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# MFS® International New Discovery Fund

(Class R6 Shares)

Fourth quarter 2023 investment report

Effective November 29, 2019 the fund closed to new investors subject to certain exceptions. Please see the prospectus for additional information.

**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-MIO-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.

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PRPEQ-MIO-31-Dec-23

## 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.

**Small-cap:** Investments in small-cap companies can be more volatile than investments in larger companies.

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

# Disciplined Investment Approach



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## Investment objective

Seeks capital appreciation

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## Goals

MFS International New Discovery Fund seeks to achieve, long-term capital appreciation by primarily investing in small to mid capitalization stocks internationally, including emerging markets equities. Management's goal is to outperform the MSCI All Country World (ex-US) Small Mid Cap Index (net div) over full market cycles.

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## Philosophy

We believe that stock selection based on fundamental research is the most reliable method of adding value to our clients' portfolios.

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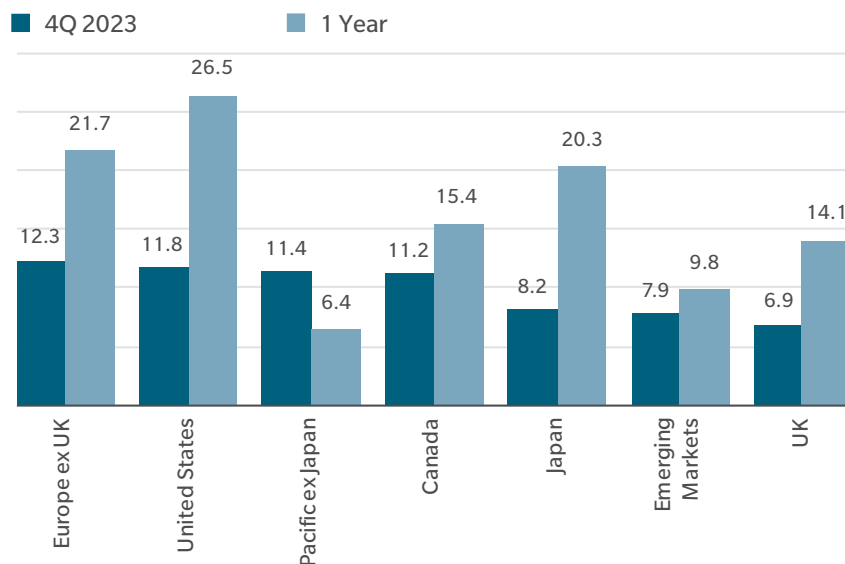
## Strategy

- Coordinated global industry teams share ideas and information.
  - Selection has been driven by company/industry fundamental strengths and growth prospects rather than country of domicile.
  - Focus on companies early in their life cycle positioned to potentially grow at above average rates.
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# Market Overview

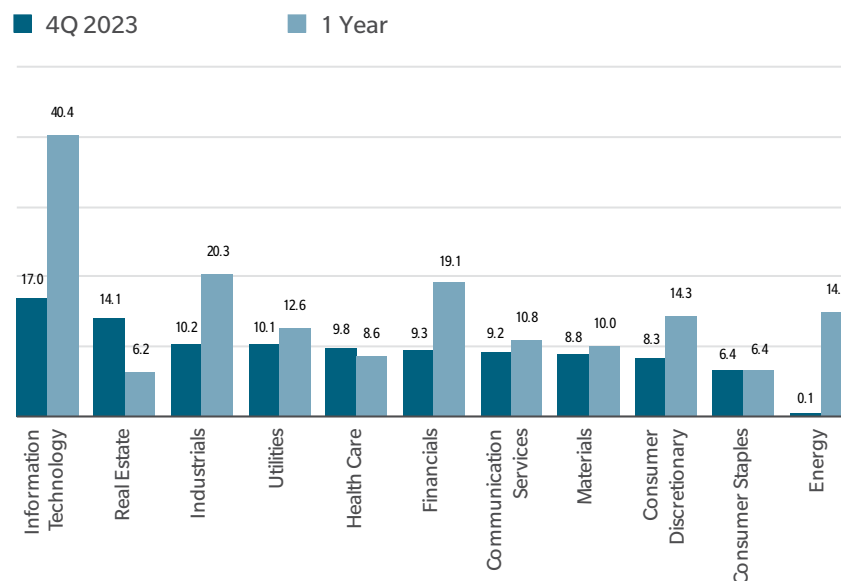


Region performance (%) (USD) as of 31-Dec-23



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 All Country World (ex-US) Small Mid Cap Index constituents are broken out by MSCI defined sectors.

## Global Equities market review as of 31-Dec-2023

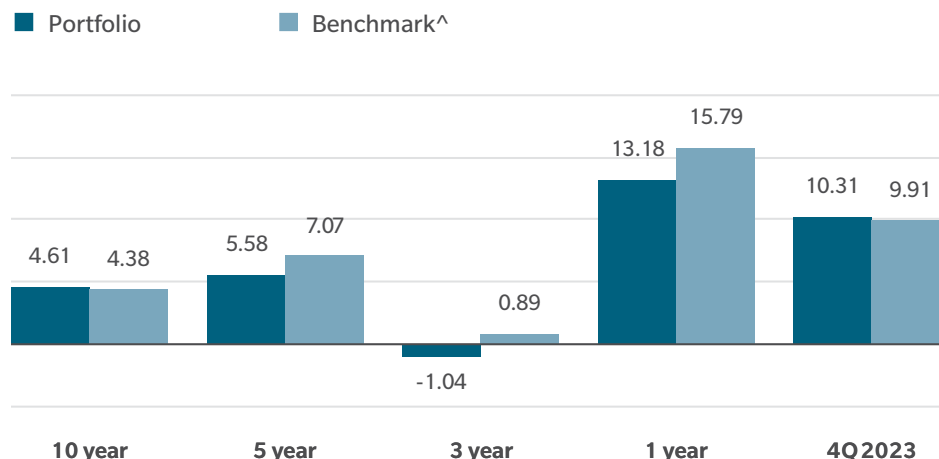
- The global equity market, as measured by the MSCI All Country World Index, rallied in 2023 with a strong finish in Q4, driven by anticipation of an economic soft landing and interest rate cuts in 2024.
- Changing interest rate expectations and investor enthusiasm in artificial intelligence were key drivers to the strong outperformance of large growth stocks in 2023.

- Market concentration reached historically high levels, with performance dominated by a handful of US mega-cap stocks.
- Despite positive sentiment, the equity market may be vulnerable to economic, political and geopolitical risks, and the lagged effects of higher interest rates and tighter credit standards may continue to weigh on the economic and earnings outlook.

# 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](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 All Country World (ex-US) Small Mid Cap Index (net div)

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

	Portfolio	Benchmark^^
<b>Top overweights</b>		
Consumer Staples	9.6	6.0
Information Technology	12.8	11.3
Consumer Discretionary	12.6	11.2
<b>Top underweights</b>		
Financials	9.3	13.5
Real Estate	4.7	7.5
Utilities	1.9	4.1

^^ MSCI All Country World (ex-US) Small Mid Cap Index  
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The MFS International New Discovery Fund outperformed the MSCI All Country World (ex-US) Small Mid Cap Index (net div) in the fourth quarter of 2023.

Contributors	Detractors
<ul style="list-style-type: none"> <li>Consumer Discretionary - Stock selection</li> <li>Materials - Stock selection</li> <li>Industrials - Stock selection</li> <li>Individual stocks:                             <ul style="list-style-type: none"> <li>- Cesc Ltd</li> <li>- Virbac Saca</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Information Technology - Stock selection</li> <li>Consumer Staples - Stock selection and an overweight position</li> <li>Individual stocks:                             <ul style="list-style-type: none"> <li>- Nakanishi Inc</li> <li>- JGC Corp</li> </ul> </li> </ul>

# Performance Results



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

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2023	10.31	9.91	0.40
3Q 2023	-3.89	-1.98	-1.91
2Q 2023	0.71	1.76	-1.05
1Q 2023	6.00	5.62	0.38
2023	13.18	15.79	-2.61
2022	-18.49	-19.49	1.00
2021	5.04	10.16	-5.11
2020	10.14	12.01	-1.88
2019	22.94	22.36	0.58
10 year	4.61	4.38	0.23
5 year	5.58	7.07	-1.49
3 year	-1.04	0.89	-1.93
1 year	13.18	15.79	-2.61

**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.

<sup>^</sup> MSCI All Country World (ex-US) Small Mid Cap Index (net div)

## Performance Drivers - Sectors



Relative to MSCI All Country World (ex-US) Small Mid Cap Index (USD) - fourth quarter 2023		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	1.1	13.0	8.3	-0.0	0.6	-0.0	0.6
	Materials	1.3	12.1	8.8	-0.0	0.3	0.1	0.4
	Industrials	-2.6	12.2	10.2	0.0	0.3	0.0	0.4
	Utilities	-2.3	22.2	10.1	-0.0	0.2	-0.0	0.2
	Communication Services	1.2	12.2	9.2	-0.0	0.1	0.0	0.2
	Health Care	1.5	11.1	9.8	-0.0	0.1	0.0	0.1
	Energy	-1.5	-2.3	0.1	0.1	-0.1	0.0	0.1
<b>Detractors</b>	Information Technology	1.3	13.1	17.0	0.1	-0.5	0.0	-0.4
	Consumer Staples	3.5	4.3	6.4	-0.1	-0.3	0.0	-0.3
	Financials	-4.3	6.1	9.3	0.0	-0.3	0.0	-0.3
	Cash	3.9	1.3	—	-0.1	—	-0.2	-0.3
	Real Estate	-3.0	15.6	14.1	-0.1	0.1	-0.0	-0.1
<b>Total</b>			<b>10.5</b>	<b>10.0</b>	<b>-0.1</b>	<b>0.6</b>	<b>0.0</b>	<b>0.5</b>

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 All Country World (ex-US) Small Mid Cap Index (USD) - fourth quarter 2023		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Cesc Ltd	0.6	0.0	47.0	47.0	0.2
	Virbac Saca	0.4	0.0	46.5	46.5	0.1
	First Quantum Minerals Ltd	—	0.1	—	-65.3	0.1
	Bharat Heavy Electricals Ltd	0.4	0.0	47.4	29.6	0.1
	Fukuda Denshi Co Ltd	0.4	0.0	43.7	16.2	0.1
<b>Detractors</b>	Nakanishi Inc	0.5	0.0	-27.4	-27.4	-0.2
	Chroma Ate Inc	0.5	0.0	-18.8	-18.8	-0.2
	China Resources Beer Holdings Co Ltd	0.5	—	-20.1	—	-0.2
	JGC Corp	0.5	0.0	-17.2	-17.2	-0.1
	Verallia Sa	1.0	0.0	-2.4	-2.4	-0.1

<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. 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](mailto:DLAttributionGrp@MFS.com).

## Significant Impacts on Performance - Contributors



Relative to MSCI All Country World (ex-US) Small Mid Cap Index (USD) - fourth quarter 2023		Relative contribution (%)
<b>Cesc Ltd</b>	An overweight position in electricity services provider CESC (India) aided relative returns. The company's share price benefited from a strong net profit rise, mainly on the back of higher revenues. Management also announced the firm is exploring a substantial investment in renewable energy generation through its subsidiaries, which further pushed the stock price higher.	0.2
<b>Virbac Saca</b>	The portfolio's overweight position in veterinary medicines manufacturer Virbac (France) benefited relative performance. The stock price rose as the company reported quarterly revenues ahead of expectations and, later in the quarter, raised its full-year revenue guidance.	0.1
<b>First Quantum Minerals Ltd</b>	Not owning shares of metals and mining company First Quantum Minerals (United States) boosted relative returns. Solid copper and gold production volumes were overshadowed by a lower production outlook, stemming from operational hurdles, and higher operating costs.	0.1

## Significant Impacts on Performance - Detractors



Relative to MSCI All Country World (ex-US) Small Mid Cap Index (USD) - fourth quarter 2023		Relative contribution (%)
<b>Nakanishi Inc</b>	An overweight position in dental products provider Nakanishi (Japan) detracted from relative performance. The stock price declined after the company lowered its fiscal year 2023 sales and operating profit guidance below consensus estimates due to weak earnings from its dental chair maker subsidiary.	-0.2
<b>Chroma Ate Inc</b>	An overweight position in precision electronic measuring instruments manufacturer Chroma Ate (Taiwan) weakened relative returns. The share price fell as the company reported weaker-than-expected sales and revenues in its EV Cell segment.	-0.2
<b>China Resources Beer Holdings Co Ltd</b>	The portfolio's position in brewing company China Resources Beer (China) detracted from relative returns. The stock price came under pressure due to a decline in sales volumes caused by unfavorable weather conditions in some regional markets and weak consumer sentiment amid macroeconomic softness.	-0.2

## Significant Transactions



From 01-Oct-23 to 31-Dec-23		Sector	Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	TECHNIP ENERGIES NV	Energy	New position	0.4	0.4
	B&M EUROPEAN VALUE RETAIL SA	Consumer Discretionary	New position	0.3	0.3
	APA GROUP	Utilities	New position	0.3	0.3
	LOTTERY CORP LTD/THE	Consumer Discretionary	New position	0.2	0.2
	SAMSUNG ENGINEERING CO LTD	Industrials	New position	0.2	0.2
<b>Sales</b>	SEINO HOLDINGS CO LTD	Industrials	Trim	-0.4	0.4
	LEGRAND SA	Industrials	Trim	-0.3	0.6
	BHARAT HEAVY ELECTRICALS LTD	Industrials	Trim	-0.2	0.3
	VERALLIA SA	Materials	Trim	-0.2	0.9
	ASM INTERNATIONAL NV	Information Technology	Trim	-0.2	0.3

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## Sector Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Consumer Staples	9.6	6.0	3.6	Cranswick PLC
Information Technology	12.8	11.3	1.5	NS Solutions Corp, Obic Co Ltd
Consumer Discretionary	12.6	11.2	1.4	Sodexo SA
Communication Services	5.8	4.5	1.3	Cellnex Telecom SA
Health Care	8.0	6.7	1.3	Gerresheimer AG
Materials	12.5	11.2	1.3	Symrise AG
Energy	2.4	3.8	-1.4	San-Ai Obbli Co Ltd
Industrials	18.2	20.1	-1.9	GEA Group AG
Utilities	1.9	4.1	-2.2	CESC Ltd
Real Estate	4.7	7.5	-2.8	LEG Immobilien SE
Financials	9.3	13.5	-4.2	Kyoto Financial Group Inc

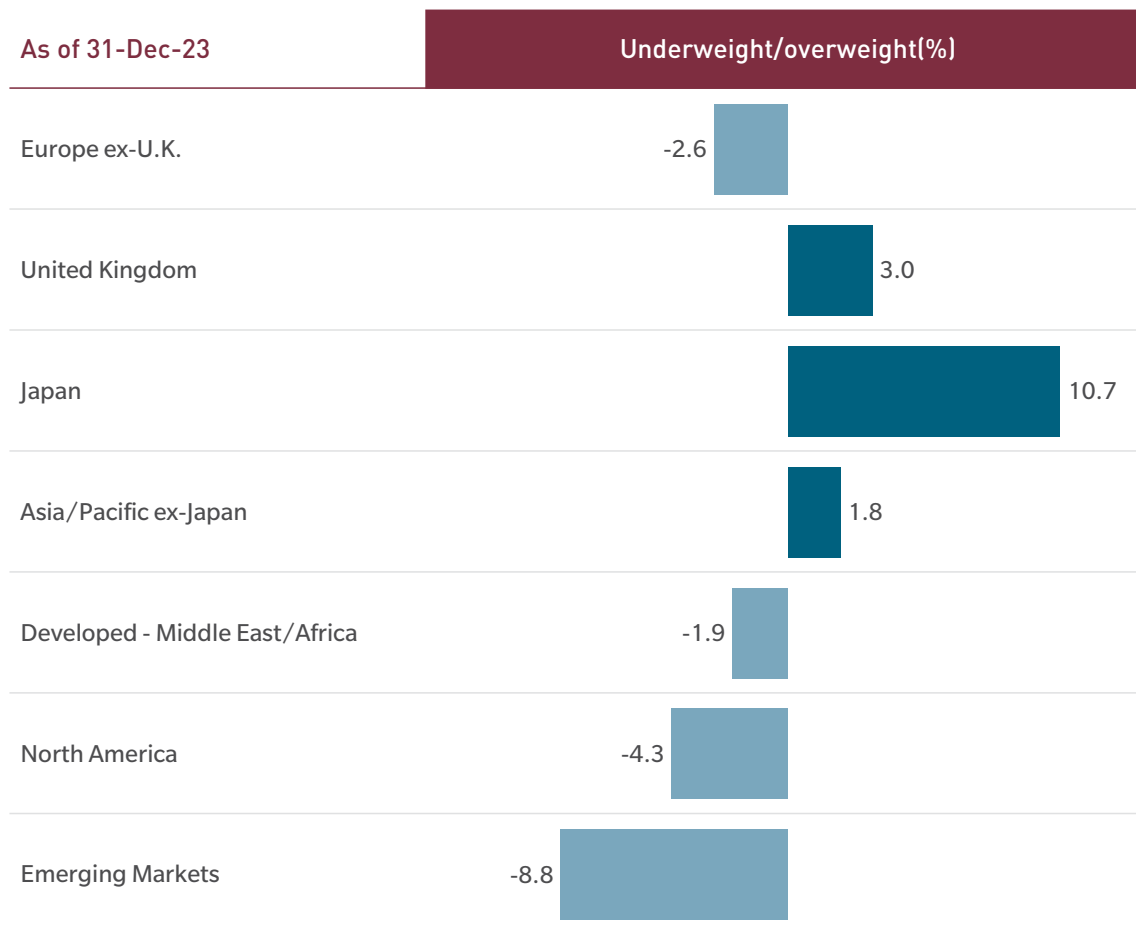
^ MSCI All Country World (ex-US) Small Mid Cap Index

2.1% Cash & cash equivalents

0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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# Region Weights



2.1% Cash & cash equivalents

0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

## Region and Country Weights



As of 31-Dec-23	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>Europe ex-U.K.</b>	<b>22.4</b>	<b>25.0</b>	<b>-2.6</b>
Germany	5.7	3.7	2.0
France	4.5	3.5	1.0
Spain	1.7	1.1	0.6
Portugal	0.6	0.2	0.4
Italy	2.3	2.1	0.2
Ireland	0.7	0.7	0.0
Austria	0.3	0.5	-0.2
Netherlands	1.6	2.0	-0.4
Denmark	0.7	1.3	-0.6
Switzerland	2.7	3.4	-0.7
Norway	0.5	1.2	-0.7
Finland	0.4	1.1	-0.7
Belgium	0.1	0.9	-0.8
Sweden	0.6	3.2	-2.6
<b>United Kingdom</b>	<b>12.1</b>	<b>9.1</b>	<b>3.0</b>
<b>Japan</b>	<b>30.3</b>	<b>19.6</b>	<b>10.7</b>
<b>Asia/Pacific ex-Japan</b>	<b>11.6</b>	<b>9.8</b>	<b>1.8</b>
Hong Kong	2.7	1.4	1.3
Singapore	2.2	1.4	0.8
New Zealand	0.8	0.7	0.1
Australia	5.9	6.2	-0.3

	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>Developed - Middle East/Africa</b>	<b>0.0</b>	<b>1.9</b>	<b>-1.9</b>
Other countries <sup>1</sup>	0.0	1.9	-1.9
<b>North America</b>	<b>2.3</b>	<b>6.6</b>	<b>-4.3</b>
United States	0.2	0.0	0.2
Canada	2.2	6.6	-4.4
<b>Emerging Markets</b>	<b>19.2</b>	<b>28.0</b>	<b>-8.8</b>
Philippines	0.8	0.3	0.5
Indonesia	0.9	0.5	0.4
Mexico	1.1	0.8	0.3
United Arab Emirates	0.5	0.3	0.2
Czech Republic	0.2	0.0	0.2
Peru	0.2	0.0	0.2
Chile	0.3	0.3	0.0
Brazil	1.5	1.6	-0.1
Greece	0.2	0.4	-0.2
Turkey	0.1	0.6	-0.5
Saudi Arabia	0.4	1.1	-0.7
Thailand	0.2	0.9	-0.7
South Korea	2.5	3.4	-0.9
South Africa	0.3	1.2	-0.9
China	2.4	3.8	-1.4
India	3.8	5.3	-1.5
Taiwan	3.7	5.3	-1.6
Other countries <sup>1</sup>	0.0	2.2	-2.2

^ MSCI All Country World (ex-US) Small Mid Cap Index

2.1% Cash & cash equivalents

0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

<sup>1</sup> The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Israel 1.9% and 8 countries with weights less than 1.0% which totals to 2.2%.

# Characteristics



As of 31-Dec-23	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward ex-negative earnings)	15.6x	13.0x
Return on equity (3-year average)	15.1%	11.9%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>1</sup>	7.2 bn	6.8 bn
<b>Diversification</b>		
Top ten issues	11%	2%
Number of Issues	374	5,702
<b>Turnover</b>		
Trailing 1 year turnover <sup>2</sup>	12%	—
<b>Risk profile (current)</b>		
Active share	89%	—
<b>Risk/reward (10 year)</b>		
Historical tracking error	4.21%	—
Alpha	0.71%	—
Beta	0.87	—
R-squared	93.76%	—
Standard deviation	14.43%	16.14%
Information ratio	0.06	—

<sup>^</sup> MSCI All Country World (ex-US) Small Mid Cap Index

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

**No forecasts can be guaranteed.**

<sup>1</sup> Weighted average.

<sup>2</sup> US Turnover Methodology: (Lesser of Purchase or Sales)/Average Month End Market Value



## Top 10 Issuers



Top 10 issuers as of 31-Dec-23	Portfolio (%)	Benchmark^ (%)
NS SOLUTIONS CORP	1.8	0.0
OBIC CO LTD	1.5	-
SYMRISE AG (EQ)	1.4	0.2
T HASEGAWA CO LTD	1.0	0.0
SODEXO SA	1.0	0.1
DOLLARAMA INC	0.9	0.2
GERRESHEIMER AG	0.9	0.0
BREEDON GROUP PLC	0.9	0.0
VERALLIA SA	0.9	0.0
CELLNEX TELECOM SA	0.9	-
<b>Total</b>	<b>11.1</b>	<b>0.6</b>

^ MSCI All Country World (ex-US) Small Mid Cap Index

# Portfolio Outlook and Positioning



## MARKET REVIEW

The international small-to-midcap equity markets shifted to risk-on mode and produced strong returns for the final quarter of the year, driven by cooling inflation that kicked off investor expectations for a 'soft landing' in the US and interest rate cuts in 2024. The MSCI All Country World ex US Small Mid Index ("the index") produced a strong positive absolute return of 9.9% (net div. in USD) for the fourth quarter 2023.

For the full year 2023, the index appreciated 15.8%. Market sentiment, driven by rate expectations, flip-flopped multiple times throughout the year. Investors went into 2023 concerned that significant rate hikes in 2022 would lead to a recession in 2023. Investor sentiment improved during the summer, as better than expected economic data reinforced a more resilient economy than anticipated. Investors were more concerned that rates would remain 'higher for longer' during the fall, before ending the year more confident that central banks would cut rates in 2024.

All sectors in the index rose in the fourth quarter, with the information technology returns particularly strong. Conversely, energy, and consumer staples were the top laggards by sector. Most countries in the index, besides a handful including China, appreciated in the fourth quarter. Several factors contributed to China's weaker returns, including weaker consumption after the government's zero-COVID policy was lifted and concerns over the country's embattled real estate market.

During the fourth quarter, and for 2023 overall, the highest beta stocks outperformed the lowest beta stocks in the index. This market dynamic largely mirrored the market sentiment on rate expectations over the year. For the fourth quarter, the higher beta rally was likely driven, in part, from investor optimism that interest rates had peaked and were likely to fall in 2024. For the fourth quarter, grouping the index into quintiles based on beta to the core ACWI index, the highest beta quintile was up 13.4%, which handily outperformed the 6.5% return of the lowest beta quintile, as well as the index return. Given the portfolio's focus on companies with durable long-term growth and its valuation discipline, the higher beta rally

## Portfolio Outlook and Positioning



market dynamic was a headwind to the portfolio's relative outperformance as the portfolio has less emphasis in higher beta, often lower quality, companies.

### PORTFOLIO POSITIONING

As of December 31, 2023, the portfolio was most overweight consumer staples, reflecting our enthusiasm for the high-quality business models and durable returns on capital in this area of the market, particularly in the food products industry. Next, the portfolio was overweight the information technology sector where we own many companies with differentiated intellectual property and attractive market positions. Many of the holdings in information technology are Japanese companies. Japan is underpenetrated in terms of IT investment and, likewise, internet is underpenetrated. Our largest underweight to the index remains in financials. Finally, we remained underweight in the more capital intensive, commodity-driven and lower growth utilities and energy sectors and the portfolio continued to underweight REITS.

From a bottom-up perspective, as we do not make country bets, on a regional basis the portfolio is significantly overweight Japan, where we have found companies of good quality at attractive valuations. The portfolio is overweight to the United Kingdom, where we own a number of global firms with resilient business models and a geographically diversified revenue base. The portfolio is underweight Continental Europe, and positions in the emerging markets are underweight the index. We are underweight to North America, as the index largely comprises Canadian banks and natural resource firms, where we find fewer companies that suit our investment approach.

From an overall portfolio perspective, we continue to find relative value, adding to stocks that look attractive on a risk-reward basis, and selling those that are not. As such, positioning has remained consistent, and turnover has remained relatively low over the trailing twelve months. Notable trades during the fourth quarter included the following:

## Portfolio Outlook and Positioning



- We established a new position in Technip Energies (France). The company operates as an engineering and technology company for the energy transition.
- We established a new position in B&M European Value Retail (Luxembourg). The company is a general merchandise discount retailer. It offers fast-moving consumer brands and a variety of non-grocery products at range of categories and price points.
- We established a new position in APA Group (Australia). The company is engaged in the business of owning, managing, and operating diverse portfolios of gas, electricity, solar and wind assets.
- We trimmed our position in Seino Holdings Co (Japan). The company is mainly engaged in the transportation business, automobile sales business, goods sales business, real estate leasing business and other business.
- We trimmed our position in Legrand (France). The company is engaged in the manufacture of electrical and digital building infrastructures.
- We trimmed our position in Bharat Heavy Electricals (India). The company is a holding company that engages in construction of power plants and the manufacturing of steam generators, turbine and electric motors.

### MARKET OUTLOOK

Despite recent positive sentiment, the equity market may be vulnerable to economic, political and geopolitical risks, and the lagged effects of higher interest rates and tighter credit standards, which arguably have not yet made their full impact on the

## Portfolio Outlook and Positioning



economies facing these factors. Any combination of these factors may continue to weigh on the economic and earnings outlook as we enter 2024.

Uncertainty remains over the lagged impact of the most aggressive policy tightening cycle in four decades, and there is risk of a policy mistake if inflation once again turns higher after the central banks start cutting rates. On the other hand, some also continue to caution that economic forecasts have consistently been wrong since the pandemic given big labor market and global supply chain distortions.

As JK Galbraith once said, 'There are two kinds of forecasters in this world — those that can't forecast and those who don't know that they can't forecast.' Ultimately, no-one knows what is going to happen, and we don't pretend to know either. What we do try to do is stack the odds in our clients' favor, apply our investment process, and take advantage of the opportunities that the market gives us.

To have a long-term investment timeframe, grounded in strong fundamental analysis, has arguably never been more important than today. We believe that investing in companies with above-average long-term growth and returns, generating strong free cash flows and trading at attractive valuations will benefit our clients over time.

We wish you a healthy and prosperous 2024.

51174.8

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 (%)
<b>Cash &amp; Cash Equivalents</b>		<b>2.1</b>
Cash & Cash Equivalents		2.1
<b>Communication Services</b>		<b>5.8</b>
Cellnex Telecom SA	Spain	0.9
CTS Eventim AG & Co KGaA	Germany	0.8
Toho Co Ltd/Tokyo	Japan	0.3
Scout24 SE	Germany	0.3
TBS Holdings Inc	Japan	0.3
Rightmove PLC	United Kingdom	0.3
Ethiad Etisalat Co	Saudi Arabia	0.3
Moneysupermarket.com Group PLC	United Kingdom	0.3
Infrastrutture Wireless Italiane SpA	Italy	0.2
Hellenic Telecommunications Organization SA	Greece	0.2
Seek Ltd	Australia	0.2
CAR Group Ltd	Australia	0.2
NCSOFT Corp	South Korea	0.2
Toei Co Ltd	Japan	0.2
Proto Corp	Japan	0.2
Kakaku.com Inc	Japan	0.2
Nippon Television Holdings Inc	Japan	0.1
China Literature Ltd	China	0.1
NOS SGPS SA	Portugal	0.1
Auto Trader Group PLC	United Kingdom	0.1
Karnov Group AB	Sweden	0.1
4imprint Group PLC	United Kingdom	0.1
Helios Towers PLC	United Kingdom	0.1
Dena Co Ltd	Japan	0.1
GungHo Online Entertainment Inc	Japan	0.0
<b>Consumer Discretionary</b>		<b>12.6</b>
Sodexo SA	France	1.0
Dollarama Inc	Canada	0.9
ZOZO Inc	Japan	0.6
Greggs PLC	United Kingdom	0.6

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Consumer Discretionary</b>		<b>12.6</b>
Eclat Textile Co Ltd	Taiwan	0.5
MakeMyTrip Ltd	India	0.5
Amadeus IT Group SA	Spain	0.5
Compass Group PLC	United Kingdom	0.5
Trip.com Group Ltd	China	0.4
Flutter Entertainment PLC	Ireland	0.4
Shangri-La Asia Ltd	Hong Kong	0.3
Zhejiang Supor Co Ltd	China	0.3
Hero MotoCorp Ltd	India	0.3
Koito Manufacturing Co Ltd	Japan	0.3
Nishimatsuya Chain Co Ltd	Japan	0.3
Just Eat Takeaway.com NV	Netherlands	0.3
B&M European Value Retail SA	United Kingdom	0.3
Mahindra & Mahindra Ltd	India	0.3
Webjet Ltd	Australia	0.3
Cafe de Coral Holdings Ltd	Hong Kong	0.3
SEB SA	France	0.3
Domino's Pizza Enterprises Ltd	Australia	0.3
PALTAC Corp	Japan	0.2
Lottery Corp Ltd	Australia	0.2
Bellway PLC	United Kingdom	0.2
Niterra Co Ltd	Japan	0.2
TS Tech Co Ltd	Japan	0.2
Stanley Electric Co Ltd	Japan	0.2
ARB Corp Ltd	Australia	0.2
Ryohin Keikaku Co Ltd	Japan	0.2
USS Co Ltd	Japan	0.1
Burberry Group PLC	United Kingdom	0.1
Nick Scali Ltd	Australia	0.1
Thule Group AB	Sweden	0.1
Afya Ltd	Brazil	0.1
Arata Corp	Japan	0.1

# Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Consumer Discretionary</b>		<b>12.6</b>
Rinnai Corp	Japan	0.1
Shimamura Co Ltd	Japan	0.1
Temairazu Inc	Japan	0.1
Coats Group PLC	United Kingdom	0.1
Cie Plastic Omnium SE	France	0.1
Vitesco Technologies Group AG	Germany	0.1
Seria Co Ltd	Japan	0.1
Kawai Musical Instruments Manufacturing Co Ltd	Japan	0.0
Doshisha Co Ltd	Japan	0.0
Heian Ceremony Service Co Ltd	Japan	0.0
Asante Inc	Japan	0.0
Zojirushi Corp	Japan	0.0
Daikyonishikawa Corp	Japan	0.0
Central Automotive Products Ltd	Japan	0.0
Just Eat Takeaway.com NV	Netherlands	0.0
Rakuten Group Inc	Japan	0.0
<b>Consumer Staples</b>		<b>9.6</b>
Cranswick PLC	United Kingdom	0.8
Orion Corp/Republic of Korea	South Korea	0.5
Bakkafrost P/F	Norway	0.5
Ariake Japan Co Ltd	Japan	0.4
Morinaga & Co Ltd/Japan	Japan	0.4
Universal Robina Corp	Philippines	0.4
China Resources Beer Holdings Co Ltd	China	0.4
Sundrug Co Ltd	Japan	0.4
Amorepacific Corp	South Korea	0.4
Kato Sangyo Co Ltd	Japan	0.4
Viscofan SA	Spain	0.3
AVI Ltd	South Africa	0.3
Essity AB	Sweden	0.3
S Foods Inc	Japan	0.3
Kerry Group PLC	Ireland	0.3

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Consumer Staples</b>		<b>9.6</b>
Kobayashi Pharmaceutical Co Ltd	Japan	0.3
Dabur India Ltd	India	0.3
Carlsberg AS	Denmark	0.3
Tingyi Cayman Islands Holding Corp	China	0.3
Gruma SAB de CV	Mexico	0.3
DFI Retail Group Holdings Ltd	Hong Kong	0.2
Toyo Suisan Kaisha Ltd	Japan	0.2
Britvic PLC	United Kingdom	0.2
Ezaki Glico Co Ltd	Japan	0.2
Unicharm Corp	Japan	0.2
Pigeon Corp	Japan	0.2
Sugi Holdings Co Ltd	Japan	0.2
Lion Corp	Japan	0.2
Nahdi Medical Co	Saudi Arabia	0.1
Sakata Seed Corp	Japan	0.1
Sendas Distribuidora S/A	Brazil	0.1
JM Holdings Co Ltd	Japan	0.1
Tate & Lyle PLC	United Kingdom	0.0
San-A Co Ltd	Japan	0.0
Kitanotatsujin Corp	Japan	0.0
Sagami Rubber Industries Co Ltd	Japan	0.0
Greencore Group PLC	United Kingdom	0.0
Spencer's Retail Ltd	India	0.0
PZ Cussons PLC	United Kingdom	0.0
Shenguan Holdings Group Ltd	China	0.0
<b>Energy</b>		<b>2.4</b>
San-Ai Obbli Co Ltd	Japan	0.5
Galp Energia SGPS SA	Portugal	0.5
Technip Energies NV	France	0.4
Iwatani Corp	Japan	0.3
United Tractors Tbk PT	Indonesia	0.3
Tenaris SA ADR	Italy	0.2

# Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Energy</b>		<b>2.4</b>
ADNOC Drilling Co PJSC	United Arab Emirates	0.2
Capricorn Energy PLC	United Kingdom	0.0
<b>Financials</b>		<b>9.3</b>
Kyoto Financial Group Inc	Japan	0.6
AUB Group Ltd	Australia	0.6
Steadfast Group Ltd	Australia	0.5
Shriram Finance Ltd	India	0.5
Shizuoka Financial Group Inc	Japan	0.5
Hiscox Ltd	United Kingdom	0.4
Metropolitan Bank & Trust	Philippines	0.4
TMX Group Inc	Canada	0.4
AEON Financial Service Co Ltd	Japan	0.3
Euronext NV	France	0.3
Hachijuni Bank Ltd	Japan	0.3
Jyske Bank AS	Denmark	0.3
Samsung Fire & Marine Insurance Co Ltd	South Korea	0.3
Rathbones Group PLC	United Kingdom	0.3
FinecoBank Banca Fineco SpA	Italy	0.3
Julius Baer Group Ltd	Switzerland	0.2
Federal Bank Ltd	India	0.2
Bolsa Mexicana de Valores SAB de CV	Mexico	0.2
Komercni Banka AS	Czech Republic	0.2
Hargreaves Lansdown PLC	United Kingdom	0.2
AEON Thana Sinsap Thailand PCL	Thailand	0.2
B3 SA - Brasil Bolsa Balcao	Brazil	0.2
Unipol Gruppo SpA	Italy	0.2
E.Sun Financial Holding Co Ltd	Taiwan	0.2
Credicorp Ltd	Peru	0.2
Chiba Bank Ltd	Japan	0.2
Resona Holdings Inc	Japan	0.1
Pinnacle Investment Management Group Ltd	Australia	0.1

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Financials</b>		<b>9.3</b>
Banco Santander Chile	Chile	0.1
Admiral Group PLC	United Kingdom	0.1
Abu Dhabi Islamic Bank PJSC	United Arab Emirates	0.1
Gruppo MutuiOnline SpA	Italy	0.1
Zenkoku Hoshu Co Ltd	Japan	0.1
Allfunds Group Plc	Netherlands	0.1
Omni Bridgeway Ltd	Australia	0.1
Partners Group Holding AG	Switzerland	0.1
Japan Exchange Group Inc	Japan	0.0
JAFCO Group Co Ltd	Japan	0.0
Moscow Exchange MICEX-RTS PJSC	Russia	0.0
<b>Health Care</b>		<b>8.0</b>
Gerresheimer AG	Germany	0.9
Virbac SACA	France	0.5
Fukuda Denshi Co Ltd	Japan	0.5
Ipca Laboratories Ltd	India	0.5
Sonova Holding AG	Switzerland	0.5
Paramount Bed Holdings Co Ltd	Japan	0.4
Smith & Nephew PLC	United Kingdom	0.4
Nakanishi Inc	Japan	0.4
Kalbe Farma Tbk PT	Indonesia	0.4
Santen Pharmaceutical Co Ltd	Japan	0.3
BML Inc	Japan	0.3
Ansell Ltd	Australia	0.3
As One Corp	Japan	0.3
Nihon Kohden Corp	Japan	0.3
ConvaTec Group PLC	United Kingdom	0.2
Medipal Holdings Corp	Japan	0.2
Eiken Chemical Co Ltd	Japan	0.2
Suzuken Co Ltd/Aichi Japan	Japan	0.2
ICON PLC	United States	0.2



## Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Health Care</b>		<b>8.0</b>
Guangzhou Kingmed Diagnostics Group Co Ltd	China	0.2
Daito Pharmaceutical Co Ltd	Japan	0.1
Demant AS	Denmark	0.1
Ryman Healthcare Ltd	New Zealand	0.1
Jeol Ltd	Japan	0.1
Hapvida Participacoes e Investimentos S/A	Brazil	0.1
Arvida Group Ltd	New Zealand	0.1
Selcuk Ecza Deposu Ticaret ve Sanayi A.S.	Turkey	0.1
Hypera SA	Brazil	0.1
Tecan Group AG	Switzerland	0.1
Eurofins Scientific SE	France	0.0
Straumann Holding AG	Switzerland	0.0
Hogy Medical Co Ltd	Japan	0.0
Burning Rock Biotech Ltd ADR	China	0.0
<b>Industrials</b>		<b>18.2</b>
GEA Group AG	Germany	0.8
RS GROUP PLC	United Kingdom	0.7
Daiseki Co Ltd	Japan	0.7
Legrand SA	France	0.6
Techtronic Industries Co Ltd	Hong Kong	0.6
Singapore Technologies Engineering Ltd	Singapore	0.5
IPH Ltd	Australia	0.5
Bunzl PLC	United Kingdom	0.5
JGC Holdings Corp	Japan	0.5
Seino Holdings Co Ltd	Japan	0.4
IMCD NV	Netherlands	0.4
Kardex Holding AG	Switzerland	0.4
Intertek Group PLC	United Kingdom	0.4
Haitian International Holdings Ltd	China	0.4
Seven Group Holdings Ltd	Australia	0.4
Sankyu Inc	Japan	0.3
MEITEC Group Holdings Inc	Japan	0.3

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Industrials</b>		<b>18.2</b>
Cembre SpA	Italy	0.3
DCC PLC	United Kingdom	0.3
Howden Joinery Group PLC	United Kingdom	0.3
Fukushima Galilei Co Ltd	Japan	0.3
Wolters Kluwer NV	Netherlands	0.3
LS Electric Co Ltd	South Korea	0.3
Enav SpA	Italy	0.3
Amadeus Fire AG	Germany	0.3
Airtac International Group	Taiwan	0.3
Bharat Heavy Electricals Ltd	India	0.3
METAWATER Co Ltd	Japan	0.3
Nabtesco Corp	Japan	0.3
Doosan Bobcat Inc	South Korea	0.3
Sohgo Security Services Co Ltd	Japan	0.3
Voltronic Power Technology Corp	Taiwan	0.3
Fujitec Co Ltd	Japan	0.2
Yamato Holdings Co Ltd	Japan	0.2
SG Holdings Co Ltd	Japan	0.2
Spirax-Sarco Engineering PLC	United Kingdom	0.2
Reliance Worldwide Corp Ltd	Australia	0.2
Samsung Engineering Co Ltd	South Korea	0.2
ALS Ltd	Australia	0.2
LISI SA	France	0.2
Mainfreight Ltd	New Zealand	0.2
MonotaRO Co Ltd	Japan	0.2
VAT Group AG	Switzerland	0.2
Takuma Co Ltd	Japan	0.2
Freightways Group Ltd	New Zealand	0.2
Pasona Group Inc	Japan	0.2
Aalberts NV	Netherlands	0.2
Finning International Inc	Canada	0.2
Fletcher Building Ltd	New Zealand	0.2

# Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Industrials</b>		<b>18.2</b>
FULLCAST Holdings Co Ltd	Japan	0.2
MTU Aero Engines AG	Germany	0.1
Localiza Rent a Car SA	Brazil	0.1
Rotork PLC	United Kingdom	0.1
COMSYS Holdings Corp	Japan	0.1
Aeon Delight Co Ltd	Japan	0.1
Babcock International Group PLC	United Kingdom	0.1
Carel Industries SpA	Italy	0.1
Senko Group Holdings Co Ltd	Japan	0.1
Daifuku Co Ltd	Japan	0.1
Trancom Co Ltd	Japan	0.1
Nissei ASB Machine Co Ltd	Japan	0.1
Interpump Group SpA	Italy	0.1
Park24 Co Ltd	Japan	0.1
TOTO Ltd	Japan	0.1
MISUMI Group Inc	Japan	0.1
Obara Group Inc	Japan	0.1
Mitsubishi Pencil Co Ltd	Japan	0.1
Hamakyorex Co Ltd	Japan	0.1
DKSH Holding AG	Switzerland	0.0
Kingspan Group PLC	Ireland	0.0
Rational AG	Germany	0.0
Shima Seiki Manufacturing Ltd	Japan	0.0
Localiza Rent a Car SA Right	Brazil	0.0
<b>Information Technology</b>		<b>12.8</b>
NS Solutions Corp	Japan	1.8
Obic Co Ltd	Japan	1.5
Venture Corp Ltd	Singapore	0.6
ASMPT Ltd	Hong Kong	0.5
Chroma ATE Inc	Taiwan	0.5
Silicon Motion Technology Corp	Taiwan	0.5
Azbil Corp	Japan	0.4

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Information Technology</b>		<b>12.8</b>
Silergy Corp	Taiwan	0.4
Tripod Technology Corp	Taiwan	0.3
DTS Corp	Japan	0.3
ASM International NV	Netherlands	0.3
VTech Holdings Ltd	Hong Kong	0.3
Realtek Semiconductor Corp	Taiwan	0.3
WiseTech Global Ltd	Australia	0.3
Win Semiconductors Corp	Taiwan	0.3
Argo Graphics Inc	Japan	0.3
Shimadzu Corp	Japan	0.3
Halma PLC	United Kingdom	0.3
Zuken Inc	Japan	0.2
Advantech Co Ltd	Taiwan	0.2
Oracle Corp Japan	Japan	0.2
TOTVS SA	Brazil	0.2
Alten SA	France	0.2
Samsung Electro-Mechanics Co Ltd	South Korea	0.2
Digital Garage Inc	Japan	0.2
TIS Inc	Japan	0.2
CANCOM SE	Germany	0.2
PCA Corp	Japan	0.2
Nohmi Bosai Ltd	Japan	0.2
Elecom Co Ltd	Japan	0.2
SCSK Corp	Japan	0.2
Sage Group PLC/The	United Kingdom	0.2
Douzone Bizon Co Ltd	South Korea	0.2
IRESS Ltd	Australia	0.1
Temenos AG	Switzerland	0.1
Melexis NV	Belgium	0.1
Amano Corp	Japan	0.1
Pole To Win Holdings Inc	Japan	0.1
Toshiba TEC Corp	Japan	0.1

# Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Information Technology</b>		<b>12.8</b>
OBIC Business Consultants Co Ltd	Japan	0.1
Comture Corp	Japan	0.1
Fukui Computer Holdings Inc	Japan	0.1
Inter Action Corp	Japan	0.1
Johnson Service Group PLC	United Kingdom	0.0
<b>Materials</b>		<b>12.5</b>
Symrise AG	Germany	1.4
T Hasegawa Co Ltd	Japan	1.0
Breedon Group PLC	United Kingdom	0.9
Verallia SA	France	0.9
Croda International PLC	United Kingdom	0.7
Sika AG	Switzerland	0.6
Agnico Eagle Mines Ltd	Canada	0.6
Forterra PLC	United Kingdom	0.5
SK Kaken Co Ltd	Japan	0.5
SIG Group AG	Switzerland	0.4
Essentra PLC	United Kingdom	0.4
Huhtamaki Oyj	Finland	0.4
JCU Corp	Japan	0.3
Fuji Seal International Inc	Japan	0.3
Mayr Melnhof Karton AG	Austria	0.3
Kansai Paint Co Ltd	Japan	0.3
Imdex Ltd	Australia	0.3
NOF Corp	Japan	0.2
Indocement Tunggal Prakarsa Tbk PT	Indonesia	0.2
Toyo Seikan Group Holdings Ltd	Japan	0.2
GCC SAB de CV	Mexico	0.2
Suzano SA	Brazil	0.2
James Hardie Industries PLC	Australia	0.2
Nitto Denko Corp	Japan	0.2
Air Water Inc	Japan	0.2
Iluka Resources Ltd	Australia	0.2

As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Materials</b>		<b>12.5</b>
CCL Industries Inc	Canada	0.2
Nihon Parkerizing Co Ltd	Japan	0.1
Kureha Corp	Japan	0.1
Gerdau SA IPS	Brazil	0.1
MOIL Ltd	India	0.1
KH Neochem Co Ltd	Japan	0.1
Borregaard ASA	Norway	0.1
Taisei Lamick Co Ltd	Japan	0.1
Takasago International Corp	Japan	0.1
Marshalls PLC	United Kingdom	0.0
Japan Pure Chemical Co Ltd	Japan	0.0
Winpak Ltd	Canada	0.0
<b>Other</b>		<b>0.0</b>
Other		0.0
<b>Real Estate</b>		<b>4.7</b>
LEG Immobilien SE	Germany	0.7
UNITE Group PLC REIT	United Kingdom	0.6
Capitaland Investment Ltd/Singapore	Singapore	0.5
Swire Properties Ltd	Hong Kong	0.4
Multiplan Empreendimentos Imobiliarios SA	Brazil	0.3
Capitaland India Trust IEU	Singapore	0.3
Corp Inmobiliaria Vesta SAB de CV	Mexico	0.2
Big Yellow Group PLC REIT	United Kingdom	0.2
City Developments Ltd	Singapore	0.2
Aldar Properties PJSC	United Arab Emirates	0.2
Embassy Office Parks REIT REIT	India	0.2
Prologis Property Mexico SA de CV REIT	Mexico	0.2
Rural Funds Group REIT	Australia	0.1
Capital & Counties Properties PLC	United Kingdom	0.1
Cedar Woods Properties Ltd	Australia	0.1
TAG Immobilien AG	Germany	0.1
Midland Holdings Ltd	Hong Kong	0.0

## Portfolio Holdings



As of 31-Dec-23	Country	Equivalent exposure (%)
<b>Utilities</b>		<b>1.9</b>
CESC Ltd	India	0.6
Italgas SpA	Italy	0.5
China Resources Gas Group Ltd	China	0.4
APA Group	Australia	0.3
Aguas Andinas SA	Chile	0.1

Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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