

ANNUAL REPORT
December 31, 2017



MFS[®] UTILITIES SERIES

MFS[®] Variable Insurance Trust



MFS® UTILITIES SERIES

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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.

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LETTER FROM THE EXECUTIVE CHAIRMAN



Dear Contract Owners:

Rising bond yields have led to a measurable uptick in market volatility, which has been a departure from the low-volatility environment that prevailed for much of 2017. In spite of this, global markets remain elevated amid synchronized economic growth. Although the U.S. Federal Reserve continues to gradually raise interest rates and shrink its balance sheet, monetary policy remains accommodative around the world, with many central banks taking only tentative steps toward tighter policies. However, interest rates have begun to rise globally of late as investors anticipate that central policy shifts may be necessary in the months ahead.

Newly enacted U.S. tax reforms have been welcomed by equity markets while emerging market economies have been boosted by a weaker U.S. dollar. Around the world, inflation remains largely subdued but tight labor markets and solid global demand have investors on the lookout for its potential resurgence amid robust global trade and recovering commodity prices.

At MFS®, we believe having a disciplined, long-term investment approach through a full market cycle is essential to capturing the best opportunities while also managing risk. In our view, such a strategy, along with the professional guidance of a financial advisor, will help you reach your investment objectives.

Respectfully,

A handwritten signature in black ink that reads "Robert J. Manning".

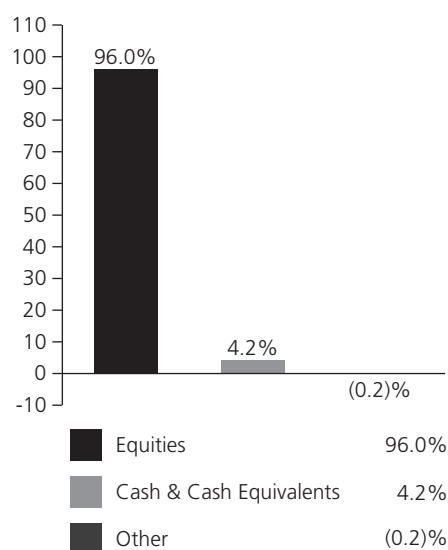
Robert J. Manning
Executive Chairman
MFS Investment Management

February 15, 2018

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

PORTFOLIO COMPOSITION

Portfolio structure (i)



Top ten holdings (i)

Exelon Corp.	6.6%
EDP Renovaveis S.A.	4.3%
NextEra Energy, Inc.	3.8%
PPL Corp.	3.6%
Enel S.p.A.	3.4%
Com Hem Holding AB	2.8%
American Electric Power Co., Inc.	2.5%
Enterprise Products Partners LP	2.5%
American Tower Corp., REIT	2.2%
Comcast Corp., "A"	2.1%

Top five industries (i)

Utilities-Electric Power	54.2%
Natural Gas-Pipeline	15.8%
Telephone Services	8.6%
Telecommunications – Wireless	7.0%
Cable TV	4.3%

Issuer country weightings (i)(x)

United States	64.2%
Canada	6.4%
Portugal	5.1%
Italy	3.4%
Spain	3.2%
Sweden	2.9%
United Kingdom	2.1%
Brazil	1.9%
France	1.8%
Other Countries	9.0%

(i) For purposes of this presentation, the components include the 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 value. The bond component will include any accrued interest amounts.

(x) Represents the portfolio's exposure to issuer countries as a percentage of a portfolio's net assets. For purposes of this presentation, United States includes Cash & Cash Equivalents and Other.

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

Cash & Cash Equivalents includes any cash, investments in money market funds, short-term securities, and other assets less liabilities. Please see the Statement of Assets and Liabilities for additional information related to the fund's cash position and other assets and liabilities.

Other includes equivalent exposure from currency derivatives and/or any offsets to derivative positions and may be negative.

Percentages are based on net assets as of December 31, 2017.

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

MANAGEMENT REVIEW

Summary of Results

For the twelve months ended December 31, 2017, Initial Class shares of the MFS Utilities Series (“fund”) provided a total return of 14.83%, while Service Class shares of the fund provided a total return of 14.49%. These compare with a return of 21.83% over the same period for the fund’s benchmark, the Standard & Poor’s 500 Stock Index, and a return of 12.11% for the fund’s other benchmark, the Standard & Poor’s 500 Utilities Index (“S&P Utilities Index”).

Market Environment

For the first time in many years, the global economy experienced a period of synchronized economic growth over the reporting period. The rebound in emerging markets (“EM”) economies was more pronounced (despite the slight deceleration in Chinese growth at the end of the period), helped by larger economies, such as Brazil and Russia, emerging from recessions. At the same time, developed markets (“DM”) economies continued to grow at or above potential. Market confidence increased in the US during the period fueled, in part, by a more lenient US regulatory backdrop and hopes for a significant cut in corporate tax rates, which came to fruition at the end of the period.

Globally, markets benefited from a reflation trade as commodity prices strengthened, activity and growth prospects improved, and inflation moved higher, though within moderate bounds. As a result, there were more tightening signals and actions by DM central banks. The US Federal Reserve increased interest rates by 25 basis points three times during the period, bringing the total number of quarter-percent hikes in the federal funds rate to five, since December 2015. The European Central Bank announced an extension of its quantitative easing program at the end of the period, but reduced the pace of its monthly asset purchases by half. In addition, the Bank of England hiked its base rate for the first time in a decade, late in the end of the period. Markets were comforted, along with central banks, by the decline in fears of a populist surge in Europe after establishment candidates won the Dutch and French elections, though a right-wing populist party gained seats in the German parliament for the first time in the post-World War II era. Additionally, European growth reflected a generally calmer political economic backdrop.

In recent months, the US dollar reversed the sharp rise seen early in the period, easing what had been a substantial headwind to earnings for multinationals. US consumer spending held up well during the second half of the period amid a modest increase in real wages and relatively low gasoline prices. However, demand for autos cooled from the record level logged early in the period, while the housing market improved, albeit constrained by below-average inventory levels. Global trade, which was sluggish early in the period, showed signs of improvement in the period’s second half, a positive indicator of global economic activity and prospects. Early in the period, there was a selloff in EM due to fears that President Trump would follow through on various campaign threats and promises that were judged to be detrimental to EM. While President Trump withdrew the US from the Trans-Pacific Partnership and began the renegotiation of the North American Free Trade Agreement, significant additional policy action was lacking on economic issues involving EM. As a result, EM resumed their upward trajectory, powered by strong inflows throughout 2017.

Detractors from Performance

The fund’s exposure to the *natural gas pipeline* industry, which is not represented in the benchmark, was a primary detractor from performance relative to the S&P Utilities Index. Here, notable relative detractors included the fund’s holdings of oil & gas pipeline operator Energy Transfer Partners^(b) and oil transportation and storage company Plains GP Holdings^(b). Shares of Energy Transfer Partners declined during the year, after the company issued 54 million shares of new equity at 5% of the pre-existing market cap. The dilution effect to the remaining shareholders negatively impacted the stock.

Elsewhere, the fund’s underweight position in electricity provider NextEra Energy dampened relative results. Shares of NextEra Energy outperformed the benchmark as the company reported solid earnings results that beat expectations in the early part of the year. Holdings of telecommunications company Frontier Communications^(b), cable and telecommunications company Altice USA^(b) and natural gas transportation company Western Gas Equity Partners^(b) further held back relative performance. Shares of Altice USA declined on what appeared to have been concerns over parent-company Altice N.V.’s European operations as well as the continued cord-cutting trend in the United States. Not owning shares of utility company American Water and utility company Consolidated Edison also held back relative returns during the year. Shares of American Water rose as reported earnings results, which were in-line with analysts’ estimates, coupled with a strong growth outlook, sent its shares higher. The timing of the fund’s ownership in shares of power & natural gas distributor Xcel Energy^(h) further weakened relative returns.

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

Contributors to Performance

Stock selection within the *electric power* industry was a primary contributor to relative performance. Here, underweight positions in utility company PG&E, electricity and natural gas provider Scana and gas and electric utility company Southern Company aided relative performance. The stock price of PG&E suffered after several media reports inconclusively linked the company's downed power lines as a potential cause of igniting some of the most destructive wildfires experienced in California. The fund's holdings of electricity and gas distributor Enel^(b) (Italy), renewable energy company EDP Renovaveis^(b) (Portugal), electricity provider NextEra Energy Partners^(b) and power generation company Dynegy^(b) also contributed to relative results. Shares of Enel appreciated during the year after the company's management reported solid earnings results, driven by strong performance in both its Italian and Latin American regions. Improved pricing and retail volumes were two of the key drivers behind these strong-performing regions. The fund's overweight position in shares of power generation company NRG benefited relative returns. Shares of NRG advanced early in the period as shareholders appeared to have reacted positively to the announcement of a business transformation plan that would involve divesting its non-core business lines and re-focusing on its core integrated retail-wholesale power business.

Elsewhere, holdings of communications company Com Hem^(b) (Sweden) and broadcast and communication tower management firm American Tower^(b) supported relative performance. The stock price of Com Hem appreciated after its management reported positive earnings results on the back of strong customer uptake in the company's broadband and Pay TV segments. In addition, its management proposed a dividend increase for 2018, which further supported the stock.

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

Respectfully,

Portfolio Manager(s)

Claud Davis, Maura Shaughnessy, and Scott Walker

(b) Security is not a benchmark constituent.

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

Note to Shareholders: Effective September 15, 2017, Scott Walker became a Portfolio Manager of the Fund.

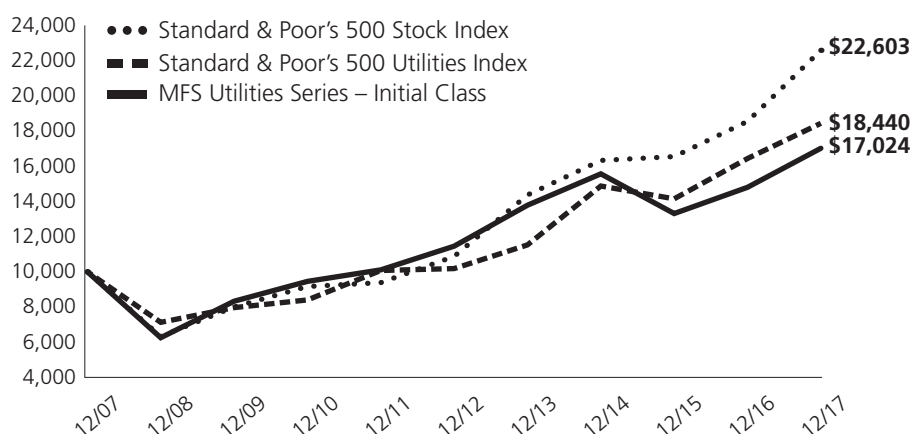
The views expressed in this report are those of the portfolio manager(s) only through the end of the period of the report as stated on the cover and do not necessarily reflect the views of MFS or any other person in the MFS organization. These views are subject to change at any time based on market or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

PERFORMANCE SUMMARY THROUGH 12/31/17

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 12/31/17

Average annual total returns

Share Class	Class Inception Date	1-yr	5-yr	10-yr
Initial Class	1/03/95	14.83%	8.25%	5.46%
Service Class	5/01/00	14.49%	7.98%	5.20%

Comparative benchmark(s)

Standard & Poor's 500 Stock Index (f)	21.83%	15.79%	8.50%
Standard & Poor's 500 Utilities Index (f)	12.11%	12.62%	6.31%

(f) Source: FactSet Research Systems Inc.

Benchmark Definition(s)

Standard & Poor's 500 Stock Index – a market capitalization-weighted index of 500 widely held equity securities, designed to measure broad U.S. equity performance.

Standard & Poor's 500 Utilities Index – a market capitalization-weighted index designed to measure the utilities sector, including those companies considered electric, gas or water utilities, or companies that operate as independent producers and/or distributors of power.

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, 2017 through December 31, 2017

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.

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, 2017 through December 31, 2017.

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 7/01/17	Ending Account Value 12/31/17	Expenses Paid During Period (p) 7/01/17-12/31/17
Initial Class	Actual	0.80%	\$1,000.00	\$1,043.95	\$4.12
	Hypothetical (h)	0.80%	\$1,000.00	\$1,021.17	\$4.08
Service Class	Actual	1.05%	\$1,000.00	\$1,042.53	\$5.41
	Hypothetical (h)	1.05%	\$1,000.00	\$1,019.91	\$5.35

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

(p) "Expenses Paid During Period" are equal to each class's annualized expense ratio, as shown above, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

PORTFOLIO OF INVESTMENTS – 12/31/17

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 (\$)	Issuer	Shares/Par	Value (\$)
COMMON STOCKS – 91.8%			COMMON STOCKS – continued		
Cable TV – 4.4%			Telephone Services – continued		
Altice USA, Inc. (a)(l)	1,059,670	\$ 22,496,794	TDC A.S.	1,557,695	\$ 9,572,568
Comcast Corp., "A"	837,315	33,534,466	Telefonica Brasil S.A., ADR	573,257	8,501,401
NOS, SGPS, S.A.	1,930,402	12,695,045	Telesites S.A.B. de C.V. (a)	4,378,400	3,335,712
		\$ 68,726,305	Telus Corp.	380,595	14,418,404
					\$ 135,457,121
Energy – Independent – 1.4%			Utilities – Electric Power – 51.4%		
Targa Resources Corp.	271,890	\$ 13,164,914	AES Corp.	2,586,840	\$ 28,015,477
Western Gas Equity Partners LP	249,652	9,277,068	Alupar Investimento S.A., IEU	342,400	1,904,459
		\$ 22,441,982	Ameren Corp.	88,891	5,243,680
Natural Gas – Distribution – 2.2%			American Electric Power Co., Inc.	530,571	39,034,108
China Resources Gas Group Ltd.	5,308,000	\$ 19,260,807	Avangrid, Inc.	312,936	15,828,303
NiSource, Inc.	31,865	817,975	Calpine Corp. (a)	529,600	8,012,848
Sempra Energy	143,173	15,308,057	China Longyuan Power Group	12,541,000	8,924,779
		\$ 35,386,839	Covanta Holding Corp.	677,943	11,457,237
Natural Gas – Pipeline – 15.8%			Dominion Energy, Inc.	31,797	2,577,465
APA Group	870,789	\$ 5,659,680	Duke Energy Corp.	290,082	24,398,797
Cheniere Energy, Inc. (a)	520,146	28,004,661	Dynegy, Inc. (a)	2,208,287	26,168,201
Enbridge, Inc.	790,698	30,923,400	Edison International	308,412	19,503,975
Energy Transfer Partners LP	1,173,153	21,022,902	EDP Renovaveis S.A.	8,057,417	67,354,769
Enterprise Products Partners LP	1,467,741	38,909,814	Emera, Inc.	826,701	30,897,703
EQT GP Holdings LP	54,070	1,454,483	Enel Americas S.A.	2,556,217	569,188
EQT Midstream Partners LP	320,019	23,393,389	Enel S.p.A.	8,792,722	54,121,199
Kinder Morgan, Inc.	525,907	9,503,139	Energis Americas S.A., ADR	652,769	7,291,430
Plains All American Pipeline LP	201,785	4,164,842	Engie Brasil Energia S.A.	735,200	7,870,415
Plains GP Holdings LP	572,939	12,576,011	Eversource Energy	76,069	4,806,039
SemGroup Corp., "A"	195,865	5,915,123	Exelon Corp.	2,635,084	103,848,663
Shell Midstream Partners, LP	238,325	7,106,851	Great Plains Energy, Inc.	347,158	11,192,374
Tallgrass Energy GP LP	369,859	9,520,171	Iberdrola S.A.	3,911,556	30,318,574
TransCanada Corp.	525,934	25,597,965	NextEra Energy Partners LP	507,551	21,880,524
Williams Cos., Inc.	442,458	13,490,544	NextEra Energy, Inc.	385,949	60,281,375
Williams Partners LP	339,968	13,183,959	NRG Energy, Inc.	1,163,150	33,126,512
		\$ 250,426,934	NRG Yield, Inc., "A"	653,785	12,323,847
Telecommunications – Wireless – 6.4%			NRG Yield, Inc., "C"	335,086	6,333,125
Advanced Info Service PLC	1,862,600	\$ 10,916,128	NTPC Ltd.	3,392,052	9,406,497
America Movil S.A.B. de C.V., "L", ADR	140,906	2,416,538	PG&E Corp.	531,068	23,807,778
American Tower Corp., REIT	240,991	34,382,186	PPL Corp.	1,855,162	57,417,264
Cellnex Telecom S.A.U.	777,344	19,913,052	Public Service Enterprise Group, Inc.	370,352	19,073,128
KDDI Corp.	360,300	8,967,929	RWE AG	40,162	819,202
Millicom International Cellular S.A.	40,018	2,702,633	SCANA Corp.	21,016	836,016
Mobile TeleSystems PJSC, ADR	1,357,513	13,833,058	Southern Co.	640,643	30,808,522
Vodafone Group PLC	2,647,598	8,363,952	SSE PLC	1,365,305	24,332,453
		\$ 101,495,476	Vistra Energy Corp. (a)	42,662	781,568
Telephone Services – 8.6%			Westar Energy, Inc.	44,455	2,347,224
Com Hem Holding AB	2,849,984	\$ 43,567,431			\$ 812,914,718
France Telecom S.A.	865,511	15,032,038	Utilities – Water – 1.6%		
Hellenic Telecommunications Organization S.A.	1,092,559	15,075,421	Companhia de Saneamento Basico do Estado de Sao Paulo	1,204,900	\$ 12,469,994
PT XL Axiata Tbk (a)	30,313,000	6,613,339	SUEZ Environnement	766,704	13,490,763
Royal KPN N.V.	5,543,110	19,340,807			\$ 25,960,757
			Total Common Stocks (Identified Cost, \$1,268,691,306)		
			\$1,452,810,132		

MFS Utilities Series

Portfolio of Investments – continued

Issuer	Shares/Par	Value (\$)	Issuer	Shares/Par	Value (\$)
CONVERTIBLE PREFERRED STOCKS – 4.2%			INVESTMENT COMPANIES (h) – 4.0%		
Energy – Independent – 0.7%			Money Market Funds – 4.0%		
Western Gas Equity Partners LP, 7.5%	304,236	\$ 10,544,820	MFS Institutional Money Market Portfolio, 1.25% (v) (Identified Cost, \$64,126,522)	64,132,616	\$ 64,126,203
Telecommunications – Wireless – 0.6%			COLLATERAL FOR SECURITIES LOANED – 0.0%		
American Tower Corp., 5.5%	79,918	\$ 10,049,689	State Street Navigator Securities Lending Government Money Market Portfolio, 1.3% (j) (Identified Cost, \$243,380)		
Telephone Services – 0.0%				243,380	\$ 243,380
Frontier Communications Corp., 11.125%	38,208	\$ 413,411	OTHER ASSETS, LESS		
Utilities – Electric Power – 2.9%			LIABILITIES – (0.0%)		
Dominion Energy, Inc., 6.75%	240,252	\$ 12,411,418			
Dynegy, Inc., 7%	69,886	5,536,369			
NextEra Energy, Inc., 6.123%	326,102	18,326,932			
NextEra Energy, Inc., 6.371%	131,422	9,144,343			
		\$ 45,419,062	NET ASSETS – 100.0%		
Total Convertible Preferred Stocks (Identified Cost, \$64,443,045)			\$1,582,954,737		
		\$ 66,426,982			

(a) Non-income producing security.

(h) 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. At period end, the aggregate values of the fund's investments in affiliated issuers and in unaffiliated issuers were \$64,126,203 and \$1,519,480,494, respectively.

(j) The rate quoted is the annualized seven-day yield of the fund at period end.

(l) A portion of this security is on loan.

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

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

ADR American Depositary Receipt

IEU International Equity Unit

PJSC Public Joint Stock Company

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:

CAD Canadian Dollar

EUR Euro

GBP British Pound

Derivative Contracts at 12/31/17

Forward Foreign Currency Exchange Contracts

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
Asset Derivatives				
EUR	687,097	USD 803,874 Barclays Bank PLC	1/12/2018	\$20,976
EUR	1,294,709	USD 1,530,699 BNP Paribas S.A.	1/12/2018	23,581
EUR	1,072,978	USD 1,266,120 Citibank N.A.	1/12/2018	21,975
EUR	1,183,196	USD 1,397,830 Deutsche Bank AG	1/12/2018	22,580
EUR	542,783	USD 641,005 JPMorgan Chase Bank N.A.	1/12/2018	10,598
EUR	151,274	USD 179,932 Morgan Stanley Capital Services, Inc.	1/12/2018	1,671
GBP	1,180,684	USD 1,569,680 HSBC Bank	1/12/2018	24,868
GBP	595,104	USD 782,688 JPMorgan Chase Bank N.A.	1/12/2018	21,019
USD	22,509,406	CAD 28,109,972 Citibank N.A.	1/12/2018	141,767
USD	22,504,901	CAD 28,109,971 Merrill Lynch International	1/12/2018	137,261
				<u>\$426,296</u>

Portfolio of Investments – continued

Forward Foreign Currency Exchange Contracts - continued

	Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)	
Liability Derivatives						
USD	899,743	CAD	1,134,661	Barclays Bank PLC	1/12/2018	\$(3,128)
USD	1,246,696	CAD	1,596,998	BNP Paribas S.A.	1/12/2018	(24,065)
USD	13,537,595	CAD	17,371,892	Citibank N.A.	1/12/2018	(285,550)
USD	399,995	CAD	509,099	Deutsche Bank AG	1/12/2018	(5,105)
USD	841,758	CAD	1,079,715	Goldman Sachs International	1/12/2018	(17,393)
USD	352,887	CAD	448,433	JPMorgan Chase Bank N.A.	1/12/2018	(3,940)
USD	380,461	CAD	483,923	Morgan Stanley Capital Services, Inc.	1/12/2018	(4,606)
USD	186,588	CAD	240,511	State Street Bank Corp.	1/12/2018	(4,791)
USD	23,699	EUR	20,375	Barclays Bank PLC	1/12/2018	(761)
USD	2,318,688	EUR	1,989,089	BNP Paribas S.A.	1/12/2018	(69,185)
USD	391,883	EUR	330,403	Citibank N.A.	1/12/2018	(4,762)
USD	3,790,946	EUR	3,198,293	Deutsche Bank AG	1/12/2018	(48,559)
USD	1,602,211	EUR	1,351,382	Goldman Sachs International	1/12/2018	(20,105)
USD	1,121,845	EUR	964,000	HSBC Bank	1/12/2018	(35,423)
USD	73,968,082	EUR	62,362,464	JPMorgan Chase Bank N.A.	1/12/2018	(897,185)
USD	130,219	EUR	109,300	Merrill Lynch International	1/12/2018	(994)
USD	2,575,029	EUR	2,172,287	Morgan Stanley Capital Services, Inc.	1/12/2018	(32,771)
USD	69,324,145	EUR	58,647,884	Morgan Stanley Capital Services, Inc.	1/19/2018	(1,109,903)
USD	21,030,162	GBP	15,872,994	Barclays Bank PLC	1/12/2018	(406,780)
USD	1,271,346	GBP	961,749	Citibank N.A.	1/12/2018	(27,524)
						<u>\$(3,002,530)</u>

At December 31, 2017, the fund had cash collateral of \$980,000 to cover any collateral or margin obligations for certain derivative contracts. Restricted cash and deposits with brokers in the Statement of Assets and Liabilities are comprised of cash collateral.

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 12/31/17

Assets

Investments in unaffiliated issuers, at value, including \$5,589,307 of securities on loan (identified cost, \$1,333,377,731)	\$1,519,480,494
Investments in affiliated issuers, at value (identified cost, \$64,126,522)	64,126,203
Cash	170,000
Restricted cash for forward foreign currency exchange contracts	980,000
Receivables for	
Forward foreign currency exchange contracts	426,296
Investments sold	220,106
Fund shares sold	220,741
Interest and dividends	3,305,483
Other assets	7,571
Total assets	\$1,588,936,894

Liabilities

Payable to custodian	\$54,928
Payables for	
Forward foreign currency exchange contracts	3,002,530
Investments purchased	60
Fund shares reacquired	1,866,219
Collateral for securities loaned, at value (c)	243,380
Payable to affiliates	
Investment adviser	127,525
Shareholder servicing costs	1,667
Distribution and/or service fees	27,898
Payable for independent Trustees' compensation	11
Deferred country tax expense payable	300,755
Accrued expenses and other liabilities	357,184
Total liabilities	\$5,982,157
Net assets	\$1,582,954,737

Net assets consist of

Paid-in capital	\$1,376,371,567
Unrealized appreciation (depreciation) (net of \$300,755 deferred country tax)	183,233,297
Accumulated net realized gain (loss)	2,385,463
Undistributed net investment income	20,964,410
Net assets	\$1,582,954,737
Shares of beneficial interest outstanding	54,281,860

	Net assets	Shares outstanding	Net asset value per share
Initial Class	\$561,743,966	19,045,169	\$29.50
Service Class	1,021,210,771	35,236,691	28.98

(c) Non-cash collateral is not included.

Net asset value per share is calculated using actual net assets and shares outstanding rather than amounts that have been rounded for presentation purposes.

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 12/31/17

Net investment income (loss)

Income	
Dividends	\$59,252,173
Dividends from affiliated issuers	434,954
Income on securities loaned	85,229
Interest	896
Foreign taxes withheld	(2,128,587)
Total investment income	\$57,644,665
Expenses	
Management fee	\$11,779,085
Distribution and/or service fees	2,601,342
Shareholder servicing costs	71,625
Administrative services fee	264,201
Independent Trustees' compensation	31,731
Custodian fee	233,865
Shareholder communications	416,412
Audit and tax fees	63,820
Legal fees	20,632
Miscellaneous	40,336
Total expenses	\$15,523,049
Reduction of expenses by investment adviser	(128,901)
Net expenses	\$15,394,148
Net investment income (loss)	\$42,250,517
Realized and unrealized gain (loss)	
Realized gain (loss) (identified cost basis)	
Unaffiliated issuers (net of \$21,675 country tax)	\$36,210,686
Affiliated issuers	(7,713)
Foreign currency	(91,786)
Forward foreign currency exchange contracts	(16,117,264)
Net realized gain (loss)	\$19,993,923
Change in unrealized appreciation (depreciation)	
Unaffiliated issuers (net of \$300,755 increase in deferred country tax)	\$162,886,185
Affiliated issuers	(1,011)
Forward foreign currency exchange contracts	(6,031,949)
Translation of assets and liabilities in foreign currencies	47,755
Net unrealized gain (loss)	\$156,900,980
Net realized and unrealized gain (loss)	\$176,894,903
Change in net assets from operations	\$219,145,420

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.

	Year ended	
	12/31/17	12/31/16
Change in net assets		
From operations		
Net investment income (loss)	\$42,250,517	\$59,514,902
Net realized gain (loss)	19,993,923	(17,525,329)
Net unrealized gain (loss)	156,900,980	127,664,837
Change in net assets from operations	\$219,145,420	\$169,654,410
Distributions declared to shareholders		
From net investment income	\$(66,508,085)	\$(59,729,803)
From net realized gain	—	(36,926,325)
Total distributions declared to shareholders	\$(66,508,085)	\$(96,656,128)
Change in net assets from fund share transactions	\$(125,125,478)	\$(46,897,011)
Total change in net assets	\$27,511,857	\$26,101,271
Net assets		
At beginning of period	1,555,442,880	1,529,341,609
At end of period (including undistributed net investment income of \$20,964,410 and \$67,644,264, respectively)	\$1,582,954,737	\$1,555,442,880

See Notes to Financial Statements

FINANCIAL STATEMENTS | FINANCIAL HIGHLIGHTS

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

Initial Class	Year ended				
	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Net asset value, beginning of period	\$26.81	\$25.56	\$33.97	\$31.88	\$27.61
Income (loss) from investment operations					
Net investment income (loss) (d)	\$0.81	\$1.06(c)	\$0.81	\$0.99	\$0.94
Net realized and unrealized gain (loss)	3.17	1.91	(5.56)	3.13	4.64
Total from investment operations	\$3.98	\$2.97	\$(4.75)	\$4.12	\$5.58
Less distributions declared to shareholders					
From net investment income	\$(1.29)	\$(1.08)	\$(1.38)	\$(0.74)	\$(0.73)
From net realized gain	—	(0.64)	(2.28)	(1.29)	(0.58)
Total distributions declared to shareholders	\$(1.29)	\$(1.72)	\$(3.66)	\$(2.03)	\$(1.31)
Net asset value, end of period (x)	\$29.50	\$26.81	\$25.56	\$33.97	\$31.88
Total return (%) (k)(r)(s)(x)	14.83	11.47(c)	(14.54)	12.77	20.60
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)	0.80	0.77(c)	0.79	0.79	0.80
Expenses after expense reductions (f)	0.79	0.77(c)	0.78	0.78	0.80
Net investment income (loss)	2.78	3.89(c)	2.59	2.87	3.07
Portfolio turnover	27	33	42	53	50
Net assets at end of period (000 omitted)	\$561,744	\$556,607	\$561,517	\$754,927	\$525,386
Service Class					
	Year ended				
	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Net asset value, beginning of period	\$26.37	\$25.15	\$33.48	\$31.47	\$27.27
Income (loss) from investment operations					
Net investment income (loss) (d)	\$0.73	\$0.97(c)	\$0.72	\$0.92	\$0.85
Net realized and unrealized gain (loss)	3.09	1.90	(5.47)	3.05	4.58
Total from investment operations	\$3.82	\$2.87	\$(4.75)	\$3.97	\$5.43
Less distributions declared to shareholders					
From net investment income	\$(1.21)	\$(1.01)	\$(1.30)	\$(0.67)	\$(0.65)
From net realized gain	—	(0.64)	(2.28)	(1.29)	(0.58)
Total distributions declared to shareholders	\$(1.21)	\$(1.65)	\$(3.58)	\$(1.96)	\$(1.23)
Net asset value, end of period (x)	\$28.98	\$26.37	\$25.15	\$33.48	\$31.47
Total return (%) (k)(r)(s)(x)	14.49	11.24(c)	(14.76)	12.47	20.30
Ratios (%) (to average net assets) and Supplemental data:					
Expenses before expense reductions (f)	1.05	1.02(c)	1.04	1.04	1.05
Expenses after expense reductions (f)	1.04	1.02(c)	1.03	1.03	1.05
Net investment income (loss)	2.53	3.64(c)	2.34	2.71	2.82
Portfolio turnover	27	33	42	53	50
Net assets at end of period (000 omitted)	\$1,021,211	\$998,836	\$967,824	\$1,252,327	\$978,732

See Notes to Financial Statements

MFS Utilities Series

Financial Highlights – continued

- (c) Amount reflects a one-time reimbursement of expenses by the custodian (or former custodian) without which net investment income and performance would be lower and expenses would be higher.
- (d) Per share data is based on average shares outstanding.
- (f) Ratios do not reflect reductions from fees paid indirectly, if applicable.
- (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 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 Utilities Series (the fund) is a diversified series of MFS Variable Insurance Trust (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.

The fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946 Financial Services – Investment Companies.

(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 primarily in issuers in the utility industry. Issuers in a single industry can react similarly to market, economic, political and regulatory conditions and developments. 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 October 2016, the Securities and Exchange Commission (SEC) released its final rule on Investment Company Reporting Modernization (the "Rule"). The Rule, which introduced two new regulatory reporting forms for investment companies – Form N-PORT and Form N-CEN – also contained amendments to Regulation S-X which impact financial statement presentation, particularly the presentation of derivative investments, for all reporting periods ending after August 1, 2017. The fund has adopted the Rule's Regulation S-X amendments and believes that the fund's financial statements are in compliance with those amendments.

Balance Sheet Offsetting – 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 International Swaps and Derivatives Association (ISDA) Master Agreement, or similar 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. The fund's right to setoff may be restricted or prohibited by the bankruptcy or insolvency laws of the particular jurisdiction to which a specific master netting agreement counterparty is subject. Balance sheet offsetting disclosures, 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.

Investment Valuations – Equity securities, including restricted equity securities, are generally valued at the last sale or official closing price on their primary market or exchange as provided by a third-party pricing service. Equity securities, for which there were no sales reported that day, are generally valued at the last quoted daily bid quotation on their primary market or exchange as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value. 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. 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. Events that occur on a frequent basis after foreign markets close (such as developments in foreign markets and significant movements in the U.S. markets) and prior to the determination of the fund's net asset value may be deemed to have a material effect on the value of securities traded in foreign markets. Accordingly, the fund's foreign equity securities may often be valued at fair value. The adviser generally relies on third-party pricing services or other information (such as the correlation with price movements of similar securities in the same or other markets; the type, cost and investment characteristics of the security; the business and financial condition of the issuer; and trading and other market data) to assist in determining whether to fair value and at what value to fair value an investment. The value of an investment for purposes of calculating the fund's net asset value can differ depending on the source and method used to determine value. When fair valuation is used, the value of an investment used to determine the fund's net asset value may differ from quoted or published prices for the same investment. There can be no assurance that the fund could obtain the fair value assigned to an investment if it were to sell the investment at the same time at which the fund determines its net asset value per share.

Various inputs are used in determining the value of the fund's assets or liabilities. These inputs are categorized into three broad levels. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities. Level 2 includes other significant observable market-based inputs (including quoted prices for similar securities, interest rates, prepayment speed, and credit risk). Level 3 includes 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 foreign currency exchange contracts. The following is a summary of the levels used as of December 31, 2017 in valuing the fund's assets or liabilities:

Financial Instruments	Level 1	Level 2	Level 3	Total
Equity Securities:				
United States	\$952,758,379	\$—	\$—	\$952,758,379
Canada	101,837,472	—	—	101,837,472
Portugal	80,049,815	—	—	80,049,815
Italy	54,121,200	—	—	54,121,200
Spain	50,231,626	—	—	50,231,626
Sweden	46,270,064	—	—	46,270,064
United Kingdom	24,332,453	8,363,953	—	32,696,406
Brazil	30,746,269	—	—	30,746,269
France	28,522,801	—	—	28,522,801
Other Countries	131,086,954	10,916,128	—	142,003,082
Mutual Funds	64,369,583	—	—	64,369,583
Total	\$1,564,326,616	\$19,280,081	\$—	\$1,583,606,697
Other Financial Instruments				
Forward Foreign Currency Exchange Contracts – Assets	\$—	\$426,296	\$—	\$426,296
Forward Foreign Currency Exchange Contracts – Liabilities	—	(3,002,530)	—	(3,002,530)

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

Of the level 1 investments presented above, equity investments amounting to \$159,958,755 would have been considered level 2 investments at the beginning of the period. The primary reason for changes in the classifications between levels 1 and 2 occurs when foreign equity securities are fair valued using other observable market-based inputs in place of the closing exchange price due to events occurring after the close of the exchange or market on which the investment is principally traded. The fund's foreign equity securities may often be valued using other observable market-based inputs. The fund's policy is to recognize transfers between the levels as of the end of the period.

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.

Notes to Financial Statements – continued

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 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, 2017 as reported in the Statement of Assets and Liabilities:

Risk	Derivative Contracts	Fair Value	
		Asset Derivatives	Liability Derivatives
Foreign Exchange	Forward Foreign Currency Exchange	\$426,296	\$(3,002,530)

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, 2017 as reported in the Statement of Operations:

Risk	Forward Foreign Currency Exchange Contracts
Foreign Exchange	\$(16,117,264)

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, 2017 as reported in the Statement of Operations:

Risk	Forward Foreign Currency Exchange Contracts
Foreign Exchange	\$(6,031,949)

Derivative counterparty credit risk is managed through formal evaluation of the creditworthiness of all potential counterparties. On certain, but not all, uncleared derivatives, the fund attempts to reduce its exposure to counterparty credit risk whenever possible by entering into an ISDA Master Agreement on a bilateral basis. The ISDA Master Agreement gives each party to the agreement the right to terminate all transactions traded under such agreement if there is a specified 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 agreement 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 clearing broker and the clearing house for cleared derivatives (e.g., futures contracts, cleared swaps, and exchange-traded options) while collateral terms are contract specific for uncleared derivatives (e.g., forward foreign currency exchange contracts, uncleared swap agreements, and uncleared options). For derivatives traded under an ISDA Master Agreement, which contains a collateral support annex, 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.

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 forward foreign currency exchange contracts.

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, a multicurrency cash settlement system for the centralized settlement of foreign transactions. 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, where applicable, 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.

Security Loans – Under its Securities Lending Agency Agreement with the fund, State Street Bank and Trust Company (“State Street”), as lending agent, loans the securities of the fund to certain qualified institutions (the “Borrowers”) approved by the fund. Security loans can be terminated at the discretion of either the lending agent or the fund and the related securities must be returned within the earlier of the standard trade settlement period for such securities or within three business days. The loans are collateralized by cash and/or U.S. Treasury and federal agency obligations in an amount typically at least equal to the market value of the securities loaned. On loans collateralized by cash, the cash collateral is invested in a money market fund. The market value of the loaned securities is determined at the close of business of the fund and any additional required collateral is delivered to the fund on the next business day. State Street provides the fund with indemnification against Borrower default. In the event of Borrower default, State Street will, for the benefit of the fund, either purchase securities identical to those loaned or, when such purchase is commercially impracticable, pay the fund the market value of the loaned securities. In return, State Street assumes the fund's rights to the related collateral. If the collateral value is less than the cost to purchase identical securities, State Street is responsible for the shortfall, but only to the extent that such shortfall is not due to a decline in collateral value resulting from collateral reinvestment for which the fund bears the risk of loss. At period end, the fund had investment securities on loan, all of which were classified as equity securities in the fund's Portfolio of Investments, with a fair value of \$5,589,307. The fair value of the fund's investment securities on loan and a related liability of \$243,380 for cash collateral received on securities loaned are both presented gross in the Statement of Assets and Liabilities. Additionally, these loans were collateralized by U.S. Treasury Obligations of \$5,395,347. The collateral on securities loaned exceeded the value of securities on loan at period end. The liability for cash collateral for securities loaned is carried at fair value, which is categorized as level 2 within the fair value hierarchy. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the fund and the lending agent. On loans collateralized by U.S. Treasury and/or federal agency obligations, a fee is received from the Borrower, and is allocated between the fund and the lending agent. Income from securities lending is separately reported in the Statement of Operations. The dividend and interest income earned on the securities loaned is accounted for in the same manner as other dividend and interest income.

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

Investment Transactions and Income – Investment transactions are recorded on the trade date. 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. 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.

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

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

Distributions to shareholders are recorded on the ex-dividend date. Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from U.S. generally accepted accounting principles. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These

Notes to Financial Statements – continued

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 wash sale loss deferrals, derivative transactions, partnership adjustments, and certain preferred stock treated as debt for tax purposes.

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

	Year ended 12/31/17	Year ended 12/31/16
Ordinary income (including any short-term capital gains)	\$66,508,085	\$59,729,879
Tax-exempt income	—	36,926,249
Total distributions	\$66,508,085	\$96,656,128

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

As of 12/31/17	
Cost of investments	\$1,396,884,195
Gross appreciation	280,018,507
Gross depreciation	(95,872,239)
Net unrealized appreciation (depreciation)	\$184,146,268
Undistributed ordinary income	22,729,815
Other temporary differences	(292,913)

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		From net realized gain on investments	
	Year ended 12/31/17	Year ended 12/31/16	Year ended 12/31/17	Year ended 12/31/16
Initial Class	\$24,315,953	\$22,376,960	\$—	\$13,202,553
Service Class	42,192,132	37,352,843	—	23,723,772
Total	\$66,508,085	\$59,729,803	\$—	\$36,926,325

(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 based on the fund’s average daily net assets:

Up to \$ 1 billion	0.75%
In excess of \$ 1 billion and up to \$ 3 billion	0.70%
In excess of \$ 3 billion	0.65%

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 year ended December 31, 2017, this management fee reduction amounted to \$128,901, which is included in the reduction of total expenses in the Statement of Operations. The management fee incurred for the year ended December 31, 2017 was equivalent to an annual effective rate of 0.72% of the fund’s average daily net assets.

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 – 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 year ended December 31, 2017, the fee was \$67,432, which equated to 0.0042% 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 year ended December 31, 2017, these costs amounted to \$4,193.

Administrator – MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to the fund. Under an administrative services agreement, the fund 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, 2017 was equivalent to an annual effective rate of 0.0164% 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 a service agreement (the ISO Agreement) which provides for payment of fees solely by the funds to Tarantino LLC in return for the provision of services of an Independent Senior Officer (ISO) for the funds. Frank L. Tarantino serves as the ISO and is an officer of the funds and the sole member of Tarantino LLC. The funds can terminate the ISO Agreement with Tarantino LLC at any time under the terms of the ISO Agreement. For the year ended December 31, 2017, the fee paid by the fund under this agreement was \$2,901 and is included in "Miscellaneous" expense in the Statement of Operations. MFS has agreed to bear all expenses associated with office space, other administrative support, and supplies provided to the ISO.

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. This money market fund does not pay a management fee to MFS.

The fund is permitted to engage in purchase and sale transactions with funds and accounts for which MFS serves as investment adviser or sub-adviser ("cross-trades") pursuant to a policy adopted by the Board of Trustees. This policy has been designed to ensure that cross-trades conducted by the fund comply with Rule 17a-7 under the Investment Company Act of 1940. During the year ended December 31, 2017, the fund engaged in purchase and sale transactions pursuant to this policy, which amounted to \$372,706 and \$2,594,499, respectively. The sales transactions resulted in net realized gains (losses) of \$762,607.

(4) Portfolio Securities

For the year ended December 31, 2017, purchases and sales of investments, other than short-term obligations, aggregated \$421,977,107 and \$577,057,907, respectively.

(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 12/31/17		Year ended 12/31/16	
	Shares	Amount	Shares	Amount
Shares sold				
Initial Class	578,626	\$16,844,906	906,725	\$24,878,423
Service Class	2,193,632	62,090,665	4,514,067	119,819,942
	2,772,258	\$78,935,571	5,420,792	\$144,698,365
Shares issued to shareholders in reinvestment of distributions				
Initial Class	823,990	\$24,315,953	1,294,742	\$35,579,513
Service Class	1,453,898	42,192,132	2,257,916	61,076,615
	2,277,888	\$66,508,085	3,552,658	\$96,656,128
Shares reacquired				
Initial Class	(3,114,794)	\$(90,288,653)	(3,412,304)	\$(91,825,699)
Service Class	(6,290,813)	(180,280,481)	(7,368,351)	(196,425,805)
	(9,405,607)	\$(270,569,134)	(10,780,655)	\$(288,251,504)

Notes to Financial Statements – continued

	Year ended 12/31/17		Year ended 12/31/16	
	Shares	Amount	Shares	Amount
Net change				
Initial Class	(1,712,178)	\$(49,127,794)	(1,210,837)	\$(31,367,763)
Service Class	(2,643,283)	(75,997,684)	(596,368)	(15,529,248)
	(4,355,461)	\$(125,125,478)	(1,807,205)	\$(46,897,011)

(6) Line of Credit

The fund and certain other funds managed by MFS participate in a \$1.25 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 Overnight Federal Reserve funds rate or daily 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 Overnight Federal Reserve funds rate plus an agreed upon spread. For the year ended December 31, 2017, the fund's commitment fee and interest expense were \$10,606 and \$0, respectively, and are included in "Miscellaneous" expense in the Statement of Operations.

(7) Investments in Affiliated Issuers

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

Affiliated Issuers	Beginning Shares/Par Amount	Acquisitions Shares/Par Amount	Dispositions Shares/Par Amount	Ending Shares/Par Amount	
MFS Institutional Money Market Portfolio	73,959,910	284,797,183	(294,624,477)	64,132,616	
Affiliated Issuers	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Capital Gain Distributions	Dividend Income	Ending Value
MFS Institutional Money Market Portfolio	\$(7,713)	\$(1,011)	\$—	\$434,954	\$64,126,203

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees of MFS Variable Insurance Trust and the Shareholders of MFS Utilities Series:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of MFS Utilities Series (one of the series of MFS Variable Insurance Trust) (the "Fund"), including the portfolio of investments, as of December 31, 2017, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2017, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

Boston, Massachusetts
February 15, 2018

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

TRUSTEES AND OFFICERS – IDENTIFICATION AND BACKGROUND

The Trustees and Officers of the Trust, as of February 1, 2018, 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.

<u>Name, Age</u>	<u>Position(s) Held with Fund</u>	<u>Trustee/Officer Since ^(h)</u>	<u>Number of MFS Funds overseen by the Trustee</u>	<u>Principal Occupations During the Past Five Years</u>	<u>Other Directorships During the Past Five Years ⁽ⁱ⁾</u>
INTERESTED TRUSTEES					
Robert J. Manning ^(k) (age 54)	Trustee	February 2004	137	Massachusetts Financial Services Company, Executive Chairman (since January 2017); Director; Chairman of the Board; Chief Executive Officer (until 2015); Co-Chief Executive Officer (2015-2016)	N/A
Robin A. Stelmach ^(k) (age 56)	Trustee	January 2014	137	Massachusetts Financial Services Company, Vice Chair (since January 2017); Chief Operating Officer and Executive Vice President (until January 2017)	N/A
INDEPENDENT TRUSTEES					
John P. Kavanaugh (age 63)	Trustee and Chair of Trustees	January 2009	137	Private investor	N/A
Steven E. Buller (age 66)	Trustee	February 2014	137	Financial Accounting Standards Advisory Council, Chairman (2014-2015); Public Company Accounting Oversight Board, Standing Advisory Group, Member (until 2014); BlackRock, Inc. (investment management), Managing Director (until 2014), BlackRock Finco UK (investment management), Director (until 2014)	N/A
John A. Caroselli (age 63)	Trustee	March 2017	137	JC Global Advisors, LLC (management consulting), President (since 2015); First Capital Corporation (commercial finance), Executive Vice President (until 2015)	N/A
Maureen R. Goldfarb (age 62)	Trustee	January 2009	137	Private investor	N/A
Michael Hegarty (age 73)	Trustee	December 2004	137	Private investor	Rouse Properties Inc., Director (until 2016); Capmark Financial Group Inc., Director (until 2015)
Clarence Otis, Jr. (age 61)	Trustee	March 2017	137	Darden Restaurants, Inc., Chief Executive Officer (until 2014)	VF Corporation, Director; Verizon Communications, Inc., Director; The Travelers Companies, Director; Federal Reserve Bank of Atlanta, Director (until 2015)
Maryanne L. Roepke (age 61)	Trustee	May 2014	137	American Century Investments (investment management), Senior Vice President and Chief Compliance Officer (until 2014)	N/A
Laurie J. Thomsen (age 60)	Trustee	March 2005	137	Private investor	The Travelers Companies, Director; Dycom Industries, Inc., Director (since 2015)

MFS Utilities Series

Trustees and Officers – continued

Name, Age	Position(s) Held with Fund	Trustee/Officer Since ^(h)	Number of MFS Funds for which the Person is an Officer	Principal Occupations During the Past Five Years
OFFICERS				
Christopher R. Bohane ^(k) (age 44)	Assistant Secretary and Assistant Clerk	July 2005	137	Massachusetts Financial Services Company, Vice President and Assistant General Counsel
Kino Clark ^(k) (age 49)	Assistant Treasurer	January 2012	137	Massachusetts Financial Services Company, Vice President
John W. Clark, Jr. ^(k) (age 50)	Assistant Treasurer	April 2017	137	Massachusetts Financial Services Company, Vice President (since March 2017); Deutsche Bank (financial services), Department Head – Treasurer’s Office (until February 2017)
Thomas H. Connors ^(k) (age 58)	Assistant Secretary and Assistant Clerk	September 2012	137	Massachusetts Financial Services Company, Vice President and Senior Counsel
Ethan D. Corey ^(k) (age 54)	Assistant Secretary and Assistant Clerk	July 2005	137	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel
David L. DiLorenzo ^(k) (age 49)	President	July 2005	137	Massachusetts Financial Services Company, Senior Vice President
Heidi W. Hardin ^(k) (age 50)	Secretary and Clerk	April 2017	137	Massachusetts Financial Services Company, Executive Vice President and General Counsel (since March 2017); Harris Associates (investment management), General Counsel (from September 2015 to January 2017); Janus Capital Management LLC (investment management), Senior Vice President and General Counsel (until September 2015)
Brian E. Langenfeld ^(k) (age 44)	Assistant Secretary and Assistant Clerk	June 2006	137	Massachusetts Financial Services Company, Vice President and Senior Counsel
Susan A. Pereira ^(k) (age 47)	Assistant Secretary and Assistant Clerk	July 2005	137	Massachusetts Financial Services Company, Vice President and Senior Counsel
Kasey L. Phillips ^(k) (age 47)	Assistant Treasurer	September 2012	137	Massachusetts Financial Services Company, Vice President
Matthew A. Stowe ^(k) (age 43)	Assistant Secretary and Assistant Clerk	October 2014	137	Massachusetts Financial Services Company, Vice President and Assistant General Counsel
Frank L. Tarantino (age 73)	Independent Senior Officer	June 2004	137	Tarantino LLC (provider of compliance services), Principal
Richard S. Weitzel ^(k) (age 47)	Assistant Secretary and Assistant Clerk	October 2007	137	Massachusetts Financial Services Company, Senior Vice President and Associate General Counsel
Martin J. Wolin ^(k) (age 50)	Chief Compliance Officer	July 2015	137	Massachusetts Financial Services Company, Senior Vice President and Chief Compliance Officer (since July 2015); Mercer (financial service provider), Chief Risk and Compliance Officer, North America and Latin America (until June 2015)
James O. Yost ^(k) (age 57)	Treasurer	September 1990	137	Massachusetts Financial Services Company, Senior Vice President

(h) Date first appointed to serve as Trustee/officer of an MFS Fund. Each Trustee has served continuously since appointment unless indicated otherwise. For the period from December 15, 2004 until February 22, 2005, Mr. Manning served as Advisory Trustee. Prior to January 2012, Messrs. DiLorenzo and Yost served as Assistant Treasurers of the Funds. From January 2012 through December 2016, Messrs. DiLorenzo and Yost served as Treasurer and Deputy Treasurer of the Funds, respectively.

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

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

Trustees and Officers – continued

Each Trustee 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. Under the terms of the Board's retirement policy, an Independent Trustee shall retire at the end of the calendar year in which he or she reaches the earlier of 75 years of age or 15 years of service on the Board (or, in the case of any Independent Trustee who joined the Board prior to 2015, 20 years of service on the Board).

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

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

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

Investment Adviser

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

Distributor

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

Portfolio Manager(s)

Claud Davis
Maura Shaughnessy
Scott Walker

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, 2017 (“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 Senior Officer, a 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 Broadridge Financial Solutions, Inc. (“Broadridge”), an independent third party, on the investment performance of the Fund for various time periods ended December 31, 2016 and the investment performance of a group of funds with substantially similar investment classifications/objectives (the “Lipper performance universe”), (ii) information provided by Broadridge on the Fund’s advisory fees and other expenses and the advisory fees and other expenses of comparable funds identified by Broadridge (the “Broadridge expense group”), (iii) information provided by MFS on the advisory fees of portfolios of other clients of MFS, including institutional separate accounts and other clients, (iv) information as to whether and to what extent applicable expense waivers, reimbursements or fee “breakpoints” are observed for the Fund, (v) information regarding MFS’ financial results and financial condition, including MFS’ and certain of its affiliates’ estimated profitability from services performed for the Fund and the MFS Funds as a whole, and compared to MFS’ institutional business, (vi) MFS’ views regarding the outlook for the mutual fund industry and the strategic business plans of MFS, (vii) descriptions of various functions performed by MFS for the Funds, such as compliance monitoring and portfolio trading practices, and (viii) information regarding the overall organization of MFS, including information about MFS’ senior management and other personnel providing investment advisory, administrative and other services to the Fund and the other MFS Funds. The comparative performance, fee and expense information prepared and provided by Broadridge was not independently verified and the independent Trustees did not independently verify any information provided to them by MFS.

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

Based on information provided by Broadridge and MFS, the Trustees reviewed the Fund’s total return investment performance as well as the 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, 2016, 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, 2016 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.

Board Review of Investment Advisory Agreement – continued

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 Broadridge. The Trustees considered that, according to the data provided by Broadridge (which takes into account any fee reductions or expense limitations that were in effect during the Fund's last fiscal year), the Fund's effective advisory fee rate and total expense ratio were each approximately at the Broadridge expense group median.

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

The Trustees also considered whether the Fund may benefit from any economies of scale in the management of the Fund in the event of growth in assets of the Fund and/or growth in assets of the MFS Funds as a whole. They noted that the Fund's advisory fee rate schedule is subject to contractual breakpoints that reduce the Fund's advisory fee rate on average daily net assets over \$1 billion and \$3 billion. The Trustees also noted that MFS has agreed in writing to waive a portion of the management fees of certain MFS Funds, including the Fund, if the total combined assets of certain funds within the MFS Funds' complex increase above agreed upon thresholds (the "group fee waiver"), enabling the Fund's shareholders to share in the benefits from any economies of scale at the complex level. The group fee waiver is reviewed and renewed annually between the Board and MFS. The Trustees concluded that the breakpoints and the group fee waiver were sufficient to allow the Fund to benefit from economies of scale as its assets and overall complex assets grow.

The Trustees also considered information prepared by MFS relating to MFS' costs and profits with respect to the Fund, the MFS Funds considered as a group, and other investment companies and accounts advised by MFS, as well as MFS' methodologies used to determine and allocate its costs to the MFS Funds, the Fund and other accounts and products for purposes of estimating profitability. After reviewing these and other factors described herein, the Trustees concluded, within the context of their overall conclusions regarding the investment advisory agreement, that the advisory fees charged to the Fund represent reasonable compensation in light of the services being provided by MFS to the Fund.

In addition, the Trustees considered MFS' resources and related efforts to continue to retain, attract and motivate capable personnel to serve the Fund. The Trustees also considered current and developing conditions in the financial services industry, including the 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, 2017.

PROXY VOTING POLICIES AND INFORMATION

MFS votes proxies on behalf of the fund pursuant to proxy voting policies and procedures that are available without charge, upon request, by calling 1-800-225-2606, by visiting mfs.com/proxyvoting, 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 by August 31 of each year without charge by visiting mfs.com/proxyvoting, 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 at <https://www.mfs.com/en-us/what-we-do/announcements.html> or at mfs.com/vit1 by choosing the fund's name.

INFORMATION ABOUT FUND CONTRACTS AND LEGAL CLAIMS

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent, 529 program manager (if applicable), and custodian who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the Trust's By-Laws and Declaration of Trust, any claims asserted against or on behalf of the MFS Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

FEDERAL TAX INFORMATION (unaudited)

The following information is provided pursuant to provisions of the Internal Revenue Code.

For corporate shareholders, 57.13% of the ordinary income dividends paid during the fiscal year qualify for the corporate dividends received deduction.

FACTS

WHAT DOES MFS DO WITH YOUR PERSONAL INFORMATION?



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., and MFS Heritage Trust Company.
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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?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> • open an account or provide account information • direct us to buy securities or direct us to sell your securities • make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> • 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 <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>MFS does not share personal information with affiliates, except for everyday business purposes as described on page one of this notice.</i>
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • <i>MFS does not share with nonaffiliates so they can market to you.</i>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • <i>MFS doesn't jointly market.</i>

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.

