica y Minera de Chile S.A., 5.5%, 2020 (n)	100,000	101,713
		$ 656,639
Computer Software – 0.2%		
Oracle Corp., 5.375%, 2040	$ 169,000	$ 179,845
Computer Software – Systems – 0.1%		
Seagate HDD Cayman, 3.75%, 2018 (n)	$ 107,000	$ 108,204
Consumer Products – 0.6%		
Mattel, Inc., 5.45%, 2041	$ 136,000	$ 135,442
Newell Rubbermaid, Inc., 4.7%, 2020	210,000	220,002
Tupperware Brands Corp., 4.75%, 2021	128,000	128,570
		$ 484,014
Consumer Services – 0.5%		
Experian Finance PLC, 2.375%, 2017 (n)	$ 400,000	$ 393,804
Defense Electronics – 0.7%		
BAE Systems Holdings, Inc., 5.2%, 2015 (n)	$ 381,000	$ 404,539
BAE Systems Holdings, Inc., 6.375%, 2019 (n)	100,000	115,669
		$ 520,208
Electrical Equipment – 0.4%		
Arrow Electronics, Inc., 3%, 2018	$ 84,000	$ 84,006
Ericsson, Inc., 4.125%, 2022	188,000	182,469
		$ 266,475
Electronics – 0.1%		
Tyco Electronics Group S.A., 3.5%, 2022	$ 79,000	$ 74,948
Emerging Market Quasi-Sovereign – 2.1%		
Gaz Capital S.A., 3.85%, 2020 (n)	$ 200,000	$ 193,000
Gaz Capital S.A., 4.95%, 2028 (n)	200,000	177,000
IIRSA Norte Finance Ltd., 8.75%, 2024	204,673	237,421
Petrobras Global Finance Co., 4.375%, 2023	9,000	8,006
Petrobras International Finance Co., 7.875%, 2019	132,000	149,447
Petrobras International Finance Co., 6.75%, 2041	121,000	112,270
Petroleos Mexicanos, 5.5%, 2021	216,000	232,200
Petroleos Mexicanos, 4.875%, 2022	64,000	65,760

Issuer		Shares/Par		Value ($)
BONDS – continued				
Emerging Market Quasi-Sovereign – continued				
Petroleos Mexicanos, 6.5%, 2041	$	80,000	$	83,600
Ras Laffan Liquefied Natural Gas Co. Ltd., 5.832%, 2016 (n)		129,250		137,328
Rosneft, 4.199%, 2022 (n)		200,000		183,500
			$	1,579,532
Emerging Market Sovereign – 0.3%				
Oriental Republic of Uruguay, 4.5%, 2024	$	11,000	$	11,000
Republic of Hungary, 5.375%, 2023		14,000		13,825
Republic of Philippines, 6.375%, 2034		100,000		119,000
Republic of Poland, 5%, 2022		37,000		39,544
Republic of Romania, 4.375%, 2023 (n)		8,000		7,720
United Mexican States, 4%, 2023		4,000		3,960
			$	195,049
Energy – Independent – 0.3%				
EQT Corp., 4.875%, 2021	$	122,000	$	124,945
Hess Corp., 8.125%, 2019		90,000		111,734
			$	236,679
Energy – Integrated – 1.0%				
BP Capital Markets PLC, 4.5%, 2020	$	75,000	$	80,934
BP Capital Markets PLC, 4.742%, 2021		220,000		240,348
Pacific Rubiales Energy Corp., 7.25%, 2021 (n)		115,000		121,900
Petro-Canada Financial Partnership, 5%, 2014		280,000		290,174
			$	733,356
Financial Institutions – 1.3%				
General Electric Capital Corp., 6%, 2019	$	80,000	$	93,812
General Electric Capital Corp., 5.5%, 2020		205,000		234,508
General Electric Capital Corp., 3.15%, 2022		187,000		180,684
General Electric Capital Corp., 3.1%, 2023		125,000		118,406
LeasePlan Corp. N.V., 3%, 2017 (n)		200,000		201,376
NYSE Euronext, 2%, 2017		140,000		140,124
			$	968,910
Food & Beverages – 2.5%				
Anheuser-Busch InBev S.A., 7.75%, 2019	$	58,000	$	72,386
Conagra Foods, Inc., 3.2%, 2023		190,000		176,122
Kraft Foods Group, Inc., 6.125%, 2018		250,000		291,268
Mead Johnson Nutrition Co., “A”, 4.9%, 2019		69,000		75,197
Pernod-Ricard S.A., 2.95%, 2017 (n)		350,000		361,329
SABMiller Holdings, Inc., 3.75%, 2022 (n)		205,000		205,474
Tyson Foods, Inc., 6.6%, 2016		190,000		212,077
Tyson Foods, Inc., 4.5%, 2022		124,000		126,076
Wm. Wrigley Jr. Co., 2.4%, 2018 (n)		91,000		90,395
Wm. Wrigley Jr. Co., 3.375%, 2020 (n)		277,000		273,496
			$	1,883,820
Forest & Paper Products – 0.3%				
Georgia-Pacific LLC, 3.734%, 2023 (n)	$	263,000	$	252,723
Insurance – 2.6%				
Allianz AG, FRN, 5.5% to 2014, FRN to 2049	EUR	353,000	$	485,882

Issuer		Shares/Par		Value ($)
BONDS – continued				
Insurance – continued				
American International Group, Inc., 3%, 2015	$	90,000	$	92,438
American International Group, Inc., 5.85%, 2018		139,000		159,373
American International Group, Inc., 3.375%, 2020		190,000		190,884
ING U.S., Inc., 2.9%, 2018		107,000		109,389
MetLife, Inc., 1.756%, 2017		51,000		50,437
Metropolitan Life Global Funding I, 5.125%, 2014 (n)		120,000		122,486
Principal Financial Group, Inc., 8.875%, 2019		210,000		268,353
Prudential Financial, Inc., 6.2%, 2015		210,000		221,750
Unum Group, 7.125%, 2016		250,000		283,165
			$	1,984,157
Insurance – Property & Casualty – 2.2%				
Aon Corp., 3.5%, 2015	$	270,000	$	281,796
AXIS Capital Holdings Ltd., 5.75%, 2014		335,000		350,015
AXIS Capital Holdings Ltd., 5.875%, 2020		90,000		98,669
CNA Financial Corp., 5.875%, 2020		260,000		296,218
Liberty Mutual Group, Inc., 4.95%, 2022 (n)		187,000		193,090
PartnerRe Ltd., 5.5%, 2020		173,000		187,564
QBE Capital Funding III Ltd., FRN, 7.25%, 2041 (n)		200,000		206,851
			$	1,614,203
International Market Quasi-Sovereign – 0.9%				
EDF Energies Nouvelles S.A., 6.5%, 2019 (n)	$	350,000	$	413,595
Eksportfinans A.S.A., 5.5%, 2016		240,000		253,200
			$	666,795
International Market Sovereign – 8.6%				
Commonwealth of Australia, 5.75%, 2021	AUD	165,000	$	164,825
Federal Republic of Germany, 4.25%, 2018	EUR	180,000		285,214
Federal Republic of Germany, 6.25%, 2030	EUR	116,000		236,862
Government of Canada, 4.5%, 2015	CAD	156,000		153,954
Government of Canada, 4.25%, 2018	CAD	127,000		131,717
Government of Canada, 3.25%, 2021	CAD	72,000		71,561
Government of Canada, 5.75%, 2033	CAD	28,000		36,164
Government of Japan, 1.1%, 2020	JPY	45,500,000		451,308
Government of Japan, 2.1%, 2024	JPY	14,750,000		159,107
Government of Japan, 2.2%, 2027	JPY	35,550,000		388,976
Government of Japan, 2.4%, 2037	JPY	36,350,000		393,787
Government of Japan, 1.8%, 2043	JPY	12,050,000		116,328
Kingdom of Belgium, 5.5%, 2017	EUR	233,000		374,549
Kingdom of Belgium, 4.25%, 2021	EUR	55,000		87,245
Kingdom of Denmark, 3%, 2021	DKK	359,000		73,088
Kingdom of Spain, 5.4%, 2023	EUR	57,000		86,131
Kingdom of Spain, 4.6%, 2019	EUR	337,000		501,351
Kingdom of Sweden, 5%, 2020	SEK	260,000		47,805

Issuer		Shares/Par	Value ($)
BONDS – continued			
International Market Sovereign – continued			
Kingdom of the Netherlands, 5.5%, 2028	EUR	84,000	$ 154,421
Republic of Austria, 4.65%, 2018	EUR	145,000	229,358
Republic of Finland, 3.875%, 2017	EUR	67,000	102,648
Republic of France, 6%, 2025	EUR	67,000	122,823
Republic of France, 4.75%, 2035	EUR	140,000	237,113
Republic of Ireland, 4.5%, 2020	EUR	66,000	99,283
Republic of Ireland, 5.4%, 2025	EUR	40,000	62,583
Republic of Italy, 5.25%, 2017	EUR	531,000	805,977
Republic of Italy, 3.75%, 2021	EUR	354,000	498,708
United Kingdom Treasury, 8%, 2021	GBP	74,000	167,517
United Kingdom Treasury, 4.25%, 2036	GBP	104,000	188,993
			$ 6,429,396
Local Authorities – 0.7%			
Louisiana Gas & Fuels Tax Rev. (Build America Bonds), FRN, 3%, 2043	$	260,000	$ 260,551
State of Illinois (Build America Bonds), 6.725%, 2035		270,000	283,816
			$ 544,367
Machinery & Tools – 0.5%			
Atlas Copco AB, 5.6%, 2017 (n)	$	349,000	$ 388,138
Major Banks – 7.2%			
ABN AMRO Bank N.V., 4.25%, 2017 (n)	$	200,000	$ 214,416
Bank of America Corp., 7.375%, 2014		115,000	117,862
Bank of America Corp., 6.5%, 2016		295,000	333,059
Bank of America Corp., 3.3%, 2023		212,000	200,293
Barclays Bank PLC, 5.125%, 2020		230,000	254,758
BNP Paribas, 2.7%, 2018		220,000	224,013
BNP Paribas, 7.195% to 2037, FRN to 2049 (n)		200,000	206,500
BNP Paribas, FRN, 2.995%, 2014		96,000	98,270
Commonwealth Bank of Australia, 5%, 2019 (n)		220,000	245,075
DBS Bank Ltd., 2.35%, 2017 (n)		400,000	406,741
Goldman Sachs Group, Inc., 5.125%, 2015		140,000	146,242
Goldman Sachs Group, Inc., 5.75%, 2022		334,000	375,476
ING Bank N.V., 5.8%, 2023 (n)		322,000	336,168
ING U.S., Inc., 5.7%, 2043		133,000	138,486
JPMorgan Chase & Co., 2%, 2017		55,000	55,767
JPMorgan Chase & Co., 4.625%, 2021		230,000	247,622
Merrill Lynch & Co., Inc., 6.4%, 2017		120,000	138,296
Morgan Stanley, 6%, 2014		200,000	203,814
Morgan Stanley, 7.3%, 2019		100,000	121,377
Morgan Stanley, 5.625%, 2019		200,000	227,207
Morgan Stanley, FRN, 1.487%, 2016		220,000	222,861
Royal Bank of Scotland PLC, 2.55%, 2015		140,000	143,186
Royal Bank of Scotland PLC, 6%, 2023		380,000	382,706
Standard Chartered PLC, 3.85%, 2015 (n)		250,000	259,599
Wells Fargo & Co., 7.98% to 2018, FRN to 2049		127,000	141,605
			$ 5,441,399

Issuer		Shares/Par	Value ($)
BONDS – continued			
Medical & Health Technology & Services – 1.0%			
Cardinal Health, Inc., 5.8%, 2016	$	295,000	$ 329,555
McKesson Corp., 5.7%, 2017		130,000	144,881
Owens & Minor, Inc., 6.35%, 2016		240,000	261,843
			$ 736,279
Metals & Mining – 1.4%			
Barrick Gold Corp., 4.1%, 2023	$	337,000	$ 304,139
Freeport-McMoRan Copper & Gold, Inc., 2.375%, 2018		130,000	129,623
Freeport-McMoRan Copper & Gold, Inc., 3.1%, 2020		200,000	194,094
Glencore Funding LLC, FRN, 1.395%, 2016 (n)		280,000	278,690
Vale Overseas Ltd., 4.375%, 2022		115,000	111,580
			$ 1,018,126
Miscellaneous Revenue – Other – 0.3%			
Florida Hurricane Catastrophe Fund Finance Corp. Rev, “A”, 2.107%, 2018	$	245,000	$ 239,142
Mortgage-Backed – 0.6%			
Fannie Mae, 6%, 2017	$	15,739	$ 16,332
Fannie Mae, 5.5%, 2020 - 2034		124,958	134,164
Fannie Mae, 6.5%, 2032		55,046	62,023
Freddie Mac, 4.224%, 2020		241,289	260,119
			$ 472,638
Natural Gas – Distribution – 0.4%			
GDF Suez, 1.625%, 2017 (n)	$	310,000	$ 306,737
Natural Gas – Pipeline – 2.2%			
DCP Midstream LLC, 3.875%, 2023	$	167,000	$ 153,546
Energy Transfer Partners LP, 3.6%, 2023		175,000	161,804
Energy Transfer Partners LP, 6.5%, 2042		222,000	237,856
Enterprise Products Partners LP, 6.3%, 2017		230,000	264,671
Kinder Morgan Energy Partners LP, 6.375%, 2041		320,000	344,137
ONEOK Partners LP, 3.2%, 2018		120,000	122,641
Spectra Energy Capital LLC, 8%, 2019		230,000	273,818
Williams Cos., Inc., 3.7%, 2023		74,000	64,489
			$ 1,622,962
Network & Telecom – 2.0%			
AT&T, Inc., 5.5%, 2018	$	220,000	$ 247,544
Centurylink, Inc., 7.65%, 2042		223,000	199,028
France Telecom, 4.375%, 2014		200,000	203,778
Verizon Communications, Inc., 8.75%, 2018		143,000	182,893
Verizon Communications, Inc., 5.15%, 2023		641,000	687,153
			$ 1,520,396
Oil Services – 0.4%			
Transocean, Inc., 2.5%, 2017	$	86,000	$ 86,875
Transocean, Inc., 6%, 2018		180,000	201,773
			$ 288,648

Issuer		Shares/Par		Value ($)
BONDS – continued				
Other Banks & Diversified Financials – 4.6%				
Abbey National Treasury Services PLC, 3.05%, 2018	$	90,000	$	92,432
Banco GNB Sudameris S.A., 3.875%, 2018 (n)		18,000		17,303
Bancolombia S.A., 5.125%, 2022		7,000		6,580
Citigroup, Inc., 6.375%, 2014		200,000		206,724
Citigroup, Inc., 6.01%, 2015		160,000		168,487
Citigroup, Inc., 8.5%, 2019		229,000		293,331
Groupe BPCE S.A., 5.7%, 2023 (n)		255,000		262,716
Groupe BPCE S.A., 12.5% to 2019, FRN to 2049 (n)		259,000		337,995
Intesa Sanpaolo S.p.A., FRN, 2.637%, 2014 (n)		200,000		200,585
Lloyds TSB Bank PLC, 5.8%, 2020 (n)		210,000		240,504
Macquarie Bank Ltd., 5%, 2017 (n)		190,000		205,974
Macquarie Group Ltd., 6%, 2020 (n)		134,000		147,854
Rabobank Nederland N.V., 3.375%, 2017		151,000		158,933
Rabobank Nederland N.V., 3.95%, 2022		500,000		483,763
Santander Holdings USA, Inc., 4.625%, 2016		30,000		31,989
Santander Holdings USA, Inc., 3.45%, 2018		120,000		123,019
SunTrust Banks, Inc., 3.5%, 2017		176,000		185,005
Swedbank AB, 2.125%, 2017 (n)		200,000		199,978
U.S. Bancorp, 2.95%, 2022		116,000		107,615
			$	3,470,787
Personal Computers & Peripherals – 0.2%				
Equifax, Inc., 3.3%, 2022	$	167,000	$	153,921
Pharmaceuticals – 0.6%				
Celgene Corp., 3.95%, 2020	$	290,000	$	300,000
Hospira, Inc., 6.05%, 2017		160,000		176,482
			$	476,482
Pollution Control – 0.3%				
Republic Services, Inc., 5.25%, 2021	$	210,000	$	228,647
Printing & Publishing – 0.2%				
Pearson Funding Five PLC, 3.25%, 2023 (n)	$	200,000	$	180,002
Railroad & Shipping – 0.5%				
CSX Corp., 4.1%, 2044	$	220,000	$	185,729
Panama Canal Railway Co., 7%, 2026 (n)		172,400		168,090
			$	353,819
Real Estate – 2.0%				
AvalonBay Communities, Inc., REIT, 3.625%, 2020	$	240,000	$	242,342
Boston Properties LP, REIT, 3.7%, 2018		120,000		126,523
DDR Corp., REIT, 3.375%, 2023		332,000		301,881
HCP, Inc., REIT, 5.375%, 2021		236,000		256,602
Health Care REIT, Inc., 2.25%, 2018		81,000		80,044
Kimco Realty Corp., REIT, 6.875%, 2019		58,000		69,108
Simon Property Group, Inc., REIT, 6.1%, 2016		230,000		253,975

Issuer		Shares/Par		Value ($)
BONDS – continued				
Real Estate – continued				
WEA Finance LLC, 6.75%, 2019 (n)	$	170,000	$	202,018
			$	1,532,493
Retailers – 1.9%				
AutoZone, Inc., 6.5%, 2014	$	230,000	$	230,448
Dollar General Corp., 4.125%, 2017		186,000		197,405
Gap, Inc., 5.95%, 2021		306,000		337,709
Kohl's Corp., 3.25%, 2023		258,000		235,508
Limited Brands, Inc., 5.25%, 2014		84,000		86,625
Macy's, Inc., 7.875%, 2015		320,000		352,593
			$	1,440,288
Supermarkets – 0.3%				
Kroger Co., 3.85%, 2023	$	262,000	$	257,534
Supranational – 0.5%				
Corporacion Andina de Fomento, 4.375%, 2022	$	340,000	$	336,179
Telecommunications – Wireless – 0.8%				
American Tower Corp., REIT, 4.625%, 2015	$	120,000	$	125,512
American Tower Corp., REIT, 4.7%, 2022		208,000		207,618
Crown Castle Towers LLC, 6.113%, 2020 (n)		261,000		292,360
			$	625,490
Tobacco – 1.1%				
Altria Group, Inc., 9.25%, 2019	$	76,000	$	100,062
Altria Group, Inc., 4%, 2024		103,000		100,504
Lorillard Tobacco Co., 8.125%, 2019		173,000		210,629
Lorillard Tobacco Co., 6.875%, 2020		120,000		138,340
Reynolds American, Inc., 4.75%, 2042		327,000		289,639
			$	839,174
Transportation – Services – 0.4%				
ERAC USA Finance Co., 6.375%, 2017 (n)	$	290,000	$	335,451
U.S. Government Agencies and Equivalents – 1.1%				
National Credit Union Administration Guaranteed Note, 2.9%, 2020	$	70,000	$	72,295
Small Business Administration, 6.35%, 2021		20,305		22,267
Small Business Administration, 4.34%, 2024		182,031		191,731
Small Business Administration, 4.77%, 2024		88,803		94,522
Small Business Administration, 4.99%, 2024		72,678		78,761
Small Business Administration, 4.86%, 2025		90,020		96,010
Small Business Administration, 4.625%, 2025		110,404		117,163
Small Business Administration, 5.11%, 2025		107,565		116,776
			$	789,525

Portfolio of Investments – continued

Issuer	Shares/Par	Value ($)
BONDS – continued		
Utilities – Electric Power – 2.3%		
CMS Energy Corp., 4.25%, 2015	$ 230,000	$ 242,322
CMS Energy Corp., 5.05%, 2022	163,000	175,726
Enel Finance International S.A., 6.25%, 2017 (n)	140,000	156,295
Exelon Generation Co. LLC, 5.35%, 2014	40,000	40,063
Exelon Generation Co. LLC, 5.2%, 2019	135,000	145,402
Exelon Generation Co. LLC, 4.25%, 2022	75,000	71,777
Oncor Electric Delivery Co., 4.1%, 2022	245,000	245,749
PPL WEM Holdings PLC, 3.9%, 2016 (n)	310,000	323,933
Progress Energy, Inc., 3.15%, 2022	323,000	310,546
		$ 1,711,813
Total Bonds (Identified Cost, $47,230,857)		**$48,404,971**
COMMON STOCKS – 0.0%		
Printing & Publishing – 0.0%		
American Media Operations, Inc. (a) (Identified Cost, $36,978)	2,591	$ 12,670
UNDERLYING AFFILIATED FUNDS – 33.4%		
MFS High Yield Pooled Portfolio (v) (Identified Cost, $24,771,727)	2,550,585	$ 25,097,754
MONEY MARKET FUNDS – 1.4%		
MFS Institutional Money Market Portfolio, 0.09%, at Cost and Net Asset Value (v)	1,045,572	$ 1,045,572
Total Investments (Identified Cost, $73,085,134)		**$74,560,967**
OTHER ASSETS, LESS LIABILITIES – 0.8%		**587,821**
Net Assets – 100.0%		**$75,148,788**

(a) Non-income producing security.

(i) Interest only security for which the fund receives interest on notional principal (Par amount). Par amount shown is the notional principal and does not reflect the cost of the security.

(n) Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be sold in the ordinary course of business in transactions exempt from registration, normally to qualified institutional buyers. At period end, the aggregate value of these securities was $11,707,506, representing 15.6% of net assets.

(p) Payment-in-kind security.

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

(z) Restricted securities are not registered under the Securities Act of 1933 and are subject to legal restrictions on resale. These securities generally may be resold in transactions exempt from registration or to the public if the securities are subsequently registered. Disposal of these securities may involve time-consuming negotiations and prompt sale at an acceptable price may be difficult. The fund holds the following restricted securities:

Restricted Securities	Acquisition Date	Cost	Value
Bayview Financial Revolving Mortgage Loan Trust, FRN, 1.767%, 2040	3/01/06	$306,251	$161,959
Falcon Franchise Loan LLC, FRN, 8.603%, 2023	1/18/02	2,376	9,727
Falcon Franchise Loan LLC, FRN, 12.796%, 2025	1/29/03	6,952	30,583
First Union National Bank Commercial Mortgage Trust, FRN, 1.629%, 2043	12/11/03	94	72
Morgan Stanley Capital I, Inc., FRN, 1.41%, 2039	7/20/04	7,376	6,451
Total Restricted Securities			$208,792
% of Net assets			0.3%

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

CDO Collateralized Debt Obligation

FRN Floating Rate Note. Interest rate resets periodically and may not be the rate reported at period end.

PLC Public Limited Company

REIT Real Estate Investment Trust

Abbreviations indicate amounts shown in currencies other than the U.S. dollar. All amounts are stated in U.S. dollars unless otherwise indicated. A list of abbreviations is shown below:

AUD	Australian Dollar
CAD	Canadian Dollar
DKK	Danish Krone
EUR	Euro
GBP	British Pound
JPY	Japanese Yen
SEK	Swedish Krona

Derivative Contracts at 12/31/13

Forward Foreign Currency Exchange Contracts at 12/31/13

Type	Currency	Counterparty	Contracts to Deliver/Receive	Settlement Date Range	In Exchange For	Contracts at Value	Net Unrealized Appreciation (Depreciation)
Asset Derivatives							
SELL	AUD	Goldman Sachs International	79,663	1/17/14	$ 72,059	$ 71,066	$ 993
SELL	AUD	Westpac Banking Corp.	107,748	1/17/14	102,087	96,120	5,967
SELL	CAD	Goldman Sachs International	77,126	1/17/14	72,740	72,580	160
SELL	CAD	Merrill Lynch International Bank	352,008	1/17/14	338,540	331,261	7,279
BUY	GBP	Goldman Sachs International	161,750	1/17/14	262,478	267,825	5,347
SELL	JPY	Brown Brothers Harriman	14,790,758	1/17/14	144,817	140,456	4,361
SELL	JPY	Credit Suisse Group	40,347,960	1/14/14	409,944	383,148	26,796
							$ 50,903
Liability Derivatives							
SELL	DKK	Deutsche Bank AG	396,748	1/17/14	$ 71,849	$ 73,172	$ (1,323)
BUY	EUR	Deutsche Bank AG	135,627	1/17/14	187,061	186,581	(480)
BUY	EUR	UBS AG	100,527	1/17/14	138,694	138,294	(400)
SELL	EUR	Barclays Bank PLC	10,515	1/17/14	14,369	14,465	(96)
SELL	EUR	Deutsche Bank AG	27,520	1/17/14	37,259	37,859	(600)
SELL	EUR	Goldman Sachs International	704,219	1/17/14	950,357	968,787	(18,430)
SELL	EUR	UBS AG	11,585	1/17/14	15,725	15,938	(213)
SELL	GBP	Credit Suisse Group	196,683	1/17/14	314,057	325,668	(11,611)
SELL	GBP	Merrill Lynch International Bank	196,683	1/17/14	314,272	325,668	(11,396)
BUY	JPY	Goldman Sachs International	97,639,565	1/17/14	994,982	927,207	(67,775)
SELL	SEK	Goldman Sachs International	227,613	1/17/14	34,903	35,380	(477)
							$(112,801)

Futures Contracts Outstanding at 12/31/13

Description	Currency	Contracts	Value	Expiration Date	Unrealized Appreciation (Depreciation)
Asset Derivatives					
Interest Rate Futures					
U.S. Treasury Bond 30 yr (Short)	USD	3	$384,938	March - 2014	$6,974
U.S. Treasury Note 10 yr (Short)	USD	53	6,521,484	March - 2014	143,418
					$150,392

At December 31, 2013, the fund had cash collateral of $94,243 to cover any commitments for certain derivative contracts. Cash collateral includes "Restricted cash" in the Statement of Assets and Liabilities.

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF ASSETS AND LIABILITIES

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

At 12/31/13

Assets		
Investments –		
Non-affiliated issuers, at value (identified cost, $47,267,835)	$48,417,641	
Underlying affiliated funds (identified cost, $25,817,299)	26,143,326	
Total investments, at value (identified cost, $73,085,134)	$74,560,967	
Cash	1,093	
Restricted cash	94,243	
Receivables for		
Forward foreign currency exchange contracts	50,903	
Daily variation margin on open futures contracts	10,516	
Investments sold	60,770	
Fund shares sold	14,776	
Interest	629,427	
Other assets	973	
Total assets		$75,423,668
Liabilities		
Payables for		
Forward foreign currency exchange contracts	$112,801	
Fund shares reacquired	79,361	
Payable to affiliates		
Investment adviser	3,554	
Shareholder servicing costs	65	
Distribution and/or service fees	162	
Payable for independent Trustees' compensation	2	
Accrued expenses and other liabilities	78,935	
Total liabilities		$274,880
Net assets		$75,148,788
Net assets consist of		
Paid-in capital	$75,131,651	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	1,566,131	
Accumulated net realized gain (loss) on investments and foreign currency	(3,826,321)	
Undistributed net investment income	2,277,327	
Net assets		$75,148,788
Shares of beneficial interest outstanding		7,517,540

	Net assets	Shares outstanding	Net asset value per share
Initial Class	$63,319,433	6,326,559	$10.01
Service Class	11,829,355	1,190,981	9.93

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENT OF OPERATIONS

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

Year ended 12/31/13

Net investment income		
Income		
Interest	$1,922,086	
Dividends	1,884	
Dividends from underlying affiliated funds	1,085,631	
Total investment income		$3,009,601
Expenses		
Management fee	$418,629	
Distribution and/or service fees	24,402	
Shareholder servicing costs	4,453	
Administrative services fee	18,670	
Independent Trustees' compensation	2,596	
Custodian fee	22,247	
Shareholder communications	16,808	
Audit and tax fees	75,399	
Legal fees	27,256	
Miscellaneous	14,334	
Total expenses		$624,794
Fees paid indirectly	(43)	
Reduction of expenses by investment adviser	(89,804)	
Net expenses		$534,947
Net investment income		$2,474,654

Realized and unrealized gain (loss) on investments and foreign currency		
Realized gain (loss) (identified cost basis)		
Investments:		
Non-affiliated issuers	$578,626	
Underlying affiliated funds	444,066	
Capital gain distributions from underlying affiliated funds	177,616	
Futures contracts	(19,388)	
Foreign currency	(95,263)	
Net realized gain (loss) on investments and foreign currency		$1,085,657
Change in unrealized appreciation (depreciation)		
Investments	$(2,369,056)	
Futures contracts	140,040	
Translation of assets and liabilities in foreign currencies	5,139	
Net unrealized gain (loss) on investments and foreign currency translation		$(2,223,877)
Net realized and unrealized gain (loss) on investments and foreign currency		$(1,138,220)
Change in net assets from operations		$1,336,434

See Notes to Financial Statements

FINANCIAL STATEMENTS | STATEMENTS OF CHANGES IN NET ASSETS

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

For years ended 12/31	2013	2012
Change in net assets		
From operations		
Net investment income	$2,474,654	$2,187,433
Net realized gain (loss) on investments and foreign currency	1,085,657	768,318
Net unrealized gain (loss) on investments and foreign currency translation	(2,223,877)	2,064,536
Change in net assets from operations	$1,336,434	$5,020,287
Distributions declared to shareholders		
From net investment income	$(2,370,012)	$(2,700,006)
Change in net assets from fund share transactions	$23,750,933	$1,180,839
Total change in net assets	$22,717,355	$3,501,120
Net assets		
At beginning of period	52,431,433	48,930,313
At end of period (including undistributed net investment income of $2,277,327 and $2,167,464, respectively)	$75,148,788	$52,431,433

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

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

Initial Class	Years ended 12/31				
	2013	**2012**	**2011**	**2010**	**2009**
Net asset value, beginning of period	$10.19	$9.74	$9.87	$9.46	$8.36
Income (loss) from investment operations					
Net investment income (d)	$0.42	$0.44	$0.48	$0.49	$0.55
Net realized and unrealized gain (loss) on investments and foreign currency	(0.28)	0.56	(0.02)	0.45	1.54
Total from investment operations	$0.14	$1.00	$0.46	$0.94	$2.09
Less distributions declared to shareholders					
From net investment income	$(0.32)	$(0.55)	$(0.59)	$(0.53)	$(0.99)
Net asset value, end of period (x)	$10.01	$10.19	$9.74	$9.87	$9.46
Total return (%) (k)(r)(s)(x)	1.46	10.42	4.67	10.27	27.52
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)(h)	1.00	1.02	1.05	1.06	1.03
Expenses after expense reductions (f)(h)	0.85	0.90	0.90	0.90	0.90
Net investment income	4.18	4.35	4.79	5.11	6.23
Portfolio turnover	28	40	29	48	63
Net assets at end of period (000 omitted)	$63,319	$43,564	$38,563	$40,927	$40,221

See Notes to Financial Statements

Financial Highlights – continued

Service Class	Years ended 12/31				
	2013	2012	2011	2010	2009
Net asset value, beginning of period	$10.12	$9.67	$9.81	$9.40	$8.30
Income (loss) from investment operations					
Net investment income (d)	$0.39	$0.41	$0.45	$0.47	$0.52
Net realized and unrealized gain (loss) on investments and foreign currency	(0.28)	0.56	(0.03)	0.45	1.54
Total from investment operations	$0.11	$0.97	$0.42	$0.92	$2.06
Less distributions declared to shareholders					
From net investment income	$(0.30)	$(0.52)	$(0.56)	$(0.51)	$(0.96)
Net asset value, end of period (x)	$9.93	$10.12	$9.67	$9.81	$9.40
Total return (%) (k)(r)(s)(x)	1.18	10.18	4.31	10.05	27.24
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)(h)	1.25	1.27	1.30	1.31	1.28
Expenses after expense reductions (f)(h)	1.10	1.15	1.15	1.15	1.15
Net investment income	3.93	4.11	4.54	4.87	6.02
Portfolio turnover	28	40	29	48	63
Net assets at end of period (000 omitted)	$11,829	$8,867	$10,368	$10,942	$11,644

(d) Per share data is based on average shares outstanding.

(f) Ratios do not reflect reductions from fees paid indirectly, if applicable.

(h) In addition to the fees and expenses which the fund bears directly, the fund indirectly bears a pro rata share of the fees and expenses of the underlying affiliated funds in which the fund invests. Accordingly, the expense ratio for the fund reflects only those fees and expenses borne directly by the fund. Because the underlying affiliated funds have varied expense and fee levels and the fund may own different proportions of the underlying affiliated funds at different times, the amount of fees and expenses incurred indirectly by the fund will vary.

(k) The total return does not reflect expenses that apply to separate accounts. Inclusion of these charges would reduce the total return figures for all periods shown.

(r) Certain expenses have been reduced without which performance would have been lower.

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

(x) The net asset values per share and total returns have been calculated on net assets which include adjustments made in accordance with U.S. generally accepted accounting principles required at period end for financial reporting purposes.

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

(1) Business and Organization

MFS Strategic Income Portfolio (the fund) is a series of MFS Variable Insurance Trust II (the trust). The trust is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The shareholders of each series of the trust are separate accounts of insurance companies, which offer variable annuity and/or life insurance products, and qualified retirement and pension plans.

(2) Significant Accounting Policies

General – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates. In the preparation of these financial statements, management has evaluated subsequent events occurring after the date of the fund's Statement of Assets and Liabilities through the date that the financial statements were issued. The fund invests in the MFS High Yield Pooled Portfolio ("High Yield Pooled Portfolio"). The accounting policies of the High Yield Pooled Portfolio are outlined in its shareholder report, which is available without charge by calling 1-800-225-2606 and on the Securities and Exchange Commission (SEC) web site at http://www.sec.gov or at the SEC's public reference room in Washington, D.C. The accounting policies detailed in the following paragraphs cover both the fund and the High Yield Pooled Portfolio, both of which are referred to as the fund. The High Yield Pooled Portfolio's shareholder report is not covered by this report. The fund and the High Yield Pooled Portfolio invest in high-yield securities rated below investment grade. Investments in high-yield securities involve greater degrees of credit and market risk than investments in higher-rated securities and tend to be more sensitive to economic conditions. The fund invests in foreign securities. Investments in foreign securities are vulnerable to the effects of changes in the relative values of the local currency and the U.S. dollar and to the effects of changes in each country's legal, political, and economic environment.

In this reporting period, the fund adopted the disclosure provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update 2011-11 ("ASU 2011-11"), Balance Sheet (Topic 210) – Disclosures about Offsetting Assets and Liabilities along with the related scope clarification provisions of FASB Accounting Standards Update 2013-01 ("ASU 2013-01") entitled Balance Sheet (Topic 210) – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities. ASU 2011-11 is intended to enhance disclosures on the offsetting of financial assets and liabilities by requiring entities to disclose both gross and net information about financial instruments and transactions that are either offset in the statement of financial position or subject to a Master Netting Agreement or similar arrangement. ASU 2013-01 limits the scope of ASU 2011-11's disclosure requirements on offsetting to financial assets and financial liabilities related to derivatives, repurchase and reverse repurchase agreements, and securities lending and securities borrowing transactions. The disclosures required by ASU 2011-11, to the extent applicable to the fund, have been included in the fund's Significant Accounting Policies note under the captions for each of the fund's in-scope financial instruments and transactions.

In June 2013, FASB issued Accounting Standards Update 2013-08 Financial Services – Investment Companies (Topic 946) – Amendments to the Scope, Measurement, and Disclosure Requirements ("ASU 2013-08") which is effective for interim and annual reporting periods in fiscal years that begin after December 15, 2013. ASU 2013-08 sets forth a methodology for determining whether an entity should be characterized as an investment company and prescribes fair value accounting for an investment company's non-controlling ownership interest in another investment company. FASB has determined that a fund registered under the Investment Company Act of 1940 automatically meets ASU 2013-08's criteria for an investment company. Although still evaluating the potential impacts of ASU 2013-08 to the fund, management expects that the impact of the fund's adoption will be limited to additional financial statement disclosures.

Investment Valuations – The investments of the fund and the High Yield Pooled Portfolio are valued as described below.

Debt instruments and floating rate loans (other than short-term instruments), including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price as provided by a third-party pricing service on the market or exchange on which they are primarily traded. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation as provided by a third-party pricing service on the market or exchange on which such securities are primarily traded. Short-term instruments with a maturity at issuance of 60 days or less generally are valued at amortized cost, which approximates market value. Exchange-traded options are generally valued at the last sale or official closing price as provided by a third-party pricing service on the exchange on which such options are primarily traded. Exchange-traded options for which there were no sales reported that day are generally valued at the last daily bid quotation as provided by a third-party pricing service on the exchange on which such options are primarily traded. Options not traded on an exchange are generally valued at a broker/dealer bid quotation. Foreign currency options are generally valued at valuations provided by a third-party pricing service. Futures contracts are generally valued at last posted settlement price as provided by a third-party pricing service on the market on which they are primarily traded. Futures contracts for which there were no trades that day for a particular position are generally valued at the closing bid quotation as provided by a third-party pricing service on the market on which such futures contracts are primarily traded. Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods. Swap agreements are generally valued at valuations provided by a third-party pricing service, which for cleared swaps includes an evaluation of any trading activity at the clearinghouses. Open-end investment companies are generally valued at net asset value per share. Securities and other assets generally valued on the basis of information from a third-party pricing service may also be valued at a broker/dealer bid quotation. Values obtained from third-party pricing services can utilize both transaction data and market information such as yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. The values of foreign securities and other assets and liabilities expressed in foreign currencies are converted to U.S. dollars using the mean of bid and asked prices for rates provided by a third-party pricing service.

The Board of Trustees has delegated primary responsibility for determining or causing to be determined the value of the fund's investments (including any fair valuation) to the adviser pursuant to valuation policies and procedures approved by the Board. If the adviser determines that reliable market quotations are not readily available, investments are valued at fair value as determined in good faith by the adviser in accordance with such procedures under the oversight of the Board of Trustees. Under the fund's valuation policies and procedures, market quotations are not considered to be readily available for most types of debt instruments and floating rate loans and many types of derivatives. These investments are generally valued at fair value based on information from third-party pricing services. In addition, investments may be valued at fair value if the adviser determines that an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded (such as foreign exchange or market) and prior to the determination of the fund's net asset value, or after the halting of trading of a specific security where trading does not resume prior to the close of the exchange or market on which the security is principally traded. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes unobservable inputs, which may include the adviser's own assumptions in determining the fair value of investments. Other financial instruments are derivative instruments not reflected in total investments, such as futures contracts and forward foreign currency exchange contracts. The following is a summary of the levels used as of December 31, 2013 in valuing the fund's assets or liabilities:

Investments at Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Equity Securities	$—	$—	$12,670	$12,670
U.S. Treasury Bonds & U.S. Government Agency & Equivalents	—	789,525	—	789,525
Non-U.S. Sovereign Debt	—	9,206,951	—	9,206,951
Municipal Bonds	—	239,142	—	239,142
U.S. Corporate Bonds	—	26,251,381	—	26,251,381
Residential Mortgage-Backed Securities	—	472,638	—	472,638
Commercial Mortgage-Backed Securities	—	537,693	—	537,693
Asset-Backed Securities (including CDOs)	—	349,527	—	349,527
Foreign Bonds	—	10,558,114	—	10,558,114
Mutual Funds	26,143,326	—	—	26,143,326
Total Investments	$26,143,326	$48,404,971	$12,670	$74,560,967
Other Financial Instruments				
Futures Contracts	$150,392	$—	$—	$150,392
Forward Foreign Currency Exchange Contracts	—	(61,898)	—	(61,898)

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

The following is a reconciliation of level 3 assets for which significant unobservable inputs were used to determine fair value. The fund's policy is to recognize transfers between the levels as of the end of the period. The table presents the activity of level 3 securities held at the beginning and the end of the period.

	Equity Securities
Balance as of 12/31/12	$8,232
Change in unrealized appreciation (depreciation)	(7,810)
Acquired in merger	12,248
Balance as of 12/31/13	$12,670

The net change in unrealized appreciation (depreciation) from investments still held as level 3 at December 31, 2013 is $(7,810).

Foreign Currency Translation – Purchases and sales of foreign investments, income, and expenses are converted into U.S. dollars based upon currency exchange rates prevailing on the respective dates of such transactions or on the reporting date for foreign denominated receivables and payables. Gains and losses attributable to foreign currency exchange rates on sales of securities are recorded for financial statement purposes as net realized gains and losses on investments. Gains and losses attributable to foreign exchange rate movements on receivables, payables, income and expenses are recorded for financial statement purposes as foreign currency transaction gains and losses. That portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed.

Derivatives – The fund uses derivatives for different purposes, primarily to increase or decrease exposure to a particular market or segment of the market, or security, to increase or decrease interest rate or currency exposure, or as alternatives to direct investments. Derivatives are used for hedging or non-hedging purposes. While hedging can reduce or eliminate losses, it can also reduce or eliminate gains. When the fund uses derivatives as an investment to increase market exposure, or for hedging purposes, gains and losses from derivative instruments may be substantially greater than the derivative's original cost.

The derivative instruments used by the fund were futures contracts and forward foreign currency exchange contracts. The fund's period end derivatives, as presented in the Portfolio of Investments and the associated Derivative Contract tables, generally are indicative of the volume of its derivative activity during the period.

The following table presents, by major type of derivative contract, the fair value, on a gross basis, of the asset and liability components of derivatives held by the fund at December 31, 2013 as reported in the Statement of Assets and Liabilities:

		Fair Value (a)	
Risk	**Derivative Contracts**	**Asset Derivatives**	**Liability Derivatives**
Interest Rate	Interest Rate Futures	$150,392	$—
Foreign Exchange	Forward Foreign Currency Exchange	50,903	(112,801)
Total		$201,295	$(112,801)

(a) The value of futures contracts outstanding includes cumulative appreciation (depreciation) as reported in the fund's Portfolio of Investments. Only the current day variation margin for futures contracts is separately reported within the fund's Statement of Assets and Liabilities.

The following table presents, by major type of derivative contract, the realized gain (loss) on derivatives held by the fund for the year ended December 31, 2013 as reported in the Statement of Operations:

Risk	**Futures Contracts**	**Foreign Currency**
Interest Rate	$(19,388)	$—
Foreign Exchange	—	(98,921)
Total	$(19,388)	$(98,921)

The following table presents, by major type of derivative contract, the change in unrealized appreciation (depreciation) on derivatives held by the fund for the year ended December 31, 2013 as reported in the Statement of Operations:

Risk	**Futures Contracts**	**Translation of Assets and Liabilities in Foreign Currencies**
Interest Rate	$140,040	$—
Foreign Exchange	—	4,993
Total	$140,040	$4,993

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain, but not all, over-the-counter derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an International Swaps and Derivatives Association (ISDA) Master Agreement on a bilateral basis with each of the counterparties with whom it undertakes a significant volume of transactions. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a certain deterioration in the credit quality of the other party. Upon an event of default or a termination of the ISDA Master Agreement, the non-defaulting party has the right to close out all transactions traded under such agreement and to net amounts owed under each transaction to one net amount payable by one party to the other. This right to close out and net payments across all transactions traded under the ISDA Master Agreement could result in a reduction of the fund's credit risk to such counterparty equal to any amounts payable by the fund under the applicable transactions, if any.

Collateral and margin requirements differ by type of derivative. Margin requirements are set by the broker or clearing house for cleared derivatives (i.e., futures contracts, cleared swaps, and exchange-traded options) while collateral terms are contract specific for over-the-counter traded derivatives (i.e., forward foreign currency exchange contracts, uncleared swap agreements, and over-the-counter options). For derivatives traded under an ISDA Master Agreement, the collateral requirements are netted across all transactions traded under such agreement and one amount is posted from one party to the other to collateralize such obligations. Cash that has been segregated to cover the fund's collateral or margin obligations under derivative contracts, if any, will be reported separately in the Statement of Assets and Liabilities as "Restricted cash" or "Deposits with brokers." Securities pledged as collateral or margin for the same purpose, if any, are noted in the Portfolio of Investments.

The fund's accounting policy with respect to balance sheet offsetting is that, absent an event of default by the counterparty or a termination of the agreement, the ISDA Master Agreement does not result in an offset of reported amounts of financial assets and financial liabilities in the Statement of Assets and Liabilities across transactions between the fund and the applicable counterparty.

Purchased Options – The fund purchased call and put options for a premium. Purchased call and put options entitle the holder to buy and sell a specified number of shares or units of a particular security, currency or index at a specified price at a specified date or within a specified period of time. Purchasing call options may hedge against an anticipated increase in the dollar cost of securities or currency to be acquired or increase the fund's exposure to an underlying instrument. Purchasing put options may hedge against an anticipated decline in the value of portfolio securities or currency or decrease the fund's exposure to an underlying instrument.

The premium paid is initially recorded as an investment in the Statement of Assets and Liabilities. That investment is subsequently marked-to-market daily with the difference between the premium paid and the market value of the purchased option being recorded as unrealized appreciation or depreciation. Premiums paid for purchased call and put options which have expired are treated as realized losses on investments in the Statement of Operations. Upon the exercise or closing of a purchased call option, the premium paid is added to the cost of the security or financial instrument purchased.

Whether or not the option is exercised, the fund's maximum risk of loss from purchasing an option is the amount of premium paid. All option contracts involve credit risk if the counterparty to the option contract fails to perform. For over-the-counter options, this risk is mitigated in cases where there is an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and for posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement.

Futures Contracts – The fund entered into futures contracts which may be used to hedge against or obtain broad market exposure, interest rate exposure, currency exposure, or to manage duration. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the fund is required to deposit with the broker, either in cash or securities, an initial margin in an amount equal to a certain percentage of the notional amount of the contract. Subsequent payments (variation margin) are made or received by the fund each day, depending on the daily fluctuations in the value of the contract, and are recorded for financial statement purposes as unrealized gain or loss by the fund until the contract is closed or expires at which point the gain or loss on futures contracts is realized.

The fund bears the risk of interest rates, exchange rates or securities prices moving unexpectedly, in which case, the fund may not achieve the anticipated benefits of the futures contracts and may realize a loss. While futures contracts may present less counterparty risk to the fund since the contracts are exchange traded and the exchange's clearinghouse guarantees payments to the broker, there is still counterparty credit risk due to the insolvency of the broker. The fund's maximum risk of loss due to counterparty credit risk is equal to the margin posted by the fund to the broker plus any gains or minus any losses on the outstanding futures contracts.

Forward Foreign Currency Exchange Contracts – The fund entered into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. These contracts may be used to hedge the fund's currency risk or for non-hedging purposes. For hedging purposes, the fund may enter into contracts to deliver or receive foreign currency that the fund will receive from or use in its normal investment activities. The fund may also use contracts to hedge against declines in the value of foreign currency denominated securities due to unfavorable exchange rate movements. For non-hedging purposes, the fund may enter into contracts with the intent of changing the relative exposure of the fund's portfolio of securities to different currencies to take advantage of anticipated exchange rate changes.

Forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any unrealized gains or losses are recorded as a receivable or payable for forward foreign currency exchange contracts until the contract settlement date. On contract settlement date, any gain or loss on the contract is recorded as realized gains or losses on foreign currency.

Risks may arise upon entering into these contracts from unanticipated movements in the value of the contract and from the potential inability of counterparties to meet the terms of their contracts. Generally, the fund's maximum risk due to counterparty credit risk is the unrealized gain on the contract due to the use of Continuous Linked Settlement, an industry accepted settlement system. This risk is mitigated in cases where there is an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and for posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement.

Swap Agreements – During the period the fund entered into swap agreements. Effective June 10, 2013, certain types of swaps ("cleared swaps") are required to be centrally cleared under provisions of the Dodd-Frank Regulatory Reform Bill. In a cleared swap transaction, the swap agreement is novated to a central counterparty (the "clearinghouse") immediately following execution of the swap contract with an executing broker. Thereafter, throughout the term of the cleared swap, the fund interfaces indirectly with the clearinghouse through a clearing broker.

A swap agreement is generally an exchange of cash payments, at specified intervals or upon the occurrence of specified events, between the fund and a counterparty. The net cash payments exchanged are recorded as a realized gain or loss on swap agreements in the Statement of Operations. The value of the swap agreement, which is adjusted daily and includes any related interest accruals to be paid or received by the fund, is recorded in the Statement of Assets and Liabilities, as "Swaps, at value" for uncleared swaps and is included in "Due from brokers" or "Due to brokers" for cleared swaps. The daily change in value, including any related interest accruals to be paid or received, is recorded as unrealized appreciation or depreciation on swap agreements in the Statement of Operations. The daily change in valuation of centrally cleared swaps is recorded as a receivable or payable for variation margin in the Statement of Assets and Liabilities. Amounts paid or received at the inception of the swap agreement are reflected as premiums paid or received in the Statement of Assets and Liabilities and are amortized using the effective interest method over the term of the agreement. A liquidation payment received or made upon early termination is recorded as a realized gain or loss on swap agreements in the Statement of Operations.

Risks related to swap agreements include the possible lack of a liquid market, unfavorable market and interest rate movements of the underlying instrument and the failure of the counterparty to perform under the terms of the agreements. To address counterparty risk, swap agreements are limited to only highly-rated counterparties. For uncleared swaps, that risk is further reduced by having an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and by the posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement. Although not covered by an ISDA Master Agreement, the fund's counterparty risk due to cleared swaps is mitigated by the clearinghouses' margining requirements and financial safeguards in the event of a clearing broker default.

The fund entered into credit default swap agreements in order to manage its exposure to the market or certain sectors of the market, to reduce its credit risk exposure to defaults of corporate and sovereign issuers or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed. In a credit default swap agreement, the protection buyer can make an upfront payment and will make a stream of payments based on a fixed percentage applied to the agreement notional amount to the protection seller in exchange for the right to receive a specified return upon the occurrence of a defined credit event on the reference obligation (which may be either a single security or a basket of securities issued by corporate or sovereign issuers) and, with respect to the rare cases where physical settlement applies, the delivery by the buyer to the seller of a defined deliverable obligation. Although agreement-specific, credit events generally consist of a combination of the following: bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium, each as defined in the 2003 ISDA Credit Derivatives Definitions as amended by the relevant agreement. Restructuring is generally not applicable when the reference obligation is issued by a North American corporation and obligation acceleration, obligation default, or repudiation/moratorium are generally only applicable when the reference obligation is issued by a sovereign entity or an entity in an emerging country. Upon determination of the final price for the deliverable obligation (or upon delivery of the deliverable obligation in the case of physical settlement), the difference between the value of the deliverable obligation and the swap agreement's notional amount is recorded as realized gain or loss on swap agreements in the Statement of Operations.

Credit default swap agreements are considered to have credit-risk-related contingent features since they trigger payment by the protection seller to the protection buyer upon the occurrence of a defined credit event. The maximum amount of future, undiscounted payments that the fund, as protection seller, could be required to make is equal to the swap agreement's notional amount. The protection seller's payment obligation would be offset to the extent of the value of the agreement's deliverable obligation. At December 31, 2013, the fund did not hold any credit default swap agreements at an unrealized loss where it is the protection seller.

The fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the agreement. For uncleared swaps, counterparty risk is reduced by having an ISDA Master Agreement between the fund and the counterparty providing for netting as described above and by the posting of collateral by the counterparty to the fund to cover the fund's exposure to the counterparty under such ISDA Master Agreement. For cleared swaps, the fund's counterparty risk is mitigated by the clearinghouses' margining requirements and financial safeguards in the event of a clearing broker default.

Loans and Other Direct Debt Instruments – The fund invests in loans and loan participations or other receivables. These investments may include standby financing commitments, including revolving credit facilities, which obligate the fund to supply additional cash to the borrower on demand. Loan participations involve a risk of insolvency of the lending bank or other financial intermediary.

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

Investment Transactions and Income – Investment transactions are recorded on the trade date. Interest income is recorded on the accrual basis. All premium and discount is amortized or accreted for financial statement purposes in accordance with U.S. generally accepted accounting principles. The fund earns certain fees in connection with its floating rate loan purchasing activities. These fees are in addition to interest payments earned and may include amendment fees, commitment fees, facility fees, consent fees, and prepayment fees. Commitment fees are recorded on an accrual basis as income in the accompanying financial statements. Dividends received in cash are recorded on the ex-dividend date. Certain dividends from foreign securities will be recorded when the fund is informed of the dividend if such information is obtained subsequent to the ex-dividend date. Dividend and interest payments received in additional securities are recorded on the ex-dividend or ex-interest date in an amount equal to the value of the security on such date. Debt obligations may be placed on non-accrual status or set to accrue at a rate of interest less than the contractual coupon when the collection of all or a portion of interest has become doubtful. Interest income for those debt obligations may be further reduced by the write-off of the related interest receivables when deemed uncollectible.

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

Fees Paid Indirectly – The fund's custody fee may be reduced according to an arrangement that measures the value of cash deposited with the custodian by the fund. This amount, for the year ended December 31, 2013, is shown as a reduction of total expenses in the Statement of Operations.

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

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

Book/tax differences primarily relate to amortization and accretion of debt securities, straddle loss deferrals, and derivative transactions.

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

	12/31/13	12/31/12
Ordinary income (including any short-term capital gains)	$2,370,012	$2,700,006

The federal tax cost and the tax basis components of distributable earnings were as follows:

As of 12/31/13	
Cost of investments	$73,540,778
Gross appreciation	2,613,678
Gross depreciation	(1,593,489)
Net unrealized appreciation (depreciation)	$1,020,189
Undistributed ordinary income	2,339,743
Capital loss carryforwards	(3,192,488)
Other temporary differences	(150,307)

Under the Regulated Investment Company Modernization Act of 2010 (the "Act"), net capital losses recognized for fund fiscal years beginning after December 31, 2010 may be carried forward indefinitely, and their character is retained as short-term and/or long-term losses ("post-enactment losses"). Previously, net capital losses were carried forward for eight years and treated as short-term losses ("pre-enactment losses"). As a transition rule, the Act requires that all post-enactment net capital losses be used before pre-enactment net capital losses.

As of December 31, 2013, the fund had capital loss carryforwards available to offset future realized gains. Such pre-enactment losses expire as follows:

12/31/16	$(1,550,470)
12/31/17	(1,642,018)
Total	$(3,192,488)

The availability of $505,881 of the capital loss carryforwards, which were acquired on August 16, 2013 in connection with the MFS Strategic Income Series merger, may be limited in a given year.

The availability of $2,686,607 of the capital loss carryforwards of the fund may be limited in a given year due to a change in ownership of the fund on July 31, 2013.

Multiple Classes of Shares of Beneficial Interest – The fund offers multiple classes of shares, which differ in their respective distribution and/or service fees. The fund's income, realized and unrealized gain (loss), and common expenses are allocated to shareholders based on the daily net assets of each class. Dividends are declared separately for each class. Differences in per share dividend rates are generally due to differences in separate class expenses. The fund's distributions declared to shareholders as reported in the Statements of Changes in Net Assets are presented by class as follows:

	From net investment income	
	Year ended 12/31/13	**Year ended 12/31/12**
Initial Class	$1,984,721	$2,206,430
Service Class	385,291	493,576
Total	$2,370,012	$2,700,006

(3) Transactions with Affiliates

Investment Adviser – The fund has an investment advisory agreement with MFS to provide overall investment management and related administrative services and facilities to the fund. The management fee is computed daily and paid monthly at the following annual rates:

First $1 billion of average daily net assets	0.70%
Average daily net assets in excess of $1 billion	0.65%

Effective April 1, 2013, MFS has agreed in writing to reduce its management fee by a specified amount if certain MFS mutual fund assets exceed thresholds agreed to by MFS and the fund's Board of Trustees. For the period April 1, 2013 through December 31, 2013, this management fee reduction amounted to $638, which is shown as a reduction of total expenses in the Statement of Operations. The management fee incurred for the year ended December 31, 2013 was equivalent to an annual effective rate of 0.70% of the fund's average daily net assets.

Prior to August 17, 2013, the investment adviser had agreed in writing to pay a portion of the fund's total annual operating expenses, exclusive of interest, taxes, extraordinary expenses, brokerage and transaction costs, and investment-related expenses (such as fees and expenses associated with investments in investment companies and other similar investment vehicles), such that total annual operating expenses did not exceed 0.90% of average daily net assets for the Initial Class shares and 1.15% of average daily net assets for the Service Class shares. This written agreement expired August 16, 2013. For the period January 1, 2013 through August 16, 2013, this reduction amounted to $41,001 and is reflected as a reduction of total expenses in the Statement of Operations. Effective August 17, 2013, the investment adviser has agreed in writing to pay a portion of the fund's total annual operating expenses, exclusive of interest, taxes, extraordinary expenses, brokerage and transaction costs, and investment-related expenses (such as fees and expenses associated with investments in investment companies and other similar investment vehicles), such that total annual operating expenses do not exceed 0.80% of average daily net assets for the Initial Class shares and 1.05% of average daily net assets for the Service Class shares. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue at least until August 31, 2015. For the period August 17, 2013 through December 31, 2013, this reduction amounted to $48,031 and is reflected as a reduction of total expenses in the Statement of Operations.

Distributor – MFS Fund Distributors, Inc. (MFD), a wholly-owned subsidiary of MFS, is the distributor of shares of the fund. The Trustees have adopted a distribution plan for the Service Class shares pursuant to Rule 12b-1 under the Investment Company Act of 1940.

The fund's distribution plan provides that the fund will pay MFD distribution and/or service fees equal to 0.25% per annum of its average daily net assets attributable to Service Class shares as partial consideration for services performed and expenses incurred by MFD and financial intermediaries (including participating insurance companies that invest in the fund to fund variable annuity and variable life insurance contracts, sponsors of qualified retirement and pension plans that invest in the fund, and affiliates of these participating insurance companies and plan sponsors) in connection with the sale and distribution of the Service Class shares. MFD may subsequently pay all, or a portion, of the distribution and/or service fees to financial intermediaries.

Shareholder Servicing Agent – Effective April 1, 2013, MFS Service Center, Inc. (MFSC), a wholly-owned subsidiary of MFS, receives a fee from the fund for its services as shareholder servicing agent. For the period from April 1, 2013 through December 31, 2013, the fee was $4,377, which equated to 0.0073% annually of the fund's average daily net assets. MFSC also receives payment from the fund for out-of-pocket expenses paid by MFSC on behalf of the fund. For the period from April 1, 2013 through December 31, 2013, these costs amounted to $76.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund partially reimburses MFS the costs incurred to provide these services. The fund is charged an annual fixed amount of $17,500 plus a fee based on average daily net assets. The administrative services fee incurred for the year ended December 31, 2013 was equivalent to an annual effective rate of 0.0312% of the fund's average daily net assets.

Trustees' and Officers' Compensation – The fund pays compensation to independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons. The fund does not pay compensation directly to Trustees or officers of the fund who are also officers of the investment adviser, all of whom receive remuneration for their services to the fund from MFS. Certain officers and Trustees of the fund are officers or directors of MFS, MFD, and MFSC.

Other – This fund and certain other funds managed by MFS (the funds) have entered into services agreements (the Agreements) which provide for payment of fees by the funds to Tarantino LLC and Griffin Compliance LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) and Assistant ICCO, respectively, for the funds. The ICCO and Assistant ICCO are officers of the funds and the sole members of Tarantino LLC and Griffin Compliance LLC, respectively. The funds can terminate the Agreements with Tarantino LLC and Griffin Compliance LLC at any time under the terms of the Agreements. For the year ended December 31, 2013, the aggregate fees paid by the fund to Tarantino LLC and Griffin Compliance LLC were $364 and are included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to reimburse the fund for a portion of the payments made by the fund in the amount of $134, which is shown as a reduction of total expenses in the Statement of Operations. Additionally, MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ICCO and Assistant ICCO.

The fund invests in the MFS Institutional Money Market Portfolio which is managed by MFS and seeks current income consistent with preservation of capital and liquidity. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. This money market fund does not pay a management fee to MFS.

The fund invests in the High Yield Pooled Portfolio. The High Yield Pooled Portfolio is a mutual fund advised by MFS that does not pay management fees to MFS but does incur investment and operating costs. The High Yield Pooled Portfolio is designed to be used by MFS funds to invest in a particular security type rather than invest in the security type directly. The fund invests in the High Yield Pooled Portfolio to gain exposure to high income debt instruments, rather than investing in high income debt instruments directly.

At close of business on March 22, 2013, the fund and certain other MFS funds transferred high income debt instruments, accrued interest and cash to the High Yield Pooled Portfolio, a series of MFS Series Trust III, in exchange for shares of the High Yield Pooled Portfolio. The purpose of the transaction was to pool the portion of the assets of the fund and certain other MFS funds invested in high income debt instruments in the High Yield Pooled Portfolio. The transfer was accomplished by a tax-free exchange by the fund of investments valued at approximately $16,047,838 with a cost basis of approximately $15,174,703, accrued interest of approximately

$311,800 and cash of approximately $105,160 for approximately 1,646,480 shares of the High Yield Pooled Portfolio (valued at approximately $16,464,798). For financial reporting purposes, investments transferred and shares received by the fund were recorded at fair value; however, the cost basis of the investments delivered to the High Yield Pooled Portfolio was carried forward to the shares received. Income earned on this investment is included in "Dividends from underlying affiliated funds" in the Statement of Operations. The High Yield Pooled Portfolio does not pay a management fee, distribution and/or service fee, or sales charge.

(4) Portfolio Securities

Purchases and sales of investments, other than short-term obligations, were as follows:

	Purchases	Sales
U.S. Government securities	$—	$42,270
Investments (non-U.S. Government securities)	$15,761,843	$19,816,177

Purchases exclude the value of securities acquired in connection with the MFS Strategic Income Series merger. (See Note 8.)

(5) Shares of Beneficial Interest

The fund's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. Transactions in fund shares were as follows:

	Year ended 12/31/13		Year ended 12/31/12	
	Shares	Amount	Shares	Amount
Shares sold				
Initial Class	590,237	$5,949,795	526,863	$5,329,625
Service Class	86,083	862,199	92,471	932,095
	676,320	$6,811,994	619,334	$6,261,720
Shares issued in connection with acquisition of MFS Strategic Income Series				
Initial Class	2,282,990	$22,989,704		
Service Class	495,499	4,950,037		
	2,778,489	$27,939,741		
Shares issued to shareholders in reinvestment of distributions				
Initial Class	204,400	$1,984,721	223,776	$2,206,430
Service Class	39,968	385,291	50,314	493,576
	244,368	$2,370,012	274,090	$2,700,006
Shares reacquired				
Initial Class	(1,026,105)	$(10,319,438)	(436,307)	$(4,403,488)
Service Class	(306,342)	(3,051,376)	(338,688)	(3,377,399)
	(1,332,447)	$(13,370,814)	(774,995)	$(7,780,887)
Net change				
Initial Class	2,051,522	$20,604,782	314,332	$3,132,567
Service Class	315,208	3,146,151	(195,903)	(1,951,728)
	2,366,730	$23,750,933	118,429	$1,180,839

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a $1.1 billion unsecured committed line of credit, subject to a $1 billion sublimit, provided by a syndication of banks under a credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, generally at a rate equal to the higher of the Federal Reserve funds rate or one month LIBOR plus an agreed upon spread. A commitment fee, based on the average daily, unused portion of the committed line of credit, is allocated among the participating funds at the end of each calendar quarter. In addition, the fund and other funds managed by MFS have established unsecured uncommitted borrowing arrangements with certain banks for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Federal Reserve funds rate plus an agreed upon spread. For the year ended December 31, 2013, the fund's commitment fee and interest expense were $271 and $0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Transactions in Underlying Affiliated Funds – Affiliated Issuers

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

Underlying Affiliated Funds	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount
MFS High Yield Pooled Portfolio	—	2,900,252	(349,667)	2,550,585
MFS Institutional Money Market Portfolio	897,164	16,312,231	(16,163,823)	1,045,572

Underlying Affiliated Funds	Realized Gain (Loss)	Capital Gain Distributions	Dividend Income	Ending Value
MFS High Yield Pooled Portfolio	$444,066	$177,616	$1,085,024	$25,097,754
MFS Institutional Money Market Portfolio	—	—	607	1,045,572
	$444,066	$177,616	$1,085,631	$26,143,326

(8) Acquisitions

At close of business on August 16, 2013, the fund with net assets of approximately $48,029,922, acquired all of the assets and liabilities of MFS Strategic Income Series, a series of MFS Variable Insurance Trust. The purpose of the transaction was to provide shareholders of MFS Strategic Income Series the opportunity to participate in a larger combined portfolio with an identical investment objective and similar investment policies and strategies. The acquisition was accomplished by a tax-free exchange of approximately 2,778,489 shares of the fund (valued at approximately $27,939,741) for all of the assets and liabilities of MFS Strategic Income Series. MFS Strategic Income Series then distributed the shares of the fund that MFS Strategic Income Series received from the fund to its shareholders. MFS Strategic Income Series' investments on that date were valued at approximately $27,816,780 with a cost basis of approximately $27,558,597. For financial reporting purposes, assets received and shares issued by the fund were recorded at fair value; however, the cost basis of the investments received from MFS Strategic Income Series were carried forward to align ongoing reporting of the fund's realized and unrealized gains and losses with amounts distributable to shareholders for tax purposes. Because the combined investment portfolios have been managed as a single integrated portfolio since the acquisition was completed, it is not practicable to separate the amounts of revenue and earnings of MFS Strategic Income Series that have been included in the fund's Statement of Operations since August 16, 2013.

Assuming the acquisition had been completed on January 1, 2013, the fund's pro forma results of operations for the year ended December 31, 2013 are as follows:

Net investment income	$3,341,542
Net realized and unrealized gain (loss) on investments and foreign currency	(2,350,949)
Change in net assets from operations	$990,593

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of MFS Variable Insurance Trust II and the Shareholders of
MFS Strategic Income Portfolio:

We have audited the accompanying statement of assets and liabilities, including the portfolio of investments, of MFS Strategic Income Portfolio (one of the series comprising MFS Variable Insurance Trust II) (the "Fund") as of December 31, 2013, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2013, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MFS Strategic Income Portfolio as of December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP

Boston, Massachusetts
February 14, 2014

TRUSTEES AND OFFICERS – IDENTIFICATION AND BACKGROUND

The Trustees and Officers of the Trust, as of February 1, 2014, are listed below, together with their principal occupations during the past five years. (Their titles may have varied during that period.) The address of each Trustee and Officer is 111 Huntington Avenue, Boston, Massachusetts 02199-7618.

Name, Age	Position(s) Held with Fund	Trustee/ Officer Since [h]	Principal Occupations During the Past Five Years	Other Directorships [j]
INTERESTED TRUSTEES				
Robert J. Manning [k] (age 50)	Trustee	February 2004	Massachusetts Financial Services Company, Chairman, Chief Executive Officer and Director; President (until 2009); Chief Investment Officer (until 2010)	N/A
Robin A. Stelmach [k] (age 52)	Trustee	January 2014	Massachusetts Financial Services Company, Executive Vice President and Chief Operating Officer	N/A
INDEPENDENT TRUSTEES				
David H. Gunning (age 71)	Trustee and Chair of Trustees	January 2004	Private investor	Lincoln Electric Holdings, Inc. (welding equipment manufacturer), Director; Development Alternatives, Inc. (consulting), Director/Non-Executive Chairman
Robert E. Butler (age 72)	Trustee	January 2006	Consultant – investment company industry regulatory and compliance matters	N/A
Maureen R. Goldfarb (age 58)	Trustee	January 2009	Private investor	N/A
William R. Gutow (age 72)	Trustee	December 1993	Private investor and real estate consultant; Capitol Entertainment Management Company (video franchise), Vice Chairman	Texas Donuts (donut franchise), Vice Chairman (until 2010)
Michael Hegarty (age 69)	Trustee	December 2004	Private investor	Brookfield Office Properties, Inc. (real estate), Director; Rouse Properties Inc. (real estate), Director; Capmark Financial Group Inc. (real estate), Director
John P. Kavanaugh (age 59)	Trustee	January 2009	Private investor	N/A
Laurie J. Thomsen (age 56)	Trustee	March 2005	Private investor; New Profit, Inc. (venture philanthropy), Executive Partner (until 2010)	The Travelers Companies (insurance), Director
Robert W. Uek (age 72)	Trustee	January 2006	Consultant to investment company industry	N/A
OFFICERS				
John M. Corcoran [k] (age 48)	President	October 2008	Massachusetts Financial Services Company, Senior Vice President	N/A
Christopher R. Bohane [k] (age 40)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Assistant General Counsel	N/A
Kino Clark [k] (age 45)	Assistant Treasurer	January 2012	Massachusetts Financial Services Company, Vice President	N/A
Thomas H. Connors [k] (age 54)	Assistant Secretary and Assistant Clerk	September 2012	Massachusetts Financial Services Company, Vice President and Senior Counsel; Deutsche Investment Management Americas Inc. (financial service provider), Director and Senior Counsel (until 2012)	N/A
Ethan D. Corey [k] (age 50)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
David L. DiLorenzo [k] (age 45)	Treasurer	July 2005	Massachusetts Financial Services Company, Senior Vice President	N/A
Robyn L. Griffin (age 38)	Assistant Independent Chief Compliance Officer	August 2008	Griffin Compliance LLC (provider of compliance services), Principal	N/A

Name, Age	Position(s) Held with Fund	Trustee/ Officer Since (h)	Principal Occupations During the Past Five Years	Other Directorships (j)
Brian E. Langenfeld (k) (age 40)	Assistant Secretary and Assistant Clerk	June 2006	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Susan S. Newton (k) (age 63)	Assistant Secretary and Assistant Clerk	May 2005	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
Susan A. Pereira (k) (age 43)	Assistant Secretary and Assistant Clerk	July 2005	Massachusetts Financial Services Company, Vice President and Senior Counsel	N/A
Kasey L. Phillips (k) (age 43)	Assistant Treasurer	September 2012	Massachusetts Financial Services Company, Vice President; Wells Fargo Funds Management, LLC, Senior Vice President, Fund Treasurer (until 2012)	N/A
Mark N. Polebaum (k) (age 61)	Secretary and Clerk	January 2006	Massachusetts Financial Services Company, Executive Vice President, General Counsel and Secretary	N/A
Frank L. Tarantino (age 69)	Independent Chief Compliance Officer	June 2004	Tarantino LLC (provider of compliance services), Principal	N/A
Richard S. Weitzel (k) (age 43)	Assistant Secretary and Assistant Clerk	October 2007	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel	N/A
James O. Yost (k) (age 53)	Deputy Treasurer	September 1990	Massachusetts Financial Services Company, Senior Vice President	N/A

(h) Date first appointed to serve as Trustee/officer of an MFS Fund. Each Trustee has served continuously since appointment unless indicated otherwise. For the period from December 15, 2004 until February 22, 2005, Mr. Manning served as Advisory Trustee. For the period October 2008, until January 2012, Mr. Corcoran served as Treasurer of the Funds. Prior to January 2012, Messrs. DiLorenzo and Yost served as Assistant Treasurers of the Funds.

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

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

Each Trustee (except Ms. Stelmach) has been elected by shareholders and each Trustee and officer holds office until his or her successor is chosen and qualified or until his or her earlier death, resignation, retirement or removal. The Trust does not hold annual meetings for the purpose of electing Trustees, and Trustees are not elected for fixed terms. Messrs. Butler, Kavanaugh, Uek and Ms. Thomsen are members of the Trust's Audit Committee.

Each of the Fund's Trustees and officers holds comparable positions with certain other funds of which MFS or a subsidiary is the investment adviser or distributor, and, in the case of the officers, with certain affiliates of MFS. As of January 1, 2014, the Trustees served as board members of 142 funds within the MFS Family of Funds.

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

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

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

Portfolio Managers
William Adams
Ward Brown
James Calmas
David Cole
Robert Persons
Matthew Ryan
Erik Weisman

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

Independent Registered Public Accounting Firm
Deloitte & Touche LLP
200 Berkeley Street
Boston, MA 02116

BOARD REVIEW OF INVESTMENT ADVISORY AGREEMENT

The Investment Company Act of 1940 requires that both the full Board of Trustees and a majority of the non-interested ("independent") Trustees, voting separately, annually approve the continuation of the Fund's investment advisory agreement with MFS. The Trustees consider matters bearing on the Fund and its advisory arrangements at their meetings throughout the year, including a review of performance data at each regular meeting. In addition, the independent Trustees met several times over the course of three months beginning in May and ending in July, 2013 ("contract review meetings") for the specific purpose of considering whether to approve the continuation of the investment advisory agreement for the Fund and the other investment companies that the Board oversees (the "MFS Funds"). The independent Trustees were assisted in their evaluation of the Fund's investment advisory agreement by independent legal counsel, from whom they received separate legal advice and with whom they met separately from MFS during various contract review meetings. The independent Trustees were also assisted in this process by the MFS Funds' Independent Chief Compliance Officer, a full-time senior officer appointed by and reporting to the independent Trustees.

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

In connection with their contract review meetings, the Trustees received and relied upon materials that included, among other items: (i) information provided by Lipper Inc., an independent third party, on the investment performance of the Fund for various time periods ended December 31, 2012 and the investment performance of a group of funds with substantially similar investment classifications/objectives (the "Lipper performance universe"), (ii) information provided by Lipper Inc. on the Fund's advisory fees and other expenses and the advisory fees and other expenses of comparable funds identified by Lipper Inc. (the "Lipper expense group"), (iii) information provided by MFS on the advisory fees of comparable portfolios of other clients of MFS, including institutional separate accounts and other clients, (iv) information as to whether and to what extent applicable expense waivers, reimbursements or fee "breakpoints" are observed for the Fund, (v) information regarding MFS' financial results and financial condition, including MFS' and certain of its affiliates' estimated profitability from services performed for the Fund and the MFS Funds as a whole, and compared to MFS' institutional business, (vi) MFS' views regarding the outlook for the mutual fund industry and the strategic business plans of MFS, (vii) descriptions of various functions performed by MFS for the Funds, such as compliance monitoring and portfolio trading practices, and (viii) information regarding the overall organization of MFS, including information about MFS' senior management and other personnel providing investment advisory, administrative and other services to the Fund and the other MFS Funds. The comparative performance, fee and expense information prepared and provided by Lipper Inc. was not independently verified and the independent Trustees did not independently verify any information provided to them by MFS.

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

Based on information provided by Lipper Inc. and MFS, the Trustees reviewed the Fund's total return investment performance as well as the performance of peer groups of funds over various time periods. The Trustees placed particular emphasis on the total return performance of the Fund's Initial Class shares in comparison to the performance of funds in its Lipper performance universe over the three-year period ended December 31, 2012, which the Trustees believed was a long enough period to reflect differing market conditions. The total return performance of the Fund's Initial Class shares was in the 3rd quintile relative to the other funds in the universe for this three-year period (the 1st quintile being the best performers and the 5th quintile being the worst performers). The total return performance of the Fund's Initial Class shares was in the 2nd quintile for the one-year period and the 3rd quintile for the five-year period ended December 31, 2012 relative to the Lipper performance universe. Because of the passage of time, these performance results may differ from the performance results for more recent periods, including those shown elsewhere in this report.

In the course of their deliberations, the Trustees took into account information provided by MFS in connection with the contract review meetings, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding the Fund's performance. After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that they were satisfied with MFS' responses and efforts relating to investment performance.

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

The Trustees also considered the advisory fees charged by MFS to any comparable institutional accounts. In comparing these fees, the Trustees considered information provided by MFS as to the generally broader scope of services provided by MFS to the Fund in comparison to institutional accounts, the higher demands placed on MFS' investment personnel and trading infrastructure as a result of the daily cash in-flows and out-flows of the Fund, and the impact on MFS and expenses associated with the more extensive regulatory regime to which the Fund is subject in comparison to institutional accounts.

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

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

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

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Fund. The Trustees also considered current and developing conditions in the financial services industry, including the presence of large and well-capitalized companies which are spending, and appear to be prepared to continue to spend, substantial sums to engage personnel and to provide services to competing investment companies. In this regard, the Trustees also considered the financial resources of MFS and its ultimate parent, Sun Life Financial Inc. The Trustees also considered the advantages and possible disadvantages to the Fund of having an adviser that also serves other investment companies as well as other accounts.

The Trustees also considered the nature, quality, cost, and extent of administrative, transfer agency, and distribution services provided to the Fund by MFS and its affiliates under agreements and plans other than the investment advisory agreement, including any 12b-1 fees the Fund pays to MFS Fund Distributors, Inc., an affiliate of MFS. The Trustees also considered the nature, extent and quality of certain other services MFS performs or arranges for on the Fund's behalf, which may include securities lending programs, directed expense payment programs, class action recovery programs, and MFS' interaction with third-party service providers, principally custodians and sub-custodians. The Trustees concluded that the various non-advisory services provided by MFS and its affiliates on behalf of the Fund were satisfactory.

The Trustees also considered benefits to MFS from the use of the Fund's portfolio brokerage commissions, if applicable, to pay for investment research and various other factors. Additionally, the Trustees considered so-called "fall-out benefits" to MFS such as reputational value derived from serving as investment manager to the Fund.

Based on their evaluation of factors that they deemed to be material, including those factors described above, the Board of Trustees, including the independent Trustees, concluded that the Fund's investment advisory agreement with MFS should be continued for an additional one-year period, commencing August 1, 2013.

A discussion regarding the Board's most recent review and renewal of the fund's Investment Advisory Agreement with MFS is available by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products" section of the MFS Web site *(mfs.com)*.

PROXY VOTING POLICIES AND INFORMATION

A general description of the MFS funds' proxy voting policies and procedures is available without charge, upon request, by calling 1-800-225-2606, by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

Information regarding how the fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge by visiting the Proxy Voting section of *mfs.com* or by visiting the SEC's Web site at *http://www.sec.gov.*

QUARTERLY PORTFOLIO DISCLOSURE

The fund will file a complete schedule of portfolio holdings with the Securities and Exchange Commission (the Commission) for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q is available on the EDGAR database on the Commission's Internet Web site at *http://www.sec.gov,* and may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
100 F Street, NE, Room 1580
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. Copies of the fund's Form N-Q also may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov or by writing the Public Reference Section at the above address.

FURTHER INFORMATION

From time to time, MFS may post important information about the fund or the MFS funds on the MFS web site *(mfs.com).* This information is available by visiting the "Commentary & Announcements" and "Market Outlooks" sections of *mfs.com* or by clicking on the fund's name under "Variable Insurance Portfolios — VIT II" in the "Products" section of *mfs.com.*

rev. 3/11

FACTS

WHAT DOES MFS DO WITH YOUR PERSONAL INFORMATION?

MFS®

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number and account balances • Account transactions and transaction history • Checking account information and wire transfer instructions When you are *no longer* our customer, we continue to share your information as described in this notice.
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons MFS chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does MFS share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes – to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes – information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes – information about your creditworthiness	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions?	Call **800-225-2606** or go to **mfs.com**.

Who we are

Who is providing this notice?	MFS Funds, MFS Investment Management, MFS Institutional Advisors, Inc., MFS Fund Distributors, Inc., MFS Heritage Trust Company, and MFS Service Center, Inc.

What we do

How does MFS protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include procedural, electronic, and physical safeguards for the protection of the personal information we collect about you.
How does MFS collect my personal information?	We collect your personal information, for example, when you • open an account or provide account information • direct us to buy securities or direct us to sell your securities • make a wire transfer We also collect your personal information from others, such as credit bureaus, affiliates and other companies.
Why can't I limit all sharing?	Federal law gives you the right to limit only • sharing for affiliates' everyday business purposes – information about your creditworthiness • affiliates from using your information to market to you • sharing for nonaffiliates to market to you State laws and individual companies may give you additional rights to limit sharing.

Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. • *MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.*
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. • *MFS does not share with nonaffiliates so they can market to you.*
Joint Marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. • *MFS doesn't jointly market.*

Other important information

If you own an MFS product or receive an MFS service in the name of a third party such as a bank or broker-dealer, their privacy policy may apply to you instead of ours.

MFS®