

# MFS® Contrarian Value Equity (AUD)

## Goal

Seeks capital appreciation while outperforming the MSCI World Value Index (net div) over full market cycles.

## Investment team

### Portfolio Managers

**Anne Christine Farstad**

- 18 years with MFS
- 22 years in industry

**Zahid Kassam, CFA**

- 11 years with MFS
- 17 years in industry

### Institutional Portfolio Manager

**Benjamin Tingling, CAIA**

- 9 years with MFS
- 18 years in industry

## Assets under management (AUD)

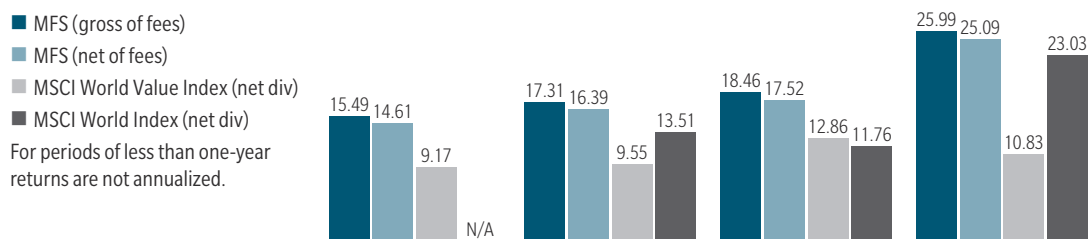
MFS Investment Management® 873.0 billion

MFS® Contrarian Value Equity Composite 992.1 million

## Philosophy

- An unconstrained global equity strategy that seeks to identify businesses that are experiencing operating difficulties or going through a difficult transition. While these businesses might not be completely stable, they may present interesting investment opportunities.
- We are mindful of valuation, balance sheet leverage and the importance of maintaining a suitable margin of safety, defined as the difference between the intrinsic value of the stock and its market price. Buying with a margin of safety means buying the stock well below what you think it's actually worth, i.e., its intrinsic value.
- We believe that, with disequilibrium, a stock can present an asymmetric risk and return profile with the potential to produce upside return while also limiting downside risk
- Generally has held less than 50 holdings

## Performance (%) total return



For periods of less than one-year returns are not annualized.

	Since Inception (01-Jul-16)	5 Years	3 Years	1 Year
Gross vs. MSCI World Value Index (net div)	6.32	7.76	5.60	15.16
Net vs. MSCI World Value Index (net div)	5.44	6.84	4.66	14.26
Gross vs. MSCI World Index (net div)	—	3.80	6.70	2.96
Net vs. MSCI World Index (net div)	—	2.88	5.76	2.06

## Annual performance (%)

	2017	2018	2019	2020	2021	2022	2023
MFS (gross of fees)	14.06	-5.04	29.55	3.16	27.35	3.60	25.99
MFS (net of fees)	13.22	-5.76	28.58	2.36	26.21	2.81	25.09
MSCI World Value Index (net div)	8.41	-0.88	21.93	-9.96	29.43	0.22	10.83
MSCI World Index (net div)	13.32	1.42	27.86	5.58	29.29	-12.24	23.03

## MIFID II performance standard – 12-month rates of total return (%) as of the period ended

	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23
MFS (gross of fees)	29.55	3.16	27.35	3.60	25.99
MFS (net of fees)	28.58	2.36	26.21	2.81	25.09
MSCI World Value Index (net div)	21.93	-9.96	29.43	0.22	10.83
MSCI World Index (net div)	27.86	5.58	29.29	-12.24	23.03

**Past performance is not a reliable indicator for future results. All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.** Investors should consider the risks, including lower returns, related to currency movements between their investing currency and the portfolio's base currency, if different.

Historical performance results may have differed had the composite included assets of client accounts during these time periods for various reasons including the impact of cash flows.

See the GIPS Composite Report at the end of this presentation for performance methodology and other information.

The Markets in Financial Instruments Directive (MIFID) is the EU legislation that regulates firms who provide services to clients linked to financial instruments.

Source: Benchmark performance from SPAR, FactSet Research Systems Inc.

It is not possible to invest directly in an index. Index performance will differ from our actively managed strategies, which may involve a higher degree of risk.

Total gross of fee returns include both capital appreciation and reinvestment of income but exclude custody fees.

CHARACTERISTICS			
	MFS	Benchmark <sup>^</sup>	Benchmark <sup>^^</sup>
<b>Fundamentals - weighted average</b>			
Price/earnings (12 months forward ex-negative earnings)	12.6x	13.5x	17.8x
IBES long-term EPS growth <sup>1</sup>	9.2%	6.0%	12.1%
Long term debt/capital	36.7%	42.9%	38.5%
Dividend yield	3.0%	3.1%	2.0%
<b>Market capitalization</b>			
Market capitalization (AUD) <sup>2</sup>	64.0 bn	203.4 bn	750.7 bn
<b>Diversification</b>			
Top ten issues	35%	13%	21%
Number of Issues	36	968	1,480
<b>Turnover</b>			
Trailing 1 year turnover <sup>3</sup>	64%	—	—
<b>Risk profile (current)</b>			
Active share vs.	—	97%	N/A
Barra predicted tracking error vs. <sup>4</sup>	—	6.53%	N/A
<b>Risk/reward (5 year) - Gross/Net</b>			
Standard deviation	16.80%/16.79%	12.50%	12.06%
Beta vs.	—	1.20/1.20	N/A

TOP 10 HOLDINGS (%)				
Security	Sector	MFS	Benchmark <sup>^</sup>	Benchmark <sup>^^</sup>
NOVOZYMES A/S	Materials	5.2	—	0.0
MEDTRONIC PLC	Health Care	3.6	0.4	0.2
ASSA ABLOY AB	Industrials	3.6	—	0.0
SIGNIFY NV	Industrials	3.4	—	—
DANONE SA	Consumer Staples	3.3	0.1	0.1
FORTUM OYJ	Utilities	3.2	0.0	0.0
CIE GENERALE DES ETABLISSEMENTS MICHELIN SCA	Consumer Discretionary	3.1	0.1	0.0
RYANAIR HOLDINGS PLC	Industrials	3.1	—	—
SPECTRIS PLC	Information Technology	3.0	—	—
WEIR GROUP PLC/THE	Industrials	3.0	—	—

SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%) <sup>†</sup>			
	MFS	Benchmark <sup>^</sup>	Benchmark <sup>^^</sup>
Industrials		13.0	14.1
Materials	7.3		9.0
Consumer Discretionary	6.4		2.1
Utilities	3.2		5.7
Information Technology	-1.9	-15.9	
Communication Services	-3.9	-7.2	
Real Estate	-4.1	-2.5	
Energy	-4.7	-1.5	
Consumer Staples	-5.2	-3.5	
Financials	-6.4		0.9
Health Care	-11.1	-8.5	

REGION WEIGHTS (%) <sup>†</sup>			
	MFS	Benchmark <sup>^</sup>	Benchmark <sup>^^</sup>
Europe ex-U.K.	41.8	13.0	13.8
United Kingdom	21.3	4.5	3.9
North America	19.5	73.4	73.0
Japan	7.3	5.9	6.0
Emerging Markets	2.8	—	—
Asia/Pacific ex-Japan	—	3.0	3.1
Developed - Middle East/Africa	—	0.2	0.2

<sup>^</sup> MSCI World Value Index

<sup>^^</sup> MSCI World Index

<sup>1</sup> Source: FactSet

<sup>2</sup> Weighted average.

<sup>3</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>4</sup> Source Barra. The Barra information may not be redistributed, may not be reproduced or disseminated in any form and may not be used to create any financial instruments or products or any indices. The Barra information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. Barra, each of its affiliates and each other person involved in or related to compiling, computing or creating any Barra information (collectively, the "Barra Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any Barra Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

<sup>†</sup> 7.3% Cash & Cash Equivalents.

The information presented is based on an account determined to be representative of the composite's strategy. The representative account's performance is available upon request.

Any mention of specific companies, securities and/or sectors are for information purposes only and should not be construed as investment advice or a recommendation of any nature.

### Important risk considerations

The portfolio's performance could be more volatile than the performance of more diversified portfolios. ■ Investments in certain markets can involve greater risk and volatility because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions. ■ Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. ■ The portfolio's investments can continue to be undervalued for long periods of time, not realize their expected value, and be more volatile than the stock market in general.

### Benchmark and vendor disclosures

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The GIPS Composite Report is attached to provide additional information about the strategy, composite, and performance methodology. The funds or other investment vehicles mentioned should not be construed as an offer or solicitation.

**Composite:** MFS Contrarian Value Equity Composite in AUD

**Benchmark:** MSCI The World Index Value - Net Return

**Creation Date:** 12-Aug-2016

**Inception Date:** 01-Jul-2016

**Composite Description:** The MFS Contrarian Value Equity Composite includes all discretionary portfolios managed to the MFS Contrarian Value Equity strategy. The strategy seeks capital appreciation utilizing a contrarian investment philosophy that aims to identify areas of controversy in the market to engage with from a fundamental, bottom-up perspective to find attractive investment opportunities with asymmetric risk/reward. The strategy invests primarily in global equity securities with an emphasis on valuation, balance sheet leverage and maintaining a suitable margin of safety, with the flexibility to invest in cash and high yield fixed income securities. The portfolio's performance could be more volatile than the performance of more diversified portfolios. Investments in certain markets can involve greater risk and volatility because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions. Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions. The portfolio's investments can continue to be undervalued for long periods of time, not realize their expected value, and be more volatile than the stock market in general.

#### Institutional Separate Accounts Fee Schedule

Asset Breakpoints (AUD)	Fee
For Assets Up To 50 MM	65 bp
For Assets From 50 MM To 100 MM	55 bp
For Assets Over 100 MM	50 bp

Accounts are eligible for inclusion in the composite if they have assets greater than 1 MM USD (1.5 MM AUD). Accounts are included as of their first full month of performance.

#### Derivatives Exposure Disclosure

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (AUD million)	
	Gross of fees	Net of fees <sup>A</sup>	Benchmark			Composite	Benchmark	Composite	Firm
2022	3.60	2.81	0.22	n/a	<6	19.49	14.43	\$336.9	\$777,452.6
2021	27.35	26.21	29.43	n/a	<6	17.47	13.34	\$174.5	\$927,550.8
2020	3.16	2.36	-9.96	n/a	<6	17.43	13.13	\$4.1	\$776,357.6
2019	29.55	28.58	21.93	n/a	<6	11.21	9.21	\$3.6	\$737,703.8
2018	-5.04	-5.76	-0.88	n/a	<6	n/a	n/a	\$4.6	\$605,885.6
2017	14.06	13.22	8.41	n/a	<6	n/a	n/a	\$4.8	\$627,773.3
2016**	22.42	21.98	13.87	n/a	<6	n/a	n/a	\$4.2	\$587,681.0

MFS Investment Management® claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MFS Investment Management has been independently verified for the periods 1-Jan-1988 through 31-Dec-2021. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Past performance is no guarantee of future results. Performance for periods less than one year are not annualized.

\*\* Indicates partial period.

Total Gross-of-fee returns in AUD (includes both capital appreciation and reinvestment of income) are net of transaction costs, withholding taxes and direct expenses, but before management fees, custody and other indirect expenses. Typical separate accounts utilize 4:00 PM (London Time) foreign exchange rates; retail products will use rates deemed most appropriate for daily NAV per share calculations. The possibility exists for performance dispersion between otherwise similarly managed accounts and also with the benchmark.

<sup>A</sup>Net-of-fee returns presented in this table are gross-of-fee returns reduced by management fees and performance fees if applicable (actual fees). For certain accounts where the actual fees are unavailable, the maximum applicable annual institutional separate account fees were applied.

Total returns of the benchmark are provided for each period depicted, expressed in AUD. Source of Benchmark Performance: FACTSET®.

MSCI World Index Value - Net Return - a market capitalization-weighted index that is designed to measure equity market performance for value securities in the global developed markets.

Composite Dispersion is measured by the asset-weighted standard deviation of gross-of-fees account returns for all accounts in the composite for the full period. For composites containing less than six accounts for the full period, dispersion is deemed not meaningful and is not presented. The three-year annualized ex post standard deviation measures the variability of the gross-of-fees composite returns and the benchmark returns over the preceding 36-month period.

Historical performance results may have differed had the composite included assets of client accounts during these time periods for various reasons including the impact of cash flows.

The MFS Contrarian Value Equity Composite is a US Dollar based composite available globally. The regional composite depicted here was created on 02-Oct-2018 for presentation in the Australian market. Where appropriate, data has been converted to Australian Dollar and the fees and breakpoints depicted are applicable to clients in this market.

Prior to 1-Jul-2020, the maximum institutional separate account fee charged for this product was 75 bps.

The composite asset minimum changed from 2MM USD to 1MM USD on 01-Nov-2022.

For purposes of GIPS compliance, the firm is defined as MFS Investment Management (MFS), which is comprised of Massachusetts Financial Services Company and MFS Institutional Advisors, Inc. (MFSI), each of which is a registered investment advisor, MFS Heritage Trust Company, a New Hampshire Trust company, and MFS Investment Management Canada Limited. Total firm assets include assets managed by Massachusetts Financial Services Company, MFSI, MFS Heritage Trust Company and MFS Investment Management Canada Limited as well as assets managed by Massachusetts Financial Services Company and MFSI in a sub-advisory capacity on behalf of affiliated investment advisors that may or may not be registered under the United States Investment Advisers Act of 1940, such as MFS International (U.K.), Ltd. (MIL UK) and MFS Investment Management K.K. (MIMKK), MFS International Singapore Pte. Ltd, MFS International Australia Pty Ltd, and MFS Investment Management Company (Lux) S.à.r.l as well as assets managed by Massachusetts Financial Services Company and MFSI on behalf of unaffiliated investment advisors that are not registered under the United States Investment Advisers Act of 1940.

The firm's list of composite descriptions, list of pooled fund descriptions for limited distribution pooled funds, and list of broad distribution pooled funds are available upon request. Additionally, policies for valuing investment, calculating performance, and preparing GIPS Reports are available upon request.

Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Massachusetts Financial Services Company. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the "MSCI Parties") makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Certain accounts in this composite utilize derivatives for hedging, investment exposure, implementation efficiency, and transaction cost mitigation purposes. Derivative exposures can be volatile, used to take long or short positions, involve leverage (which can magnify gains or losses), and involve counterparty and liquidity risk. The table below displays the high, median, and low month-end derivative exposures over the last three years, when available or since inception if the composite is less than three years old. Derivative exposure of the account is calculated as the gross equivalent exposure of total net assets. The derivative exposures, displayed below, are the average exposures of the accounts that held derivatives.

LONG EXPOSURE		SHORT EXPOSURE	
<b>High</b>	13.72%	<b>High</b>	-13.58%
<b>Median</b>	2.20%	<b>Median</b>	-2.20%
<b>Low</b>	0.39%	<b>Low</b>	-0.40%