

# MFS® Emerging Markets Equity Research (USD)



## Goal

Seeks to outperform the MSCI Emerging Markets Index (net div) over full market cycles.

## Investment team

Team of Investment Professionals

### General Oversight

Greg Johnsen, CFA

- 5 years with MFS
- 38 years in industry

Sanjay Natarajan

- 17 years with MFS
- 28 years in industry

## Assets under management (USD)

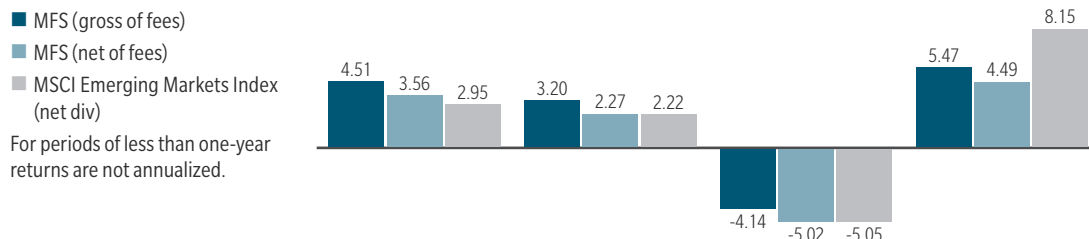
MFS Investment Management® 626.1 billion

MFS® Emerging Markets Equity Research Composite 5.8 million

## Philosophy

We believe stock selection based on bottom-up fundamental research is the most consistent method for generating alpha and a long-term focus allows us to capitalize on opportunities created by investors with shorter-term investment horizons.

## Performance (%) total return



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

	10 Years	5 Years	3 Years	1 Year
Gross vs. MSCI Emerging Markets Index (net div)	1.56	0.98	0.91	-2.68
Net vs. MSCI Emerging Markets Index (net div)	0.61	0.05	0.03	-3.66

## Annual performance (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 YTD
MFS (gross of fees)	-4.28	-12.02	15.09	39.46	-12.98	22.86	18.66	1.24	-21.45	10.18	1.90
MFS (net of fees)	-5.19	-12.86	14.01	38.19	-13.77	21.78	17.66	0.37	-22.19	9.17	1.66
MSCI Emerging Markets Index (net div)	-2.19	-14.92	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09	9.83	2.37

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

	31-Mar-20	31-Mar-21	31-Mar-22	31-Mar-23	31-Mar-24
MFS (gross of fees)	-16.17	58.47	-10.99	-6.16	5.47
MFS (net of fees)	-16.93	57.21	-11.79	-7.03	4.49
MSCI Emerging Markets Index (net div)	-17.69	58.39	-11.37	-10.70	8.15

**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	MSCI Emerging Markets Index
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	15.8%	15.7%
Price/earnings (12 months forward ex-negative earnings)	12.1x	12.3x
Return on equity (3-year average)	18.5%	16.8%
Long term debt/capital	26.6%	25.3%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	143.7 bn	125.9 bn
<b>Diversification</b>		
Top ten issues	37%	24%
Number of Issues	63	1,376
Number of countries	17	25
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	36%	—
<b>Risk profile (current)</b>		
Barra predicted tracking error <sup>4</sup>	3.10%	—
Active share	72%	—
<b>Risk/reward (3 year)</b>		
Beta	1.01/1.01	—
Standard deviation	18.70%/18.70%	17.76%
Upside capture	103.31%/101.33%	—
Downside capture	99.02%/100.90%	—

## TOP 10 HOLDINGS (%)

Security	Sector	MFS	MSCI Emerging Markets Index
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Technology	8.9	8.2
SAMSUNG ELECTRONICS CO LTD	Technology	8.5	4.6
RELIANCE INDUSTRIES LTD (EQ)	Energy	4.3	1.5
TECHTRONIC INDUSTRIES CO LTD	Capital Goods	2.7	—
TENCENT HOLDINGS LTD	Technology	2.2	3.6
BANK NEGARA INDONESIA PERSERO TBK PT	Financial Services	2.2	0.1
YUM CHINA HOLDINGS INC	Consumer Cyclical	2.1	0.2
MAHINDRA & MAHINDRA LTD	Capital Goods	2.0	0.3
HELLENIC TELECOMMUNICATIONS ORGANIZATION SA	Telecom / CATV	1.9	0.0
KOTAK MAHINDRA BANK LTD	Financial Services	1.9	0.3

## SECTOR WEIGHTS UNDERWEIGHT/OVERWEIGHT (%)†

	MSCI Emerging Markets Index
Consumer Staples	4.2
Telecom / CATV	1.5
Energy	0.9
Capital Goods	-1.1
Financial Services	-1.4
Technology	-1.6
Consumer Cyclical	-2.1
Health Care	-2.5

## EM REGION WEIGHTS (%)

	MFS	MSCI Emerging Markets Index
Emerging Asia	68.2	78.5
Emerging Latin America	13.7	8.9
Emerging EMEA	7.5	12.5

<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.

† 2.2% Cash &amp; 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

Emerging markets can have less market structure, depth, and regulatory, custodial or operational oversight and greater political, social, geopolitical and economic instability than developed markets. ■ 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.

## Benchmark and vendor disclosures

Index data source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

The sectors described and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

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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 Emerging Markets Equity Research Composite

**Benchmark:** MSCI EMF (Emerging Markets) - Net Return

**Creation Date:** 27-Jun-2013

**Inception Date:** 01-Jun-2013

**Composite Description:** The MFS Emerging Markets Equity Research Composite includes all discretionary portfolios managed to the MFS Emerging Markets Equity Research strategy. The strategy seeks capital appreciation through investment in the stocks of firms in Emerging Markets countries that the analyst team believes have favorable long-term prospects and/or attractive valuations. Emerging markets can have less market structure, depth, and regulatory, custodial or operational oversight and greater political, social, geopolitical and economic instability than developed markets. 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.

#### Institutional Separate Accounts Fee Schedule

Asset Breakpoints (USD)	Fee
For Assets Up To 50 MM	80 bp
For Assets From 50 MM To 100 MM	75 bp
For Assets Over 100 MM	70 bp

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

#### Derivative Exposure Disclosure

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>	9.14%	<b>High</b>	-9.09%
<b>Median</b>	5.39%	<b>Median</b>	-7.98%
<b>Low</b>	2.88%	<b>Low</b>	-5.32%

Period	Composite and Benchmark Return %			Composite Dispersion	Accounts in Composite at End of Period	Annualized 3-Year Standard Deviation		Assets (USD million)	
	Gross of fees	Net of fees^	Benchmark			Composite	Benchmark	Composite	Firm
2023	10.18	9.17	9.83	n/a	<6	18.40	17.39	\$5.7	\$575,589.7
2022	-21.45	-22.19	-20.09	n/a	<6	21.66	20.55	\$5.3	\$527,229.5
2021	1.24	0.37	-2.54	n/a	<6	18.59	18.59	\$6.2	\$674,375.8
2020	18.66	17.66	18.31	n/a	<6	19.83	19.88	\$3.0	\$599,076.3
2019	22.86	21.78	18.42	n/a	<6	14.04	14.37	\$2.5	\$518,568.9
2018	-12.98	-13.77	-14.57	n/a	<6	14.05	14.81	\$2.1	\$426,543.5
2017	39.46	38.19	37.28	n/a	<6	14.42	15.57	\$2.4	\$491,012.9
2016	15.09	14.01	11.19	n/a	<6	15.69	16.30	\$2.1	\$425,539.8
2015	-12.02	-12.86	-14.92	n/a	<6	n/a	n/a	\$1.8	\$412,412.4
2014	-4.28	-5.19	-2.19	n/a	<6	n/a	n/a	\$2.1	\$430,214.0

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-2022. 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.

Total Gross of fee returns in USD (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.

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 USD. Source of Benchmark Performance: FACTSET ®.

MSCI Emerging Markets - Net Return - a market capitalization weighted index that is designed to measure equity market performance in the global emerging 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.

Prior to 1-Oct-2017, the maximum institutional separate account fee charged for this product was 95 bps. From 1-Oct-2017 through 30-Jun-2020, the maximum institutional separate account fee charged for this product was 90 bps.

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

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