MFS SPECIAL VALUE TRUST
Form N-CSR
January 07, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5912

MFS SPECIAL VALUE TRUST

(Exact name of registrant as specified in charter)

500 Boylston Street, Boston, Massachusetts 02116

(Address of principal executive offices) (Zip code)

James R. Bordewick, Jr.
Massachusetts Financial Services Company
500 Boylston Street
Boston, Massachusetts 02116

(Name and address of agents for service)

Registrant's telephone number, including area code: (617) 954-5000

Date of fiscal year end: October 31

Date of reporting period: October 31, 2004

ITEM 1. REPORTS TO STOCKHOLDERS.

MFS(R) SPECIAL VALUE TRUST 10/31/04

ANNUAL REPORT

[logo] M F S(R)
INVESTMENT MANAGEMENT

ANNUAL REPORT

LETTER FROM THE CEO

Dear Shareholders,

[Photo of Robert J. Manning]

For most investors, the main factor in determining long-term success is asset allocation - how they spread their money among stocks, bonds, and cash. In fact, the total returns of investors may be more influenced by their asset allocation strategy than by their security selection within each asset class. The principle behind asset allocation is simple: by diversifying across a variety of types of securities, investors reduce the overall risk of their portfolio because gains in one area are likely to offset losses in another.

One of the dangers of not having an asset allocation plan is the temptation to simply chase performance, by moving money into whichever asset class appears to be outperforming at the moment. The problem with this approach is that by the time a particular area of the market comes into favor, investors may have already missed some of the best performance. We would suggest that one way to benefit from swings in the market is to acquire a diversified portfolio so that investors hold a range of asset classes before the market swings in their direction.

UNDERSTAND YOUR EMOTIONS

It usually takes a bear market for people to appreciate the benefits of diversification. At MFS, we believe proper asset allocation is important in all market environments. But we understand that there are emotional components of investment decisions that sometimes keep investors from achieving their long term goals. The three common behaviors that negatively impact investment decisions are overconfidence, looking backwards, and loss aversion.

- Overconfidence. After experiencing gains in the market, particularly during a bull market, investors have a natural tendency to overestimate their own abilities. During the global bull market of the late 1990s, for example, a large number of investors traded their own stocks and made significant profits. However, most of these same investors later handed back those profits - and then some - because they focused more on short-term blips in the market and less on the fundamental factors that affect a company's long-term prospects.

- Looking backwards. Although security prices are determined by expectations about the future, many investors make choices based on the recent past. Investors who have achieved momentary success in the market tend to take on too much risk, believing that better- than-average returns can be easily duplicated. On the other hand, those who have had negative experiences tend to become overly cautious and take on too little risk. Recent historical experience tends to dictate an investor's frame of reference and may lead to irrational decisions.

- Loss aversion. Simply put, investors would rather avoid the immediate pain of losses than enjoy the future pleasure of gains. As a result, some investors tend to overreact to short-term downturns in the market by seeking to mitigate their losses, rather than remaining invested to benefit from the long-term growth potential of the stock and bond markets.

THINK LIKE A PROFESSIONAL INVESTOR

Asset allocation helps reduce the emotional factors that tend to affect the long-term returns of investors. Professional investors - those who manage assets for money management firms, pension funds, and endowments - have tended to outperform the average retirement investor because they focus on asset allocation. For example, the investment performance of the average 401(k) participant has lagged these professional investors by more than two percentage points a year, on average, over the past 10 years.(1)

We think asset allocation is one of the most important decisions for investors. A study of the performance of 91 large U.S. corporate pension plans with assets of more than $100 million over a 10-year period beginning in 1974 concluded that asset allocation policies accounted for 93.6% of their returns, while individual security selection and the timing of their investments accounted for only 6.4% for their overall performance.(2)

Professional investors target a realistic level of return based on the amount of risk they are willing to take, then set allocations to meet their goals. On average, U.S. professional investors allocate 35% to 40% of their assets to domestic equity stocks; 20% to 30% to fixed income issues; 10% to international stocks; and between 10% and 20% to other investment classes such as real estate.(3) And within those categories, they hold a broad range of styles and asset classes.

In contrast, 401(k) participants who held company stock in their retirement plans at the end of 2002 had roughly 42% of their retirement assets in company stock while the rest was allocated to either growth or value stock funds.(4) These participants virtually ignored the broad range of equity, fixed-income, and international offerings provided by their retirement plans.

ALLOCATE, DIVERSIFY, REBALANCE

We recommend working with a professional adviser to find an optimal mix of investments based on your individual goals. In our view, a disciplined asset allocation strategy is composed of three simple steps: allocate, diversify and rebalance.

- Allocate. Investors should work with their financial adviser to specify their long-term goals and tolerance for risk. Then investors should allocate their assets across the major asset classes - stocks, bonds, and cash - to help them pursue an investment return that is consistent with their risk tolerance level.

- Diversify. By diversifying their assets, investors trade some performance in the top performing categories for a more predictable and stable portfolio. At the same time, investors should include different investment styles and market capitalizations of stocks and a range of fixed-income investments, as well as U.S. and non-U.S. securities. Because security subclasses tend to move in and out of favor during various market and economic environments, a broad portfolio increases the benefits of diversification.

- Rebalance. We suggest that investors consult with their professional advisers periodically to rebalance their portfolios to maintain the percentages that they have dedicated to each asset class. Allocations can shift as markets rise and fall, making for a riskier or more conservative portfolio than an investor originally intended. For example, a portfolio of 50% stocks and 50% bonds at the start of 2000 would have shifted to 32% stocks and 68% bonds at the end of 2002 because of the weak stock market.(5)

In short, these three simple concepts - allocate, diversify and rebalance - help take emotion out of the investment process and help prevent investors from trying to outguess the market. An asset allocation strategy cannot turn a down market cycle into a good one, but it is an invaluable tool to manage risk and keep investors on track toward reaching their long-term investment goals.

A DISCIPLINED INVESTMENT PROCESS IS PARAMOUNT

Disciplined diversification has helped investors pursue long-term, above-average results through the years. Since 1924, when we invented the mutual fund, MFS(R) has strived to give investors the products and tools they need to maintain well-diversified portfolios. MFS provides a variety of products in each asset class as well as a family of asset allocation funds. These asset allocation portfolios cover a range from conservative to moderate, growth, and aggressive growth allocations, each with a strategy based on a distinct level of risk. We recommend developing a comprehensive financial plan with an investment advisor who is familiar with your risk tolerance, your individual goals, and your financial situation.

As always, we appreciate your confidence in MFS and welcome any questions or comments you may have.

Respectfully,

/s/ Robert J. Manning

Robert J. Manning
Chief Executive Officer and Chief Investment Officer
MFS Investment Management(R)

November 15, 2004

Asset allocation and diversification can not guarantee a profit or protect against a loss.

The opinions expressed in this letter are those of MFS, and no forecasts can be guaranteed.

(1) Source: Watson Wyatt
(2) "Determinants of Portfolio Performance," in Financial Analysts Journal, January/February 1995, by Gary P. Brinson, L. Randolph Hood, and Gilbert L. Beebower
(3) Source: Greenwich Associates
(4) Source: Hewitt Associates
(5) Source: Lipper Inc.

PORTFOLIO COMPOSITION

Stocks	25.6%
Cash & Other Net Assets	1.8%
Bonds	66.8%
Convertible Bonds	2.1%
Convertible Preferred Stocks	1.5%
Preferred Stocks	2.2%

MARKET SECTORS*

High Yield Corporates	56.3%
Domestic Equity	26.7%
Emerging Market Debt	6.7%
International Equity	2.3%
Commercial Mortgage Backed	2.2%
International Convertibles	2.1%
Cash & Other Net Assets	1.8%
High Grade Corporates	1.6%
Domestic Convertibles	0.3%

CREDIT QUALITY**

AAA	0.2%
A	0.1%
BBB	0.9%
BB	6.8%
B	31.5%
CCC	19.2%
CC	2.8%
D	1.3%
Not Rated	4.0%

Equity	31.4%
Other	1.8%

PORTFOLIO FACTS

Average Duration	4.1
Average Life	7.4 Yrs
Average Maturity	7.7 Yrs
Average Quality	B-
Average Quality Short Term Bonds	A-1

Percentages are based on net assets as of 10/31/04.

* For purposes of this graphical presentation, the bond component includes both accrued interest amounts and the equivalent exposure from any derivative holdings, if applicable.

** Credit quality ratings are based on a weighted average of each security's rating from Moody's Investors Service. If not rated by Moody's, the rating will be that assigned by Standard & Poor's. Likewise, if not assigned a rating by Standard & Poor's, it will be based on the ratings assigned by Fitch, Inc. If not rated by any of the three agencies, the security is considered not rated, except for U.S. Treasuries and mortgage-backed securities, which are included in the "AAA"-rating category.

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

MANAGEMENT REVIEW

SUMMARY OF RESULTS

For the year ended October 31, 2004, MFS Special Value Trust was up 13.47% at net asset value, outperforming the 12.32% return for the Lehman Brothers High Yield Index as well as the 15.45% return for the Russell 1000 Value Index.

MARKET ENVIRONMENT

In 2004, many measures of global economic growth, including employment, corporate spending, and earnings growth continued to improve, though we feel that near-record-high oil prices, concerns about rising interests rates, and an unsettled geopolitical environment adversely affected global markets. The U.S. Federal Reserve Board raised interest rates three times during the period, and this appears to have set expectations for an ongoing series of modest rate hikes.

CONTRIBUTORS TO PERFORMANCE:

For the fixed-income portion of the portfolio, yield was the principal contributor to relative performance. A number of individual fixed income securities also delivered strong results, including metals manufacturer Doe Run Resources, commodity chemical firm IMC Global, and a collateralized mortgage obligation issued by Morgan Stanley.

On the equity side, the top-contributing sectors included utilities and communications, basic materials, and industrial goods and services. In utilities and communications, a combination of allocation and stock selection contributed to the trust's relative performance. Top relative contributors at the security level included AT&T Wireless* and Sprint.

Stock selection in the basic materials sector also boosted relative performance. Glass and plastic container company Owens-Illinois was the strongest contributor in the sector.

Strong stock selection in the industrial goods and services sector also aided relative results. Our heavily weighted position in industrial conglomerate Tyco helped lift the trust's returns. Two strong-performing energy stocks, BJ Services and GlobalSantaFe, were also among the top contributors for the period.

DETRACTORS FROM PERFORMANCE:

While the trust outperformed its benchmark, there were some negative factors which held back relative performance. In the fixed income area, duration - a measure of interest rate sensitivity - and other components related to the yield curve hurt results. The trust's credit exposure to "BB"- and "B"-rated securities also detracted from relative performance, although this was partially offset by a positive contribution from lower-rated "CCC" bonds. Relative detractors, at the issue level, included Parmalat,* Paxson,* and Dobson Communications.

In the equity portion of the portfolio, stock selection in the retailing, technology, and leisure sectors detracted from the trust's relative performance. Retailing giant Sears, Roebuck & Co.* underperformed the overall index, and was weighted heavily in the portfolio compared to its benchmark, the Russell 1000 Value Index. Our overweighted position in cable company Comcast also hampered relative results. Stocks in other sectors that detracted from relative performance were electric utility firm Calpine Corp. and telecommunications equipment provider Nortel Networks.

* Stock no longer held in portfolio as of period-end.

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

PERFORMANCE SUMMARY THROUGH 10/31/04

All results are historical. Investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost. More recent returns may be more or less than those shown. Past performance is no guarantee of future results.

PRICE SUMMARY

Year ended 10/31/04

	Date		Price
Net asset value	10/31/2003		$9.80
	10/31/2004		$10.12
New York Stock Exchange price	10/31/2003		$10.40
	4/8/2004	(high)*	$12.40
	11/03/2003	(low)*	$10.32
	10/31/2004		$11.60

* For the period November 1, 2003 through October 31, 2004.

TOTAL RETURN VS BENCHMARKS

Year ended 10/31/04

New York Stock Exchange price**	22.56%
Net asset value**	13.47%
Lehman Brothers High Yield Index#	12.32%
Russell 1000 Value Index#	15.45%

** Includes reinvestment of dividends and capital gains distributions.
# Source: Standard & Poor's Micropal, Inc.

INDEX DEFINITIONS

Lehman Brothers High Yield Index - measures the performance of the high-yield bond market.

Russell 1000 Value Index - measures large-cap U.S. value stocks.

Note to Shareholders: Effective October 31, 2004, the Russell 1000 Value Index was added to the trust as a secondary benchmark.

It is not possible to invest directly in an index.

NOTES TO PERFORMANCE SUMMARY

The trust's shares may trade at a discount to net asset value. Shareholders do not have the right to cause the trust to repurchase their shares at net asset value. The trust's shares also may trade at a premium to their net asset value. When trust shares trade at a premium, buyers pay more than the asset value underlying trust shares, and shares purchased at a premium would receive less than the amount paid for them in the event of the trust's liquidation. As a result, the total return that is calculated based on the net asset value and New York Stock Exchange price can be different.

The trust's monthly distributions may include a return of capital to shareholders. Distributions that are treated for federal income tax purposes as a return of capital will reduce each shareholder's basis in his or her shares and, to the extent the return of capital exceeds such basis, will be treated as gain to the shareholder from a sale of shares. Returns of shareholder capital have the effect of reducing the trust's assets and increasing the trust's expense ratio.

The trust's target annual distribution rate is calculated based on the trust's average daily net asset value, not a fixed share price, and the trust's dividend amount will fluctuate with changes in the trust's average daily net asset value.

KEY RISK CONSIDERATIONS

The portfolio may invest in derivative securities, which may include futures, options and swaps. These types of instruments can increase price fluctuation.

Government guarantees apply to the underlying securities only and not to the prices and yields of the portfolio.

Investments in high yield or lower-rated securities may provide greater returns but are subject to greater-than-average risk.

Because the portfolio invests in a limited number of companies a change in one security's value may have a more significant effect on the portfolio's value.

The trust limits investment in securities of foreign issuers which are not traded on a U.S. exchange (excluding American Depository Receipts) to 10% of its total assets. For purposes of determining this investment limitation, foreign securities traded in U.S. markets which are well established and liquid (such as Rule 144A and Yankee Bond markets) are considered as being equivalent to U.S. exchange-traded securities, and therefore are not subject to this 10% limitation.

These risks may increase share price volatility. Please see the prospectus for further information regarding these and other risk considerations.

In accordance with Section 23(c) of the Investment Company Act of 1940, the trust hereby gives notice that it may from time to time repurchase shares of the trust in the open market at the option of the Board of Trustees and on such terms as the Trustees shall determine.

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The trust offers a Dividend Reinvestment and Cash Purchase Plan that allows you to reinvest either all of the distributions paid by the trust or only the long-term capital gains. Purchases are made at the market price unless that price exceeds the net asset value (the shares are trading at a premium). If the shares are trading at a premium, purchases will be made at a discounted price of either the net asset value or 95% of the market price, whichever is greater. Twice each year you can also buy shares. Investments may be made in any amount over $100 in January and July on the 15th of the month or shortly thereafter.

If your shares are in the name of a brokerage firm, bank, or other nominee, you can ask the firm or nominee to participate in the plan on your behalf. If the nominee does not offer the plan, you may wish to request that your shares be re-registered in your own name so that you can participate.

There is no service charge to reinvest distributions, nor are there brokerage charges for shares issued directly by the trust. However, when shares are bought on the New York Stock Exchange or otherwise on the open market, each participant pays a pro rata share of the commissions. The automatic reinvestment of distributions does not relieve you of any income tax that may be payable (or required to be withheld) on the distributions.

To enroll in or withdraw from the plan, or if you have any questions, call 1-800-637-2304 any business day from 8 a.m. to 8 p.m. Eastern time. Please have available the name of the trust and your account and Social Security numbers. For certain types of registrations, such as corporate accounts, instructions must be submitted in writing. Please call for additional details. When you withdraw from the plan, you can receive the value of the reinvested shares in one of two ways: a check for the value of the full and fractional shares, or a certificate for the full shares and a check for the fractional shares.

RESULTS OF SHAREHOLDER MEETING (unaudited) - 10/31/04

At the annual meeting of shareholders of MFS Special Value Trust, which was held on October 7, 2004, the following actions were taken:

ITEM 1. To elect the following as, Trustees of the trust.

	NUMBER OF SHARES	
NOMINEE	FOR	WITHHOLD AUTHORITY
Lawrence H. Cohn, M.D.	6,200,118.691	100,036.811
Robert J. Manning	6,213,913.691	86,241.811
Lawrence T. Perera	6,201,716.691	98,438.811
Elaine R. Smith	6,201,304.691	98,850.811

ITEM 2. To ratify the selection of Ernst & Young LLP as the Independent Registered Public Accounting Firm for the current fiscal year.

	NUMBER OF SHARES
Affirmative	6,221,164.939
Against	35,229.343
Abstain	43,761.220

PORTFOLIO OF INVESTMENTS - 10/31/04

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

Bonds - 65.3%

ISSUER	PAR AMOUNT	$ VALUE

Advertising & Broadcasting - 3.0%		
Allbritton Communications Co., 7.75%, 2012	$350,000	$364,875
Granite Broadcasting Corp., 9.75%, 2010	655,000	604,237
LBI Media Holdings, Inc., 0% to 2008, 11% to 2013	875,000	635,469
XM Satellite Radio Holdings, Inc., 0% to 2005, 14% to 2009	212,267	213,594
XM Satellite Radio, Inc., 12%, 2010	174,000	204,885
		$2,023,060
Aerospace - 2.1%		
Argo-Tech Corp., 9.25%, 2011##	$130,000	$141,700
BE Aerospace, Inc., 8.875%, 2011	475,000	499,700
Hexcel Corp., 9.75%, 2009	650,000	684,125
K&F Industries, Inc., 9.625%, 2010	80,000	92,800
		$1,418,325
Airlines - 1.5%		
Continental Airlines, Inc., 7.568%, 2006	$500,000	$357,370
Continental Airlines, Inc., 6.795%, 2018	486,616	384,404
Continental Airlines, Inc., 8.307%, 2018	263,941	207,189
Continental Airlines, Inc., 7.566%, 2020	58,124	45,066
		$994,029
Apparel Manufacturers - 0.4%		
Levi Strauss & Co., 7%, 2006	$255,000	$249,581
Asset Backed & Securitized - 2.2%		
Anthracite CDO Ltd., 6%, 2037##	$450,000	$379,440
DLJ Mortgage Acceptance Corp., 8%, 2004+	689,537	668,148
Falcon Auto Dealership LLC, 4.1575%, 2025^^	682,798	124,390
GMAC Commercial Mortgage Securities, Inc., 6.02%, 2033	250,000	242,520
Morgan Stanley Capital I, Inc., 1.5914%, 2014^^##	697,506	53,701
		$1,468,199
Automotive - 0.8%		
Advanced Accessory Systems LLC, 10.75%, 2011	$60,000	$54,600

Metaldyne Corp., 11%, 2012	145,000	121,800
Oxford Automotive, Inc., 12%, 2010*##	120,000	44,400
TRW Automotive, Inc., 11%, 2013	13,000	15,470
TRW Automotive, Inc., 11.75%, 2013	EUR 163,000	246,051
Visteon Corp., 7%, 2014	$90,000	84,600
		$566,921
Basic Industry - 0.2%		
Thermadyne Holdings Corp., 9.25%, 2014	$110,000	$104,500
Broadcast & Cable TV - 7.4%		
Adelphia Communications Corp., 10.25%, 2011*	$750,000	$669,375
CSC Holdings, Inc., 8.125%, 2009	155,000	170,500
CSC Holdings, Inc., 6.75%, 2012##	110,000	113,850
Cablevision Systems Corp., 8%, 2012##	180,000	193,050
Charter Communications, Inc., 8.625%, 2009	365,000	293,825
Charter Communications, Inc., 9.92%, 2011	1,150,000	922,875
Charter Communications, Inc., 8.375%, 2014##	50,000	50,437
FrontierVision Holdings LP, 11.875%, 2007*	300,000	382,500
Frontiervision Operating Partners LP, 11%, 2006*	115,000	144,325
Grande Communications, 14%, 2011	305,000	297,375
Insight Midwest LP, 9.75%, 2009	130,000	136,662
Kabel Deutschland, 10.625%, 2014##	230,000	257,600
Mediacom Broadband LLC, 9.5%, 2013	285,000	279,300
Mediacom Broadband LLC, 11%, 2013	265,000	284,875
TV Azteca S.A. de C.V., 10.5%, 2007	250,000	255,000
Telenet Group Holdings N.V., 0% to 2008, 11.5% to 2014##	780,000	588,900
		$5,040,449
Brokerage & Asset Managers - 0.1%		
Refco Finance Holdings LLC, 9%, 2012##	$90,000	$97,200
Building - 0.9%		
Building Materials Corp. of America, 7.75%, 2014##	$150,000	$148,875

Interface, Inc., 10.375%, 2010	180,000	207,000
Interface, Inc., 9.5%, 2014	150,000	162,375
Nortek, Inc., 8.5%, 2014##	75,000	79,500
		$597,750
Business Services - 0.4%		
Nortel Networks Ltd., 6.125%, 2006	$250,000	$255,625
Chemicals - 6.9%		
ARCO Chemical Co., 9.8%, 2020	$80,000	$88,800
BCP Caylux Holdings Luxembourg S.A., 9.625%, 2014##	335,000	375,200
Crystal U.S. Holdings LLC, 0% to 2009, 10.5% to 2014##	190,000	119,700
Equistar Chemicals LP, 10.625%, 2011	210,000	242,550
Huntsman International LLC, 10.125%, 2009	750,000	787,500
IMC Global, Inc., 10.875%, 2013	140,000	176,750
JohnsonDiversey Holding, Inc., 0% to 2007, 10.67% to 2013	335,000	286,425
Lyondell Chemical Co., 11.125%, 2012	340,000	400,775
Nalco Finance Holdings, Inc., 0% to 2009, 9% to 2014##	390,000	289,575
Resolution Performance Products LLC, 13.5%, 2010	340,000	336,600
Rhodia S.A., 6%, 2006	EUR 105,000	136,000
Rhodia S.A., 8.875%, 2011	$825,000	771,375
Rockwood Specialties Group, Inc., 10.625%, 2011	300,000	333,000
Sovereign Specialty Chemicals, Inc., 11.875%, 2010	320,000	344,000
		$4,688,250
Conglomerates - 1.0%		
Invensys PLC, 9.875%, 2011##	$310,000	$330,150
Polypore International, Inc., 8.75%, 2012##	195,000	203,775
SPX Corp., 7.5%, 2013	110,000	117,700
		$651,625
Consumer Goods & Services - 1.9%		
K2, Inc., 7.375%, 2014##	$20,000	$21,800
Leiner Health Products, Inc., 11%, 2012##	75,000	81,281
Revlon Consumer Products Corp., 8.625%, 2008	531,000	438,075

Safilo Capital International S.A., 9.625%, 2013##	EUR 500,000	625,233
Werner Holding Co., Inc., 10%, 2007	$170,000	157,250
		$1,323,639
Containers - 1.4%		
Crown European Holdings S.A., 10.875%, 2013	$305,000	$362,187
Pliant Corp., 13%, 2010	510,000	475,575
Portola Packaging, Inc., 8.25%, 2012	130,000	101,400
		$939,162
Defense Electronics - 0.2%		
L-3 Communications Holdings, Inc., 6.125%, 2014	$130,000	$134,550
Emerging Market Agencies - 0.2%		
Pemex Project Funding Master Trust, 8.625%, 2022	$143,000	$165,165
Emerging Market Sovereign - 2.2%		
Federal Republic of Brazil, 3.125%, 2012	$510,886	$468,738
Federal Republic of Brazil, 8%, 2014	170,462	169,290
Federal Republic of Brazil, 3.0625%, 2024	54,000	47,520
Federal Republic of Brazil, 11%, 2040	430,000	485,040
Republic of Panama, 9.375%, 2023 - 2029	206,000	230,675
Republic of Panama, 8.875%, 2027	66,000	68,640
United Mexican States, 8%, 2022	13,000	14,918
		$1,484,821
Energy - Independent - 0.4%		
Belden Blake Corp., 8.75%, 2012##	$90,000	$97,200
Chesapeake Energy Corp., 7%, 2014	52,000	56,420
Chesapeake Energy Corp., 6.875%, 2016	130,000	139,100
		$292,720
Energy - Integrated - 0.6%		
Siberian Oil Co., 10.75%, 2009	$185,000	$203,963
Tyumen Oil Co., 11%, 2007	200,000	227,500
		$431,463

Entertainment - 1.6%		
AMF Bowling Worldwide, Inc., 10%, 2010##	$235,000	$251,450
Loews Cineplex Entertainment Corp., 9%, 2014##	130,000	136,175
Marquee Holdings, Inc., 0% to 2009, 12% to 2014##	415,000	251,075
Six Flags, Inc., 9.75%, 2013	485,000	467,419
		$1,106,119
Food & Non-Alcoholic Beverages - 0.4%		
Burns, Philp & Co. Ltd., 9.75%, 2012	$245,000	$269,500
Forest & Paper Products - 1.2%		
Corporacion Durango S.A. de C.V., 13.75%, 2009*##	$258,000	$154,800
Kappa Beheer B.V., 10.625%, 2009	110,000	116,600
Newark Group, Inc., 9.75%, 2014##	390,000	405,600
Norske Skog Canada Ltd., 7.375%, 2014	125,000	130,000
Sino Forest Corp., 9.125%, 2011##	23,000	23,863
		$830,863
Gaming & Lodging - 1.2%		
NCL Corp., 10.625%, 2014##	$360,000	$374,400
Resorts International Hotel & Casino, Inc., 11.5%, 2009	400,000	461,000
		$835,400
Health Maintenance Organizations - 0.4%		
MedCath Holdings Corp., 9.875%, 2012##	$260,000	$278,850
Industrial - 2.4%		
Amsted Industries, Inc., 10.25%, 2011##	$195,000	$214,500
Da Lite Screen Co., Inc., 9.5%, 2011	125,000	132,500
Eagle-Picher Industries, Inc., 9.75%, 2013	115,000	116,725
Milacron Escrow Corp., 11.5%, 2011##	390,000	405,600
Rexnord Industries, Inc., 10.125%, 2012	105,000	118,650
Williams Scotsman, Inc., 9.875%, 2007	675,000	648,000
		$1,635,975
Machinery & Tools - 2.0%		

Case New Holland, Inc., 9.25%, 2011##	$205,000	$233,700
Columbus McKinnon Corp., 8.5%, 2008	225,000	221,625
Manitowoc Co., Inc., 10.375%, 2011	EUR 160,000	228,218
United Rentals, Inc., 7.75%, 2013	$700,000	677,250
		$1,360,793
Medical & Health Technology & Services - 1.2%		
Alliance Imaging, Inc., 10.375%, 2011	$200,000	$221,000
Healthsouth Corp., 8.5%, 2008	150,000	153,000
U.S. Oncology, Inc., 10.75%, 2014##	275,000	299,750
Universal Hospital Services, Inc., 10.125%, 2011	140,000	142,800
		$816,550
Metals & Mining - 1.8%		
Doe Run Resources Corp., 8.5%, 2008#	$512,259	$440,543
Foundation PA Coal Co., 7.25%, 2014##	120,000	128,250
IMCO Recycling, Inc., 9%, 2014##	25,000	25,000
Ispat Inland ULC, 9.75%, 2014	390,000	473,850
Oregon Steel Mills, Inc., 10%, 2009	105,000	116,550
U.S. Steel Corp., 9.75%, 2010	42,000	48,090
		$1,232,283
Natural Gas - Pipeline - 1.6%		
ANR Pipeline Co., 9.625%, 2021	$175,000	$215,250
El Paso Energy Corp., 7%, 2011	535,000	537,675
El Paso Energy Corp., 7.75%, 2013	235,000	244,987
Markwest Energy Partners LP, 6.875%, 2014##	90,000	91,800
		$1,089,712
Oil Services - 1.0%		
Dresser, Inc., 9.375%, 2011	$80,000	$88,800
Hanover Compressor Co., 9%, 2014	150,000	167,250
Ocean Rig Norway S.A., 10.25%, 2008	440,000	453,200
		$709,250
Oils - 0.3%		

Gazprom OAO, 9.625%, 2013##	$150,000	$172,875
Printing & Publishing - 2.4%		
CBD Media LLC, 9.25%, 2012##	$90,000	$90,450
Dex Media, Inc., 0% to 2008, 9% to 2013	975,000	741,000
Hollinger, Inc., 12.875%, 2011##	55,000	60,500
Houghton Mifflin Co., 9.875%, 2013	130,000	141,050
Houghton Mifflin Co., 0% to 2008, 11.5% to 2013	385,000	251,694
Lighthouse International Co. S.A., 8%, 2014##	EUR 275,000	344,758
		$1,629,452
Retailers - 1.9%		
Couche-Tard, Inc., 7.5%, 2013	$335,000	$360,962
Duane Reade, Inc., 9.75%, 2011##	220,000	211,200
J. Crew Operating Corp., 10.375%, 2007	150,000	154,125
PCA LLC, 11.875%, 2009	180,000	171,000
Rite Aid Corp., 9.25%, 2013	130,000	135,525
Rite Aid Corp., 6.875%, 2013	270,000	241,650
		$1,274,462
Telecommunications - Wireless - 4.1%		
Alamosa Holdings, Inc., 0% to 2005, 12% to 2009	$129,000	$137,385
Centennial Communications Corp., 10.125%, 2013	370,000	401,450
Dobson Cellular Systems, Inc., 8.375%, 2011##	35,000	36,094
Dobson Communications Corp., 8.875%, 2013	235,000	158,038
MetroPCS, Inc., 10.75%, 2011	335,000	348,400
PTC International Finance II S.A., 11.25%, 2009	500,000	530,000
Rural Cellular Corp., 9.75%, 2010	531,000	456,660
U.S. Unwired, Inc., 10%, 2012	200,000	216,500
Ubiquitel Operating Co., 9.875%, 2011	125,000	135,313
Vimpel-Communications, 10%, 2009##	350,000	380,625
		$2,800,465
Telecommunications - Wireline - 4.0%		

Axtel S.A. de C.V., 11%, 2013	$565,000	$587,600
Citizens Communications Co., 9.25%, 2011	130,000	149,500
Citizens Communications Co., 9%, 2031	9,000	9,607
MCI, Inc., 5.908%, 2007	100,000	99,750
MCI, Inc., 6.688%, 2009	110,000	108,487
Qwest Capital Funding, Inc., 7.25%, 2011	140,000	130,550
Qwest Corp., 7.875%, 2011##	180,000	191,700
Qwest Corp., 9.125%, 2012##	175,000	197,313
Qwest Services Corp., 13.5%, 2010##	540,000	641,250
Time Warner Telecom Holdings, Inc., 10.125%, 2011	380,000	368,600
Time Warner Telecom Holdings, Inc., 9.25%, 2014	210,000	211,050
		$2,695,407
Transportation - Services - 0.4%		
TFM S.A. de C.V., 11.75%, 2009	$250,000	$254,375
Utilities - Electric Power - 3.2%		
Dynegy Holdings, Inc., 6.875%, 2011	$155,000	$149,962
FirstEnergy Corp., 6.45%, 2011	199,000	218,040
Midwest Generation LLC, 8.75%, 2034	145,000	164,213
Mission Energy Holding Co., 13.5%, 2008	250,000	316,875
NGC Corp. Capital Trust, 8.316%, 2027	275,000	231,000
NorthWestern Corp., 7.875%, 2007	103,000	90,640
NorthWestern Corp., 8.75%, 2012*	202,000	177,760
PSEG Power LLC, 7.75%, 2011	185,000	215,976
Reliant Resources, Inc., 9.25%, 2010	200,000	222,000
Reliant Resources, Inc., 9.5%, 2013	125,000	140,625
Sierra Pacific Resources, 8.625%, 2014	215,000	244,025
		$2,171,116
Utilities - Telephone - 0.4%		
Cincinnati Bell, Inc., 8.375%, 2014	$260,000	$248,300
Total Bonds (Identified Cost, $42,469,108)		$44,338,781

Stocks - 25.6%

ISSUER	SHARES	$ VALUE
Airlines - 1.4%		
Southwest Airlines Co.^	60,500	$954,085
Automotive - 0.4%		
Hayes Lemmerz International, Inc.^*	19,876	$165,368
Magna International, Inc., "A"	1,800	131,310
		$296,678
Broadcast & Cable TV - 3.8%		
Comcast Corp., "Special A"^*	59,100	$1,716,264
NTL, Inc.^*	9,572	636,634
Sinclair Broadcast Group, Inc., "A"^	30,000	210,000
		$2,562,898
Business Services - 0.0%		
Anacomp, Inc.^	30	$255
Containers - 2.6%		
Owens-Illinois, Inc.^	97,000	$1,797,410
Energy - Independent - 0.3%		
NRG Energy, Inc.^	6,073	$168,465
Food & Drug Stores - 0.1%		
Rite Aid Corp.^*	19,300	$71,796
Gaming & Lodging - 0.4%		
Ameristar Casinos, Inc.^	7,750	$269,119
Machinery & Tools - 0.1%		
Thermadyne Holdings Corp.^*	3,237	$33,989
Medical & Health Technology & Services - 1.7%		
Tenet Healthcare Corp.^*	110,500	$1,184,560
Natural Gas - Distribution - 0.2%		

Ferrell Gas Partners LP	6,088	$128,335
Oil Services - 4.8%		
BJ Services Co.^	14,500	$739,500
Cooper Cameron Corp.^	16,530	799,225
GlobalSantaFe Corp.^	36,830	1,086,485
Noble Corp.^*	13,390	611,655
		$3,236,865
Pharmaceuticals - 1.4%		
Wyeth	24,600	$975,390
Specialty Chemicals - 0.0%		
Sterling Chemicals, Inc.*	55	$1,353
Telecommunications - Wireless - 2.3%		
Nokia Corp., ADR^	100,200	$1,545,084
Telecommunications - Wireline - 2.2%		
Nortel Networks Corp.*	439,300	$1,489,227
Telephone Services - 2.4%		
MCI, Inc.*	18,683	$322,282
Sprint Corp.	62,300	1,305,185
		$1,627,467
Utilities - Electric Power - 1.5%		
Calpine Corp.	331,670	$825,858
DPL, Inc.^	10,154	219,326
		$1,045,184
Total Stocks (Identified Cost, $19,962,554)		$17,388,160
Convertible Preferred Stocks - 1.5%		
Automotive - 0.3%		
Ford Motor Co. Capital Trust II, 6.5%	3,869	$193,411
Hayes Lemmerz International, Inc., "A", 8%*	114	8,778

		$202,189
Broadcast & Cable TV - 1.2%		
Spanish Broadcasting Systems, Inc., "B", 10.75%*	717	$781,530
Total Convertible Preferred Stocks (Identified Cost, $938,289)		$983,719
Preferred Stocks - 2.2%		
Broadcast & Cable TV - 2.2%		
Paxson Communications Corp., 14.25%^*	200	$1,520,000
Real Estate - 0.0%		
HRPT Properties Trust, 8.75%^	100	$2,745
Telephone Services - 0.0%		
PTV, Inc., "A", 10%^	9	$54
Total Preferred Stocks (Identified Cost, $1,542,138)		$1,522,799
Warrants - 0.0%		
Anacomp, Inc. (Business Services)*	5,841	$350
Grande Communications Holdings (Broadcast & Cable TV)*	305	30
Sterling Chemicals, Inc. (Specialty Chemicals)*	90	113
Thermadyne Holdings Corp. (Machinery & Tools)*	3,330	666
Total Warrants (Identified Cost, $38,821)		$1,159
Convertible Bond - 2.1%		
ISSUER	PAR AMOUNT	$ VALUE
Telecommunications - Wireline - 2.1%		
COLT Telecom Group PLC, 2%, 2006	EUR 1,000,000	$1,445,553
Total Convertible Bond (Identified Cost, $827,371)		$1,445,553
Collateral for Securities Loaned - 15.9%		
ISSUER	SHARES	$ VALUE
Navigator Securities Lending Prime Portfolio, at Cost and Net Asset Value	10,784,898	$10,784,898
Repurchase Agreement - 2.3%		

ISSUER	PAR AMOUNT	$ VALUE
Goldman Sachs, 1.86%, dated 10/29/04, due 11/01/04, total to be received $1,579,245 (secured by various U.S. Treasury and Federal Agency obligations in a jointly traded account), at Cost	$1,579,000	$1,579,000
Total Investments (Identified Cost, $78,142,179)		$78,044,069
Other Assets, Less Liabilities - (14.9)%		(10,104,619)
Net Assets - 100.0%		$67,939,450

* Non-income producing security.
^ All or a portion of this security is on loan.
^^ Interest-only security.
\# Payment-in-kind security.
\## SEC Rule 144A restriction.
\+ Restricted security.

ADR= American Depository Receipt.

Abbreviations have been used throughout this report to indicate amounts shown in currencies other than the U.S. dollar. A list of abbreviations is shown below.

EUR= Euro
SEK= Swedish Krone

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS STATEMENT OF ASSETS AND LIABILITIES

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

AT 10/31/04

ASSETS

Investments, at value, including $10,526,163 of securities on loan (identified cost, $78,142,179)	$78,044,069
Cash	1,263
Receivable for forward foreign currency exchange contracts	24,293
Receivable for investments sold	251,320
Interest and dividends receivable	1,066,358
Receivable from administrative proceeding settlement	441

Other assets	584	
Total assets		$79,388,32
LIABILITIES		
Payable to dividend disbursing agent	$53,015	
Payable for forward foreign currency exchange contracts	209,937	
Payable for investments purchased	192,130	
Collateral for securities loaned, at value	10,784,898	
Payable to affiliates		
Management fee	5,024	
Transfer agent and dividend disbursing costs	1,900	
Administrative fee	32	
Accrued expenses and other liabilities	201,942	
Total liabilities		$11,448,87
Net assets		$67,939,45
NET ASSETS CONSIST OF		
Paid-in capital	$73,247,101	
Unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	(280,663)	
Accumulated net realized gain (loss) on investments and foreign currency transactions	(4,703,496)	
Accumulated distributions in excess of net investment income	(323,492)	
Net assets		$67,939,45
Shares of beneficial interest outstanding (6,973,083 issued, less 256,600 treasury shares)		6,716,48
Net asset value per share (net assets of $67,939,450/ 6,716,483 shares of beneficial interest outstanding)		$10.1

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS STATEMENT OF OPERATIONS

This statement describes how much your trust received in investment income and paid in expenses. It also describes any gains and/or losses generated by trust operations.

FOR YEAR ENDED 10/31/04

NET INVESTMENT INCOME

Income		
Interest	$4,371,619	
Dividends	406,603	
Other#	441	
Total investment income		$4,778,66
Expenses		
Management fee	$629,950	
Trustees' compensation	21,775	
Transfer agent and dividend disbursing costs	17,223	
Administrative fee	6,253	
Custodian fee	31,175	
Printing	35,540	
Postage	55,545	
Auditing fees	35,805	
Legal fees	1,632	
Miscellaneous	29,952	
Total expenses		$864,85
Fees paid indirectly	(23,575)	
Reduction of expenses by investment adviser	(219)	
Net expenses		$841,05
Net investment income		$3,937,60

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

Realized gain (loss) (identified cost basis)		
Investment transactions	$(738,588)	
Foreign currency transactions	(135,569)	
Net realized gain (loss) on investments and foreign currency transactions		$(874,15

Change in unrealized appreciation (depreciation)		
Investments	$5,970,512	
Translation of assets and liabilities in foreign currencies	(187,599)	
Net unrealized gain (loss) on investments and foreign currency translation		$5,782,91
Net realized and unrealized gain (loss) on investments and foreign currency		$4,908,75
Change in net assets from operations		$8,846,36

A non-recurring accrual recorded as a result of an administrative proceeding regarding disclosure of brokerage allocation practices in connection with trust sales, as described in th Legal Proceedings and Transactions with Affiliates footnote.

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS   STATEMENTS OF CHANGES IN NET ASSETS

This statement describes the increases and/or decreases in net assets resulting from operations, any distributions, and any shareholder transactions.

FOR YEARS ENDED 10/31	2004	2003
CHANGE IN NET ASSETS		
OPERATIONS		
Net investment income	$3,937,607	$3,875,1
Net realized gain (loss) on investments and foreign currency transactions	(874,157)	329,3
Net unrealized gain (loss) on investments and foreign currency translation	5,782,913	16,659,3
Change in net assets from operations	$8,846,363	$20,863,7
DISTRIBUTIONS DECLARED TO SHAREHOLDERS		
From net investment income	$(3,870,737)	$(3,749,3
From net realized gain on investments and foreign currency transactions	--	(1,860,3
From paid-in capital	(2,877,470)	
Total distributions declared to shareholders	$(6,748,207)	$(5,609,6

Change in net assets from trust share transactions	$645,801	$319,0
Total change in net assets	$2,743,957	$(15,573,1
NET ASSETS		
At beginning of period	$65,195,493	$49,622,3
At end of period (including accumulated distributions in excess of net investment income of $323,492 and $706,120, respectively)	$67,939,450	$65,195,4

SEE NOTES TO FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the trust's financial performan (or, if shorter, the period of the trust's operation). Certain information reflects financial res share. The total returns in the table represent the rate by which an investor would have earned (in the trust (assuming reinvestment of all distributions) held for the entire period. This inform the trust's independent registered public accounting firm, whose report, together with the trust' included in this report.

	YEARS ENDED 10/31		
	2004	2003	2002
Net asset value, beginning of period	$9.80	$7.50	$8.63
INCOME FROM INVESTMENT OPERATIONS#(S)(S)			
Net investment income(S)	$0.59	$0.59	$0.71
Net realized and unrealized gain (loss) on investments and foreign currency	0.74	2.56	(0.86)
Total from investment operations	$1.33	$3.15	$(0.15)
LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS			
From net investment income	$(0.58)	$(0.57)	$(0.74)
From net realized gain on investments and foreign currency transactions	--	(0.28)	--
In excess of net investment income	--	--	(0.24)
From paid-in capital	(0.43)	--	--
Total distributions declared to shareholders	$(1.01)	$(0.85)	$(0.98)

Net asset value, end of period	$10.12	$9.80	$7.50
Per share market value, end of period	$11.60	$10.40	$7.25
Total return at market value(%)	22.56^^	58.07	(43.54)

Financial Highlights - continued

	YEARS ENDED 10/31		
	2004	2003	2002
RATIOS (%) TO AVERAGE NET ASSETS AND SUPPLEMENTAL DATA(S):			
Expenses##	1.28	1.34	1.56
Net investment income(S)(S)	5.82	6.75	8.39
Portfolio turnover	72	94	137
Net assets at end of period (000 Omitted)	$67,939	$65,195	$49,622

(S) Effective June 7, 2004, the investment adviser has voluntarily agreed to reimburse the trust of Independent Chief Compliance Officer service fees paid to Tarantino LLC. If this fee had b the net investment income per share and the ratios would have been:

Net investment income	$0.59^	$--	$--
RATIOS (%) (TO AVERAGE NET ASSETS):			
Expenses##	1.28^	--	--
Net investment income	5.82^	--	--

\# Per share data are based on average shares outstanding.

\## Ratios do not reflect reductions from fees paid indirectly.

^ The reimbursement impact per share amount and ratios were less than $0.01 and 0.01%, respe

^^ The trust's net asset value and total return calculation include a non- recurring accrual administrative proceeding regarding disclosure of brokerage allocation practices in connec described in the Legal Proceedings and Transactions with Affiliates footnote. The non-recu a material impact on the net asset value per share based on shares outstanding on the day

(S)(S) As required, effective November 1, 2001, the trust adopted the provisions of the AICPA Aud Investment Companies and began amortizing premium and accreting discount on all debt secur change for the year ended October 31, 2002 was to increase net investment income per share realized and unrealized gains and losses per share by $0.02, and increase the ratio of net average net assets by 0.49%. Per share, ratios, and supplemental data for periods prior to been restated to reflect this change in presentation.

SEE NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

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(1) BUSINESS AND ORGANIZATION

MFS Special Value Trust (the trust) is organized as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company.

(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 revenues and expenses during the reporting period. Actual results could differ from those estimates. The trust can invest 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.

INVESTMENT VALUATIONS - Bonds and other fixed income securities (other than short-term obligations) in the trust's portfolio are valued at an evaluated bid price as reported by an independent pricing service, or to the extent a valuation is not reported by a pricing service, such securities are valued on the basis of quotes from brokers and dealers. Prices obtained from pricing services utilize both dealer-supplied valuations and electronic data processing techniques which take into account appropriate factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data without exclusive reliance upon quoted prices or exchange or over-the-counter prices, since such valuations are believed to reflect more accurately the fair value of such securities. Equity securities in the trust's portfolio for which market quotations are available are valued at the last sale or official closing price as reported by an independent pricing service on the primary market or exchange on which they are primarily traded, or at the last quoted bid price for securities in which there were no sales during the day. Equity securities traded over the counter are valued at the last sales price traded each day as reported by an independent pricing service, or to the extent there are no sales reported, such securities are valued on the basis of quotations obtained from brokers and dealers. Forward foreign currency contracts are valued using spot rates and forward points as reported by an independent pricing source. Short-term obligations with a remaining maturity in excess of 60 days will be valued upon dealer-supplied valuations. All other short-term obligations in the trust's portfolio are valued at amortized cost, which constitutes market value as determined by the Board of Trustees. Investment valuations, other assets, and liabilities initially expressed in foreign currencies are converted each business day into U.S. dollars based upon current exchange rates. When pricing service information or market quotations are not readily available, securities are priced at fair value as determined under the direction of the Board of Trustees. For example, significant events (such as movement in the U.S. securities market, or other regional and local developments) may occur between the time that foreign markets close (where the security is principally traded) and the time that the trust calculates its net asset value (generally, the close of the NYSE) that may impact the value of securities traded in these foreign markets. In these cases, the trust may utilize information from an external vendor or other sources to adjust closing market quotations of foreign equity securities to reflect what it believes to be the fair value of the securities as of the trust's valuation time. Because the frequency of significant events is not predictable, fair valuation of foreign equity securities may occur on a frequent basis.

REPURCHASE AGREEMENTS - The trust may enter into repurchase agreements with institutions that the trust's investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. The trust requires that the securities collateral in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the trust to obtain those securities in the event of a default under the repurchase agreement. The trust monitors, on a daily basis, the value of the collateral to ensure that its value, including accrued interest, is greater than amounts owed to the trust under each such repurchase agreement. The trust, along with other affiliated entities of Massachusetts Financial Services Company (MFS), may utilize a joint trading account for the purpose of entering into one or more repurchase agreements.

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. 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 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.

DEFERRED TRUSTEE COMPENSATION - Under a Deferred Compensation Plan (the Plan) independent Trustees may elect to defer receipt of all or a portion of their annual compensation. Deferred amounts are treated as though equivalent dollar amounts had been invested in shares of the trust or other MFS funds selected by the Trustee. Deferred amounts represent an unsecured obligation of the trust until distributed in accordance with the Plan. Included in other assets, and accrued expenses and other liabilities, is $10,074 of Deferred Trustees' Compensation.

SECURITY LOANS - State Street Bank and Trust Company ("State Street"), as lending agent, may loan the securities of the trust to certain qualified institutions (the "Borrowers") approved by the trust. The loans are collateralized at all times by cash and/or U.S. Treasury securities in an amount at least equal to the market value of the securities loaned. State Street provides the trust with indemnification against Borrower default. The trust bears the risk of loss with respect to the investment of cash collateral. On loans collateralized by cash, the cash collateral is invested in a money market fund or short-term securities. A portion of the income generated upon investment of the collateral is remitted to the Borrowers, and the remainder is allocated between the trust and the lending agent. On loans collateralized by U.S. Treasury securities, a fee is received from the Borrower, and is allocated between the trust and the lending agent. Income from securities lending is included in interest income on 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.

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS - The trust may enter into forward foreign currency exchange contracts for the purchase or sale of a specific foreign currency at a fixed price on a future date. Risks may arise upon entering into these contracts from the potential inability of counterparties to meet the terms of their contracts and from unanticipated movements in the value of a foreign currency relative to the U.S. dollar. The trust may enter into forward foreign currency exchange contracts for hedging purposes as well as for non-hedging purposes. For hedging purposes, the trust may enter into contracts to deliver or receive foreign currency it will receive from or require for its normal investment activities. The trust may also use contracts in a manner intended to protect foreign currency-denominated securities from declines in value due to unfavorable exchange rate movements. For non-hedging purposes, the trust may enter into contracts with the intent of changing the relative exposure of the trust's portfolio of securities to different currencies to take advantage of anticipated changes. The forward foreign currency exchange contracts are adjusted by the daily exchange rate of the underlying currency and any gains or losses are recorded as unrealized until the contract settlement date. On contract settlement date, the gains or losses are recorded as realized gains or losses on foreign currency transactions.

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. All discount is accreted for tax reporting purposes as required by federal income tax regulations. Dividends received in cash are recorded on 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. Legal fees and other related expenses incurred to preserve and protect the value of a security owned are added to the cost of the security; other legal fees are expensed. Capital infusions made directly to the security issuer, which are generally non-recurring, incurred to protect or enhance the value of high-yield debt securities, are reported as additions to the cost basis of the security. Costs that are incurred to negotiate the terms or conditions of capital infusions or that are expected to result in a plan of reorganization are reported as realized losses. Ongoing costs incurred to protect or enhance an investment, or costs incurred to pursue other claims or legal actions, are expensed.

FEES PAID INDIRECTLY - The trust's custody fee is reduced according to an arrangement that measures the value of cash deposited with the custodian by the trust. During the year ended October 31, 2004, the trust's custodian fees were reduced by $17,782 under this arrangement. The trust has entered into a commission recapture agreement, under which certain brokers will credit the trust a portion of the commissions generated, to offset certain expenses of the trust. For the year ended October 31, 2004, the trust's miscellaneous expenses were reduced by $5,793 under this agreement. These amounts are shown as a reduction of total expenses on the Statement of Operations.

TAX MATTERS AND DISTRIBUTIONS - The trust's policy is to comply with the provisions of the Internal Revenue Code (the Code) applicable to regulated investment companies and to distribute to shareholders all of its net taxable income, including any net realized gain on investments. Accordingly, no provision for federal income or excise tax is provided.

Distributions to shareholders are recorded on the ex-dividend date. The trust distinguishes between distributions on a tax basis and a financial reporting basis and only distributions in excess of tax basis earnings and profits are reported in the financial statements as distributions from paid-in capital. Differences in the recognition or classification of income between the financial statements and tax earnings and profits, which result in temporary over-distributions for financial statement purposes, are classified as distributions in excess of net investment income or net realized gains. Common types of book and tax differences that could occur include differences in accounting for foreign currency transactions, defaulted bonds and amortization and accretion on debt securities.

The tax character of distributions declared for the years ended October 31, 2004 and October 31, 2003 was as follows:

Distributions declared from:	10/31/04	10/31/03
Ordinary income	$3,870,737	$5,543,609
Long-term capital gain	--	66,073
Tax return of capital	$2,877,470	--
Total distributions declared	$6,748,207	$5,609,682

During the year ended October 31, 2004, accumulated distributions in excess of net investment income decreased by $3,193,228, accumulated net realized loss on investments and foreign currency transactions increased by $669,008, and paid-in capital decreased by $2,524,220 due to differences between book and tax accounting for foreign currency transactions, amortization and accretion on debt securities and defaulted bonds. In addition, $2,877,470 was designated a tax return of capital distribution. This change had no effect on the net assets or net asset value per share.

As of October 31, 2004, the components of distributable earnings (accumulated losses) on a tax basis were as follows:

Capital loss carryforward	$(322,473)
Unrealized appreciation (depreciation)	(4,476,050)
Other temporary differences	(509,128)

For federal income tax purposes, the capital loss carryforward may be applied against any net taxable realized gains of each succeeding year until the earlier of its utilization or expiration on October 31, 2012, ($322,473).

(3) TRANSACTIONS WITH AFFILIATES

INVESTMENT ADVISER - The trust has an investment advisory agreement with Massachusetts Financial Services Company (MFS) to provide overall investment advisory and administrative services, and general office facilities.

The management fee is computed daily and paid monthly at an annual rate of 0.68% of the trust's average daily net assets and 3.40% of investment income.

Management fees incurred for the year ended October 31, 2004 were an effective rate of 0.93% of average daily net assets on an annualized basis.

The trust pays compensation to its Independent Trustees in the form of a retainer, attendance fees, and additional compensation to Board and Committee chairpersons, and pays no compensation directly to its Trustees who are officers of the investment adviser, or to officers of the trust, all of whom receive remuneration for their services to the trust from MFS. Certain officers and Trustees of the trust are officers or directors of MFS and MFS Service Center, Inc. (MFSC). The trust has an unfunded, defined benefit plan for retired Independent Trustees and an unfunded retirement benefit deferral plan for current Independent Trustees. Included in Trustees' compensation is a net decrease of $98,313 as a result of the change in the trust's unfunded retirement benefit deferral plan for certain current Independent Trustees and a pension expense of $6,828 for retired Independent Trustees for the year ended October 31, 2004.

This trust and certain other MFS funds (the "funds") have entered into a services agreement (the "Agreement") which provides for payment of fees by the funds to Tarantino LLC in return for the provision of services of an Independent Chief Compliance Officer (ICCO) for the funds. The ICCO is an officer of the funds and the sole member of Tarantino LLC. MFS has agreed to reimburse each of the funds for a proportional share of substantially all of the payments made by the funds to Tarantino LLC and also to provide office space and other administrative support and supplies to the ICCO. The funds can terminate the Agreement with Tarantino LLC at any time under the terms of the Agreement.

The trust's investment adviser, MFS, has been the subject of an administrative proceeding regarding disclosure of brokerage allocation practices in connection with fund sales, as described in the Legal Proceedings Footnote. Pursuant to the SEC Order, on July 28, 2004, MFS transferred $1.00 in disgorgement and $50 million in penalty to the SEC (the "Payments"). A plan for distribution of these Payments has been submitted to the SEC. Contemporaneous with the transfer, the trust accrued an estimate of the amount to be received upon final approval of the plan of distribution. The non- recurring accrual in the amount of $441 did not have a material impact on the net asset value per share based on the shares outstanding on the day the proceeds were recorded.

ADMINISTRATOR - MFS provides certain financial, legal, shareholder communications, compliance, and other administrative services to certain funds for which MFS acts as investment advisor. Under an administrative services agreement between the funds and MFS, MFS is entitled to partial reimbursement of the costs MFS incurs to provide these services, subject to review and approval by the Board of Trustees. Each fund is allocated a portion of these administrative costs based on its size and relative average net assets. Prior to April 1, 2004, the trust paid MFS an administrative fee up to the following annual percentage rates of the trust's average daily net assets:

First $2 billion	0.0175%
Next $2.5 billion	0.0130%
Next $2.5 billion	0.0005%
In excess of $7 billion	0.0000%

Effective April 1, 2004, the trust paid MFS an administrative fee up to the following annual percentage rates of the trust's average daily net assets:

First $2 billion	0.01120%
Next $2.5 billion	0.00832%
Next $2.5 billion	0.00032%
In excess of $7 billion	0.00000%

For the year ended October 31, 2004, the trust paid MFS $6,253, equivalent to 0.0092% of average daily net assets, to partially reimburse MFS for the costs of providing administrative services.

TRANSFER AGENT - Included in transfer agent and dividend disbursing costs is a fee paid to MFSC, a wholly owned subsidiary of MFS, for its services as registrar and dividend disbursing agent for the trust. The agreement provides that the trust will pay MFSC an account maintenance fee of no more than $9.00 and a dividend services fee of $0.75 per reinvestment. These fees amounted to $14,742 for the year ended October 31, 2004. Also included in transfer agent and dividend disbursing costs are out-of-pocket expenses, paid to MFSC, which amounted to $2,481 for the year ended October 31, 2004, as well as other expenses paid to unaffiliated vendors.

(4) PORTFOLIO SECURITIES

Purchases and sales of investments, other than U.S. government securities, purchased option transactions, and short-term obligations, aggregated $46,836,049 and $48,968,985, respectively.

The cost and unrealized appreciation and depreciation in the value of the investments owned by the trust, as computed on a federal income tax basis, are as follows:

Aggregate cost	$82,523,210
Gross unrealized depreciation	(6,115,647)
Gross unrealized appreciation	1,636,506
Net unrealized appreciation (depreciation)	$(4,479,141)

(5) SHARES OF BENEFICIAL INTEREST

The trust's Declaration of Trust permits the Trustees to issue an unlimited number of full and fractional shares of beneficial interest. The Trustees have authorized the repurchase by the trust of up to 10% annually of its own shares of beneficial interest. During the year ended October 31, 2004, the trust did not repurchase any shares. Transactions in trust shares were as follows:

	Year ended 10/31/04		Year ended 10/31/03	
	SHARES	AMOUNT	SHARES	AMOUNT
Shares issued to shareholders in reinvestment of distributions	61,069	$645,801	35,268	$319,029

(6) LINE OF CREDIT

The trust and other affiliated funds participate in an $800 million unsecured line of credit provided by a syndication of banks under a line of credit agreement. Borrowings may be made for temporary financing needs. Interest is charged to each fund, based on its borrowings, at a rate equal to the Federal Reserve funds rate plus 0.50%. In addition, a commitment fee, based on the average daily, unused portion of the line of credit, is allocated among the participating funds at the end of each calendar quarter. The commitment fee allocated to the trust for the year ended October 31, 2004 was $336, and is included in miscellaneous expense. The trust had no significant borrowings during the year ended October 31, 2004.

(7) FINANCIAL INSTRUMENTS

The trust trades financial instruments with off-balance-sheet risk in the normal course of its investing activities in order to manage exposure to market risks such as interest rates and foreign currency exchange rates. These financial instruments include forward foreign currency exchange contracts. The notional or contractual amounts of these instruments represent the investment the trust has in particular classes of financial instruments and does not necessarily represent the amounts potentially subject to risk. The measurement of the risks associated with these instruments is meaningful only when all related and offsetting transactions are considered.

Forward Foreign Currency Exchange Contracts

SALES

SETTLEMENT DATE		CONTRACTS TO DELIVER/ RECEIVE	IN EXCHANGE FOR	CONTRACTS AT VALUE	NET UNREALIZED APPRECIATION (DEPRECIATION)
11/15/04 - 11/22/04	EUR	3,219,793	$3,933,786	$4,118,690	$(184,904)
11/16/04	SEK	2,898,285	384,781	409,814	(25,033)
			$4,318,567	$4,528,504	$(209,937)

PURCHASES

11/22/04	EUR	231,715	$287,588	$296,399	$8,811
11/16/04	SEK	2,399,716	323,835	339,317	15,482
			$611,423	$635,716	$24,293

At October 31, 2004, the trust had sufficient cash and/or securities to cover any commitments under these contracts.

(8) RESTRICTED SECURITIES

At October 31, 2004, the trust owned the following security, which is subject to legal or contractual restrictions on resale, excluding securities issued under Rule 144A, constituting 0.98% of net assets which may not be publicly sold without registration under the Securities Act of 1933. The trust does not have the right to demand that such security be registered. The value of the security is determined by valuations furnished by dealers or by a pricing service, or if not available, in good faith at the direction of the Trustees.

DESCRIPTION	DATE OF ACQUISITION	PAR	COST	VALUE
DLJ Mortgage Acceptance Corp., 8%, 2004	5/31/04	689,537	$689,537	$668,148

(9) LEGAL PROCEEDINGS

On March 31, 2004, MFS settled an administrative proceeding with the Securities and Exchange Commission ("SEC") regarding disclosure of brokerage allocation practices in connection with MFS fund sales (the term "MFS funds" means the open-end registered management investment companies sponsored by MFS). Under the terms of the settlement, in which MFS neither admitted nor denied any wrongdoing, MFS agreed to pay (one dollar) $1.00 in disgorgement and $50 million in penalty to certain MFS funds, pursuant to a plan developed by an independent distribution consultant. The brokerage allocation practices which were the subject of this proceeding were discontinued by MFS in November 2003. The agreement with the SEC is reflected in an order of the SEC. Pursuant to the SEC order, on July 28, 2004, MFS transferred these settlement amounts to the SEC, and those MFS funds entitled to these settlement amounts accrued an estimate of their pro rata portion of these amounts. Once the final distribution plan is approved by the SEC, these amounts will be distributed by the SEC to the affected MFS funds. The SEC settlement order states that MFS failed to adequately disclose to the Boards of Trustees and to shareholders of the MFS funds the specifics of its preferred arrangements with certain brokerage firms selling MFS fund shares. The SEC settlement order states that MFS had in place policies designed to obtain best execution of all MFS fund trades. As part of the settlement, MFS retained an independent compliance consultant to review the completeness of its current policies and practices regarding disclosure to MFS fund trustees and to MFS fund shareholders of strategic alliances between MFS or its affiliates and broker-dealers and other financial advisers who support the sale of MFS fund shares.

In addition, in February, 2004, MFS reached agreement with the SEC, the New York Attorney General ("NYAG") and the Bureau of Securities Regulation of the State of New Hampshire ("NH") to settle administrative proceedings alleging false and misleading information in certain MFS open-end retail fund ("MFS retail funds") prospectuses regarding market timing and related matters (the "February Settlements"). These regulators alleged that prospectus language for certain MFS retail funds was false and misleading because, although the prospectuses for those funds in the regulators' view indicated that they prohibited market timing, MFS did not limit trading activity in 11 domestic large cap stock, high grade bond and money market retail funds. MFS' former Chief Executive Officer, John W. Ballen, and former President, Kevin R. Parke, also reached agreement with the SEC in which they agreed to, among other terms, monetary fines and temporary suspensions from association with any investment adviser or registered investment company. Messrs. Ballen and Parke have resigned their positions with, and will not be returning to, MFS and the MFS funds. Under the terms of the February Settlements, MFS and the executives neither admit nor deny wrongdoing.

Under the terms of the February Settlements, a $225 million pool has been established for distribution to shareholders in certain MFS retail funds, which has been funded by MFS and of which $50 million is characterized as a penalty. This pool will be distributed in accordance with a methodology developed by an independent distribution consultant in consultation with MFS and the Board of Trustees of the MFS retail funds, and acceptable to the SEC. MFS has further agreed with NYAG to reduce its management fees in the aggregate amount of approximately $25 million annually over the next five years, and not to increase certain management fees during this period. MFS has also paid an administrative fine to NH in the amount of $1 million, which will be used for investor education purposes (NH retained $250,000 and $750,000 was contributed to the North American Securities Administrators Association's Investor Protection Trust). In addition, under the terms of the February Settlements, MFS is in the process of adopting certain governance changes and reviewing its policies and procedures.

Since December 2003, MFS, MFS Fund Distributors, Inc., MFS Service Center, Inc., MFS Corporation Retirement Committee, Sun Life Financial Inc., various MFS funds, certain current and/or former Trustees of these MFS funds, and certain officers of MFS have been named as defendants in multiple lawsuits filed in federal and state courts. The lawsuits variously have been commenced as class actions or individual actions on behalf of investors who purchased, held or redeemed shares of the MFS funds during specified periods, as class actions on behalf of participants in certain retirement plan accounts, or as derivative actions on behalf of the MFS funds. The lawsuits relating to market timing and related matters have been transferred to, and consolidated before, the United States District Court for the District of Maryland, as part of a multi-district litigation of market timing and related claims involving several other fund complexes (In re Mutual Funds Investment Litigation (Alger, Columbia, Janus, MFS, One Group, Putnam, Allianz Dresdner), No. 1:04-md-15863 (transfer began March 19, 2004)). The plaintiffs in these consolidated lawsuits generally seek injunctive relief including removal of the named Trustees, adviser and distributor, rescission of contracts and 12b-1 Plans, disgorgement of fees and profits, monetary damages, punitive damages, attorney's fees and costs and other equitable and declaratory relief. Four lawsuits alleging improper brokerage allocation practices and excessive compensation are pending in the United States District Court for the District of Massachusetts (Forsythe v. Sun Life Financial Inc., et al., No. 04cv10584 (GAO) (March 25, 2004);

Eddings v. Sun Life Financial Inc., et al., No. 04cv10764 (GAO) (April 15, 2004); Marcus Dumond, et al. v. Massachusetts Financial Servs. Co., et al., No. 04cv11458 (GAO) (May 4, 2004); and Koslow v. Sun Life Financial Inc., et al., No. 04cv11019 (GAO) (May 20, 2004)). The plaintiffs in these lawsuits generally seek compensatory damages, punitive damages, recovery of fees, rescission of contracts, an accounting, restitution, declaratory relief, equitable and/or injunctive relief and attorney's fees and costs. The various lawsuits generally allege that some or all of the defendants (i) permitted or acquiesced in market timing and/or late trading in some of the MFS funds, inadequately disclosed MFS' internal policies concerning market timing and such matters, and received excessive compensation as fiduciaries to the MFS funds, or (ii) permitted or acquiesced in the improper use of fund assets by MFS to support the distribution of MFS fund shares and inadequately disclosed MFS' use of fund assets in this manner. The actions assert that some or all of the defendants violated the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934, the Investment Company Act of 1940 and the Investment Advisers Act of 1940, the Employee Retirement Income Security Act of 1974, as well as fiduciary duties and other violations of common law. Insofar as any of the actions is appropriately brought derivatively on behalf of any of the MFS funds, any recovery will inure to the benefit of the MFS funds. The defendants are reviewing the allegations of the multiple complaints and will respond appropriately. Additional lawsuits based on similar allegations may be filed in the future.

Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against MFS, the MFS funds, or any other named defendant. As noted above, as part of the regulatory settlements, MFS has established a restitution pool in the amount of $225 million to compensate certain shareholders of certain MFS retail funds for damages that they allegedly sustained as a result of market timing or late trading in certain of the MFS retail funds, and transferred $50 million for distribution to affected MFS funds to compensate those funds based upon the amount of brokerage commissions allocated in recognition of MFS fund sales. It is not clear whether these amounts will be sufficient to compensate shareholders for all of the damage they allegedly sustained, whether certain shareholders or putative class members may have additional claims to compensation, or whether the damages that may be awarded in any of the actions will exceed these amounts. In the event the MFS funds incur any losses, costs or expenses in connection with such lawsuits, the Boards of Trustees of the affected MFS funds may pursue claims on behalf of such funds against any party that may have liability to the funds in respect thereof.

Review of these matters by the independent Trustees of the MFS funds and their counsel is continuing. There can be no assurance that these regulatory actions and lawsuits, or the adverse publicity associated with these developments, will not result in increased fund redemptions, reduced sales of fund shares, or other adverse consequences to the MFS funds.

While these developments relate to MFS and the MFS' open-end funds, there can be no assurance that these developments, or the adverse publicity associated with these developments, will not result in an increase to the market discount of the MFS closed-end fund shares or other adverse consequences.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Shareholders of MFS Special Value Trust:

We have audited the accompanying statement of assets and liabilities of MFS Special Value Trust (the Fund), including the portfolio of investments, as of

October 31, 2004, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned at October 31, 2004, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of MFS Special Value Trust at October 31, 2004, 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 its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Boston, Massachusetts
December 10, 2004

TRUSTEES AND OFFICERS -- IDENTIFICATION AND BACKGROUND

The Trustees and officers of the trust, as of December 10, 2004, are listed below, together with
principal occupations during the past five years. (Their titles may have varied during that perio
address of each Trustee and officer is 500 Boylston Street, Boston, Massachusetts 02116.

NAME, DATE OF BIRTH	POSITION(s) HELD WITH FUND	TRUSTEE/OFFICER SINCE(1)	PRINCIPAL OCCUPATIONS & DIRECTORSHIPS(2) DURI THE PAST FIVE YEARS
INTERESTED TRUSTEES			
Robert J. Manning(3) (born 10/20/63)	Trustee and President	February 2004	Massachusetts Financial Se Company, Chief Executive O President, Chief Investmen Officer and Director
Robert C. Pozen(3) (born 08/08/46)	Trustee	February 2004	Massachusetts Financial Se Company, Chairman (since F 2004); Harvard Law School (education), John Olin Vis Professor (since July 2002

			Secretary of Economic Affa Commonwealth of Massachuse (January 2002 to December Fidelity Investments, Vice Chairman (June 2000 to Dec 2001); Fidelity Management Research Company (investme adviser), President (March July 2001); The Bank of Ne (financial services), Dire Bell Canada Enterprises (telecommunications), Dire Medtronic, Inc. (medical technology), Director; Tel (satellite communications) Director
INDEPENDENT TRUSTEES			
J. Atwood Ives (born 05/01/36)	Trustee and Chair of Trustees	February 1992	Private investor; Eastern Enterprises (diversified s company), Chairman, Truste Chief Executive Officer (u November 2000)
Lawrence H. Cohn, M.D. (born 03/11/37)	Trustee	August 1993	Brigham and Women's Hospit Chief of Cardiac Surgery; Medical School, Professor Surgery
David H. Gunning (born 05/30/42)	Trustee	January 2004	Cleveland-Cliffs Inc. (min products and service provi Vice Chairman/Director (si April 2001); Encinitos Ven (private investment compan Principal (1997 to April 2 Lincoln Electric Holdings, (welding equipment manufac Director; Southwest Gas Corporation (natural gas distribution company), Dir
William R. Gutow (born 09/27/41)	Trustee	December 1993	Private investor and real consultant; Capitol Entert Management Company (video franchise), Vice Chairman
Amy B. Lane (born 02/08/53)	Trustee	January 2004	Retired; Merrill Lynch & C Inc., Managing Director, Investment Banking Group (February 2001); Borders Gr Inc. (book and music retai Director; Federal Realty Investment Trust (real est investment trust), Trustee
Lawrence T. Perera (born 06/23/35)	Trustee	July 1981	Hemenway & Barnes (attorne Partner
William J. Poorvu (born 04/10/35)	Trustee	August 1982	Private investor; Harvard University Graduate School Business Administration, C 1961 Adjunct Professor in

			Entrepreneurship Emeritus
J. Dale Sherratt (born 09/23/38)	Trustee	August 1993	Insight Resources, Inc. (acquisition planning specialists), President; W Investments (investor in h care companies), Managing Partner (since 1993); Camb Nutraceuticals (profession nutritional products), Chi Executive Officer (until M
Elaine R. Smith (born 04/25/46)	Trustee	February 1992	Independent health care in consultant
OFFICERS			
Robert J. Manning(3) (born 10/20/63)	President and Trustee	February 2004	Massachusetts Financial Se Company, Chief Executive O President, Chief Investmen Officer and Director
James R. Bordewick, Jr.(3) (born 03/06/59)	Assistant Secretary and Assistant Clerk	September 1990	Massachusetts Financial Se Company, Senior Vice Presi Associate General Counsel
Jeffrey N. Carp(3) (born 12/01/56)	Secretary and Clerk	September 2004	Massachusetts Financial Se Company, Senior Vice Presi General Counsel and Secret (since April 2004); Hale a LLP (law firm) (prior to A 2004)
Stephanie A. DeSisto(3) (born 10/01/53)	Assistant Treasurer	May 2003	Massachusetts Financial Se Company, Vice President (s April 2003); Brown Brother Harriman & Co., Senior Vic President (November 2002 t 2003); ING Groep N.V./Aelt Investment Management, Sen President (prior to Novemb
James F. DesMarais(3) (born 03/09/61)	Assistant Secretary and Assistant Clerk	September 2004	Massachusetts Financial Se Company, Assistant General
Robert R. Flaherty(3) (born 09/18/63)	Assistant Treasurer	August 2000	Massachusetts Financial Se Company, Vice President (s August 2000); UAM Fund Ser Senior Vice President (pri August 2000)
Richard M. Hisey(3) (born 08/29/58)	Treasurer	August 2002	Massachusetts Financial Se Company, Senior Vice Presi (since July 2002); The Ban York, Senior Vice Presiden (September 2000 to July 20 Lexington Global Asset Man Inc., Executive Vice Presi Chief Financial Officer (p September 2000); Lexington Chief Financial Officer (p September 2000)

Brian T. Hourihan(3) (born 11/11/64)	Assistant Secretary and Assistant Clerk	September 2004	Massachusetts Financial Se Company, Vice President, S Counsel and Assistant Secr (since June 2004); Affilia Managers Group, Inc., Chie Officer/Centralized Compli Program (January to April Fidelity Research & Manage Company, Assistant General (prior to January 2004)
Ellen Moynihan(3) (born 11/13/57)	Assistant Treasurer	April 1997	Massachusetts Financial Se Company, Vice President
Frank L. Tarantino (born 03/07/44)	Independent Chief Compliance Officer	June 2004	Tarantino LLC (provider of compliance services), Prin (since June 2004); CRA Bus Strategies Group (consulti services), Executive Vice President (April 2003 to J 2004); David L. Babson & C (investment adviser), Mana Director, Chief Administra Officer and Director (Febr 1997 to March 2003)
James O. Yost(3) (born 06/12/60)	Assistant Treasurer	September 1990	Massachusetts Financial Se Company, Senior Vice Presi

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(1) Date first appointed to serve as Trustee/officer of an MFS fund. Each Trustee has served continuously since appointment unless indicated otherwise.
(2) Directorships or trusteeships of companies required to report to the Securities and Exchange Commission (i.e., "public companies").
(3) "Interested person" of MFS within the meaning of the Investment Company Act of 1940 (referred the 1940 Act), which is the principal federal law governing investment companies like the fun address of MFS is 500 Boylston Street, Boston, Massachusetts 02116.

The trust holds annual shareholder meetings for the purpose of electing Trustees, and Trustees ar elected for fixed terms. The Board of Trustees is currently divided into three classes, each havi term of three years. Each year the term of one class expires. Each Trustee's term of office expir the date of the third annual meeting following the election to office of the Trustee's class. Eac Trustee will serve until next elected or his or her earlier death, resignation, retirement or rem Messrs. Ives, Poorvu and Sherratt and Ms. Lane are members of the trust's Audit Committee.

Each of the trust's Trustees and officers holds comparable positions with certain other funds of MFS or a subsidiary is the investment adviser or distributor, and, in the case of the officers, w certain affiliates of MFS. Each Trustee serves as a board member of 99 funds within the MFS Famil Funds.

On October 29, 2004, Robert J. Manning, as Chief Executive Officer of the trust, certified to the York Stock Exchange that as of the date of his certification he was not aware of any violation by trust of the corporate governance listing standards of the New York Stock Exchange.

The trust filed with the Securities and Exchange Commission the certifications of its principal executive officer and principal financial officer under Section 302 of the Sarbanes-Oxley Act of an exhibit to the trust's Form N-CSR for the period covered by this report.

INVESTMENT ADVISER CUSTODIANS

Massachusetts Financial Services Company
500 Boylston Street, Boston, MA
02116-3741

DISTRIBUTOR
MFS Fund Distributors, Inc.
500 Boylston Street, Boston, MA
02116-3741

PORTFOLIO MANAGERS
John Addeo
Scott Richards

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

JP Morgan Chase Bank
One Chase Manhattan Plaza
New York, NY 10081

INDEPENDENT REGISTERED PUBLIC ACCOUNTING F
Ernst & Young LLP
200 Clarendon Street, Boston, MA 02116

PROXY VOTING POLICIES AND INFORMATION

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

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

QUARTERLY PORTFOLIO DISCLOSURE

The trust 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 trust's Form N-Q may be reviewed and copied at the:

Public Reference Room
Securities and Exchange Commission
Washington, D.C. 20549-0102

Information on the operation of the Public Reference Room may be obtained by calling the Commission at 1-800-SEC-0330. The trust's Form N-Q is available on the EDGAR database on the Commission's Internet website at http://www.sec.gov, and copies of this information 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.

A shareholder can also obtain the quarterly portfolio holdings report at mfs.com.

FEDERAL TAX INFORMATION (UNAUDITED)

In January 2005, shareholders will be mailed a Form 1099-DIV reporting the federal tax status of all distributions paid during the calendar year 2004.

For the year ended October 31, 2004, the amount of distributions from income eligible for the 70% dividends received deduction for corporations is 7.78%.

The trust hereby designates the maximum amount allowable as qualified dividend income eligible for a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Complete information will be reported in conjunction with your 2004 Form 1099-DIV.

CONTACT INFORMATION AND NUMBER OF SHAREHOLDERS

INVESTOR INFORMATION

Transfer Agent, Registrar and Dividend Disbursing Agent

Call 1-800-637-2304 any business day from 8 a.m. to 8 p.m. Eastern time

Write to: State Street Bank and Trust Company
c/o MFS Service Center, Inc.
P.O. Box 55024
Boston, MA 02205-5024

NUMBER OF SHAREHOLDERS

As of October 31, 2004, our records indicate that there are 631 registered shareholders and approximately 5,433 shareholders owning trust shares in "street" name, such as through brokers, banks, and other financial intermediaries.

If you are a "street" name shareholder and wish to directly receive our reports, which contain important information about the trust, please write or call:

State Street Bank and Trust Company
c/o MFS Service Center, Inc.
P.O. Box 55024
Boston, MA 02205-5024
1-800-637-2304

[logo] M F S(R)
INVESTMENT MANAGEMENT

500 Boylston Street, Boston, MA 02116

MFV-ANN-12/04 11M

ITEM 2. CODE OF ETHICS.

The Registrant has adopted a Code of Ethics pursuant to Section 406 of the Sarbanes-Oxley Act and as defined in Form N-CSR that applies to the Registrant's principal executive officer and principal financial and accounting officer.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Mr. J. Atwood Ives and Ms. Amy B. Lane, members of the Audit Committee, have been determined by the Board of Trustees in their reasonable business judgment to meet the definition of "audit committee financial expert" as such term is defined in Form N-CSR. In addition, Mr. Ives and Ms. Lane are both "independent" members of the Audit Committee as defined in Form N-CSR.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

ITEMS 4(A) THROUGH 4(D) AND 4(G):

The Board of Trustees has appointed Ernst & Young LLP ("E&Y") to serve as independent accountants to the Registrant. The tables below set forth the audit fees billed to the Registrant as well as fees for non-audit services provided to the Registrant and/or to the Registrant's investment adviser, Massachusetts Financial Services Company ("MFS") and to various entities either controlling, controlled by, or under common control with MFS that provide ongoing services to the Registrant ("MFS Related Entities").

For the fiscal years ended October 31, 2004 and 2003, audit fees billed to the Registrant by E&Y were as follows:

	Audit Fees	
FEES BILLED BY E&Y:	2004	2003
MFS Special Value Trust	34,050	32,590
TOTAL	34,050	32,590

For the fiscal years ended October 31, 2004 and 2003, fees billed by E&Y for audit-related, tax and other services provided to the Registrant and for audit-related, tax and other services provided to MFS and MFS Related Entities were as follows:

	AUDIT-RELATED FEES(1)		TAX FEES(2)		
FEES BILLED BY E&Y:	2004	2003	2004	2003	
To MFS Special Value Trust	0	0	11,140	6,405	
To MFS and MFS Related Entities relating directly to the operations and financial reporting of the above Registrant*	0	0	0	0	40
To Registrant, MFS and MFS Related Entities#	0	0	18,140	6,405	40

* This amount reflects the fees billed to MFS and MFS Related Entities for non-audit services relating directly to the operations and financial reporting of the Registrant (which services also related to the operations and financial reporting of other funds within the MFS Funds complex).

\# This amount reflects the aggregate fees billed by E&Y for non-audit services rendered to the Registrant and for non-audit services rendered to MFS and the MFS Related Entities.

(1) The fees included under "Audit-Related Fees" are fees related to assurance and related services that are reasonably related to the performance of the audit or review of financial statements, but not reported under "Audit Fees," including accounting consultations, agreed-upon procedure reports, attestation reports and comfort letters.

(2) The fees included under "Tax Fees" are fees associated with tax compliance, tax advice and tax planning, including services relating to the filing or amendment of federal, state or local income tax returns, regulated investment company qualification reviews and tax distribution and analysis.

(3) The fees included under "All Other Fees" are fees for products and services provided by E&Y other than those reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees."

For periods prior to May 6, 2003, the amounts shown above under "Audit-Related Fees," "Tax Fees" and "All Other Fees" relate to permitted non-audit services that would have been subject to pre-approval if the Securities and Exchange Commission's rules relating to pre-approval of non-audit services had been in effect.

ITEM 4(E)(1):
Set forth below are the policies and procedures established by the Audit Committee of the Board of Trustees relating to the pre-approval of audit and non-audit related services: To the extent required by applicable law, pre-approval by the Audit Committee of the Board is needed for all audit and permissible non-audit services rendered to the Funds and all permissible non-audit services rendered to MFS or MFS Related Entities if the services relate directly to the operations and financial reporting of the Registrant. Pre-approval is currently on an engagement-by-engagement basis. In the event pre-approval of such services is necessary between regular meetings of the Audit Committee and it is not practical to wait to seek pre-approval at the next regular meeting of the Audit Committee, such pre-approval of services may be referred to the Chair of the Audit Committee for approval; provided that the Chair may not pre-approve any individual engagement for such services exceeding $50,000 or multiple engagements for such services in the aggregate exceeding $100,000 between such regular meetings of the Audit Committee. Any engagement pre-approved by the Chair between regular meetings of the Audit Committee shall be presented for ratification by the entire Audit Committee at its next regularly scheduled meeting.

ITEM 4(E)(2):
None, or 0%, of the services relating to the Audit-Related Fees, Tax Fees and All Other Fees paid by the Funds and MFS and MFS Related Entities relating directly to the operations and financial reporting of the Registrant disclosed above were approved by the audit committee pursuant to paragraphs (c)(7)(i)(C) of Rule 2-01 of Regulation S-X (which permits audit committee approval after the start of the engagement with respect to services other than audit review or attest services, if certain conditions are satisfied).

ITEM 4(F): Not applicable.

ITEM 4(H): The Registrant's Audit Committee has considered whether the provision by a Registrant's independent registered public accounting firm of non-audit services to MFS and MFS Related Entities that were not pre-approved by the Committee (because such services were provided prior to the effectiveness of SEC rules requiring pre-approval or because such services did not relate directly to the operations and financial reporting of the Registrant) was compatible with maintaining the independence of the independent registered public accounting firm as the Registrant's principal auditors.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The Registrant has an Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Messrs. J. Atwood Ives, William J. Poorvu and J. Dale Sherratt and Ms. Amy B. Lane.

ITEM 6. SCHEDULE OF INVESTMENTS

A schedule of investments of the Registrant is included as part of the report to shareholders of the Registrant under Item 1 of this Form N-CSR.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The Board of Trustees and the Board of Managers of the investment companies (the "MFS Funds") advised by Massachusetts Financial Services Company ("MFS") have delegated to MFS the right and obligation to vote proxies for shares that are owned by the MFS Funds, in accordance with MFS' proxy voting policies and procedures (the "MFS Proxy Policies"). The MFS Proxy Policies are set forth below:

MASSACHUSETTS FINANCIAL SERVICES COMPANY

PROXY VOTING POLICIES AND PROCEDURES

SEPTEMBER 17, 2003, AS REVISED ON SEPTEMBER 20, 2004

Massachusetts Financial Services Company, MFS Institutional Advisors, Inc. and MFS' other investment adviser subsidiaries (collectively, "MFS") have adopted proxy voting policies and procedures, as set forth below, with respect to securities owned by the clients for which MFS serves as investment adviser and has the power to vote proxies, including the registered investment companies sponsored by MFS, other than the MFS Union Standard Equity Fund (the "MFS Funds").

These policies and procedures include:

A. Voting Guidelines;

B. Administrative Procedures;

C. Monitoring System;

D. Records Retention; and

E. Reports.

A. VOTING GUIDELINES

1. GENERAL POLICY; POTENTIAL CONFLICTS OF INTEREST

MFS' policy is that proxy voting decisions are made in what MFS believes to be the best long-term economic interests of MFS' clients, and not in the interests of any other party or in MFS' corporate interests, including interests such as the distribution of MFS Fund shares, administration of 401(k) plans, and institutional relationships.

MFS has carefully reviewed matters that in recent years have been presented for shareholder vote by either management or shareholders of public companies. Based on the guiding principle that all votes made by MFS on behalf of its clients must be in what MFS believes to be the best long-term economic interests of such clients, MFS has adopted proxy voting guidelines, which are set forth below, that govern how MFS generally plans to vote on specific matters presented for shareholder vote. In all cases, MFS will exercise its discretion to vote these items in accordance with this guiding principle. These underlying guidelines are simply that - guidelines. Each proxy item is considered on a case-by-case basis, in light of all relevant facts and circumstances, and there may be instances in which MFS may vote proxies in a manner different from these guidelines.

As a general matter, MFS maintains a consistent voting position with respect to similar proxy proposals made by various issuers. In addition, MFS generally votes consistently on the same matter when securities of an issuer are held by multiple client accounts. However, MFS recognizes that there are gradations in certain types of proposals that might result in different voting positions being taken with respect to the different proxy statements. There also may be situations involving matters presented for shareholder vote that are not clearly governed by the guidelines, such as proposed mergers and acquisitions. Some items that otherwise would be acceptable will be voted against the proponent when it is seeking extremely broad flexibility without offering a valid explanation. MFS reserves the right to override the guidelines with respect to a particular shareholder vote when such an override is, in MFS' best judgment, consistent with the guiding principle of voting proxies in the best long-term economic interests of MFS' clients.

From time to time, MFS receives comments on these guidelines and regarding particular voting issues from its clients. Those comments are reviewed and considered periodically, and these guidelines are reviewed each year with MFS Equity Research Department management, the MFS Proxy Review Group and the MFS Proxy Consultant and are revised as appropriate.

These policies and procedures are intended to address any potential material conflicts of interest on the part of MFS or its affiliates that could arise in connection with the voting of proxies on behalf of MFS' clients. MFS shall be mindful of any and all potential material conflicts of interest that could arise in the voting of these proxies, shall identify, analyze, document and report on any such potential conflicts, and shall ultimately vote these proxies in what MFS believes to be the best long-term economic interests of its clients. The MFS Proxy Review Group is responsible for monitoring and reporting on all potential conflicts of interest.

2. MFS' POLICY ON SPECIFIC ISSUES

NON-SALARY COMPENSATION PROGRAMS

Managements have become increasingly creative and generous with compensation programs involving common stock. The original stock option plans, which called for the optionee to pay the money to exercise the option, are now embellished with no risk benefits such as stock appreciation rights, the use of unexercised options to "buy" stock, and restricted stock at bargain prices.

Stock option plans are supposed to reward results rather than tenure, so the use of restricted stock at bargain prices is not favored. In some cases, restricted stock is granted to the recipient at deep discounts to fair market value, sometimes at par value. The holder cannot sell for a period of years, but in the meantime is able to vote and receive dividends. Eventually the restrictions lapse and the stock can be sold.

MFS votes against option programs for officers, employees or non-employee directors that do not require an investment by the optionee, that give "free rides" on the stock price, or that permit grants of restricted stock at deep discounts to fair market value. MFS generally votes against stock option plans that involve stock appreciation rights or the use of unexercised options to "buy" stock.

MFS opposes plans that provide unduly generous compensation for officers, directors or employees, or could result in excessive dilution to other shareholders. As a general guideline, MFS votes against stock option plans if all such plans for a particular company involve potential dilution, in the aggregate, of more than 15%.

MFS votes in favor of stock option plans for non-employee directors as long as they satisfy the requirements set forth above with respect to stock option plans for employees. Stock option plans that include options for consultants and other third parties not involved in the management of the company generally are opposed by MFS.

"GOLDEN PARACHUTES"

From time to time, shareholders of companies have submitted proxy proposals that would require shareholder approval of any severance packages for executive officers that exceed certain predetermined thresholds. MFS votes in favor of such shareholder proposals when they would require shareholder approval of any severance package for an executive officer that exceeds a certain percentage of such officer's annual compensation. When put to a vote, MFS votes against very large golden parachutes.

ANTI-TAKEOVER MEASURES

In general, MFS votes against any measure that inhibits capital appreciation in a stock, including a possible takeover and any proposal that protects management from action by shareholders. These types of proposals take many forms, ranging from "poison pills" and "shark repellents" to board classification and super-majority requirements.

REINCORPORATION AND REORGANIZATION PROPOSALS

When presented with a proposal to reincorporate a company under the laws of a different state, or to effect some other type of corporate reorganization, MFS considers the underlying purpose and ultimate effect of such a proposal in determining whether or not to support such a measure. While MFS generally votes in favor of management proposals that it believes are in the best long-term economic interests of its clients, MFS may oppose such a measure if, for example, the intent or effect would be to create additional inappropriate impediments to possible acquisitions or takeovers.

DILUTION

There are many reasons for issuance of stock and most are legitimate. As noted above under "Non-Salary Compensation Programs", when a stock option plan (either individually or when aggregated with other plans of the same company) would substantially dilute the existing equity (e.g., by approximately 15% or more), MFS generally votes against the plan. In addition, MFS votes against proposals where management is asking for authorization to issue common or preferred stock with no reason stated (a "blank check") because the unexplained authorization could work as a potential anti-takeover device.

CONFIDENTIAL VOTING

MFS votes in favor of proposals to ensure that shareholder voting results are kept confidential. For example, MFS supports proposals that would prevent management from having access to shareholder voting information that is compiled by an independent proxy tabulation firm.

INDEPENDENCE OF BOARDS OF DIRECTORS AND COMMITTEES THEREOF

While MFS acknowledges the potential benefits of a company's inclusion of directors who are "independent" from management, MFS generally opposes shareholder proposals that would require that a majority (or a "super-majority") of a company's board be comprised of "independent" directors. Such proposals could inappropriately reduce a company's ability to engage in certain types of transactions, could result in the exclusion of talented directors who are not deemed "independent", or could result in the unnecessary addition of additional "independent" directors to a company's board. However, in view of the special role and responsibilities of various committees of a board of directors, MFS supports proposals that would require that the Audit, Nominating and Compensation Committees be comprised entirely of directors who are deemed "independent" of the company.

INDEPENDENT AUDITORS

Recently, some shareholder groups have submitted proposals to limit the non-audit activities of a company's audit firm. Some proposals would prohibit the provision of any non-audit services (unless approved in advance by the full board) whereas other proposals would cap non-audit fees so that such fees do not exceed a certain percentage of the audit fees. MFS supports such shareholder proposals that would cap non-audit fees at an amount deemed to be not excessive.

BEST PRACTICES STANDARDS

Best practices standards are rapidly evolving in the corporate governance areas as a result of recent corporate failures, the Sarbanes-Oxley Act of 2002 and revised listing standards on major stock exchanges. MFS generally support these changes. However, many issuers are not publicly registered, are not subject to these enhanced listing standards or are not operating in an environment that is comparable to that in the United States. In reviewing proxy proposals under these circumstances, MFS votes for proposals that enhance standards of corporate governance so long as we believe that -- within the circumstances of the environment within which the issuers operate - the proposal is consistent with the best long-term economic interests of our clients.

FOREIGN ISSUERS - SHARE BLOCKING

In accordance with local law or business practices, many foreign companies prevent the sales of shares that have been voted for a certain period beginning prior to the shareholder meeting and ending on the day following the meeting ("share blocking"). Depending on the country in which a company is domiciled, the blocking period may begin a stated number of days prior to the meeting (e.g., one, three or five days) or on a date established by the company. While practices vary, in many countries the block period can be continued for a longer period if the shareholder meeting is adjourned and postponed to a later date. Similarly, practices vary widely as to the ability of a shareholder to have the "block" restriction lifted early (e.g., in some countries shares generally can be "unblocked" up to two days prior to the meeting whereas in other countries the removal of the block appears to be discretionary with the issuer's transfer agent). Due to these restrictions, MFS must balance the benefits to its clients of voting proxies against the potentially serious portfolio management consequences of a reduced flexibility to sell the underlying shares at the most advantageous time. For companies in countries with potentially long block periods, the disadvantage of being unable to sell the stock regardless of changing conditions generally outweighs the advantages of voting at the shareholder meeting for routine items. Accordingly, MFS generally will not vote those proxies in the absence of an unusual, significant vote. Conversely, for companies domiciled in countries with very short block periods, MFS generally will continue to cast votes in accordance with these policies and procedures.

SOCIAL ISSUES

There are many groups advocating social change, and many have chosen the publicly-held corporation as a vehicle for their agenda. Common among these are resolutions requiring the corporation to refrain from investing or conducting business in certain countries, to adhere to some list of goals or principles (e.g., environmental standards) or to report on various activities. MFS votes against such proposals unless their shareholder-oriented benefits will outweigh any costs or disruptions to the business, including those that use corporate resources to further a particular social objective outside the business of the company or when no discernible shareholder economic advantage is evident.

The laws of various states may regulate how the interests of certain clients subject to those laws are voted. For example, the General Laws of The Commonwealth of Massachusetts prohibit the investment of state funds, including retirement system assets, in the following types of investments: (i) financial institutions which directly or through any subsidiary have outstanding loans to any individual or corporation engaged in manufacturing, distribution or sale of firearms, munitions, rubber or plastic bullets, tear gas, armored vehicles or military aircraft for use or deployment in any activity in Northern Ireland; or (ii) any stocks, securities or obligations of any company so engaged.

Because of these statutory restrictions, it is necessary when voting proxies for securities held in Massachusetts public pension accounts to support the purpose of this legislation. Thus, on issues relating to these or similar state law questions, it may be necessary to cast ballots differently for these portfolios than MFS might normally do for other accounts.

B. ADMINISTRATIVE PROCEDURES

1. MFS PROXY REVIEW GROUP

The administration of these policies and procedures is overseen by the MFS Proxy Review Group, which includes senior MFS Legal Department officers and MFS' Proxy Consultant. The MFS Proxy Review Group:

a. Reviews these policies and procedures at least annually and recommends any amendments considered to be necessary or advisable;

b. Determines whether any material conflicts of interest exist with respect to instances in which (i) MFS seeks to override these guidelines and (ii) votes not clearly governed by these guidelines; and

c. Considers special proxy issues as they may arise from time to time.

The current MFS Proxy Consultant is an independent proxy consultant who performs these services exclusively for MFS.

2. POTENTIAL CONFLICTS OF INTEREST

The MFS Proxy Review Group is responsible for monitoring potential material conflicts of interest on the part of MFS or its affiliates that could arise in connection with the voting of proxies on behalf of MFS' clients. Any attempt to influence MFS' voting on a particular proxy matter should be reported to the MFS Proxy Review Group. The MFS Proxy Consultant will assist the MFS Proxy Review Group in carrying out these responsibilities.

In cases where proxies are voted in accordance with these policies and guidelines, no conflict of interest will be deemed to exist. In cases where (i) MFS is considering overriding these policies and guidelines, or (ii) matters presented for vote are not clearly governed by these policies and guidelines, the MFS Proxy Review Group and the MFS Proxy Consultant will follow these procedures:

a. Compare the name of the issuer of such proxy against a list of significant current and potential (i) distributors of MFS Fund shares, (ii) retirement plans administered by MFS, and (iii) MFS institutional clients (the "MFS Significant Client List");

b. If the name of the issuer does not appear on the MFS Significant Client List, then no material conflict of interest will be deemed to exist, and the proxy will be voted as otherwise determined by the MFS Proxy Review Group;

c. If the name of the issuer appears on the MFS Significant Client List, then the MFS Proxy Review Group will carefully evaluate the proposed votes in order to ensure that the proxy ultimately is voted in what MFS believes to be the best long-term economic interests of MFS' clients, and not in MFS' corporate interests; and

d. For all potential material conflicts of interest identified under clause (c) above, the MFS Proxy Review Group will document: the name of the issuer, the issuer's relationship to MFS, the analysis of the matters submitted for proxy vote, and the basis for the determination that the votes ultimately were cast in what MFS believes to be the best long-term economic interests of MFS' clients, and not in MFS' corporate interests.

The MFS Proxy Review Group is responsible for creating and maintaining the MFS Significant Client List, in consultation with MFS' distribution, retirement plan administration and institutional business units. The MFS Significant Client List will be reviewed and updated as necessary, but no less frequently than quarterly.

3. GATHERING PROXIES

Nearly all proxies received by MFS originate at Automatic Data Processing Corp. ("ADP"). ADP and issuers send proxies and related material directly to the record holders of the shares beneficially owned by MFS' clients, usually to the client's custodian or, less commonly, to the client itself. Each client's custodian is responsible for forwarding all proxy solicitation materials to MFS (except in the case of certain institutional clients for which MFS does not vote proxies). This material will include proxy cards, reflecting the proper shareholdings of Funds and of clients on the record dates for such shareholder meetings, and proxy statements, the issuer's explanation of the items to be voted upon.

MFS, on behalf of itself and the Funds, has entered into an agreement with an independent proxy administration firm, Institutional Shareholder Services, Inc. (the "Proxy Administrator"), pursuant to which the Proxy Administrator performs various proxy vote processing and recordkeeping functions for MFS' Fund and institutional client accounts. The Proxy Administrator does not make recommendations to MFS as to how to vote any particular item. The Proxy Administrator receives proxy statements and proxy cards directly from various custodians, logs these materials into its database and matches upcoming meetings with MFS Fund and client portfolio holdings, which are input into the Proxy

Administrator's system by an MFS holdings datafeed. Through the use of the Proxy Administrator system, ballots and proxy material summaries for the upcoming shareholders' meetings of over 10,000 corporations are available on-line to certain MFS employees, the MFS Proxy Consultant and the MFS Proxy Review Group and most proxies can be voted electronically. In addition to receiving the hard copies of materials relating to meetings of shareholders of issuers whose securities are held by the Funds and/or clients, the ballots and proxy statements can be printed from the Proxy Administrator's system and forwarded for review.

4. ANALYZING PROXIES

After input into the Proxy Administrator system, proxies which are deemed to be completely routine (e.g., those involving only uncontested elections of directors, appointments of auditors, and/or employee stock purchase plans)(1) are automatically voted in favor by the Proxy Administrator without being sent to either the MFS Proxy Consultant or the MFS Proxy Review Group for further review. Proxies that pertain only to merger and acquisition proposals are forwarded initially to an appropriate MFS portfolio manager or research analyst for his or her recommendation. All proxies that are reviewed by either the MFS Proxy Consultant or a portfolio manager or analyst are then forwarded with the corresponding recommendation to the MFS Proxy Review Group.(2)

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(1) Proxies for foreign companies often contain significantly more voting items than those of U.S. companies. Many of these items on foreign proxies involve repetitive, non-controversial matters that are mandated by local law. Accordingly, there is an expanded list of items that are deemed routine (and therefore automatically voted in favor) for foreign issuers, including the following: (i) receiving financial statements or other reports from the board; (ii) approval of declarations of dividends; (iii) appointment of shareholders to sign board meeting minutes; (iv) the discharge of management and supervisory boards; and (v) approval of share repurchase programs.

(2) From time to time, due to travel schedules and other commitments, an appropriate portfolio manager or research analyst is not available to provide a recommendation on a merger or acquisition proposal. If such a recommendation cannot be obtained within a few business days prior to the shareholder meeting, the MFS Proxy Review Group will determine the vote in what MFS believes to be the best long-term economic interests of its clients.

Recommendations with respect to voting on non-routine issues are generally made by the MFS Proxy Consultant in accordance with the policies summarized under "Voting Guidelines," and all other relevant materials. His or her recommendation as to how each proxy proposal should be voted is indicated on copies of proxy cards, including his or her rationale on significant items. These cards are then forwarded to the MFS Proxy Review Group.

As a general matter, portfolio managers and investment analysts are consulted and involved in developing MFS' substantive proxy voting guidelines, but have little or no involvement in or knowledge of proxy proposals or voting positions taken by MFS. This is designed to promote consistency in the application of MFS' voting guidelines, to promote consistency in voting on the same or similar issues (for the same or for multiple issuers) across all client accounts, and to minimize or remove the potential that proxy solicitors, issuers, and third parties might attempt to exert influence on the vote or might create a conflict of interest that is not in what MFS believes to be the best long-term economic interests of our clients. In limited, specific instances (e.g., mergers), the MFS Proxy Consultant or the MFS Proxy Review Group may consult with or seek recommendations from portfolio managers or analysts. The MFS Proxy Review Group would ultimately determine the manner in which all proxies are voted.

As noted above, MFS reserves the right to override the guidelines when such an override is, in MFS' best judgment, consistent with the guiding principle of voting proxies in the best long-term economic interests of MFS' clients. Any such override of the guidelines shall be examined, explained and reported in accordance with the procedures set forth in these policies.

5. VOTING PROXIES

After the proxy card copies are reviewed, they are voted electronically through the Proxy Administrator's system. In accordance with its contract with MFS, the Proxy Administrator also generates a variety of reports for the MFS Proxy Consultant and the MFS Proxy Review Group, and makes available on-line various other types of information so that the MFS Proxy Review Group and the MFS Proxy Consultant may monitor the votes cast by the Proxy Administrator on behalf of MFS' clients.

C. MONITORING SYSTEM

It is the responsibility of the Proxy Administrator and MFS' Proxy Consultant to monitor the proxy voting process. As noted above, when proxy materials for clients are received, they are forwarded to the Proxy Administrator and are input into the Proxy Administrator's system. Additionally, through an interface with the portfolio holdings database of MFS, the Proxy Administrator matches a list of all MFS Funds and clients who hold shares of a company's stock and the number of shares held on the record date with the Proxy Administrator's listing of any upcoming shareholder's meeting of that company.

When the Proxy Administrator's system "tickler" shows that the date of a shareholders' meeting is approaching, a Proxy Administrator representative checks that the vote for MFS Funds and clients holding that security has been recorded in the computer system. If a proxy card has not been received from the client's custodian, the Proxy Administrator calls the custodian requesting that the materials be forward immediately. If it is not possible to receive the proxy card from the custodian in time to be voted at the meeting, MFS may instruct the custodian to cast the vote in the manner specified and to mail the proxy directly to the issuer.

D. RECORDS RETENTION

MFS will retain copies of these policies and procedures in effect from time to time and will retain all proxy voting reports submitted to the Board of Trustees and Board of Managers of the MFS Funds for a period of six years. Proxy solicitation materials, including electronic versions of the proxy cards completed by the MFS Proxy Consultant and the MFS Proxy Review Group, together with their respective notes and comments, are maintained in an electronic format by the Proxy Administrator and are accessible on-line by the MFS Proxy Consultant and the MFS Proxy Review Group. All proxy voting materials and supporting documentation, including records generated by the Proxy Administrator's system as to proxies processed, the dates when proxies were received and returned, and the votes on each company's proxy issues, are retained for six years.

E. REPORTS

MFS FUNDS

Periodically, MFS will report the results of its voting to the Board of Trustees and Board of Managers of the MFS Funds. These reports will include: (i) a listing of how votes were cast; (ii) a review of situations where MFS did not vote in accordance with the guidelines and the rationale therefor; (iii) a review of the procedures used by MFS to identify material conflicts of interest; and (iv) a review of these policies and the guidelines and, as necessary or appropriate, any proposed modifications thereto to reflect new developments in corporate governance and other issues. Based on these reviews, the Trustees and Managers of the MFS Funds will consider possible modifications to these policies to the extent necessary or advisable.

ALL MFS ADVISORY CLIENTS

At any time, a report can be printed by MFS for each client who has requested that MFS furnish a record of votes cast. The report specifies the proxy issues which have been voted for the client during the year and the position taken with respect to each issue.

Generally, MFS will not divulge actual voting practices to any party other than the client or its representatives (unless required by applicable law) because we consider that information to be confidential and proprietary to the client.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable at this time.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATE

MFS SPECIAL VALUE TRUST

PRIOR	(A) TOTAL NUMBER OF SHARES PURCHASED	(B) AVERAGE PRICE PAID PER PER SHARE	(C) TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	(D) APPRO OF SH PURCH
11/01/03 - 11/30/03	0	0	0	
12/01/03 - 12/31/03	0	0	0	
01/01/04 - 01/31/04	0	0	0	
02/01/04 - 02/28/04	0	0	0	
03/01/04 - 03/31/04	0	0	0	
04/01/04 - 04/30/04	0	0	0	
05/01/04 - 05/31/04	0	0	0	
06/01/04 - 06/30/04	0	0	0	
07/01/04 - 07/31/04	0	0	0	
08/01/04 - 08/31/04	0	0	0	
09/01/04 - 09/30/04	0	0	0	

10/01/04 - 10/31/04	0	0	0
Totals/Year	0	0	0

Note: The Board of Trustees approves procedures to repurchase shares annually. The notification to shareholders of the program is part of the semi-annual and annual reports sent to shareholders. These annual programs begin on March 1st of each year. The programs conform to the conditions of Rule 10b-18 of the securities Exchange Act of 1934 and limit the aggregate number of shares that may be purchased in each annual period (March 1 through the following February 28) to 10% of the Registrant's outstanding shares as of the first day of the plan year (March 1). The aggregate number of shares available for purchase for the March 1, 2004 plan year are 662,015.

For the year ended October 31, 2004, no shares of the Registrant have been repurchased pursuant to the plans described above.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The Board of Trustees of the Registrant has adopted procedures by which shareholders may send communications, including recommendations to the Board for nominees to the Registrant's Board. Shareholders may mail written recommendations to the Board to the attention of the Board of Trustees, MFS Special Value Trust, Massachusetts Financial Services Company, 500 Boylston Street, Boston, MA 02116, c/o , Jeffrey N. Carp, Secretary of the Trust. Shareholder communications must be in writing and be signed by the shareholder and identify the series of the Registrant to which they relate. Such recommendations must be accompanied by the candidate's biographical and occupational data (including whether the candidate would be an "interested person" of the Registrant), a written consent of the candidate to be named as a nominee and to serve as Trustee if elected, record and ownership information for the recommending shareholder with respect to the series of the Registrant to which the recommendation relates and a description of any arrangements or understandings regarding recommendation of the candidate for consideration.

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Act) as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal financial officer and principal executive officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter covered by the report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a) File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Code of Ethics attached hereto.

(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2): Attached hereto.

(3)Any written solicitation to purchase securities under Rule 23c-1 under the Act sent or given during the period covered by the report by or on behalf of the Registrant to 10 or more persons. Not applicable.

(b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)), Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for the purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference: Attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant MFS SPECIAL VALUE TRUST

By (Signature and Title)* ROBERT J. MANNING

Robert J. Manning, President

Date: December 21, 2004

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title)* ROBERT J. MANNING

Robert J. Manning, President
(Principal Executive Officer)

Date: December 21, 2004

By (Signature and Title)* RICHARD M. HISEY

Richard M. Hisey, Treasurer (Principal
Financial Officer and Accounting Officer)

Date: December 21, 2004
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* Print name and title of each signing officer under his or her signature.