



# MFS® Global Equity Fund

(Class R6 Shares)

First quarter 2025 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://mfs.com). Please read it carefully.

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PRPEQ-LGE-31-Mar-25

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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.

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PRPEQ-LGE-31-Mar-25

# 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.

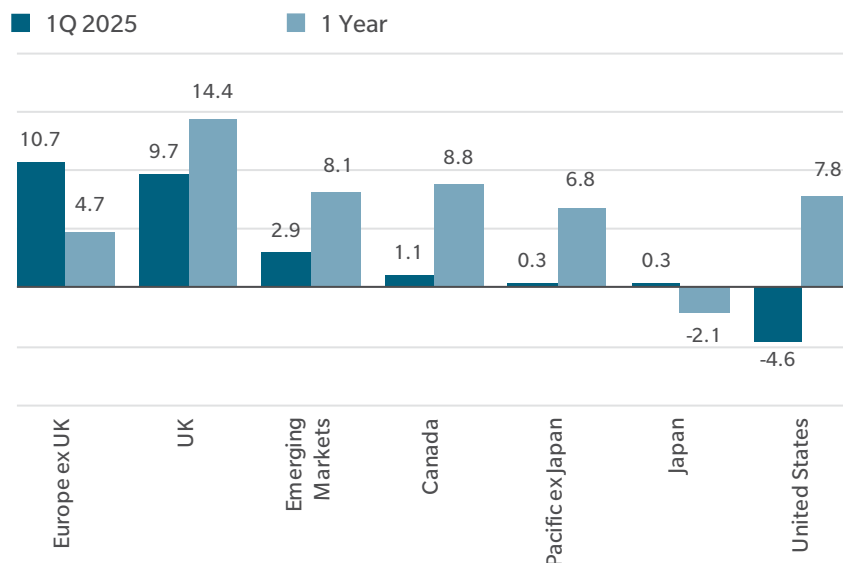
Please see the prospectus for further information on these and other risk considerations.

**Investment Objective:** Seeks capital appreciation.

# Market Overview

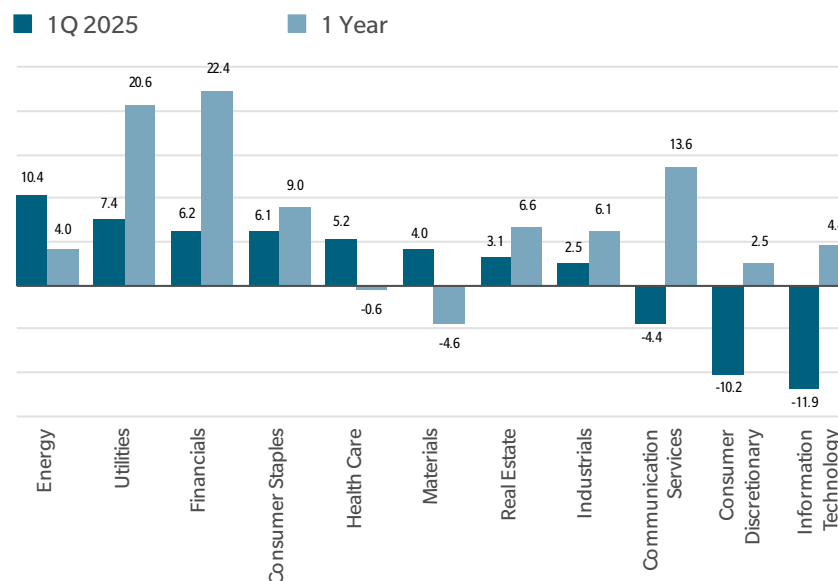


Region performance (%) (USD) as of 31-Mar-25



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 World Index constituents are broken out by MSCI defined sectors.

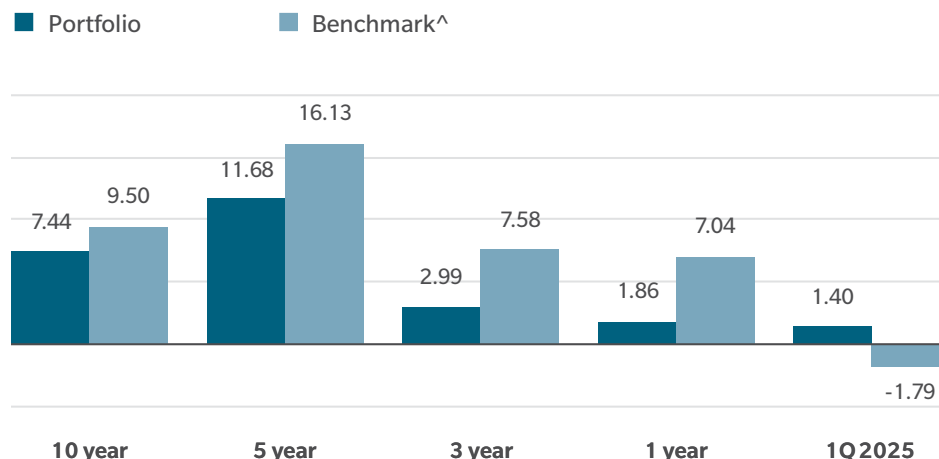
## Global Equities market review as of 31-Mar-25

- Global equity markets experienced increased volatility and a significant rotation in Q1 of 2025. Growth underperformed value and the US market underperformed Europe and emerging markets, reversing the trends from 2024.
- A number of large US technology stocks sold off on concerns about future demand and potential disruptions in AI.
- Volatile US economic policies regarding tariffs have weighed on investor sentiment, while improving outlook in Europe and additional fiscal stimulus in China may benefit these regions.
- Easing monetary policies in most countries may continue to provide support to global economies, although stubborn inflation could limit the pace of rate cuts, and increasing trade tensions and geopolitical risks may also impact growth outlook.

# 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 World Index (net div)

Sector weights (%) as of 31-Mar-25	Portfolio	Benchmark^^
<b>Top overweights</b>		
Industrials	19.5	11.1
Health Care	16.7	11.1
Financials	20.7	17.3
<b>Top underweights</b>		
Information Technology	11.2	23.6
Energy	-	4.1
Utilities	-	2.7

^^ MSCI World Index

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

Contributors	Detractors
<ul style="list-style-type: none"> <li>Information Technology - Underweight position</li> <li>Consumer Discretionary - Stock selection</li> <li>Individual stocks: <ul style="list-style-type: none"> <li>- Roche Holding Ltd</li> <li>- Medtronic Inc</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Individual stocks: <ul style="list-style-type: none"> <li>- Diageo PLC</li> <li>- Berkshire Hathaway Inc (Eq) (not held)</li> <li>- Schneider Electric SA</li> <li>- Pernod Ricard SA</li> <li>- Oracle Corp</li> </ul> </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	1.40	-1.79	3.20
4Q 2024	-5.15	-0.16	-4.99
3Q 2024	8.65	6.36	2.29
2Q 2024	-2.53	2.63	-5.16
2024	5.84	18.67	-12.83
2023	14.59	23.79	-9.20
2022	-17.66	-18.14	0.48
2021	17.45	21.82	-4.37
2020	14.25	15.90	-1.65
10 year	7.44	9.50	-2.05
5 year	11.68	16.13	-4.44
3 year	2.99	7.58	-4.59
1 year	1.86	7.04	-5.18

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^ MSCI World Index (net div)

# Performance Drivers - Sectors



Relative to MSCI World 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>	Information Technology	-13.3	-6.5	-11.9	1.4	0.6	0.1	2.1
	Consumer Discretionary	-1.4	1.2	-10.2	0.1	1.0	0.2	1.2
	Health Care	6.2	4.9	5.2	0.4	-0.1	0.0	0.4
	Materials	3.4	4.0	4.0	0.2	0.0	-0.0	0.2
	Financials	3.7	5.2	6.2	0.3	-0.1	-0.1	0.1
	Cash	0.7	1.0	—	0.0	—	-0.0	0.0
<b>Detractors</b>	Energy	-3.8	—	10.4	-0.5	—	0.0	-0.5
	Communication Services	-1.3	-8.8	-4.4	0.1	-0.4	0.0	-0.3
	Utilities	-2.5	—	7.4	-0.2	—	-0.0	-0.2
	Real Estate	-2.1	—	3.1	-0.1	—	0.0	-0.1
	Industrials	8.6	0.5	2.5	0.3	-0.5	0.1	-0.0
	Consumer Staples	1.8	4.3	6.1	0.1	-0.4	0.2	-0.0
<b>Total</b>			1.2	-1.7	2.1	0.2	0.6	2.9

<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).

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# Performance Drivers - Stocks



Relative to MSCI World Index (USD) - first quarter 2025		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Nvidia Corp	—	4.4	—	-19.3	0.8
	Tesla Inc	—	1.4	—	-35.8	0.6
	Apple Inc	—	5.0	—	-11.2	0.5
	Broadcom Limited	—	1.3	—	-27.6	0.4
	Amazon.Com Inc (Eq)	—	2.9	—	-13.3	0.4
<b>Detractors</b>	Diageo PLC	1.5	0.1	-16.9	-16.9	-0.2
	Berkshire Hathaway Inc (Eq)	—	0.9	—	17.5	-0.2
	Schneider Electric SA	2.5	0.2	-8.7	-8.7	-0.2
	Pernod Ricard SA	1.5	0.0	-12.7	-12.7	-0.2
	Oracle Corp	1.4	0.4	-15.9	-15.9	-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 World Index (USD) - first quarter 2025		Relative contribution [%]
<b>Nvidia Corp</b>	Not owning shares of semiconductor company NVIDIA ( United States) benefited relative performance. Although the company posted another quarter of solid financial results, the upside was less than in previous quarters. The share price declined with the news of DeepSeek and concerns over the duration of the AI capital investment cycle.	0.8
<b>Tesla Inc</b>	Not owning shares of electric vehicle manufacturer Tesla ( United States) benefited relative performance as the stock price declined amid multiple concerns. The stock rallied in the fourth quarter on expectations the new administration would accelerate the deployment of Full Self-Driving (FSD) vehicles and robotaxis. During the quarter, BYD launched its FSD technology, which put pressure on Tesla's leadership position. In addition, demand for Tesla EVs has eroded, causing weakening sales and margin trends.	0.6
<b>Apple Inc</b>	Not owning shares of computer and personal electronics maker Apple (United States) benefited relative performance. The stock price declined during the quarter after the company delivered financial results that missed estimates, primarily driven by lackluster iPhone sales in China. Furthermore, towards the end of the quarter, the share price tumbled as a wider tumult in the market hit the tech sector hard after years of steep gains.	0.5

## Significant Impacts on Performance - Detractors



Relative to MSCI World Index (USD) - first quarter 2025		Relative contribution [%]
<b>Diageo PLC</b>	The portfolio's overweight position in premium drinks distributor Diageo (United Kingdom) weighed on relative results. Despite reporting better-than-expected first-half net sales and operating profits, the stock price came under pressure as the company reduced its guidance for this year's operating profit and removed its medium-term guidance for sales growth due to economic uncertainty and the potential negative impact from U.S. tariffs.	-0.2
<b>Berkshire Hathaway Inc (Eq)</b>	Not owning shares of insurance and investment firm Berkshire Hathaway (United States) weighed on relative performance. The stock price rose after the company reported above-consensus operating income on higher-than-anticipated insurance underwriting results, mostly driven by GEICO. Investors appear to see Berkshire as a more defensive, diverse business with plenty of cash, which has helped its share price during a volatile start to the year.	-0.2
<b>Schneider Electric SA</b>	The portfolio's overweight position in electrical distribution equipment manufacturer Schneider Electric (France) detracted from relative performance. Despite reporting strong full-year 2024 financial results led by strong organic revenue growth in both its energy management and industrial automation segments, the share price declined as the emergence of Chinese AI model DeepSeek weighed on AI infrastructure providers.	-0.2

## Significant Transactions



From 01-Jan-25 to 31-Mar-25		Sector	Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	DAVIDE CAMPARI-MILANO NV	Consumer Staples	New position	0.9	0.9
	PERNOD RICARD SA	Consumer Staples	Add	0.5	1.7
	STERIS PLC	Health Care	Add	0.5	1.3
	NATIONAL BANK OF GREECE SA (EQ)	Financials	New position	0.4	0.3
	CARRIER GLOBAL CORP	Industrials	Add	0.3	0.7
<b>Sales</b>	ESSILORLUXOTTICA SA	Health Care	Eliminate position	-0.6	–
	CIE FINANCIERE RICHEMONT SA	Consumer Discretionary	Trim	-0.5	1.6
	ROLLS-ROYCE HOLDINGS PLC	Industrials	Trim	-0.3	0.9
	BOSTON SCIENTIFIC CORP	Health Care	Trim	-0.3	0.9
	AIR PRODUCTS AND CHEMICALS INC	Materials	Trim	-0.3	1.3

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# Sector Weights



As of 31-Mar-25	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Industrials	19.5	11.1	8.4	Schneider Electric SE, Honeywell International Inc, Canadian Pacific Kansas City Ltd
Health Care	16.7	11.1	5.6	Medtronic PLC, Becton Dickinson & Co, Thermo Fisher Scientific Inc
Financials	20.7	17.3	3.4	Visa Inc, Charles Schwab Corp, Willis Towers Watson PLC
Materials	6.6	3.4	3.2	Linde PLC, Air Products and Chemicals Inc, International Flavors & Fragrances Inc
Consumer Staples	9.1	6.5	2.6	Pernod Ricard SA, Nestle SA, Heineken NV
Communication Services	6.7	7.9	-1.2	Alphabet Inc Class A, Comcast Corp, Cellnex Telecom SA
Consumer Discretionary	9.0	10.2	-1.2	LVMH Moet Hennessy Louis Vuitton SE, Amadeus IT Group SA, Cie Financiere Richemont SA
Real Estate	-	2.2	-2.2	
Utilities	-	2.7	-2.7	
Energy	-	4.1	-4.1	
Information Technology	11.2	23.6	-12.4	Microsoft Corp, Capgemini SE, Check Point Software Technologies Ltd

^ MSCI World Index

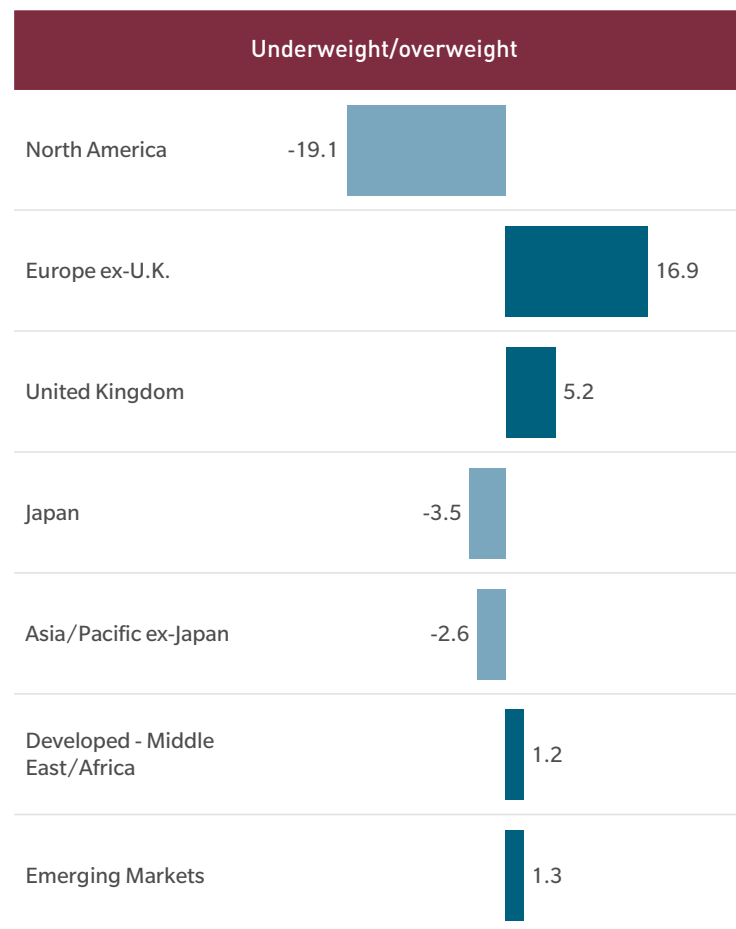
0.7% Cash & Cash Equivalents.

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## Region and Country Weights



As of 31-Mar-25	Portfolio [%]	Benchmark^ [%]	Underweight/overweight[%]
<b>North America</b>	<b>56.0</b>	<b>75.1</b>	<b>-19.1</b>
Canada	2.8	3.2	-0.4
United States	53.2	71.9	-18.7
<b>Europe ex-U.K.</b>	<b>29.7</b>	<b>12.8</b>	<b>16.9</b>
France	10.6	2.9	7.7
Switzerland	7.4	2.5	4.9
Spain	3.8	0.8	3.0
Netherlands	2.2	1.1	1.1
Germany	3.2	2.5	0.7
Austria	0.7	0.0	0.7
Denmark	0.8	0.6	0.2
Italy	0.9	0.8	0.1
Other countries <sup>1</sup>	0.0	1.7	-1.7
<b>United Kingdom</b>	<b>9.0</b>	<b>3.8</b>	<b>5.2</b>
<b>Japan</b>	<b>1.9</b>	<b>5.4</b>	<b>-3.5</b>
<b>Asia/Pacific ex-Japan</b>	<b>0.0</b>	<b>2.6</b>	<b>-2.6</b>
Other countries <sup>1</sup>	0.0	2.6	-2.6
<b>Developed - Middle East/Africa</b>	<b>1.4</b>	<b>0.2</b>	<b>1.2</b>
Israel	1.4	0.2	1.2
<b>Emerging Markets</b>	<b>1.3</b>	<b>0.0</b>	<b>1.3</b>
South Korea	0.7	0.0	0.7
Greece	0.3	0.0	0.3
Mexico	0.2	0.0	0.2



^ MSCI World Index

0.7% Cash & Cash Equivalents.

<sup>1</sup> The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Australia 1.6%; Sweden 0.9%; Hong Kong 0.5% and 8 countries with weights less than 0.5% which totals to 1.3%.

# Characteristics



As of 31-Mar-25	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	11.2%	13.5%
Price/earnings (12 months forward ex-negative earnings)	17.8x	18.6x
Return on invested capital	11.6%	15.9%
Long term debt/capital	39.4%	37.5%
<b>Fundamentals - weighted median</b>		
IBES long-term EPS growth <sup>1</sup>	9.2%	11.7%
Price/earnings (12 months forward ex-negative earnings)	20.0x	22.5x
Return on invested capital	10.2%	12.4%
Long term debt/capital	38.5%	34.2%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	226.7 bn	650.6 bn
Market capitalization (USD) <sup>3</sup>	79.5 bn	145.8 bn
<b>Diversification</b>		
Top ten issues	24%	23%
Number of Issues	85	1,352
Number of countries	16	24
<b>Turnover</b>		
Trailing 1 year turnover <sup>4</sup>	13%	—
<b>Risk profile (current)</b>		
Active share	86%	—
<b>Risk/reward (since inception)</b>		
Standard deviation <sup>5</sup>	14.54%	13.94%
Information ratio <sup>5</sup>	-0.35	—
Upside capture <sup>5</sup>	100.08%	—
Downside capture <sup>5</sup>	108.13%	—

<sup>^</sup> MSCI World 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> Weighted median.

<sup>4</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value

<sup>5</sup> Since inception, based on first full month of performance.

## Top 10 Issuers



Top 10 Issuers as of 31-Mar-25	Portfolio (%)	Benchmark^ (%)
VISA INC	3.5	0.9
CHARLES SCHWAB CORP/THE	2.6	0.2
MICROSOFT CORP	2.6	3.9
WILLIS TOWERS WATSON PLC	2.5	0.1
MEDTRONIC PLC	2.5	0.2
SCHNEIDER ELECTRIC SE	2.4	0.2
BECTON DICKINSON AND CO (EQ)	2.2	0.1
ALPHABET INC	2.1	2.5
THERMO FISHER SCIENTIFIC INC	2.0	0.3
HONEYWELL INTERNATIONAL INC	2.0	0.2
<b>Total</b>	<b>24.4</b>	<b>8.4</b>

^ MSCI World Index

# Portfolio Outlook and Positioning



The market environment changed significantly during the first quarter of 2025, with a sell-off in markets, notably in technology, and a big change in market leadership. We have seen a broadening of the equity market away from the very narrow and momentum-driven focus last year, and this environment may be more favorable for active stock-pickers like MFS®. Momentum tends to reinforce the assumption that good times will always roll, and we've started to see cracks in that argument, with an upending and reversal of market leadership. Overall, it was a welcome reminder that markets move in cycles, not straight lines. History shows the list of top 10 companies has changed frequently over time. History also shows such periods of extreme market concentration rarely last.

Against that background, your portfolio performed well ahead of the benchmark during this period of change in markets. That was welcome to see, but we do acknowledge there is a long way to travel.

If we look back over the last 25 years, the strategy has had its best years of relative performance in lower absolute return environments. In more recent times, we struggled against booming markets with the MSCI World Index (net div in USD) compounding 21% per year over the last two years prior to this quarter and delivering annual returns above 15% in five of the last six calendar years. That was remarkable and really was not normal — and this year has started out somewhat differently. Your portfolio has retained a very high active share above 85%, whereas we've noticed the erosion of active share from peers over the last ten years<sup>1</sup>. We remain committed to a fully active approach and look forward to restoring our long-term performance record as concentration unwinds and markets continue to broaden out again.

## Equity markets in Q1

Equity markets reversed direction in the first quarter, as the MSCI World Index (net div. in USD) fell 1.8%, led down by the US market, with the S&P 500 Index (total return) returning -4.3% and the technology-heavy Nasdaq Composite index -10.3%, whilst equity markets in Europe rose 10.5% (MSCI Europe Index in USD) and some parts of Asia also finished up. So it was a very interesting quarter — and very different from recent times, with a sell-off in momentum, notably in technology stocks, and a big change in market leadership. Six of the so-called “Magnificent Seven” stocks fell in absolute returns, with some notably large falls in stocks not owned in your portfolio, such as

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<sup>1</sup> The median active share of managers in the eVestment Global Core Equity universe fell from 88% to 79% over the 10 years ending December 2024.



## Portfolio Outlook and Positioning



Apple (-11%), Nvidia (-19%), and Tesla (-36%). There was an upending and reversal of market leadership, with the best returns from sectors like energy, utilities, consumer staples and health care, whilst information technology was the worst-performing sector. Semiconductors fell heavily, triggered at the outset by news from DeepSeek, the Chinese AI start-up, who claimed to have developed large language models by only spending a few million dollars, upending the previous assumption that you had to spend billions of dollars on the latest chips to stay ahead of the game in AI. That doubt alone was enough to trip up the semiconductor stocks. Experience shows that the hot investment themes of one period typically get stretched super-thin, overcrowded and overvalued, which then sows the seeds of their own demise. It feels like this has only just started, and for that reason we are staying defensive.

From a style perspective, the growth versus value debate was very live again with a wide deviation in returns, but this time in the opposite direction. The MSCI World Value index returned +4.8% (net div. in USD), whereas the MSCI World Growth index returned -7.8% (net div. in USD). The momentum factor fell sharply, and measures of market breadth started to widen out again.

### Tariffs and macro environment

The big talking point was Donald Trump and his chaotic roll-out of trade tariffs, with news flow changing almost daily. This clearly rattled equity markets. At the end of the quarter, it's still almost impossible to predict what the final outcomes will be. Even after the so-called "Liberation Day" on April 2<sup>nd</sup>, we still don't know which tariffs will be implemented, depending upon what negotiations and retaliatory measures might be put in place. There are certainly going to be some tense negotiations between trading partners over the next few days and weeks.

What we do believe is that tariffs are likely to be inflationary and/or have a negative impact on global growth. Economists have been salivating over this, with the debate now swinging towards "both" as the answer, with growing fears over stagflation or a possible recession. The US Federal Reserve (Fed) faces a tough balancing act amid increasing fears over a global trade war. In early March, the Fed cut its growth outlook for the US economy to 1.7% in 2025, and a recent survey from the University of Michigan showed a sharp plunge in consumer sentiment in March. Footfall to US retailers and fast-food restaurants has fallen, and the four big US airlines have warned over waning demand. The latest print of US inflation was 2.8%, still above the Fed's target, as the "last mile" of inflation has proven tricky to shift, even before the tariff impact takes hold.

## Portfolio Outlook and Positioning



We continue to take a cautious approach, working closely with our experienced team of global equity analysts to assess the tariff implications on a case-by-case basis, and seek to take advantage of big share price and valuation moves. The earnings impact on each company varies greatly, and our focus is on their ability to manage costs and have the pricing power to pass on tariffs to customers. It is worth highlighting that we start with a defensive portfolio, with little or no exposure to energy, metals, auto OEMs, US retailers or semiconductors, which seem likely to be significantly impacted. A good example of where we do have exposure is auto supplier Aptiv, which supplies safety products and electronic components. Here, we believe the company's key long-term driver remains the secular trend towards vehicle electrification and autonomous driving, with the tariffs a near-term headwind. We are also assessing closely our holdings in medical devices and electrical equipment, where earnings may be hit, especially where they manufacture in Mexico and import into the US, but we believe they have good pricing power and will be able to manage their cost base over time. The other area of focus is consumer staples, notably beverage companies, where the US is a big end market for their products. Here we believe they may have more limited ability to raise prices given weak consumer demand, but share prices have already discounted various headwinds, including tariffs, which presents a buying opportunity, in our view.

The rest of the world outside the US, which accounts for 40% of index revenues, faces many challenges such as lack of growth, large budget deficits, the impact of trade wars and ongoing geopolitical tensions. But interestingly, most regional stock markets beat the US this quarter, with Europe notably strong on better economic news and hopes of a ceasefire in Ukraine. The German DAX index rose 15.8% (USD) during the quarter, after a more positive outcome of the German election, with Friedrich Merz set to become Chancellor, and may succeed in breaking a political bottleneck over the debt brake to raise defense and infrastructure spending, boosting the prospect of growth in the German economy after a lackluster period. The European Central Bank cut interest rates for the sixth time, with markets still pricing in one or two more cuts this year. In the United Kingdom, the Bank of England also cut interest rates as the economy struggles with a lack of growth. The Bank of Japan went the other way and raised interest rates to the highest level in 17 years, with inflation hitting 3.7%. China has a different problem, with challenges to meet the government's modest 5% growth target and deflationary pressures building with inflation at -0.7%. Interest rates in China are at record lows.

# Portfolio Outlook and Positioning



## Portfolio performance in Q1

The portfolio outperformed the benchmark during the quarter in a period of rapid change. The main positive factors were good stock selection and the underweight to information technology, together with good stock selection in consumer discretionary. An overweight to health care was also a positive. Not owning any energy stocks was a detractor to relative performance.

At stock level, the biggest positive contributors to performance relative to the index were not owning Nvidia, Tesla, Apple, Broadcom and Amazon, which all fell sharply during the quarter. It was also pleasing to see decent performance contributions from stocks we do own, notably long-held names such as Roche, Medtronic, Visa, Check Point Software, Rolls Royce and Nestle, where share prices were up significantly in a down market.

Holdings in Diageo, Schneider Electric, Pernod Ricard, Oracle and WPP lagged the market, but their impact on relative performance was modest. Not owning Berkshire Hathaway also negatively impacted relative return.

## Portfolio positioning

At a sector level, the biggest overweights versus the benchmark are industrials, health care, financials and materials. We believe our industrial and materials holdings are relatively defensive, such as railroads, electrical equipment, aerospace, industrial gases and credit bureaus. We believe the growth of credit bureaus is boosted by AI as they use more tools to optimize their proprietary and highly regulated data sets for the benefit of their customers.

Our health care holdings mainly consist of medical devices and life sciences tools companies, which we believe will benefit from above-average secular growth prospects driven by aging demographics, increasing health care spending and product innovations.

Within financials, we favor asset-light financials with less regulation that generate durable growth, strong returns and recurring revenues, such as asset managers, payments, exchanges and insurance brokers. We remain underweight banks, most of which we view as more cyclical and not meeting the growth and return criteria we look for.

# Portfolio Outlook and Positioning



The biggest underweight sectors versus the benchmark are information technology, energy, utilities and real estate. Within information technology, some of the largest index constituents, notably Apple and Nvidia, still look too expensive and do not meet our “growth at a reasonable price” criteria. Amongst the mega-caps, we prefer the valuation opportunity in Microsoft and Alphabet (parent company of Google, classified in the communication services sector), which are both held in the portfolio.

## Portfolio activity in Q1

We are optimistic about what we see ahead of us, as the dislocations in markets, sectors and stocks are throwing up lots of interesting opportunities, and the broadening of the market from a period of extreme concentration has just started, in our view, which is good for active stock-pickers like MFS. We continue to adjust the portfolio to take advantage as we look for companies that meet our durable growth and valuation criteria, working closely with our experienced investment team across our global research platform. We funded nine new names in the portfolio last year and added two more new names this quarter.

### Purchases

- We started a new position in Campari, the Italian alcoholic beverages company. We believe it can deliver higher normalized growth than other consumer staples companies, as the company has an attractive product mix in premium growth spirits brands, notably Aperol (25% of sales), which has been growing for a decade. Management have demonstrated a good record of capital allocation with sensible M&A and brand fixing and building. Margins still look low compared to peers, providing upside potential. Campari has little exposure to China, with less near-term downside and a long-term opportunity. The shares have de-rated and traded at a discount to the market.
- We started a new position in National Bank of Greece. It has a strong banking franchise with high returns in a highly consolidated market. We believe the bank’s earnings growth will benefit from a strong outlook for the Greek economy, which should help to reduce the debt burden and allow significant return of capital to shareholders. The stock is trading at an attractive valuation relative to European and US peers.
- We added to Pernod Ricard, the global spirits maker. We believe spirits remains one of the most attractive categories in consumer staples driven by share gains from beer and wine in developed markets, and consumers in emerging markets trading out of local spirits

## Portfolio Outlook and Positioning



into global spirit brands. Pernod Ricard has high exposure to brown spirits, particularly Cognac, and the company has made investments to strengthen its position in growth markets such as China.

- We added to Steris, which provides innovative health care and outsource sterilization services. It is the world leader in infection prevention. 80% of its revenues are recurring, and we believe the company has pricing power given its dominant position as one of the only integrated providers. We believe the company can deliver mid-single-digit organic sales growth and low-double-digit earnings growth, supported by margin improvements from greater efficiency, and a recovery in volumes as health care providers recover from Covid lows.
- We added to Carrier Global, a leading manufacturer of HVAC (heating, ventilation and air conditioning) equipment. In our view the HVAC market has a better-than-average industry structure with strong tailwinds from energy efficiency and sustainability. We believe the stock is attractively valued relative to the company's durable growth prospects, helped by improvement in its end market mix.
- We also added to existing positions in Melrose, Amadeus, Becton Dickinson, Cooper, Microsoft, Capgemini, Accenture and Legrand, where the durability of growth looks strong, and valuations are supportive.

### Sales

- We sold our position in EssilorLuxottica on valuation grounds after the shares performed well. The company is the dominant player in vision care, with 50% global market share in lenses, and is the market leader in frames and sunglasses. 75% of its revenues come from prescription products.
- We trimmed holdings in Richemont, Rolls-Royce, Boston Scientific, Air Products and Chemicals, Roche, Check Point Software, Goldman Sachs, Kubota, PPG, American Express, Visa, Otis, Nestle, Carlsberg, Willis Towers Watson, eBay, UBS, Erste Group, Aon, Aena, Abbott Laboratories and Charles Schwab, to manage position size and fund other attractive opportunities highlighted above.

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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-Mar-25	Country	Equivalent exposure (%)
<b>Cash &amp; Cash Equivalents</b>		<b>0.7</b>
Cash & Cash Equivalents		0.7
<b>Communication Services</b>		<b>6.7</b>
Alphabet Inc Class A	United States	2.1
Comcast Corp	United States	1.8
Cellnex Telecom SA	Spain	1.1
Walt Disney Co	United States	1.0
WPP PLC	United Kingdom	0.4
Omnicom Group Inc	United States	0.2
<b>Consumer Discretionary</b>		<b>9.0</b>
LVMH Moët Hennessy Louis Vuitton SE	France	1.8
Amadeus IT Group SA	Spain	1.8
Cie Financiere Richemont SA	Switzerland	1.6
Marriott International Inc/MD	United States	0.7
Compass Group PLC	United Kingdom	0.7
eBay Inc	United States	0.7
Aptiv PLC	United States	0.6
Hermes International SCA	France	0.5
Burberry Group PLC	United Kingdom	0.4
Whitbread PLC	United Kingdom	0.3
<b>Consumer Staples</b>		<b>9.1</b>
Pernod Ricard SA	France	1.7
Nestle SA	Switzerland	1.7
Heineken NV	Netherlands	1.5
Diageo PLC	United Kingdom	1.4
Reckitt Benckiser Group PLC	United Kingdom	1.0
Davide Campari-Milano NV	Italy	0.9
Carlsberg AS	Denmark	0.8
<b>Financials</b>		<b>20.7</b>
Visa Inc	United States	3.5
Charles Schwab Corp	United States	2.6
Willis Towers Watson PLC	United States	2.5
UBS Group AG	Switzerland	1.7

As of 31-Mar-25	Country	Equivalent exposure (%)
<b>Financials</b>		<b>20.7</b>
Aon PLC	United States	1.6
American Express Co	United States	1.5
Fiserv Inc	United States	1.4
Goldman Sachs Group Inc	United States	1.3
London Stock Exchange Group PLC	United Kingdom	1.0
Fidelity National Information Services Inc	United States	0.9
Deutsche Boerse AG	Germany	0.8
Erste Group Bank AG	Austria	0.7
Julius Baer Group Ltd	Switzerland	0.4
National Bank of Greece SA	Greece	0.3
Grupo Financiero Banorte SAB de CV	Mexico	0.2
<b>Health Care</b>		<b>16.7</b>
Medtronic PLC	United States	2.5
Becton Dickinson & Co	United States	2.2
Thermo Fisher Scientific Inc	United States	2.0
Roche Holding AG	Switzerland	1.9
Merck KGaA	Germany	1.4
STERIS PLC	United States	1.3
Abbott Laboratories	United States	1.1
Waters Corp	United States	1.1
Cooper Cos Inc	United States	1.0
Olympus Corp	Japan	0.9
Boston Scientific Corp	United States	0.9
Hoya Corp	Japan	0.4
<b>Industrials</b>		<b>19.5</b>
Schneider Electric SE	France	2.4
Honeywell International Inc	United States	2.0
Canadian Pacific Kansas City Ltd	Canada	1.5
Legrand SA	France	1.5
Canadian National Railway Co	Canada	1.2
Melrose Industries PLC	United Kingdom	1.2
Union Pacific Corp	United States	1.2

# Portfolio Holdings



As of 31-Mar-25	Country	Equivalent exposure (%)
<b>Industrials</b>		<b>19.5</b>
Experian PLC	United Kingdom	1.1
Aena SME SA	Spain	1.0
TransUnion	United States	1.0
Rolls-Royce Holdings PLC	United Kingdom	0.9
Intertek Group PLC	United Kingdom	0.7
MTU Aero Engines AG	Germany	0.7
Carrier Global Corp	United States	0.7
Kubota Corp	Japan	0.6
United Parcel Service Inc	United States	0.5
Otis Worldwide Corp	United States	0.5
Equifax Inc	United States	0.5
Brenntag SE	Germany	0.3
<b>Information Technology</b>		<b>11.2</b>
Microsoft Corp	United States	2.6
Capgemini SE	France	1.6
Check Point Software Technologies Ltd	Israel	1.4
Oracle Corp	United States	1.3
Accenture PLC	United States	1.2
Salesforce Inc	United States	0.8
Samsung Electronics Co Ltd	South Korea	0.7
Amphenol Corp	United States	0.7
Cognizant Technology Solutions Corp	United States	0.5
Microchip Technology Inc	United States	0.3
<b>Materials</b>		<b>6.6</b>
Linde PLC	United States	2.0
Air Products and Chemicals Inc	United States	1.3
International Flavors & Fragrances Inc	United States	1.1
Air Liquide SA	France	1.0
Akzo Nobel NV	Netherlands	0.7
PPG Industries Inc	United States	0.6

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