



# MFS® Emerging Markets Equity Fund

(Class R6 Shares)

First quarter 2025 investment report

Effective May 1, 2025, Harry Purcell will no longer manage the portfolio.

Effective May 1, 2025, Lionel Gomez will join the portfolio management team.

**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://mfs.com). Please read it carefully.**

©2025 MFS Fund Distributors, Inc., Member SIPC, 111 Huntington Avenue, Boston, MA 02199.

**FOR DEALER AND INSTITUTIONAL USE ONLY. Not to be shown, quoted, or distributed to the public.**

PRPEQ-FEM-31-Mar-25

34135.10

# Table of Contents



Contents	Page
Fund Risks and Investment Objective	1
Market Overview	2
Executive Summary	3
Performance	4
Attribution	5
Significant Transactions	9
Portfolio Positioning	10
Characteristics	13
Portfolio Outlook	15
Portfolio Holdings	19
Additional Disclosures	21

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 and Investment Objective



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.

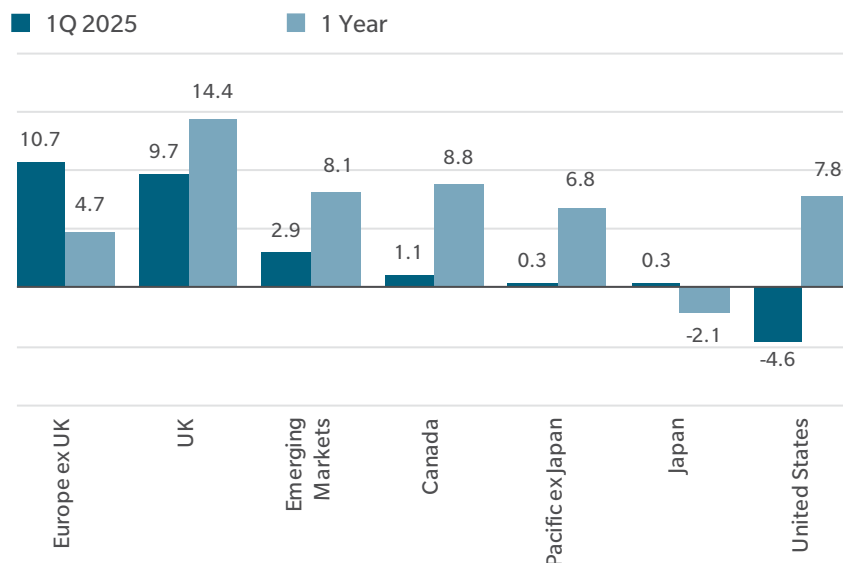
Please see the prospectus for further information on these and other risk considerations.

**Investment Objective:** Seeks capital appreciation.

# Market Overview

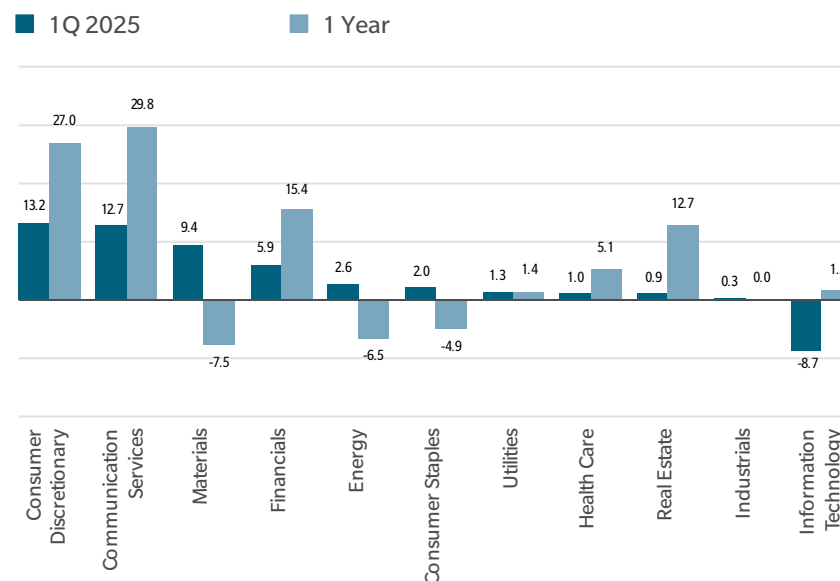


Region performance (%) (USD) as of 31-Mar-25



Past performance is not a reliable indicator for future results.  
Source: FactSet. Region performance based on MSCI regional/country indexes.

Sector performance (%) (USD) as of 31-Mar-25



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-Mar-2025

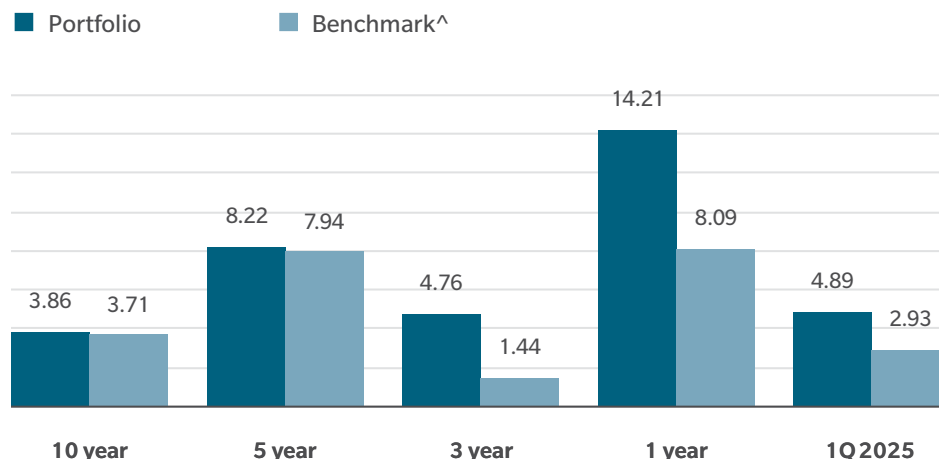
- It seems the world has entered a period of tremendous economic, geopolitical and technological uncertainty. All things considered, emerging markets did relatively well and finished the first quarter of 2025 in positive territory.
- Looking at market dynamics, value outperformed growth, whereas large cap companies outperformed their SMID cap peers in the first quarter.

- Growth's underperformance can largely be attributed to the poor performance of the IT sector as DeepSeek's emergence brought about question marks over the sustainability of AI capex spending.
- Chinese companies in the consumer cyclicals (particularly e-commerce companies) and communication services sectors were seen as the main beneficiaries as, in theory, these companies should gain from lower AI implementation costs and higher productivity.

# Executive Summary



Performance results (%) R6 shares at NAV (USD) as of 31-Mar-25



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](https://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-Mar-25	Portfolio	Benchmark^^
<b>Top overweights</b>		
Consumer Staples	10.1	4.7
Communication Services	11.7	10.3
Energy	5.9	4.5
<b>Top underweights</b>		
Consumer Discretionary	10.9	14.6
Health Care	0.8	3.3
Utilities	0.8	2.6

^^ MSCI Emerging Markets Index

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

The MFS Emerging Markets Equity Fund outperformed the MSCI Emerging Markets Index (net div) in the first quarter of 2025.

Contributors	Detractors
<ul style="list-style-type: none"> <li>Consumer Discretionary - Stock selection</li> <li>Materials - Stock selection</li> <li>Communication Services - Stock selection and an overweight position</li> <li>Individual stocks: <ul style="list-style-type: none"> <li>Kotak Mahindra Bank Ltd</li> <li>Taiwan Semiconductor</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Information Technology - Stock selection</li> </ul>

# Performance Results



Performance results (%) R6 shares at NAV (USD) as of 31-Mar-25

Period	Portfolio	Benchmark^	Excess return vs benchmark
1Q 2025	4.89	2.93	1.97
4Q 2024	-6.09	-8.01	1.92
3Q 2024	10.31	8.72	1.59
2Q 2024	5.10	5.00	0.10
2024	11.43	7.50	3.93
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
10 year	3.86	3.71	0.16
5 year	8.22	7.94	0.27
3 year	4.76	1.44	3.32
1 year	14.21	8.09	6.12

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](https://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)

## Performance Drivers - Sectors



Relative to MSCI Emerging Markets Index (USD) - first quarter 2025		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	+ Stock selection <sup>2</sup> (%)	+ Currency effect (%)	= Relative contribution (%)
<b>Contributors</b>	Consumer Discretionary	-3.6	24.4	13.2	-0.3	1.0	-0.0	0.7
	Materials	-1.6	29.4	9.4	-0.1	0.8	-0.0	0.6
	Communication Services	2.0	15.0	12.7	0.2	0.2	-0.0	0.4
	Consumer Staples	5.0	5.3	2.0	-0.1	0.3	0.1	0.3
	Industrials	-0.2	3.6	0.3	-0.0	0.3	-0.0	0.2
	Health Care	-2.7	17.5	1.0	0.1	0.1	-0.0	0.2
	Financials	-0.6	6.3	5.9	0.0	-0.0	0.1	0.1
	Real Estate	-0.0	4.5	0.9	0.0	0.1	-0.0	0.1
<b>Detractors</b>	Information Technology	0.4	-10.8	-8.7	-0.0	-0.6	-0.0	-0.6
	Energy	1.4	0.4	2.6	-0.0	-0.2	0.0	-0.1
	Cash	1.8	1.0	—	-0.0	—	-0.0	-0.0
	Utilities	-1.9	-13.2	1.3	0.1	-0.1	-0.0	-0.0
<b>Total</b>			<b>4.9</b>	<b>3.0</b>	<b>-0.1</b>	<b>1.9</b>	<b>0.1</b>	<b>1.9</b>

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

<sup>2</sup> 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. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors 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](mailto:DLAttributionGrp@MFS.com).

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

# Performance Drivers - Stocks



Relative to MSCI Emerging Markets Index (USD) - first quarter 2025		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Alibaba Group Holding Ltd	3.8	2.9	55.1	55.1	0.5
	Gold Fields Ltd	0.9	0.2	69.9	71.6	0.4
	Kotak Mahindra Bank Ltd	1.8	0.3	21.8	21.8	0.3
	Taiwan Semiconductor	9.0	10.1	-16.0	-16.0	0.2
	Tencent Holdings Limited	6.4	4.8	19.0	19.0	0.2
<b>Detractors</b>	Xiaomi Corp	—	1.2	—	42.4	-0.3
	Delta Electronics Inc	1.6	0.3	-17.4	-17.4	-0.3
	Infosys Ltd	2.3	0.9	-16.3	-16.3	-0.3
	Epam Systems Inc	0.5	—	-27.8	—	-0.2
	Ase Technology Holding Co Ltd	1.5	0.2	-12.8	-12.8	-0.2

<sup>1</sup> 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. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors 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](mailto:DLattributionGrp@MFS.com).



## Significant Impacts on Performance - Contributors



Relative to MSCI Emerging Markets Index (USD) - first quarter 2025		Relative contribution [%]
<b>Alibaba Group Holding Ltd</b>	The portfolio's overweight position in online and mobile commerce company Alibaba Group Holding (China) helped relative performance. The company reported earnings per share results well ahead of expectations, driven by its re-acceleration in domestic Taobao-Tmall growth and slightly better-than-expected cloud revenue growth. Local service group revenue grew more than expected, fueled by robust order volume and revenue growth from marketing services.	0.5
<b>Gold Fields Ltd</b>	Overweighting shares of gold mining company Gold Fields (South Africa) benefited relative returns. Despite releasing lower-than-anticipated financial results, investors appeared to have reacted positively to the company's announcement of a favorable year-end dividend. The stock price also rose due to gold price increases.	0.4
<b>Kotak Mahindra Bank Ltd</b>	Overweighting shares of commercial banking service provider Kotak Mahindra Bank (India) aided relative returns. The stock price climbed on news that the Reserve Bank of India had lifted its cease and desist order that had prevented the company from onboarding new customers through its online and mobile banking business and issuing new credit cards.	0.3

## Significant Impacts on Performance - Detractors



Relative to MSCI Emerging Markets Index (USD) - first quarter 2025		Relative contribution [%]
<b>Xiaomi Corp</b>	Not owning shares of smartphone manufacturer Xiaomi (China) held back relative performance. The stock price rose after the company announced orders at its flagship SU7 Ultra were far beyond expectations.	-0.3
<b>Delta Electronics Inc</b>	The portfolio's overweight position in electronics manufacturer Delta Electronics (Spain) hindered relative returns. The stock price declined as the company released below-consensus earnings, primarily due to several one-off factors, including inventory write-downs and impairment losses.	-0.3
<b>Infosys Ltd</b>	The portfolio's overweight position in technology consulting firm Infosys (India) hindered relative performance. Although the company delivered in-line quarterly financial results, its revenue guidance implied a decline in revenues due to a slowdown in large deals and margin impacts due to wage hikes.	-0.3

## Significant Transactions



From 01-Jan-25 to 31-Mar-25		Sector	Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	PDD HOLDINGS INC	Consumer Discretionary	Add	0.7	1.0
	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Information Technology	Add	0.6	8.6
	EPAM SYSTEMS INC	Information Technology	Add	0.5	0.6
	MIDEA GROUP CO LTD	Consumer Discretionary	Add	0.5	1.1
	BANK CENTRAL ASIA TBK PT	Financials	New position	0.5	0.5
<b>Sales</b>	ALIBABA GROUP HOLDING LTD	Consumer Discretionary	Trim	-0.9	4.0
	BYD CO LTD	Consumer Discretionary	Trim	-0.5	0.8
	SAMSUNG ELECTRONICS CO LTD	Information Technology	Trim	-0.5	3.3
	KINGSOFT CORP LTD	Communication Services	Trim	-0.5	0.9
	SK HYNIX INC	Information Technology	Trim	-0.5	0.4

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

# Sector Weights

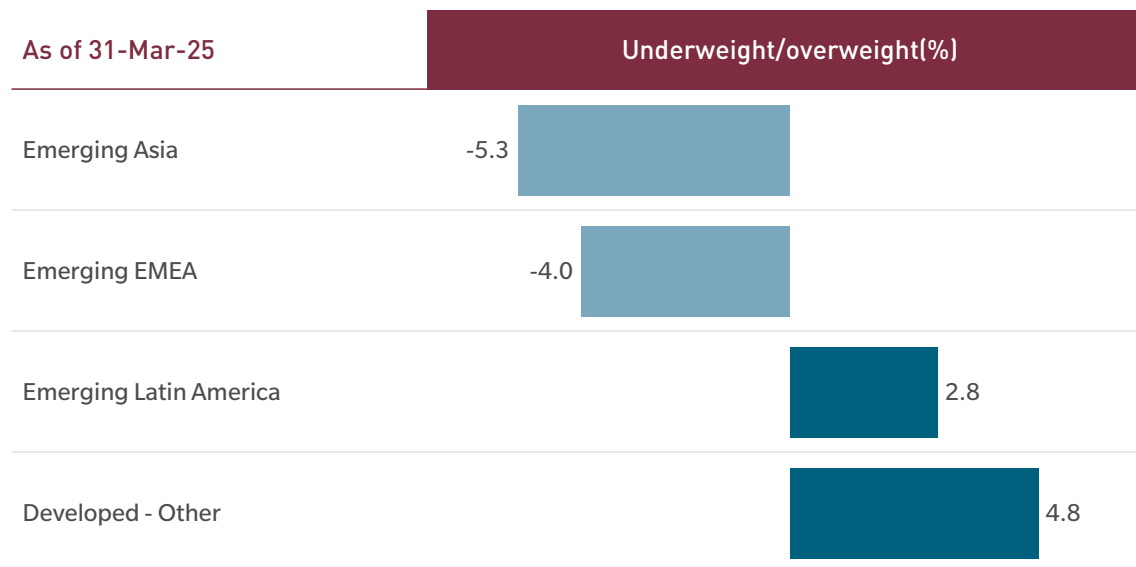


As of 31-Mar-25	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Consumer Staples	10.1	4.7	5.4	Kweichow Moutai Co Ltd, Inner Mongolia Yili Industrial Group Co Ltd
Communication Services	11.7	10.3	1.4	Tencent Holdings Ltd, NetEase Inc ADR
Energy	5.9	4.5	1.4	Petroleo Brasileiro SA ADR
Information Technology	22.0	21.7	0.3	Taiwan Semiconductor Manufacturing Co Ltd, Samsung Electronics Co Ltd, Infosys Ltd
Real Estate	1.6	1.7	-0.1	Emaar Properties PJSC
Financials	24.0	24.3	-0.3	HDFC Bank Ltd, China Construction Bank Corp, Kotak Mahindra Bank Ltd
Industrials	5.9	6.4	-0.5	Astra International Tbk PT
Materials	4.5	5.9	-1.4	Vale SA ADR, Gold Fields Ltd ADR, UPL Ltd
Utilities	0.8	2.6	-1.8	NTPC Ltd
Health Care	0.8	3.3	-2.5	Hugel Inc
Consumer Discretionary	10.9	14.6	-3.7	Alibaba Group Holding Ltd, Mahindra & Mahindra Ltd, Midea Group Co Ltd

^ MSCI Emerging Markets Index  
1.6% Cash & Cash Equivalents.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

## Region Weights



1.6% Cash & Cash Equivalents.

## Region and Country Weights



As of 31-Mar-25	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>Emerging Asia</b>	<b>74.4</b>	<b>79.7</b>	<b>-5.3</b>
Indonesia	3.5	1.2	2.3
South Korea	10.5	9.0	1.5
Thailand	2.2	1.2	1.0
Philippines	0.3	0.5	-0.2
Malaysia	0.0	1.3	-1.3
China	29.2	31.1	-1.9
India	15.2	18.5	-3.3
Taiwan	13.5	16.9	-3.4
<b>Emerging EMEA</b>	<b>8.9</b>	<b>12.9</b>	<b>-4.0</b>
Greece	1.2	0.6	0.6
Hungary	0.9	0.3	0.6
United Arab Emirates	1.9	1.4	0.5
Turkey	0.6	0.6	0.0
Qatar	0.7	0.8	-0.1
Egypt	0.0	0.1	-0.1
Czech Republic	0.0	0.2	-0.2
Kuwait	0.0	0.8	-0.8
Poland	0.0	1.0	-1.0
South Africa	1.9	3.2	-1.3
Saudi Arabia	1.8	4.1	-2.3

	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>Emerging Latin America</b>	<b>10.0</b>	<b>7.2</b>	<b>2.8</b>
Brazil	6.2	4.4	1.8
Mexico	2.8	1.9	0.9
Peru	1.1	0.3	0.8
Colombia	0.0	0.1	-0.1
Chile	0.0	0.5	-0.5
<b>Developed - Other</b>	<b>5.0</b>	<b>0.2</b>	<b>4.8</b>
Hong Kong	2.2	0.2	2.0
Portugal	0.9	0.0	0.9
United Kingdom	0.9	0.0	0.9
United States	0.6	0.0	0.6
Austria	0.4	0.0	0.4

^ MSCI Emerging Markets Index  
1.6% Cash & Cash Equivalents.

# Characteristics



As of 31-Mar-25	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	9.7%	13.5%
Price/earnings (12 months forward ex-negative earnings)	10.5x	12.3x
Return on equity (3-year average)	19.3%	17.0%
Long term debt/capital	22.8%	25.5%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	175.3 bn	158.8 bn
<b>Diversification</b>		
Top ten issues	35%	27%
Number of Issues	99	1,206
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	35%	—
<b>Risk/reward (5 year)</b>		
Beta	0.99	—
Standard deviation	17.16%	16.70%

<sup>^</sup> MSCI Emerging Markets Index

**Past performance is no guarantee of future results.**

**No forecasts can be guaranteed.**

<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

## Top 10 Issuers



Top 10 Issuers as of 31-Mar-25	Portfolio (%)	Benchmark^ (%)
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	8.6	8.6
TENCENT HOLDINGS LTD	6.7	5.3
ALIBABA GROUP HOLDING LTD	4.0	3.4
SAMSUNG ELECTRONICS CO LTD	3.3	2.7
HDFC BANK LTD	2.3	1.5
CHINA CONSTRUCTION BANK CORP (EQ)	2.2	1.1
KOTAK MAHINDRA BANK LTD	2.0	0.4
INFOSYS LTD	2.0	0.8
VALE SA	1.8	0.5
NETEASE INC	1.8	0.5
<b>Total</b>	<b>34.7</b>	<b>24.7</b>

^ MSCI Emerging Markets Index



## Portfolio Outlook and Positioning



It seems the world has entered a period of tremendous economic, geopolitical and technological uncertainty. Trade wars are ratcheting up, multi-year conflicts in the Middle East and Eastern Europe are still raging and DeepSeek's surprise breakthrough has added more unknowns to the future of AI. All things considered, emerging markets did relatively well and finished the first quarter of 2025 in positive territory.

Looking at market dynamics, value outperformed growth, whereas large cap companies outperformed their SMID cap peers in the first quarter. Growth's underperformance can largely be attributed to the poor performance of the IT sector as DeepSeek's emergence brought about question marks over the sustainability of AI capex spending. Consequently, share prices of semiconductor chip manufacturers took a hit. On the other hand, Chinese companies in the consumer cyclicals (particularly e-commerce companies) and communication services sectors were seen as the main beneficiaries as, in theory, these companies should gain from lower AI implementation costs and higher productivity.

Regionally, in a reversal of fortunes from 2024, Latin America delivered robust returns, led by Mexico and Brazil. Mexican equities fared poorly last year due to concerns over potential US trade tariffs, but so far, it seems the tariffs are not as bad as feared and investors are optimistic that President Sheinbaum's government will be able to navigate these challenges. Meanwhile in Brazil, the equity market rebound in the first quarter is likely due to oversold conditions as economic challenges are very real and the government's commitment to fiscal discipline remains in question. Our portfolio's modest overweight in Mexico and Brazil contributed positively to relative returns, as did our stock selection within these countries.

The Asia region delivered the weakest absolute return in the first quarter. Taiwan closed the quarter in negative territory. The Taiwanese market has sizeable exposure to semiconductor and tech hardware companies, which were affected by the fallout from DeepSeek. Our portfolio's underweight to Taiwan helped performance this quarter. We retain a large, albeit underweight, position in Taiwan Semiconductor as we remain confident in the long-term outlook of the company due to its

## Portfolio Outlook and Positioning



technological advantage that enables it to maintain a strong competitive positioning in leading-edge semiconductor chip production. We have added opportunistically to our holdings as the stock has been weak.

India was also an underperformer. We have seen significant portfolio flows exiting the country as investors flocked to China. The Indian stock market has seen a sharp drawdown since the highs it hit last September, as a cyclical deceleration in its economy (GDP growth projections are at the lowest since the COVID pandemic) and weak earnings growth, partly caused by high inflation and interest rates, put a lid on investor interest. Our underweight to India was a positive and strong stock selection provided a further boost to relative returns.

We were in India in February to meet with companies. The companies we met with were generally optimistic about the outlook, as consumption continues to grow, spurred by the rural areas. The central bank has taken a more dovish stance while the government announced tax relief measures, which should provide enough support to the economy. Overall, we felt that foreign investors seemed less enthused about India today as compared to the past few years. Correspondingly, India's valuation multiples have de-rated sharply relative to other Asian markets. This makes them appear more attractive and aligned with their earnings growth expectations in our view. Our analysts came back with stronger convictions in the long-term outlook of the names we own in the portfolio, such as HDFC Bank, Kotak Mahindra Bank, Reliance, Mahindra and Mahindra and UPL.

On a more positive note, Chinese markets continued to build on last year's momentum and led the way higher in the first quarter. Our portfolio is underweight China, but our holdings in Alibaba, Tencent, BYD and Kingsoft Corp contributed strongly to relative returns.

Investor sentiment has noticeably shifted on China, and portfolio flows are returning as investors are keen to bet on the immense potential of artificial intelligence in China. "Investability" appears to be less of a concern for foreign investors as H-

## Portfolio Outlook and Positioning



shares (Chinese companies listed in Hong Kong) outperformed their A-shares counterpart. Some investors have cited China's relative stability and predictability, compared to the United States, as reasons to invest in China. This is refreshing, as just a few years ago, regulatory uncertainty was the reason why investors avoided China. We are certainly aware that sentiment can change in an instance, and so we continue to be prudent in managing our overall China exposure.

On the other hand, China's economic growth remains in low gear. The tariff tit-for-tats will continue to put pressure on economic growth while domestic consumption struggles to pick up slack from weak external demand. The Chinese government has pledged to boost consumption, and in recent months, they have expanded their "cash for clunkers" trade-in program, which allows their people to trade in old cars and appliances for new ones, in efforts to boost consumer spending. We are not convinced this program will lead to structural step up in consumption levels, but it should at least buy them some time to implement other fiscal policies to boost domestic consumption.

### PORTFOLIO POSITIONING

From a sector perspective, the portfolio has an overweight to consumer staples and information technology. This is offset by our underweight to consumer discretionary and health care.

From a country perspective, the portfolio is overweight Indonesia, Brazil and South Korea. This is offset by our underweight to Taiwan, India and Saudi Arabia.

During the quarter, we trimmed some of our Chinese holdings that have done well amid the DeepSeek euphoria, such as Alibaba, BYD, Kingsoft Corp and Tencent, and used part of the proceeds to add to relative underperformers in the Chinese consumer space, such as Midea, China Resources Beer and Yili.

## Portfolio Outlook and Positioning



We have also trimmed our holdings in memory makers Samsung Electronics and SK Hynix. Share price of these companies have done well this year, as rising demand from China for memory chips outstripped supply.

Other notable trades for the quarter include:

- We continued to build a position in Chinese e-commerce company PDD. PDD has operated a low-cost, capital-light and high returns e-commerce platform that generates strong free cash flow. Despite strong competition, PDD continues to gain market share domestically, which highlights the resiliency of their business model. In our view, the stock could trade at low-mid teens with regard to GAAP forward P/E on the back of solid growth expectations for its domestic e-commerce business. Additionally we believe Temu, its overseas business, provides investors with some optionality as the market is not ascribing it any value at this time.
- We added to our holdings in software services company EPAM. The Russia-Ukraine war severely disrupted its business. Since the war started, EPAM has been rapidly relocating its engineers out of Ukraine and Russia into other Eastern European locations and its business finally seems to be normalizing as 2025 revenues are expected to get back to pre-invasion levels. Current valuations are attractive relative to other IT services companies within emerging markets.
- We started a position in Bank Central Asia, which, in our opinion, is the highest-quality bank in Indonesia with the strongest deposit franchise. In addition to having a very good underwriting track record, the bank has the largest share of transactions in Indonesia, and this is one of their sources of low-cost deposits. The other source being the bank of choice for the wealthier trading community. The bank has delivered an average and median return on assets of 3.14% over the past 15 years.

51180.14

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-Mar-25	Country	Equivalent exposure (%)
<b>Cash &amp; Cash Equivalents</b>		<b>1.6</b>
Cash & Cash Equivalents		1.6
<b>Communication Services</b>		<b>11.7</b>
Tencent Holdings Ltd	China	6.7
NetEase Inc ADR	China	1.8
Kingsoft Corp Ltd	China	0.9
Etihad Etisalat Co	Saudi Arabia	0.9
Telkom Indonesia Persero Tbk PT	Indonesia	0.7
Hellenic Telecommunications Organization SA	Greece	0.5
Baidu Inc ADR	China	0.2
<b>Consumer Discretionary</b>		<b>10.9</b>
Alibaba Group Holding Ltd	China	4.0
Mahindra & Mahindra Ltd	India	1.2
Midea Group Co Ltd	China	1.1
PDD Holdings Inc ADR	China	1.0
Vipshop Holdings Ltd ADR	China	0.8
BYD Co Ltd	China	0.8
Gree Electric Appliances Inc of Zhuhai	China	0.8
Maruti Suzuki India Ltd	India	0.6
Hero MotoCorp Ltd	India	0.5
MakeMyTrip Ltd	India	0.2
ITC Hotels Ltd	India	0.0
<b>Consumer Staples</b>		<b>10.1</b>
Kweichow Moutai Co Ltd	China	1.7
Inner Mongolia Yili Industrial Group Co Ltd	China	1.4
Orion Corp/Republic of Korea	South Korea	1.0
Ambev SA ADR	Brazil	0.9
British American Tobacco PLC	United Kingdom	0.9
Wal-Mart de Mexico SAB de CV	Mexico	0.8
China Resources Beer Holdings Co Ltd	China	0.8
ITC Ltd	India	0.8
Wuliangye Yibin Co Ltd	China	0.7
BIM Birlesik Magazalar AS	Turkey	0.6

As of 31-Mar-25	Country	Equivalent exposure (%)
<b>Consumer Staples</b>		<b>10.1</b>
Gruma SAB de CV	Mexico	0.5
<b>Energy</b>		<b>5.9</b>
Petroleo Brasileiro SA ADR	Brazil	1.2
Galp Energia SGPS SA	Portugal	0.9
Bharat Petroleum Corp Ltd	India	0.9
Reliance Industries Ltd	India	0.7
Petronet LNG Ltd	India	0.6
United Tractors Tbk PT	Indonesia	0.6
Saudi Arabian Oil Co	Saudi Arabia	0.5
Petroleo Brasileiro SA ADR	Brazil	0.5
<b>Financials</b>		<b>24.0</b>
HDFC Bank Ltd	India	2.3
China Construction Bank Corp	China	2.2
Kotak Mahindra Bank Ltd	India	2.0
Ping An Insurance Group Co of China Ltd	China	1.5
Kasikornbank PCL	Thailand	1.4
AIA Group Ltd	Hong Kong	1.1
Credicorp Ltd	Peru	1.1
Banco Bradesco SA ADR	Brazil	1.1
KB Financial Group Inc	South Korea	1.0
OTP Bank Nyrt	Hungary	0.9
Bank Negara Indonesia Persero Tbk PT	Indonesia	0.9
Bangkok Bank PCL	Thailand	0.8
Emirates NBD Bank PJSC	United Arab Emirates	0.8
Nedbank Group Ltd	South Africa	0.8
Samsung Fire & Marine Insurance Co Ltd	South Korea	0.7
Grupo Financiero Banorte SAB de CV	Mexico	0.7
Hyundai Marine & Fire Insurance Co Ltd	South Korea	0.7
DB Insurance Co Ltd	South Korea	0.7
China Merchants Bank Co Ltd	China	0.7
National Bank of Greece SA	Greece	0.6
B3 SA - Brasil Bolsa Balcao	Brazil	0.5

# Portfolio Holdings



As of 31-Mar-25	Country	Equivalent exposure (%)
<b>Financials</b>		<b>24.0</b>
Bank Central Asia Tbk PT	Indonesia	0.5
Erste Group Bank AG	Austria	0.4
Bandhan Bank Ltd	India	0.4
Saudi Awwal Bank	Saudi Arabia	0.3
Sberbank of Russia PJSC	Russia	0.0
<b>Health Care</b>		<b>0.8</b>
Hugel Inc	South Korea	0.6
Hypera SA	Brazil	0.1
Burning Rock Biotech Ltd ADR	China	0.0
<b>Industrials</b>		<b>5.9</b>
Astra International Tbk PT	Indonesia	0.9
Industries Qatar QSC	Qatar	0.7
Doosan Bobcat Inc	South Korea	0.6
Samsung Engineering Co Ltd	South Korea	0.6
Beijing New Building Materials PLC	China	0.6
Techtronic Industries Co Ltd	Hong Kong	0.6
LG Corp	South Korea	0.5
SK Square Co Ltd	South Korea	0.5
Grupo Aeroportuario del Sureste SAB de CV	Mexico	0.4
Grupo Aeroportuario del Centro Norte SAB de CV	Mexico	0.3
SM Investments Corp	Philippines	0.3
<b>Information Technology</b>		<b>22.0</b>
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	8.6
Samsung Electronics Co Ltd	South Korea	3.3
Infosys Ltd	India	2.0
Tata Consultancy Services Ltd	India	1.5
Delta Electronics Inc	Taiwan	1.5
ASE Technology Holding Co Ltd	Taiwan	1.2
MediaTek Inc	Taiwan	1.2
EPAM Systems Inc	United States	0.6
Hon Hai Precision Industry Co Ltd	Taiwan	0.6
Accton Technology Corp	Taiwan	0.4

As of 31-Mar-25	Country	Equivalent exposure (%)
<b>Information Technology</b>		<b>22.0</b>
SK Hynix Inc	South Korea	0.4
GDS Holdings Ltd ADR	China	0.3
GDS Holdings Ltd	China	0.2
Tech Mahindra Ltd	India	0.2
<b>Materials</b>		<b>4.5</b>
Vale SA ADR	Brazil	1.8
Gold Fields Ltd ADR	South Africa	1.1
UPL Ltd	India	1.0
Anhui Conch Cement Co Ltd	China	0.6
<b>Real Estate</b>		<b>1.6</b>
Emaar Properties PJSC	United Arab Emirates	1.2
Hang Lung Properties Ltd	Hong Kong	0.4
<b>Utilities</b>		<b>0.8</b>
NTPC Ltd	India	0.5
China Resources Gas Group Ltd	China	0.4

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

## Additional 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 views expressed in this [report, presentation, speech, etc.] are those of MFS, and are subject to change at any time. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading intent on behalf of any MFS investment product.

Past performance is no guarantee of future results. No forecasts can be guaranteed.