

Investment Update
Q3 2025

MFS Meridian® Funds – European Value Fund

The MFS Meridian® European Value Fund's focus on high-quality businesses with durable cash flows has faced headwinds in a market that has rewarded lower-quality cyclical names exposed to short-term drivers. However, we believe this divergence represents an opportunity to reaffirm our commitment to long-term value creation — a philosophy that aims to consistently deliver for clients over extended time horizons. We want to highlight why we believe the current environment is shifting in favor of resilient businesses — those with pricing power, strong balance sheets and the ability to navigate structural challenges. As geopolitical risks, trade tariffs and slowing global growth continue to evolve, we see significant opportunities to position the fund striving for strong, competitive long-term performance and growth.

Please note this is not a traditional value strategy but a core strategy with a quality focus.

Should you have any questions on the content below, please contact your MFS representative.

Performance relative to MSCI Europe and MSCI Europe Quality Index

Exhibit 1 shows the performance of the fund versus the MSCI Europe Index and the MSCI Europe Quality Index (as of 30 September 2025), which we believe reflects the performance of quality growth strategies with a focus on high return on equity, low financial leverage and consistent earnings growth.

The fund has underperformed the core benchmark, MSCI Europe Index, given the reasons highlighted in this piece. And while high quality has underperformed over the last five years, the MFS European Value Fund has been able to outperform the MSCI Europe Quality Index over the 1-, 3- and 10-year periods, reflecting the diversification of businesses we own in the strategy that have been able to navigate these market challenges. We are excited about the new opportunities we have been able to uncover and will continue to look for companies that meet our investment criteria.

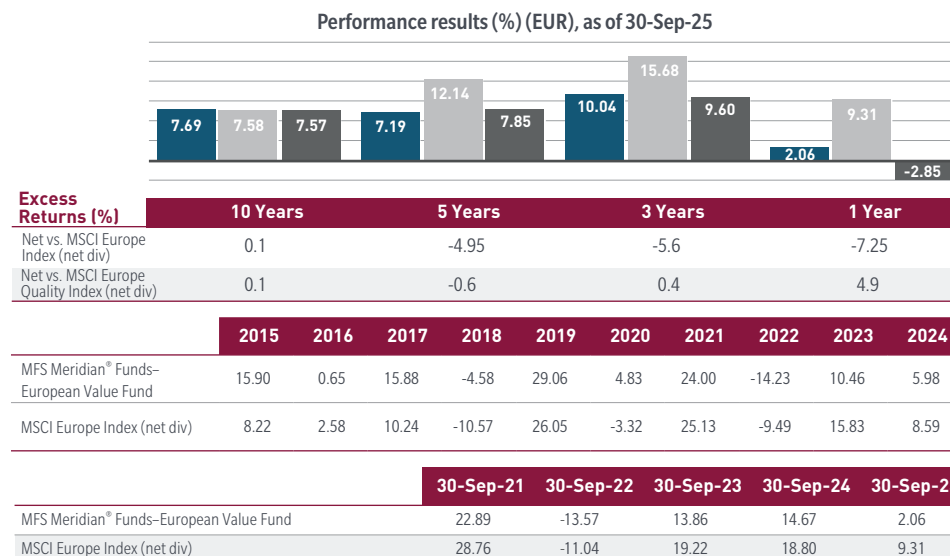
See important disclosures on final page of presentation.

See the fund's offering documents for more details, including information on fund risks and expenses.



Exhibit 1: Performance Results (EUR)

■ MFS Meridian Funds - European Value Fund - CL I1EUR ■ MSCI Europe Index (net div)
■ MSCI Europe Quality Index (net div)



Class Inception Date: 27 September 2005 Fund Inception Date: 01 October 2002 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. Performance results reflect ongoing charges and any applicable expense subsidies and waivers in effect during the periods shown. All historic results assume distributions within the fund and/or the share class are reinvested. Periods less than one year are actual, not annualized. Class I shares are only available to certain qualifying institutional investors. Other share classes are available for which performance and expenses will differ.

Source for benchmark performance 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. Past performance is no guarantee of future results.

The recent market environment — Style, factor and currency trends

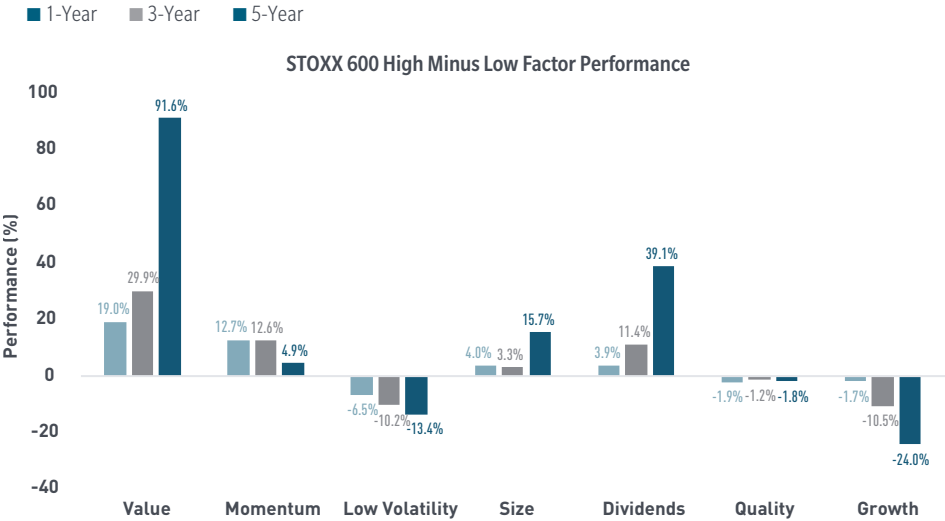
The post-Covid market environment has seen broadly rising interest rates which have benefited certain areas of the market that typically haven't met the MFS Meridian European Value Fund's investment criteria, at the expense of others who do. This is particularly true of banks and some lower-quality cyclical industrials where the market has rewarded companies with near-term cashflows.

The following charts look at the recent market environment through a variety of different lenses:

- Through a style lens we can see that 'value' and 'momentum' factors significantly outperformed 'quality' and 'growth' over the 1-, 3- and 5-year periods [Exhibit 2]. Stocks that are often classified as 'value' based on simplistic optically cheap P/E or P/B multiples do not necessarily meet our definition of value.
- Through the lens of cyclicals versus defensive stocks we see a similar bifurcation [Exhibit 3]. Over the year-to-date, 3- and 5-year timeframes cyclicals have notably outperformed defensives, with much of this outperformance driven by the financials sector.
- Through the lens of quality, we observed the lowest quality stocks in the investment universe quintile (5) significantly outperformed the highest quality quintile (1) over all recent time periods [Exhibit 4]. Given our preference for high quality, resilient businesses that compound value over time this was a headwind.

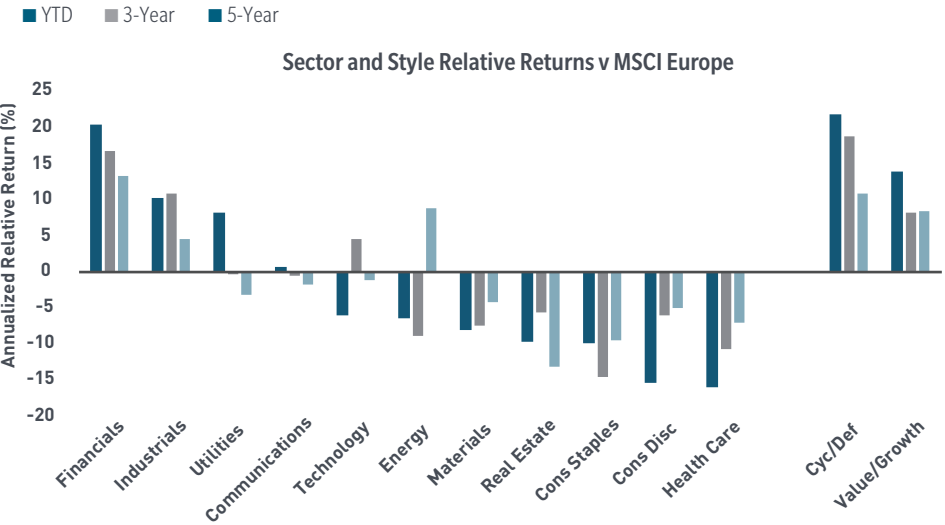


Exhibit 2: Factor Performance



Source: Bloomberg, Factors to Watch Stoxx 600, Sector Neutral, Long-Short. Performance as of 30 September 2020 to 30 September 2025. High Minus Low = top quintile minus bottom quintile. Bins (or known as 'buckets', these are groupings - the portfolios get regrouped monthly) are rebalanced monthly and equal-weighted. Momentum factor based on price momentum. Past performance is no guarantee of future results.

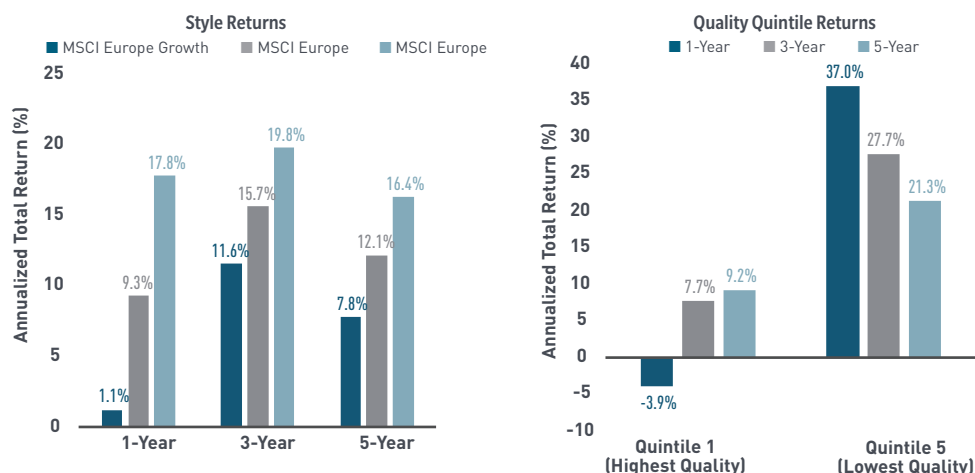
Exhibit 3: Financials, Value and Cyclical Have Outperformed in Recent Years



Source: FactSet, Bloomberg. Data as of 30 September 2020 to 30 September 2025. YTD is 31 December 2024 to 30 September 2025. Relative returns calculated over the full measurement period. Sector relative returns calculated as the difference between the 1-Year, 3-Year and 5-Year sector return and the return to the core index (MSCI Europe). Cyc/Def for Europe refers to cyclicals and defensives and measures the relative performance of the STOXX Europe Cyclicals EUR Index and Stoxx Europe Defensives EUR Index. MSCI Europe Value/Growth used in the calculation of relative value and growth performance. Returns are net and in EUR. Past performance is no guarantee of future results.



Exhibit 4: Lowest Quality Stocks Outperformed Highest



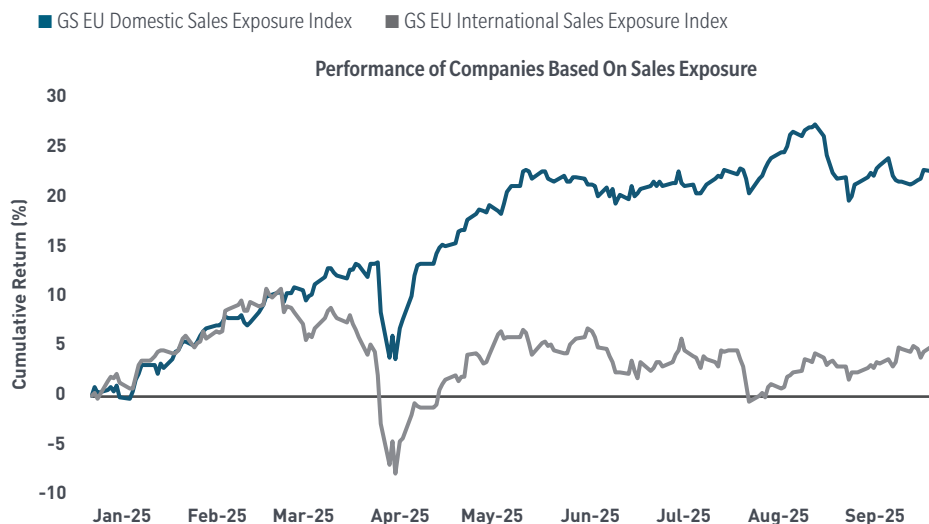
Source: FactSet. LHS – Total Return from 30 September 2020 to 30 September 2025. Returns are net and in EUR. RHS – FactSet Portfolio Analysis. Daily data as of 30 September 2020 to 30 September 2025 for the MSCI Europe Index. Total returns are net of foreign withholding taxes and are in EUR. Quality is defined by MFS, based on 50% volatility (equal weighting 60-month volatility, and 52-week volatility) and 50% factors (equal weighting return on assets, earnings stability and leverage). Each month, stocks are ranked (high-to-low) based on their factor exposure. Quintiles are constructed using an equal weight methodology, and a factor return stream is created based on Q1 (high exposure) minus Q5 (low exposure). Past performance is no guarantee of future results.

Revenue exposure and currency dynamics

In terms of revenue exposure versus the benchmark, the fund has been underweight Euro-denominated revenues and overweight US dollar-denominated revenues. This is reflection of our bottom-up fundamental process that has identified more globally diversified revenue earners over domestic.

Looking at the year-to-date market performance through the lens of sales exposure, we see a clear performance dispersion [Exhibit 5].

Exhibit 5: European Companies Domestic Sales Have Outperformed



Source: Bloomberg. Daily data from 31 December 2024 to 30 September 2025. EU Domestic Sales Exposure Index = Goldman Sachs EU Domestic Sales Exposure Index. EU International Sales Exposure Index = Goldman Sachs EU International Sales Exposure Index. Past performance is no guarantee of future results.



A large part of this dispersion is due to recent US-dollar weakness and Euro strength, which has resulted in a negative translational impact. Secondly, the dispersion also reflects the market's forward-looking concern surrounding trade tariffs negatively impacting multi-national revenue earners and market optimism for European economic growth following the German fiscal stimulus announcement which would positively impact those domestic earners. We have seen European companies with large domestic Euro revenues broadly outperform multinationals over the near term. There has also been a notable multiple re-rating and de-rating for those on either side of the revenue split. While we agree the German fiscal spend is sizable as a proportion of GDP and should be directionally beneficial, the market has moved quickly to price this in and may now have over-extrapolated. Making fiscal announcements is relatively simple but directing investment into the economy in the most growth-accretive, highest return-on-investment way will be complex, takes time and carries significant uncertainty around the potential multiplier effects with risk that capital leaks outside Europe and or becomes tied into trade negotiations. The areas of the market that have done well over the short term, particularly periphery banks, still face long-term headwinds as they operate in competitive global markets, often against larger US peers.

In summary, over recent years, the market environment has rewarded some of the lowest quality businesses — those considered 'value' due to their optically cheap price multiple — and those most positively exposed to short-term factors such as momentum and currency fluctuations. These are not investments that meet our investment criteria.

Today is an opportunity

While this period has been challenging to navigate, it has provided us with many compelling investment opportunities to upgrade the quality, resiliency and growth potential of the fund at attractive valuations.

As a result of the new investment opportunities, the overall turnover level has increased. In the year-to-date period to September 2025, we have made several additions to the fund:

- **Alcon** is a global leader in vision care and surgical eye care. With improving margins, strong cash conversion and a positive growth outlook, we believe Alcon is well-positioned for long-term success.
- **Unilever** is a multinational consumer goods company. The new CEO has a sensible plan to simplify and restructure the business, and the valuation appears attractive.
- **L'Oreal** is a leading global beauty company based in France. We are particularly impressed by L'Oreal's portfolio of top-tier brands, strong celebrity endorsements, and extensive distribution network, all supported by significant investments in advertising and promotions. The stock has experienced a significant de-rating. Coupled with a very strong balance sheet, the company presents a favorable risk-reward profile.
- **Tesco**, the UK's leading grocery retailer, has a simplified and improved business model and faces weakened competition, which we believe should support its growth potential.
- **BPER** is a mid-cap retail bank focused on Northern Italy, the richest and fastest-growing region in the country. BPER recently bought a local bank (Sondrio), and we expect synergies from this merger.
- **Assa Abloy**, the world's leading locks and entry system provider, benefits from steady demand for lock replacements, which are less affected by economic cycles, and is seeing strong growth in electronic locks, which have higher margins. Valuation appears reasonable, making it a promising long-term addition to the fund.
- **Spirax** Group, an industrial business specializing in steam and thermal energy solutions, is well-positioned to benefit from long-term growth trends in steam, and its valuation looks attractive.
- **Fineco**, one of the largest financial advice networks in Italy, is benefiting from structural trends, strong client retention and steady growth. Fineco's capital-light model and steady asset inflows make it a compelling addition to the fund.



- **Thales** is the leading French defence and aerospace manufacturer. With a €40 billion order backlog ensuring revenue visibility and the stock having traded at attractive valuations, Thales presents a favorable risk-reward opportunity.
- **IMCD**, the second-largest specialty chemical distributor globally is asset-light, historically resilient during downturns, and has room for growth through acquisitions, given its strong balance sheet.
- **Compagnie de Saint-Gobain** is a manufacturer and distributor of materials and services for the construction and industrial markets. With the potential for government stimulus in Germany and the continuation of low interest rates, the construction environment in Europe is fundamentally improving.
- **IG Group**, an online trading platform provider undergoing a turnaround under its new CEO, offering potential for further upside.
- **Atlas Copco AB** is a high-quality industrial company specializing in compressors, vacuum solutions and industrial tools. While the stock is not optically cheap, its premium compared to the sector has narrowed significantly, making it a compelling long-term opportunity.
- **Hiscox** is a leading specialist insurer with an attractive mix of assets and an improving growth outlook.
- **Sandoz Group** is the leading biosimilar manufacturer in Europe and the fourth in the US. The stock's current low valuation offers an attractive entry point.
- **Autotrader** is the leading online auto advertising platform in the UK. In our view it is a high-quality, resilient business capable of performing well in various economic conditions.
- **IMI Plc (UK)**, is an engineering company specializing in the design and manufacturing of fluid control systems. An improved business yet to be recognized by the market with a more favourable end market set-up given late-cycle support and already depressed short-cycle exposure. Valuation looks attractive.
- **Campari** is a niche spirit player whose main asset is Aperol. Aperol has experienced strong historical growth and has low penetration in key markets like UK, France and US. The company dominates the spritz category and management has historically done a good job at brand building. The brand appeals to younger people/Gen Z and fits into the moderation trend. Valuation looks attractive.
- **Tenaris** is the world leading premium steel pipe manufacturer. We like the company's value proposition of highest quality products often used in high-pressure environments like deep sea oil where performance and safety are critical. It has a strong balance sheet with significant cash reserves and long-term structural growth drivers.
- **Babcock International Group** is a UK-listed defence company and is a key contractor for the UK Ministry of Defence and positively exposed to the increase in defence spending in Europe. New management since 2020 has a strong record of restructuring, and we should see business quality improve with the potential for significant margin opportunities as the business continues to recover and grow.

This portfolio is actively managed, and current holdings may be different. The information included above as well as individual companies and/or securities mentioned should not be construed as investment advice, a recommendation to buy or sell or an indication of trading intent on behalf of any MFS product.



As a result of these additions, the fund has changed its positioning in industrials and consumer staples, increasing its overweight relative to the benchmark. Other changes have resulted in a reduction in the relative underweight to the health care and energy sectors.

Long-term track record

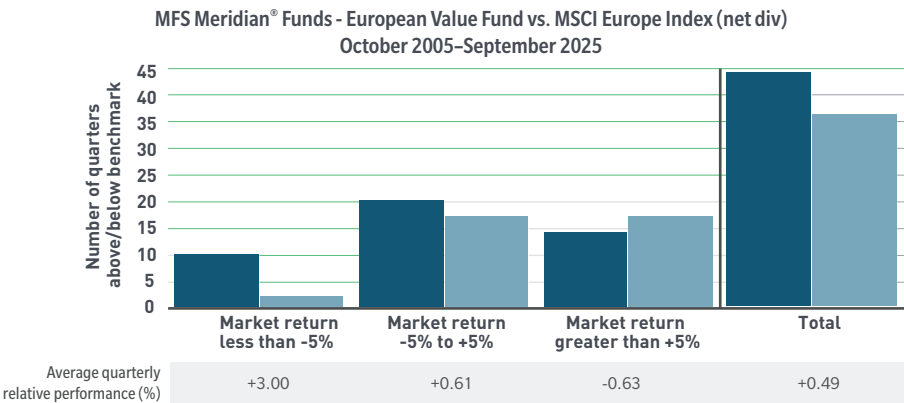
We acknowledge that recent relative performance has been challenging, but believe clients will be rewarded by a long-term fund that has stayed true to its investment philosophy and valuation discipline.

The following charts highlight the MFS European Value Fund’s long-term track record of competitive relative returns. The strategy has historically provided most relative performance in more difficult quarterly market backdrops of -5% or worse whilst typically lagging in more bullish backdrops.

Exhibit 6: Historical Relative Performance in Diverse Markets

11 EUR shares at NAV

■ Number of outperforming quarters ■ Number of underperforming quarters



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. Periods less than one year are actual, not annualized.

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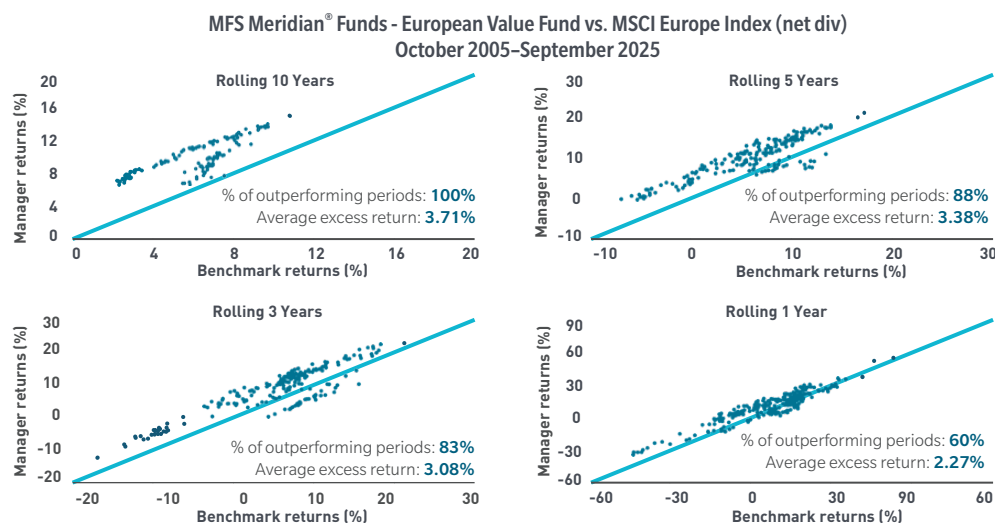
The following chart shows historical relative performance across rolling periods, measured at month-end. By examining data spanning over 20 years, we assess our ability to outperform over rolling 1-, 3-, 5-, and 10-year periods. While we don’t always outperform over shorter timeframes – achieving this 60% of the time over one-year periods - our consistency generally improves over longer horizons. For example, we outperform 88% of the time over five years and 100% of the time over ten years. Moreover, the magnitude of excess returns also increases over these extended periods.



Exhibit 7: Historical Relative Performance Over Rolling Periods

11 EUR shares at NAV

■ Number of outperforming quarters ■ Number of underperforming quarters



The strategy outperformed 121 out of 121 rolling 10 year periods, 160 out of 181 rolling 5 year periods, 172 out of 205 rolling 3 year periods and 139 out of 229 rolling 1 year periods.

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. 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. Performance results reflect ongoing charges and any applicable expense subsidies and waivers in effect during the periods shown. All historic results assume distributions within the fund and/or the share class are reinvested.

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For all time periods, results were calculated on a rolling basis, measured monthly. All returns are annualized. Past performance is no guarantee of future results.

Outlook

Looking ahead to the rest of 2025, we believe clients should question whether the same performance drivers of the last few years will remain in play. Uncertainties stem from rising geopolitical risk with an unpredictable US administration and concerns of a slowdown in global growth. Tariffs and the retaliation from trading partners are effectively a tax that will need to be paid either by consumers in the form of higher prices or by companies (shareholders) in the form of lower profits.

We believe only companies with superior pricing power — due to either brand equity, entrenched distribution network or the critical nature of their products — will be able to sustainably raise prices to maintain margins and pass the burden of tariffs onto consumers. That outcome is likely to reduce overall growth but may benefit certain businesses that are able to continue growing in such a scenario.

For lower quality businesses with inferior pricing power, unsustainable cashflows unable to raise prices the tariff burden will fall on profits. That may place significant pressure on those stocks that have benefited from a recent backdrop of fiscal largesse and cheap capital.

We continue to look for high quality, resilient business and believe this is the best way to achieve long-term returns, regardless of market backdrop. This has led to periods of underperformance, particularly when less resilient parts of the benchmark universe are propelled forward by the broader macro environment or sentiment. We understand it can be challenging. However, unless you are certain that there is a near-zero probability of a future downturn and that there are no risks to manage or mitigate, all equities are essentially the same one-way directional bet. Therefore, attempting to discern the best from the worst is a futile exercise, and we urge patience with our approach.



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The **STOXX 600** represents large, mid and small capitalization companies across 17 countries of the European region.

Important Risk Considerations

The fund may not achieve its objective and/or you could lose money on your investment in the fund. **Stock:** 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, environmental, public health, and other conditions. **Value:** 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.

Geographic: Because the portfolio may invest a substantial amount of its assets in issuers located in a single country or in a limited number of countries, it may be more volatile than a portfolio that is more geographically diversified.

Please see the prospectus for further information on these and other risk considerations.

The views expressed in this report are those of MFS and are subject to change at any time.

Please note that this is an actively managed product.

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MFS Meridian Funds may be registered for sale in other jurisdictions or otherwise offered where registration is not required.

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