

A horizontal decorative bar with a red-to-maroon gradient, starting with a geometric pattern on the left and ending in a solid red line.

MFS® Emerging Markets Equity Fund

(Class R6 Shares)

Fourth quarter 2023 investment report

NOT FDIC INSURED MAY LOSE VALUE NOT A DEPOSIT

Before investing, consider the fund's investment objectives, risks, charges, and expenses. For a prospectus, or summary prospectus, containing this and other information, contact MFS or view online at [mfs.com](https://www.mfs.com). Please read it carefully.

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PRPEQ-FEM-31-Dec-23

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Country and region information contained in this report is based upon MFS classification methodology which may differ from the methodology used by individual benchmark providers. Performance and attribution results are for the fund or share class depicted and do not reflect the impact of your contributions and withdrawals. Your personal performance results may differ.

Portfolio characteristics are based on equivalent exposure, which measures how a portfolio's value would change due to price changes in an asset held either directly or, in the case of a derivative contract, indirectly. The market value of the holding may differ.

Fund Risks



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.

International: Investments in foreign markets can involve greater risk and volatility than U.S. investments because of adverse market, currency, economic, industry, political, regulatory, geopolitical, or other conditions.

Emerging Markets: 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.

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

Disciplined Investment Approach



Investment objective

Seeks capital appreciation

Goal

Seeks to consistently outperform the MSCI Emerging Markets Index over full market cycles.

Philosophy

Fundamental research provides an opportunity to achieve favorable, risk-adjusted returns in a historically volatile and inefficient asset class

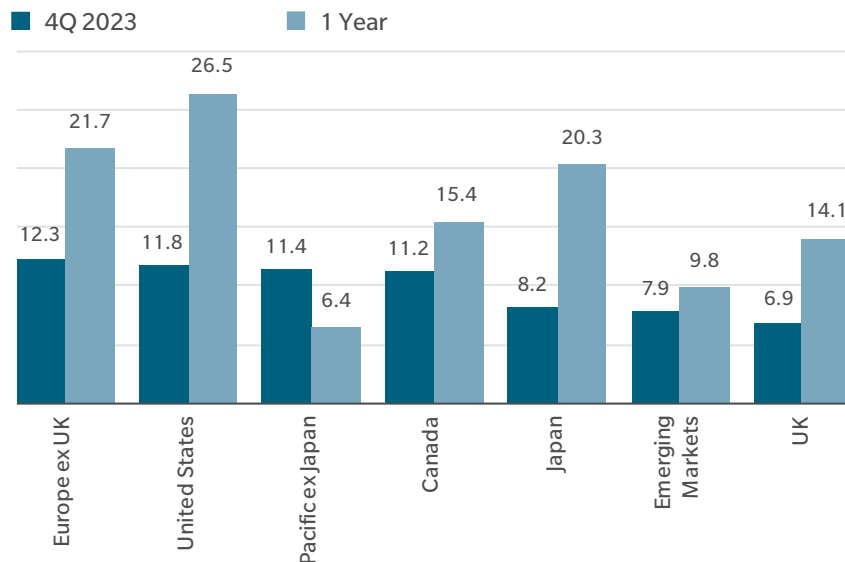
Strategy

- Rely on our proprietary, fundamental research to identify companies that meet our 5 key investment criteria
 - Discuss with the Emerging Markets Debt team macroeconomic factors that might affect our investments in individual securities
 - Actively managed, all-cap portfolio that has generally been 80–120 stocks
-

Market Overview

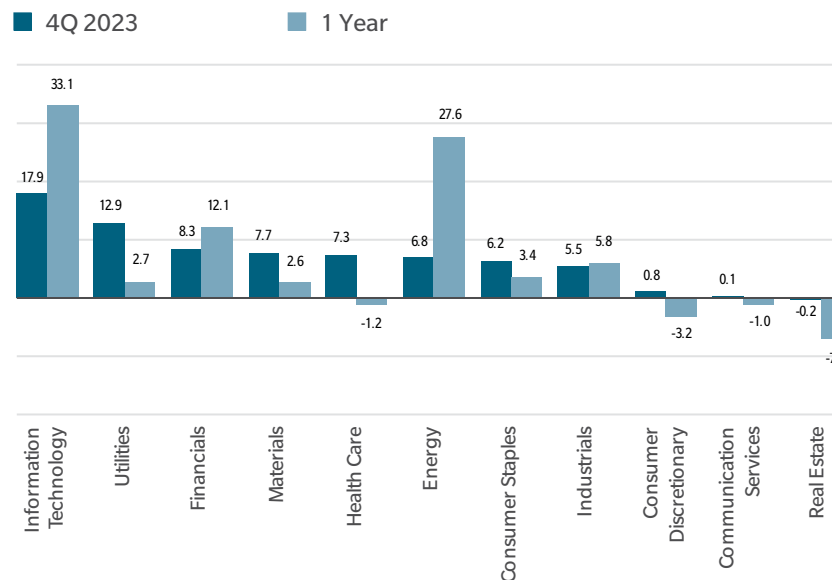


Region performance (%) (USD) as of 31-Dec-23



Source: FactSet. Region performance based on MSCI regional/country indexes.

Sector performance (%) (USD) as of 31-Dec-23



Source: FactSet. Sector performance based on MSCI sector classification. The analysis of MSCI Emerging Markets Index constituents are broken out by MSCI defined sectors.

Emerging Markets review as of 31-Dec-2023

- Emerging markets, as measured by the MSCI Emerging Markets Index, closed off 2023 on a good note, finishing the fourth quarter with positive returns. Full year returns for emerging markets were positive as well.
- However, returns paled in contrast to that of developed markets, as measured by the MSCI World Index, led by the United States.

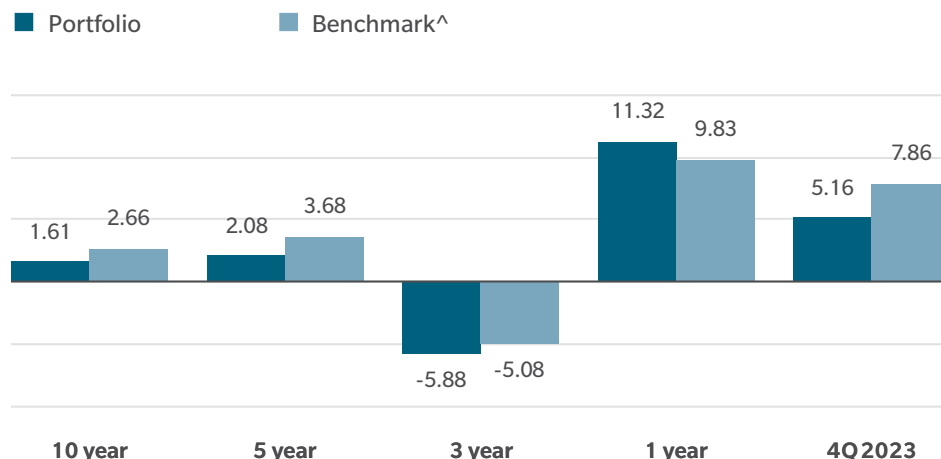
Within emerging markets, Asia was the laggard whereas the Latin American region performed extremely well.

- Asia’s disappointing performance can largely be attributed to the underwhelming performance of China.
- Latin America did well as Mexico continues to benefit from nearshoring and Brazil’s GDP growth surprised on the upside supported by resilient household consumption and firmer commodity prices.

Executive Summary



Performance results (%) R6 shares at NAV (USD) as of 31-Dec-23



Performance data shown represent past performance and are no guarantee of future results. Investment return and principal value fluctuate so your shares, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted. For most recent month-end performance, please visit mfs.com.

Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown. Without such subsidies and waivers the fund's performance results would be less favorable. All results assume the reinvestment of dividends and capital gains.

Shares are available without a sales charge to eligible investors.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

^ MSCI Emerging Markets Index (net div)

Sector weights (%) as of 31-Dec-23

Portfolio Benchmark^^

Top overweights

Consumer Staples	10.3	6.0
Communication Services	10.9	8.8
Information Technology	23.7	22.1

Top underweights

Industrials	3.5	6.8
Materials	4.8	7.9
Health Care	1.1	3.8

^^ MSCI Emerging Markets Index

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The MFS Emerging Markets Equity Fund underperformed the MSCI Emerging Markets Index (net div) in the fourth quarter of 2023.

Contributors

- Industrials - Stock selection
- Individual stocks:
 - Meituan (Eq) (not held)
 - Taiwan Semiconductor
 - Samsung Electronics Co, Ltd
 - Lojas Renner Sa

Detractors

- Information Technology - Stock selection
- Consumer Staples - Stock selection
- Financials - Stock selection
- Energy - Stock selection
- Individual stocks:
 - Yum China Holdings, Inc.
 - Pdd Holdings Inc (not held)
 - Gree Electric Appliances Inc Of Zhuhai
 - UPL Ltd

Performance Results



Performance results (%) R6 shares at NAV (USD) as of 31-Dec-23

Period	Portfolio	Benchmark [^]	Excess return vs benchmark
4Q 2023	5.16	7.86	-2.70
3Q 2023	-3.28	-2.93	-0.35
2Q 2023	2.54	0.90	1.64
1Q 2023	6.73	3.96	2.78
2023	11.32	9.83	1.49
2022	-19.78	-20.09	0.31
2021	-6.64	-2.54	-4.10
2020	10.61	18.31	-7.70
2019	20.20	18.42	1.78
10 year	1.61	2.66	-1.05
5 year	2.08	3.68	-1.61
3 year	-5.88	-5.08	-0.81
1 year	11.32	9.83	1.49

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Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

[^] MSCI Emerging Markets Index (net div)

Performance Drivers - Sectors



Relative to MSCI Emerging Markets Index (USD) - fourth quarter 2023		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation ¹ (%)	+ Stock selection ² (%)	+ Currency effect (%)	= Relative contribution (%)
Contributors	Industrials	-3.7	15.5	5.5	0.1	0.3	0.0	0.4
	Health Care	-2.6	20.1	7.3	-0.0	0.1	0.0	0.1
Detractors	Information Technology	1.5	14.2	17.9	0.1	-0.7	-0.0	-0.6
	Consumer Staples	3.9	2.0	6.2	-0.1	-0.4	0.0	-0.5
	Financials	0.9	6.3	8.3	0.0	-0.5	0.0	-0.5
	Energy	1.3	0.4	6.8	-0.0	-0.4	-0.0	-0.4
	Consumer Discretionary	-1.4	-2.6	0.8	0.1	-0.5	-0.0	-0.4
	Communication Services	2.2	-1.0	0.1	-0.1	-0.1	-0.0	-0.3
	Utilities	-1.8	11.9	12.9	-0.1	0.0	-0.0	-0.1
	Cash	1.7	1.3	—	-0.1	—	-0.0	-0.1
	Materials	-2.7	6.6	7.7	0.0	0.0	-0.1	-0.1
	Real Estate	0.8	2.0	-0.2	-0.1	0.1	-0.0	-0.0
Total			5.6	7.9	-0.1	-2.2	-0.1	-2.4

1 Sector allocation is calculated based upon each security's price in local currency.

2 Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email DLAttributionGrp@MFS.com.

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Performance Drivers - Stocks



Relative to MSCI Emerging Markets Index (USD) - fourth quarter 2023		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Contributors	Meituan (Eq)	—	1.0	—	-28.3	0.4
	Taiwan Semiconductor	8.5	6.6	19.9	19.9	0.2
	Samsung Electronics Co, Ltd	6.0	4.4	20.8	20.8	0.2
	Techtronic Industries Co Ltd	1.2	—	22.8	—	0.2
	Lojas Renner Sa	0.6	0.0	35.3	35.3	0.2
Detractors	Yum China Holdings, Inc.	1.6	0.3	-23.6	-23.6	-0.5
	Ping An Insurance Group Co Of China Ltd	1.8	0.6	-20.9	-20.1	-0.4
	Pdd Holdings Inc	—	1.1	—	49.2	-0.4
	United Tractors Tbk Pt	1.1	0.0	-17.5	-17.5	-0.3
	Gree Electric Appliances Inc Of Zhuhai	1.1	0.0	-9.3	-9.3	-0.2

¹ Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email DLAttributionGrp@MFS.com.

Significant Impacts on Performance - Detractors



Relative to MSCI Emerging Markets Index (USD) - fourth quarter 2023		Relative contribution (%)
Yum China Holdings, Inc.	An overweight position in fast food restaurant operator Yum China (United States) held back relative performance. The stock price declined as the company announced weaker-than-expected financial results due to the slowdown in same-store sales on weaker demand and a larger-than-expected decline in gross margins because of increased promotional and delivery costs. The company believes this reflects the current sector-wise tepid consumer sentiment, which may persist in the coming quarters.	-0.5
Ping An Insurance Group Co Of China Ltd	The portfolio's overweight position in personal financial services provider Ping An Insurance Group (China) detracted from relative returns. The company's shares weakened over lower-than-expected net profits led by a loss across its asset management business, poor property & casualty insurance results, and softer-than-expected banking business earnings.	-0.4
Pdd Holdings Inc	Not owning shares of online retailer PDD (China) weighed on relative performance. The share price climbed as the company reported strong revenues in both its online marketing and transaction services segments amid China's macro headwinds.	-0.4

Significant Impacts on Performance - Contributors



Relative to MSCI Emerging Markets Index (USD) - fourth quarter 2023		Relative contribution (%)
Meituan (Eq)	Not owning shares of e-commerce platform manager Meituan (China) benefited relative returns. The share price fell due to the impact on food delivery volume growth from a weak macro environment and increased investment in its in-store business due to competition.	0.4
Taiwan Semiconductor	The portfolio's overweight position in semiconductor manufacturer Taiwan Semiconductor Manufacturing (Taiwan) supported relative performance. The stock price advanced as the company reported an end to the inventory correction with early signs of demand stabilization for PCs and smartphones as global semiconductor sales continued to rise.	0.2
Samsung Electronics Co, Ltd	An overweight position in shares of microchip and electronics manufacturer Samsung Electronics (South Korea) contributed to relative returns. The stock price advanced as the company reported quarterly operating profit above market expectations, primarily due to solid results from smartphones and its display business, combined with an upbeat outlook for an ongoing recovery trend in the memory market.	0.2

Significant Transactions



From 01-Oct-23 to 31-Dec-23		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	BRITISH AMERICAN TOBACCO PLC	Consumer Staples	New position	0.7	0.7
	BANCO BRADESCO SA	Financials	Add	0.4	1.4
	BANGKOK BANK PCL	Financials	Add	0.4	0.9
	KINGSOFT CORP LTD	Communication Services	Add	0.4	0.7
	DOOSAN BOBCAT INC	Industrials	Add	0.4	0.9
Sales	LOJAS RENNER SA	Consumer Discretionary	Trim	-0.4	0.4
	AIA GROUP LTD (EQ)	Financials	Trim	-0.2	1.0
	PETROLEO BRASILEIRO SA	Energy	Trim	-0.2	2.0
	GRUPO FINANCIERO INBURSA SAB DE CV	Financials	Eliminate position	-0.2	-
	SAMSUNG ELECTRONICS CO LTD	Information Technology	Trim	-0.2	6.5

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Sector Weights

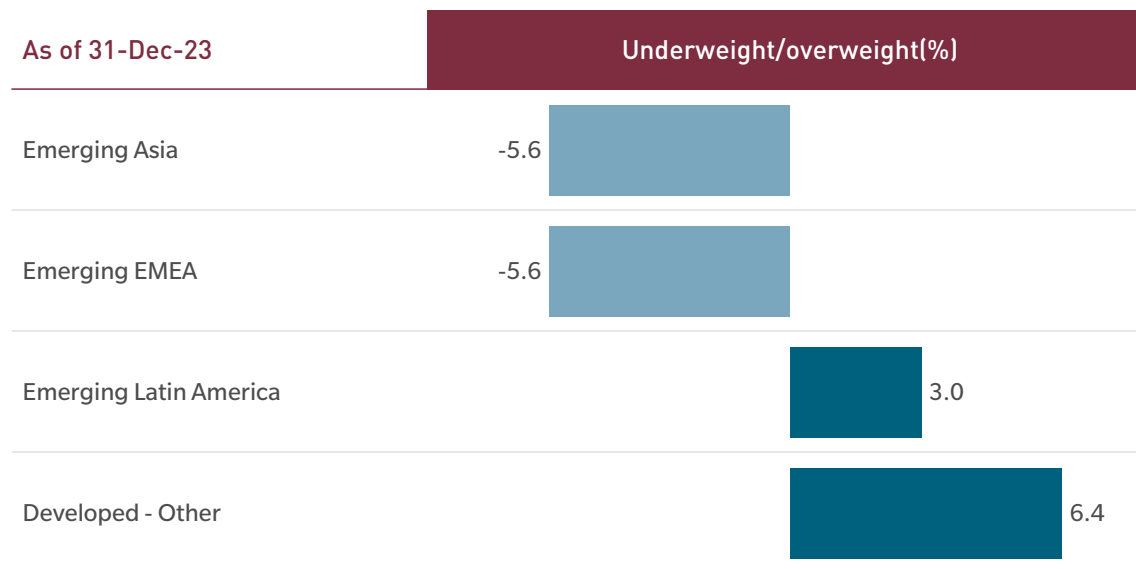


As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Consumer Staples	10.3	6.0	4.3	Inner Mongolia Yili Industrial Group Co Ltd, Kweichow Moutai Co Ltd, Wal-Mart de Mexico SAB de CV
Communication Services	10.9	8.8	2.1	Tencent Holdings Ltd, NetEase Inc ADR, Telkom Indonesia Persero Tbk PT
Information Technology	23.7	22.1	1.6	Taiwan Semiconductor Manufacturing Co Ltd, Samsung Electronics Co Ltd, Tata Consultancy Services Ltd
Energy	6.2	5.1	1.1	Galp Energia SGPS SA, Petroleo Brasileiro SA ADR, China Petroleum & Chemical Corp
Financials	23.2	22.3	0.9	HDFC Bank Ltd, Kotak Mahindra Bank Ltd, Credicorp Ltd
Real Estate	2.5	1.6	0.9	Emaar Properties PJSC
Consumer Discretionary	11.3	12.8	-1.5	Alibaba Group Holding Ltd, Yum China Holdings Inc, Mahindra & Mahindra Ltd
Utilities	0.7	2.7	-2.0	China Resources Gas Group Ltd
Health Care	1.1	3.8	-2.7	Hugel Inc
Materials	4.8	7.9	-3.1	UPL Ltd
Industrials	3.5	6.8	-3.3	Techtronic Industries Co Ltd

^ MSCI Emerging Markets Index
1.9% Cash & cash equivalents

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Region Weights



1.9% Cash & cash equivalents

Region and Country Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
Emerging Asia	72.1	77.7	-5.6
South Korea	14.7	13.0	1.7
Indonesia	2.9	1.9	1.0
China	26.8	26.4	0.4
Thailand	2.2	1.8	0.4
Philippines	0.0	0.6	-0.6
Malaysia	0.0	1.3	-1.3
India	13.3	16.7	-3.4
Taiwan	12.2	16.0	-3.8
Emerging EMEA	7.1	12.7	-5.6
United Arab Emirates	2.1	1.3	0.8
Russia	0.4	0.0	0.4
Greece	0.7	0.5	0.2
Egypt	0.0	0.1	-0.1
Czech Republic	0.0	0.2	-0.2
Turkey	0.3	0.6	-0.3
Hungary	0.0	0.3	-0.3
Qatar	0.2	0.9	-0.7
Kuwait	0.0	0.8	-0.8
Poland	0.0	1.0	-1.0
South Africa	2.0	3.1	-1.1
Saudi Arabia	1.4	4.2	-2.8

	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
Emerging Latin America	12.5	9.5	3.0
Brazil	7.9	5.8	2.1
Peru	1.6	0.3	1.3
Mexico	3.0	2.7	0.3
Colombia	0.0	0.1	-0.1
Chile	0.0	0.5	-0.5
Developed - Other	6.5	0.1	6.4
Hong Kong	3.1	0.1	3.0
Portugal	1.3	0.0	1.3
Austria	1.2	0.0	1.2
United Kingdom	0.8	0.0	0.8

^ MSCI Emerging Markets Index
1.9% Cash & cash equivalents

Characteristics



As of 31-Dec-23	Portfolio	Benchmark [^]
Fundamentals - weighted average		
IBES long-term EPS growth ¹	10.6%	12.2%
Price/earnings (12 months forward ex-negative earnings)	10.4x	12.0x
Return on equity (3-year average)	18.2%	16.3%
Long term debt/capital	23.9%	25.2%
Market capitalization		
Market capitalization (USD) ²	132.5 bn	109.6 bn
Diversification		
Top ten issues	34%	23%
Number of Issues	96	1,441
Turnover		
Trailing 1 year turnover ³	27%	—
Risk/reward (5 year)		
Beta	1.04	—
Standard deviation	20.44%	19.16%

¹ Source: FactSet

² Weighted average.

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

[^] MSCI Emerging Markets Index

Past performance is no guarantee of future results.

No forecasts can be guaranteed.

Top 10 Issuers



Top 10 issuers as of 31-Dec-23	Portfolio (%)	Benchmark^ (%)
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	8.9	6.7
SAMSUNG ELECTRONICS CO LTD	6.5	4.7
TENCENT HOLDINGS LTD	4.9	3.5
ALIBABA GROUP HOLDING LTD	3.0	2.2
HDFC BANK LTD	2.1	0.8
PETROLEO BRASILEIRO SA	2.0	0.9
TATA CONSULTANCY SERVICES LTD	1.9	0.6
KOTAK MAHINDRA BANK LTD	1.8	0.4
HON HAI PRECISION INDUSTRY CO LTD	1.7	0.6
INFOSYS LTD	1.7	0.9
Total	34.4	21.4

^ MSCI Emerging Markets Index

Portfolio Outlook and Positioning



Emerging markets closed off the year on a good note, finishing the fourth quarter with positive returns, as measured by the MSCI Emerging Markets Index. Full year returns for emerging markets were positive as well. However, returns paled in contrast to that of developed markets, led by the United States (US), as measured by the S&P 500.

Within emerging markets, Asia was the laggard whereas the Latin American region performed extremely well. Asia's disappointing performance can largely be attributed to the underwhelming performance of China. On the other hand, Latin America did well as Mexico continues to benefit from nearshoring and Brazil's GDP growth surprised on the upside supported by resilient household consumption and firmer commodity prices.

Much was expected of China's reopening from Covid-19 lockdowns but the uneven economic recovery and inconsistent policy actions severely disappointed market watchers. A myriad of issues continues to plague the Chinese economy, such as the high levels of debt in the property sector and local governments, weak consumer confidence and private investments, lackluster foreign trade and foreign direct investments. On top of this, tensions remain with the United States on a number of fronts.

The Chinese government has rolled out measures that are targeted at areas of the economy that have fallen behind during the Covid lockdowns, such as parts of the private sector, small businesses and trying to attract investments from foreign companies. However, these measures are more incremental in nature, and lack the same effect as direct stimulus measures of 2008 or 2020. Despite all these, China is still widely expected to meet its growth targets for 2023. The IMF has revised its GDP growth expectations up from 5.2% to 5.4% year-on-year.

Our holdings in China were significant detractors to performance in the fourth quarter. Our Chinese holdings, such as Yum China, China Resources Beer, Kweichow Moutai, Inner Mongolia Yili, Midea, Gree and even the likes of AIA and Ping An Insurance are generally geared towards domestic consumption growth so a weak consumption environment does not bode well for sentiment on these stocks, regardless how well the business fundamentals are. We have been in regular contact with these companies and remain confident in their long-term outlook and they remain core holdings within our portfolio.

India on the other hand, provided a stark contrast to China. The Indian market was among the top performers in Asia and investors continue to be very much enthused about the long-term outlook of the market. India has been the world's fastest growing economy for

Portfolio Outlook and Positioning



the past two years. The country's attractiveness as an investment destination remains very strong, as global companies look to diversify their supply chains and are increasingly shifting to a "China + 1" strategy. Additionally, the Indian government has signaled its commitment to bolster the industrial manufacturing sector through state industrial policies and sector-specific incentive schemes, as well as significant investments in logistics and infrastructure development. This has been a boon for India, as the likes of Apple look to expand their supplier networks within India.

Unfortunately, despite this backdrop, our holdings in India detracted from relative returns in the fourth quarter. Our portfolio is underweight India and stock selection within India has not helped. We do not have much exposure to the capital-intensive 'old economy' sectors in India, such as steel, cement, coal and oil and gas. We also do not have exposure to the consumer staples and cyclicals sectors as we find that stock valuations are expensive relative to their peers across Asia. These sectors have done well over the past year and our lack of exposure has hurt. Our underweight to India was primarily driven by our valuation discipline. While we like many of the businesses there, we are waiting for better entry points.

Within India, we like the IT services companies (Tech Mahindra, Infosys and Tata Consultancy Services) as these are high-margin businesses that have exhibited fairly stable growth rates over the years. We also own the private sector banks (HDFC Bank and Kotak Mahindra Bank) as we believe they are well run by highly experienced and prudent management teams and will continue to gain market share from public sector banks. We also like the auto manufacturers (Hero Motocorp and Mahindra and Mahindra) as we expect Indian auto demand to remain high over the medium term.

Taiwan was the strongest performing stock market in Asia in the fourth quarter and also for the whole year. While economic conditions in Taiwan are challenging (GDP growth is expected to come in at the lowest level since the global financial crisis in 2008), the Taiwanese stock market is on fire as investors look past the upcoming elections and potential conflict with China and bet on the world's relentless demand for chips as well as other industrial equipment. The Taiwanese bourse is dominated by chip manufacturers and companies along their value chain, and these names have received a boost from the excitement over artificial intelligence.

Portfolio Outlook and Positioning



Our portfolio is underweight Taiwan overall and that hurt performance. At the same time, our portfolio has maintained an overweight to Taiwan Semiconductor for a long time. We believe Taiwan Semiconductor has a leading franchise in the foundry business and it will continue to benefit from strong fundamentals and expand its market share.

On the positive side, our holdings in Latin America, primarily Brazil and Peru, contributed to relative returns in the fourth quarter. In Brazil, commodity holdings such as Petrobras and Vale have done well as commodity prices remained supportive. Financial holdings such as Banco Bradesco and B3 did well as lower interest rates are a positive for their business operations. Finally, holdings such as Ambev and Multiplan are levered to consumption growth which has been strong this year. In Peru, we own Credicorp whose business fundamentals remain in good shape despite Peru's slowing GDP growth and political instability. Its management have taken the prudent approach to slow down growth in this difficult environment, which we appreciate. We believe these headwinds to be cyclical in nature and have confidence that Credicorp will be able to deliver high-teens return on equity over the medium term.

Looking ahead to the new year, a lower interest rate environment in the US and a weaker US dollar could provide support for Asian stock markets. However, slowing global growth will be a major headwind. Besides the United States, several emerging market countries, including Mexico, South Africa, South Korea, Taiwan India and Indonesia, will be holding their general elections. This could result in increased market volatility in the coming quarters due to political uncertainty.

China remains the elephant in the room. Its leadership is not in question but policy making remains a concern. Structural issues persist, although in recent months there have been signs that things are improving as retail sales and foreign trade figures ticked upwards. Also, we believe some of these concerns are baked in as many sectors within the Chinese stock market are trading close to trough valuations.

PORTFOLIO POSITIONING

The overall shape of the portfolio remains unchanged. The portfolio is overweight consumer staples and technology companies. This is offset by our underweight to the health care, industrials and materials sectors. The top overweight countries include Hong Kong, South Korea and Brazil, while the top underweight countries include Taiwan, Saudi Arabia and India.

Portfolio Outlook and Positioning



Over the quarter, we added a new name within consumer staples and continued to build on the smaller positions within the financial sector, such as Banco Bradesco, Bangkok Bank, Hyundai Marine and Fire Insurance and Bank Negara Indonesia. These were largely funded by trims in the consumer discretionary and materials sectors. Key trades for the quarter include:

- We started a position in British American Tobacco (BATS), a multinational company that manufactures and sells cigarettes, tobacco and other nicotine products. Its Indian subsidiary, ITC, makes up roughly 30% of BATS market capitalization. On a sum of the parts basis, the stock performance is going to be incrementally driven by earnings growth in ITC. Despite the many challenges to the industry, including excise taxes, tobacco bans and health risks, nicotine consumption in aggregate continues to grow. Stock valuation remains cheap at mid-single digit P/E, which is less than half that of their competitor Philip Morris (PMI) and provides a high-single digit dividend yield. We believe there is potential for the valuation gap between BATS and PMI to narrow as BATS increasingly focuses on sale of next generation products (NGP).
- We trimmed Lojas Renner and Kingsoft Cloud as the investment thesis is challenged. For Lojas Renner, the Brazilian fast-fashion retailer, the import tax exemption on small-value imports reduces at least in part Lojas Renner's competitive advantages. This new import tax exemption rule will not make it easier for international players to operate physically in Brazil because the 35% import tax and value added tax for businesses are maintained, but it will make it easier for global e-commerce players to sell small values to Brazilian individuals. As for Kingsoft Cloud, the cloud industry in China is evolving very differently from that of developed markets. Private players have been forced to cut prices to stay competitive and Kingsoft Cloud has continued to lose market share.

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The commentary included in this report was based on a representative fully discretionary portfolio for this product style; as such the commentary may include securities not held in your portfolio due to account, fund, or other limits.

Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
Cash & Cash Equivalents		1.9
Cash & Cash Equivalents		1.9
Communication Services		10.9
Tencent Holdings Ltd	China	4.9
NetEase Inc ADR	China	1.1
Telkom Indonesia Persero Tbk PT	Indonesia	1.0
Etihad Etisalat Co	Saudi Arabia	0.9
NAVER Corp	South Korea	0.8
Hellenic Telecommunications Organization SA	Greece	0.7
Kingsoft Corp Ltd	China	0.7
Advanced Info Service PCL	Thailand	0.6
Baidu Inc ADR	China	0.3
Consumer Discretionary		11.3
Alibaba Group Holding Ltd	China	3.0
Yum China Holdings Inc	China	1.4
Mahindra & Mahindra Ltd	India	1.2
Gree Electric Appliances Inc of Zhuhai	China	1.0
Vipshop Holdings Ltd ADR	China	0.9
Midea Group Co Ltd	China	0.8
BYD Co Ltd	China	0.8
Zhejiang Supor Co Ltd	China	0.5
Hero MotoCorp Ltd	India	0.5
Lojas Renner SA	Brazil	0.4
MakeMyTrip Ltd	India	0.4
JD.com Inc	China	0.4
JD.com Inc ADR	China	0.0
Consumer Staples		10.3
Inner Mongolia Yili Industrial Group Co Ltd	China	1.5
Kweichow Moutai Co Ltd	China	1.5
Wal-Mart de Mexico SAB de CV	Mexico	1.4
Ambev SA ADR	Brazil	1.1
Gruma SAB de CV	Mexico	1.0
Wuliangye Yibin Co Ltd	China	0.7

As of 31-Dec-23	Country	Equivalent exposure (%)
Consumer Staples		10.3
Orion Corp/Republic of Korea	South Korea	0.7
China Resources Beer Holdings Co Ltd	China	0.7
British American Tobacco PLC	United Kingdom	0.7
Tingyi Cayman Islands Holding Corp	China	0.4
Amorepacific Corp	South Korea	0.4
BIM Biresik Magazalar AS	Turkey	0.3
Energy		6.2
Galp Energia SGPS SA	Portugal	1.3
Petroleo Brasileiro SA ADR	Brazil	1.3
China Petroleum & Chemical Corp	China	1.1
United Tractors Tbk PT	Indonesia	1.1
Reliance Industries Ltd	India	0.7
Petroleo Brasileiro SA ADR	Brazil	0.6
LUKOIL PJSC	Russia	0.0
Financials		23.2
HDFC Bank Ltd	India	2.1
Kotak Mahindra Bank Ltd	India	1.8
Credicorp Ltd	Peru	1.6
China Construction Bank Corp	China	1.5
Ping An Insurance Group Co of China Ltd	China	1.5
Samsung Fire & Marine Insurance Co Ltd	South Korea	1.4
Banco Bradesco SA ADR	Brazil	1.4
Erste Group Bank AG	Austria	1.2
B3 SA - Brasil Bolsa Balcao	Brazil	1.1
KB Financial Group Inc	South Korea	1.0
AIA Group Ltd	Hong Kong	1.0
Bangkok Bank PCL	Thailand	0.9
Bank Negara Indonesia Persero Tbk PT	Indonesia	0.8
Emirates NBD Bank PJSC	United Arab Emirates	0.8
Nedbank Group Ltd	South Africa	0.8
Tisco Financial Group PCL	Thailand	0.7
DB Insurance Co Ltd	South Korea	0.7

Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
Financials		23.2
Bandhan Bank Ltd	India	0.7
Discovery Ltd	South Africa	0.6
Hyundai Marine & Fire Insurance Co Ltd	South Korea	0.6
Grupo Financiero Banorte SAB de CV	Mexico	0.3
China Merchants Bank Co Ltd	China	0.3
China Merchants Bank Co Ltd	China	0.2
Prudential PLC	United Kingdom	0.1
Moscow Exchange MICEX-RTS PJSC	Russia	0.0
Sberbank of Russia PJSC	Russia	0.0
Health Care		1.1
Hugel Inc	South Korea	0.8
Genomma Lab Internacional SAB de CV	Mexico	0.3
Burning Rock Biotech Ltd ADR	China	0.0
Industrials		3.5
Techtronic Industries Co Ltd	Hong Kong	1.3
Doosan Bobcat Inc	South Korea	0.9
LG Corp	South Korea	0.7
SK Square Co Ltd	South Korea	0.3
Industries Qatar QSC	Qatar	0.2
Information Technology		23.7
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	8.9
Samsung Electronics Co Ltd	South Korea	6.5
Tata Consultancy Services Ltd	India	1.9
Hon Hai Precision Industry Co Ltd	Taiwan	1.7
Infosys Ltd	India	1.7
Delta Electronics Inc	Taiwan	1.6
Tech Mahindra Ltd	India	1.2
GDS Holdings Ltd ADR	China	0.2
GDS Holdings Ltd	China	0.1
Materials		4.8
UPL Ltd	India	1.4
Vale SA ADR	Brazil	0.8

As of 31-Dec-23	Country	Equivalent exposure (%)
Materials		4.8
Suzano SA	Brazil	0.8
Gold Fields Ltd ADR	South Africa	0.6
Anhui Conch Cement Co Ltd	China	0.5
Saudi Basic Industries Corp	Saudi Arabia	0.5
Polymetal International PLC	Russia	0.4
Real Estate		2.5
Emaar Properties PJSC	United Arab Emirates	1.4
Hang Lung Properties Ltd	Hong Kong	0.5
Multiplan Empreendimentos Imobiliarios SA	Brazil	0.4
ESR Group Ltd	Hong Kong	0.3
Utilities		0.7
China Resources Gas Group Ltd	China	0.7

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