

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

# MFS® Research International Fund

(Class R6 Shares)

First quarter 2024 investment report

Effective January 1, 2024, John Mahoney joined the portfolio management team.

Camille Humphries Lee will retire from MFS on May 1, 2024.

**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-RIF-31-Mar-24

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# Table of Contents



Contents	Page
Fund Risks	1
Disciplined Investment Approach	2
Market Overview	3
Executive Summary	4
Performance	5
Attribution	6
Significant Transactions	10
Portfolio Positioning	11
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.

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PRPEQ-RIF-31-Mar-24

## 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.

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

# Disciplined Investment Approach



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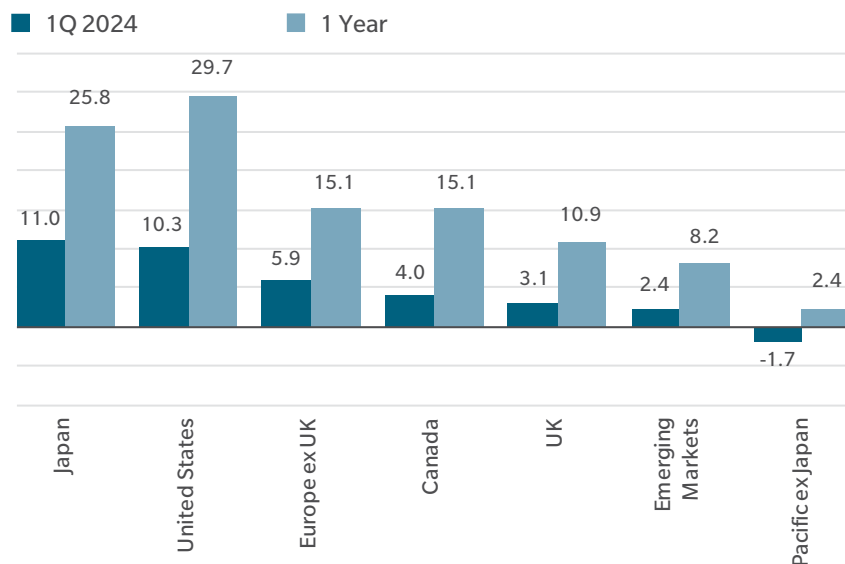
<b>Investment Objective</b>	Seeks capital appreciation
<b>Goal</b>	Seeks to outperform the MSCI EAFE Index (net div) over full market cycles
<b>Philosophy</b>	We believe bottom-up analysis offers the best opportunity to try to identify high-quality companies (generally defined as durable franchises, significant free cash flow, solid balance sheets and strong management teams) with above average earnings growth potential
<b>Strategy</b>	<ul style="list-style-type: none"><li>▪ Analyst-driven decision making process</li><li>▪ Core, multi-capitalization investment strategy allows flexibility to search for highest conviction ideas</li><li>▪ Company specific stock selection, not country specific</li><li>▪ Generally, has been sector neutral relative to MSCI EAFE Index</li></ul>

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# Market Overview

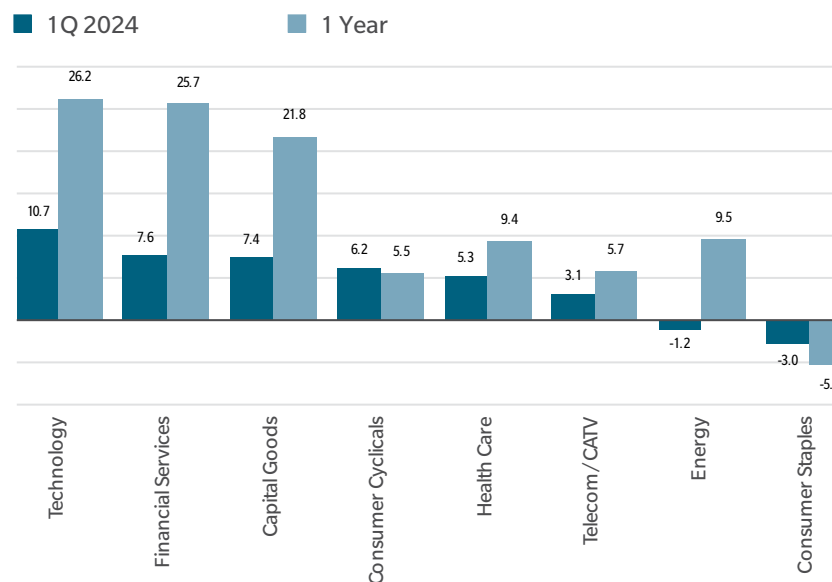


Region performance (%) (USD) as of 31-Mar-24



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

Sector performance (%) (USD) as of 31-Mar-24



Source: FactSet. Sector performance based on Global Research sector classification. The analysis of MSCI EAFE Index constituents are broken out by MFS defined sectors.

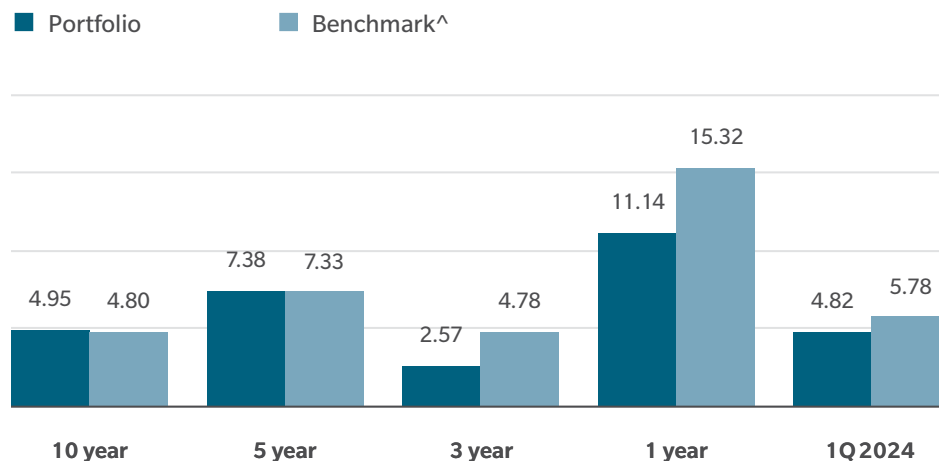
## Global Equities market review as of 31-Mar-2024

- The global equity market rally has continued in 2024 helped by improving economic and earnings data, as expectation of a soft landing becomes a growing consensus.
- Large growth stocks again led the market in the first quarter driven by renewed enthusiasm in artificial intelligence, while defensive sectors lagged. However, growth leadership started to fade in the back half of the quarter alongside the backup in bond yields.
- Anticipation of less restrictive monetary policy continues to provide support to equity markets, although the timing and pace of interest rate cuts are dependent on economic and inflation data in the coming months.
- There are meaningful regional divergences in economic performance, with emerging markets outside of China growing the strongest, trends in the US, Japan and the UK modestly positive, the recovery in Europe uneven and China experiencing deflation.

# Executive Summary



Performance results (%) R6 shares at NAV (USD) as of 31-Mar-24



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 EAFE (Europe, Australasia, Far East) Index (net div)

Sector weights (%) as of 31-Mar-24

	Portfolio	Benchmark^^
<b>Top overweights</b>		
Energy	7.6	7.2
<b>Top underweights</b>		
Technology	12.2	12.6
Financial Services	21.1	21.3
Consumer Cyclical	9.4	9.6

^^ MSCI EAFE Index

The sectors described and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

The MFS Research International Fund underperformed the MSCI EAFE (Europe, Australasia, Far East) Index (net div) in the first quarter of 2024.

### Contributors

- Energy - Stock selection
- Currency
- Individual stocks:
  - Hitachi Ltd
  - Linde Plc
  - NatWest Group PLC
  - BHP Billiton PLC (not held)

### Detractors

- Financial Services - Stock selection
- Technology - Stock selection
- Individual stocks:
  - Toyota Motor Corp (not held)
  - Roche Holding Ltd

# Performance Results



Performance results (%) R6 shares at NAV (USD) as of 31-Mar-24

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
1Q 2024	4.82	5.78	-0.96
4Q 2023	9.24	10.42	-1.19
3Q 2023	-5.57	-4.11	-1.46
2Q 2023	2.79	2.95	-0.16
2023	13.50	18.24	-4.74
2022	-17.24	-14.45	-2.79
2021	12.01	11.26	0.74
2020	13.29	7.82	5.47
2019	28.12	22.01	6.11
10 year	4.95	4.80	0.15
5 year	7.38	7.33	0.06
3 year	2.57	4.78	-2.21
1 year	11.14	15.32	-4.17

**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).**

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<sup>^</sup> MSCI EAFE (Europe, Australasia, Far East) Index (net div)

# Performance Drivers - Sectors



Relative to MSCI EAFE Index (USD) - first quarter 2024		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation <sup>1</sup> (%)	+ Stock selection <sup>2</sup> (%)	+ Currency effect (%)	= Relative contribution (%)
<b>Contributors</b>	Energy	0.3	1.6	-1.2	-0.0	0.2	0.0	0.2
	Capital Goods	-0.3	7.6	7.4	-0.0	-0.2	0.2	0.1
	Consumer Staples	-0.1	-2.8	-3.0	0.0	0.1	-0.0	0.0
	Health Care	0.0	5.3	5.3	-0.0	0.0	-0.0	0.0
<b>Detractors</b>	Financial Services	-0.5	5.0	7.6	-0.0	-0.8	0.2	-0.5
	Technology	-0.0	8.1	10.7	0.0	-0.3	-0.0	-0.3
	Consumer Cyclicals	-0.0	4.7	6.2	0.0	-0.2	0.0	-0.1
	Telecom/CATV	-0.0	0.1	3.1	0.0	-0.1	-0.0	-0.1
	Cash	0.7	1.3	—	-0.1	—	0.0	-0.0
<b>Total</b>			<b>5.0</b>	<b>5.8</b>	<b>-0.0</b>	<b>-1.2</b>	<b>0.5</b>	<b>-0.8</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](mailto:DLAttributionGrp@MFS.com).

The sectors described and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.



# Performance Drivers - Stocks



Relative to MSCI EAFE Index (USD) - first quarter 2024		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Hitachi Ltd	2.1	0.5	26.7	26.7	0.3
	Linde Plc	3.3	—	13.4	—	0.2
	NatWest Group PLC	1.3	0.1	25.7	25.7	0.2
	BHP Billiton PLC	—	0.9	—	-14.0	0.2
	Taiwan Semiconductor	1.0	—	24.9	—	0.2
<b>Detractors</b>	Toyota Motor Corp	—	1.4	—	38.1	-0.4
	Asml Holding Nv	0.7	2.2	28.2	28.2	-0.3
	Tokyo Electron Ltd	—	0.6	—	45.6	-0.2
	Roche Holding Ltd	2.6	1.2	-8.6	-8.6	-0.2
	SAP AG	—	1.1	—	26.5	-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. 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 - Detractors



Relative to MSCI EAFE Index (USD) - first quarter 2024		Relative contribution (%)
<b>Toyota Motor Corp</b>	Not owning shares of car maker Toyota Motor (Japan) hindered relative performance. The stock price advanced during the quarter as the company posted higher-than-consensus operating profit results, primarily driven by stronger-than-expected shipments in North America and Japan and increased sales of high-value-added vehicles and Hybrid Electric Vehicles (HEVs) during the slowdown of Battery Electric Vehicles (BEVs) penetration.	-0.4
<b>Asml Holding Nv</b>	An underweight position in ASML (Netherlands), a lithography systems manufacturer for the semiconductor industry, detracted from relative returns. The stock price advanced as management reported earnings results above consensus expectations, driven by strong revenue in its extreme ultraviolet (EUV) and service segments.	-0.3
<b>Tokyo Electron Ltd</b>	Not owning shares of semiconductor production equipment manufacturer Tokyo Electron (Japan) weighed on relative performance. The stock price advanced during the quarter as the company reported operating profit substantially ahead of market expectations and sharply raised its fiscal year guidance. The primary source of outperformance was higher-than-expected equipment sales in China and Korea.	-0.2

## Significant Impacts on Performance - Contributors



Relative to MSCI EAFE Index (USD) - first quarter 2024		Relative contribution (%)
<b>Hitachi Ltd</b>	An overweight position in electronics company Hitachi (Japan) bolstered relative performance. The company reported quarterly sales and adjusted operating profit results above market expectations, mainly due to higher sales growth in its Digital System & Service, Green Energy & Mobility, and Connective Industries segments.	0.3
<b>Linde Plc</b>	The portfolio's position in industrial gas supplier Linde (United States) benefited relative performance. Despite a challenging macroeconomic environment, the company delivered better-than-anticipated financials led by a strong price mix across all geographies and increased productivity that helped its operating margins.	0.2
<b>NatWest Group PLC</b>	The portfolio's overweight position in financial services company Natwest Group (United Kingdom) contributed to relative returns. The company reported fourth-quarter financial results above expectations, driven by stronger-than-expected revenue and impairment results.	0.2

## Significant Transactions



From 01-Jan-24 to 31-Mar-24		Sector	Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	RENESAS ELECTRONICS CORP	Technology	New position	0.5	0.5
	ASML HOLDING NV	Technology	Add	0.4	1.1
	BANK OF IRELAND GROUP PLC	Financial Services	Add	0.3	0.8
	MITSUI & CO LTD	Capital Goods	Add	0.3	1.0
	CAPGEMINI SE	Technology	New position	0.3	0.3
<b>Sales</b>	FUJITSU LTD	Technology	Trim	-0.6	0.6
	KOITO MANUFACTURING CO LTD	Capital Goods	Eliminate position	-0.4	-
	BAYER AG	Health Care	Eliminate position	-0.4	-
	LONDON STOCK EXCHANGE GROUP PLC	Financial Services	Trim	-0.3	1.3
	SAMSUNG ELECTRONICS CO LTD	Technology	Trim	-0.3	0.8

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## Sector Weights



As of 31-Mar-24	Portfolio (%)	Benchmark ^ (%)	Underweight/overweight(%)	Top holdings
Energy	7.6	7.2	0.4	TotalEnergies SE, Galp Energia SGPS SA, Iberdrola SA
Health Care	12.4	12.4	0.0	Novo Nordisk AS, Roche Holding AG, Merck KGaA
Consumer Staples	7.5	7.6	-0.1	Nestle SA, Diageo PLC, British American Tobacco PLC
Telecom / CATV	2.5	2.6	-0.1	SoftBank Group Corp
Capital Goods	26.3	26.5	-0.2	Linde PLC, Schneider Electric SE, SMC Corp
Consumer Cyclicals	9.4	9.6	-0.2	LVMH Moet Hennessy Louis Vuitton SE, Cie Financiere Richemont SA
Financial Services	21.1	21.3	-0.2	NatWest Group PLC, Euronext NV, BNP Paribas SA
Technology	12.2	12.6	-0.4	Hitachi Ltd, Constellation Software Inc/Canada, ASML Holding NV

^ MSCI EAFE Index

1.1% Cash & cash equivalents

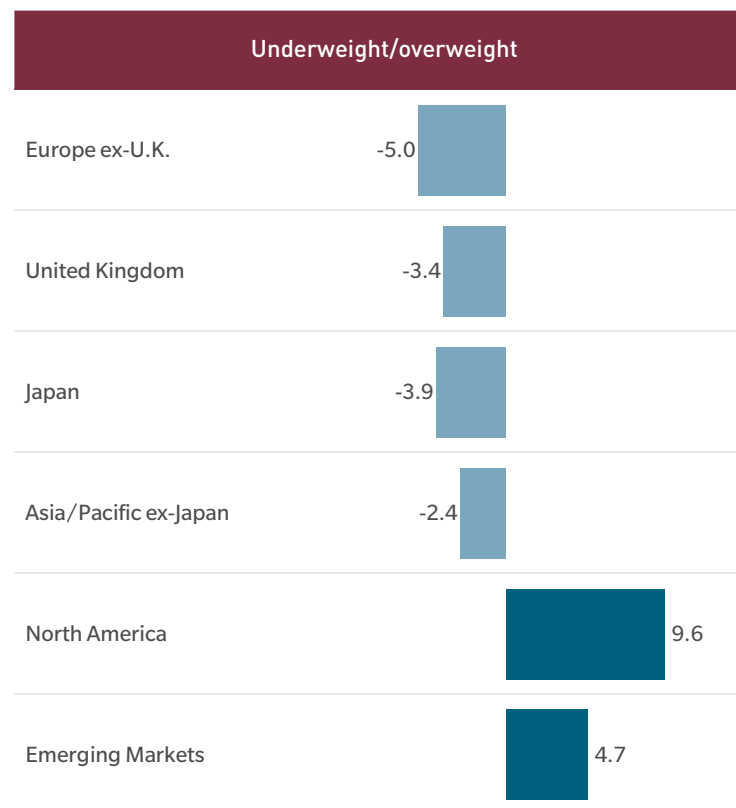
0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

The sectors described and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

## Region and Country Weights



As of 31-Mar-24	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>Europe ex-U.K.</b>	<b>46.2</b>	<b>51.2</b>	<b>-5.0</b>
France	14.8	12.1	2.7
Ireland	1.8	0.9	0.9
Portugal	1.1	0.2	0.9
Switzerland	10.2	9.4	0.8
Denmark	4.1	3.6	0.5
Spain	2.7	2.7	0.0
Netherlands	4.0	5.0	-1.0
Italy	0.9	2.8	-1.9
Germany	6.6	8.7	-2.1
Other countries <sup>1</sup>	0.0	5.7	-5.7
<b>United Kingdom</b>	<b>10.7</b>	<b>14.1</b>	<b>-3.4</b>
<b>Japan</b>	<b>19.6</b>	<b>23.5</b>	<b>-3.9</b>
<b>Asia/Pacific ex-Japan</b>	<b>8.1</b>	<b>10.5</b>	<b>-2.4</b>
Hong Kong	3.4	1.8	1.6
Singapore	0.7	1.3	-0.6
Australia	4.0	7.2	-3.2
Other countries <sup>1</sup>	0.0	0.3	-0.3
<b>North America</b>	<b>9.6</b>	<b>0.0</b>	<b>9.6</b>
United States	7.8	0.0	7.8
Canada	1.8	0.0	1.8
<b>Emerging Markets</b>	<b>4.7</b>	<b>0.0</b>	<b>4.7</b>
India	1.4	0.0	1.4
Taiwan	1.1	0.0	1.1
South Korea	0.8	0.0	0.8
China	0.6	0.0	0.6
Thailand	0.5	0.0	0.5
Greece	0.3	0.0	0.3



^ MSCI EAFE Index

1.1% Cash & cash equivalents

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

The portfolio does not own securities represented in the benchmark in the following percentages: Developed - Middle East/Africa region 0.7%.

<sup>1</sup> The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Sweden 3.1%; Finland 1.0% and 5 countries with weights less than 1.0% which totals to 2.7%.

# Characteristics



As of 31-Mar-24	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
IBES long-term EPS growth <sup>1</sup>	9.5%	9.8%
Price/earnings (12 months forward ex-negative earnings)	16.4x	14.4x
Price/book	2.4x	1.9x
Return on equity (3-year average)	19.8%	18.5%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	116.2 bn	103.5 bn
<b>Diversification</b>		
Top ten issues	25%	15%
Number of Issues	110	768
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	17%	—
<b>Risk profile (current)</b>		
Active share	76%	—
<b>Risk/reward (10 year)</b>		
Historical tracking error	3.32%	—
Beta	0.94	—
Standard deviation	14.58%	15.12%
Information ratio	0.04	—

<sup>^</sup> MSCI EAFE 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-24	Portfolio (%)	Benchmark^ (%)
NOVO NORDISKA/S	3.6	2.5
LINDE PLC	3.4	-
SCHNEIDER ELECTRIC SE	3.4	0.7
LVMH MOET HENNESSY LOUIS VUITTON SE	2.7	1.5
NESTLE SA	2.4	1.7
ROCHE HOLDING AG	2.3	1.1
HITACHI LTD	2.2	0.5
TOTALENERGIES SE	1.7	0.9
NATWEST GROUP PLC	1.6	0.1
EURONEXT NV (EQ)	1.6	0.0
<b>Total</b>	<b>25.1</b>	<b>9.0</b>

^ MSCI EAFE Index



## Portfolio Outlook and Positioning



Capital goods contributed to relative performance for the quarter. Shares of Linde advanced as the industrial gases company reported solid margins and earnings growth. Not owning base metal miners, BHP Billiton and Rio Tinto, aided relative returns as iron ore dropped throughout the quarter following a reported fourth consecutive annual decline in its scrap steel usage within China. We added to Mitsui & Co. during the quarter as the Japanese trading company provides broadly diversified resource exposure and a track record of favorable returns. Elsewhere, Schneider Electric posted strong results driven in part by continued strength in its energy management segment. Furthermore, auto-linked names, Toyota Industries and Denso, bounced during the quarter. Toyota benefited from its hybrid vehicle strategy combined with a weak yen tailwind while Denso has been following through with its unwinding of cross shareholding. Collectively, our underweight to the autos industry held back relative returns as the OEMs collectively have seen strong demand. Within the autos group, we redeployed basis points from Koito to higher conviction names Denso and Toyota Industries. Lastly, HVAC systems company, Daikin, has been facing a challenging environment within the Chinese construction market. We continue to like Daikin long-term and added into weakness during the quarter.

We are cautious in our outlook for the capital goods sector following a period of strong pricing led growth and generally higher margins across the group. The direction of the global economy is very much uncertain in that a slowdown is perhaps just as likely as an acceleration. Last year we were surprised by the continued inventory destocking activity, and related earnings disappointments among suppliers of chemicals and various manufacturing inputs. All indications are that these inventory overhang issues have now been resolved. Longer term, we remain confident that our investments in the sector will survive macroeconomic challenges.

Within financials, we came into the year with an unchanged underweight to rates which has weighed on performance as banks continue to perform well. In particular, our avoidance of several large banks in Italy and Spain has been a headwind within the sector. Overall, we remain content with our exposures, yet we will continue to further our assessment of the growth, risk and return tradeoffs across geographies. Despite a healthy fourth quarter print, shares of AIA Group declined on concern around elevated medical claims in 2023, as well as investments and ongoing expansion plans within mainland China. HDFC Bank reported mixed results with lower deposit growth and a flat net interest margin (NIM), but improved asset quality. The company's guidance that NIM pressure may persist put additional pressure on the stock. We added to both AIA and HDFC during quarter as we continue to like these names long term. Hong Kong exchange reported mixed results, but the stock was lower on ongoing concerns around investors risk appetite, policy uncertainty within China, and the impact of US Federal Reserve (Fed) rate cuts. On a positive note, UK based insurance companies Beazley and Hiscox delivered strong underwriting and investment results combined with planned buybacks that sent both names higher, after a weak Q4 2023 driven primarily by a change in IFRS 17 account rule. Natwest also

## Portfolio Outlook and Positioning



bounced back after a weak fourth quarter after reporting better than expected profits and a share buyback program to begin in 2024. We added to both Natwest and Bank of Ireland where valuations remain attractive.

The portfolio's positioning in financials is underweight to rates, has organically moved to neutral on credit, has a marginal overweight to markets and remains overweight volatility. We are overweight the US (largely due to our position in Aon) and underweight Japan and Asia Pacific. We are marginally overweight to the UK and underweight Europe ex UK.

Our technology investments were a modest detractor from relative performance for the quarter. An underweight position in ASML and not owning Tokyo Electron dampened relative returns, as semiconductor equipment stocks rallied on AI related investor enthusiasm. Not owning SAP weighed on relative performance, as did our investment in Amadeus, due to fears of disintermediation after an online travel agent signed agreements to book directly with airline carriers. Meanwhile, our investments in Hitachi and Taiwan Semiconductor benefitted from strong earnings reports and favorable forward guidance. During the quarter we pared back our holdings of Fujitsu on news of the British Post Office scandal. A fault in Fujitsu's software between 1999 and 2015 led to the false prosecution of over 700 post office employees in the UK. The scandal has recently been publicized and will likely result in legal costs for Fujitsu of over \$1 billion. Among the Japanese semiconductor companies, we initiated a position in Renesas Electronics and trimmed Rohm, based on our view that Renesas is better positioned to benefit from the electronic revolution in autos, specifically the growth in automated driver assist systems, vehicle electrification and connectivity. We added to ASML and trimmed Samsung, to maintain a similar level of exposure to semiconductors and memory, while reducing the out-of-benchmark geopolitical risk. We reduced our holdings of Kyocera, where we believe that management is not acting quickly enough to return excess cash to shareholders, even as inflation is rising in Japan. We added to Capgemini, on a reasonable valuation and the company's attractive niche of helping clients transition their businesses to the cloud.

Within energy, against the backdrop of near universal bearishness on the outlook for oil supply/demand balances, prices rose in almost a straight line during the quarter, from \$76/barrel (bbl) to \$90/bbl. It has been surprising to see the resilience of demand, supply restraint from OPEC, as well as the tempering of US shale supply. Inventories remain low after the shocks of 2022, and the geopolitical backdrop, while not restricting supply, continues to menace in the background. Nonetheless, the energy sector fell over 1% in the quarter, as the market remains more preoccupied with rate cuts, which is an environment in which the energy sector rarely outperforms. The long-term risk is that the longer-term outlook for supply continues to look challenging in the context of current demand trends.

## Portfolio Outlook and Positioning



Energy performed in line with the index sector, with performance being driven mostly by idiosyncratic factors. Galp was the outperformer, on the exploration success offshore Namibia, which looks to have unveiled a sizeable light oil resource in the region. Alongside this, Reliance Industries also performed well in the quarter, although this is due in part to the strength of the Indian market, even if refining margins have also proved supportive. For the sector as a whole, we must wait and see if the outlook will be dominated by weaker demand and ample supply, or if the sudden, forced energy shortages of 2022 were merely a harbinger of more to come on the longer-term horizon.

Our telecom investments performed in line with the index sector for the first quarter. Softbank Group emerged as the standout performer, largely attributable to the heightened market enthusiasm surrounding artificial intelligence technologies, as Softbank continues to own 90% of semiconductor design company, ARM, post its IPO in 2023. Elsewhere, Cellnex relinquished some of its previous quarter's gains amidst ongoing discussion about the Federal Reserve's interest rate trajectory. AIS's underperformance can be linked to Thailand's protracted tourism sector recovery post-pandemic. Additionally, KDDI's stock price was impacted by their unexpected decision to acquire a significant stake in convenience store chain, Lawson. However, we took the opportunity to trim KDDI following the merger announcement, given the subdued response from Japanese investors.

Our health care holdings performed in line with the EAFE sector for the quarter. The relative outperformance of Novo Nordisk, which benefitted from strong demand for its diabetes and obesity drugs, offset weakness in Roche, which suffered sales declines for three of its leading cancer drugs. During the quarter, we exited Bayer due to concerns about continuing legal liabilities for glyphosate and trimmed Kyowa Kirin after the stock rose in response to a favorable earnings report and the announcement of a share buyback. We added to existing positions in Merck, Sanofi, CSL and Olympus.

The performance of our consumer staples holdings was in line with the EAFE sector average. Our underweight to consumer products aided relative performance. Notably, not owning L'Oréal aided relative performance as the stock came under pressure following disappointing results out of China. Moreover, our avoidance of Reckitt Benckiser was beneficial as shares dropped due to concerns over ongoing infant formula litigation. Elsewhere in the sector, our overweight to alcoholic beverages held back results as the volume outlook continues to be somewhat uncertain because of ongoing unwinding of pandemic effects and weak macro in certain areas. That said, we remain confident that the outlook should improve over time. There were no significant trades in Consumer Staples during the first three months of the year.

## Portfolio Outlook and Positioning



Consumer cyclicals had a solid start to the year with many retail and apparel companies reporting 4Q earnings generally inline or modestly ahead of expectations. In particular, large luxury good companies, LVMH and Richemont, noted that demand had remained largely solid which reassured investors. In contrast Burberry warned that they would miss expectations as their brand turnaround is taking longer than expected to execute. We topped up our position in Burberry based on our view that the risk/reward is attractive at current levels. We believe Burberry's brand heritage limits further downside and there is significant upside when the brand cycle turns more positive for Burberry.

We moderately underperformed the index in 1Q24 — with our underweight to specialty stores detracting from performance. Our positioning remains overweight high-end consumer and out-of-home consumption themes within the sector. We also continue to look to increase exposure to Japan where we see attractive opportunities as a result of corporate reform that are not reflected in valuations.

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-24	Country	Equivalent exposure (%)
<b>Capital Goods</b>		<b>26.3</b>
Linde PLC	United States	3.4
Schneider Electric SE	France	3.4
SMC Corp	Japan	1.3
Legrand SA	France	1.2
Glencore PLC	United Kingdom	1.2
Denso Corp	Japan	1.1
Mitsubishi Electric Corp	Japan	1.1
Toyota Industries Corp	Japan	1.0
Nitto Denko Corp	Japan	1.0
Sika AG	Switzerland	1.0
Mitsui & Co Ltd	Japan	1.0
Techtronic Industries Co Ltd	Hong Kong	1.0
Daikin Industries Ltd	Japan	0.9
MTU Aero Engines AG	Germany	0.9
Symrise AG	Germany	0.9
GEA Group AG	Germany	0.9
Croda International PLC	United Kingdom	0.7
Thales SA	France	0.7
Cie Generale des Etablissements Michelin SCA	France	0.7
Bridgestone Corp	Japan	0.7
Akzo Nobel NV	Netherlands	0.6
Ritchie Bros Auctioneers Inc	Canada	0.6
Weir Group PLC	United Kingdom	0.6
Kansai Paint Co Ltd	Japan	0.3
<b>Cash &amp; Cash Equivalents</b>		<b>1.1</b>
Cash & Cash Equivalents		1.1
<b>Consumer Cyclicals</b>		<b>9.4</b>
LVMH Moet Hennessy Louis Vuitton SE	France	2.7
Cie Financiere Richemont SA	Switzerland	1.1
Wolters Kluwer NV	Netherlands	0.8
Aristocrat Leisure Ltd	Australia	0.6
Ryanair Holdings PLC ADR	Ireland	0.6

As of 31-Mar-24	Country	Equivalent exposure (%)
<b>Consumer Cyclicals</b>		<b>9.4</b>
Seven & i Holdings Co Ltd	Japan	0.4
Whitbread PLC	United Kingdom	0.4
CAR Group Ltd	Australia	0.3
Sands China Ltd	Hong Kong	0.3
Yum China Holdings Inc	China	0.3
ZOZO Inc	Japan	0.3
Flutter Entertainment PLC	Ireland	0.3
Burberry Group PLC	United Kingdom	0.3
NIKE Inc	United States	0.2
Seek Ltd	Australia	0.2
Persol Holdings Co Ltd	Japan	0.2
Yamaha Corp	Japan	0.2
<b>Consumer Staples</b>		<b>7.5</b>
Nestle SA	Switzerland	2.4
Diageo PLC	United Kingdom	1.4
British American Tobacco PLC	United Kingdom	1.1
Heineken NV	Netherlands	0.8
Kao Corp	Japan	0.7
Novozymes AS	Denmark	0.6
Kirin Holdings Co Ltd	Japan	0.5
<b>Energy</b>		<b>7.6</b>
TotalEnergies SE	France	1.7
Galp Energia SGPS SA	Portugal	1.1
Iberdrola SA	Spain	1.1
Eni SpA	Italy	0.9
Woodside Energy Group Ltd	Australia	0.7
E.ON SE	Germany	0.6
Reliance Industries Ltd	India	0.6
CLP Holdings Ltd	Hong Kong	0.4
China Resources Gas Group Ltd	China	0.3
APA Group	Australia	0.3

# Portfolio Holdings



As of 31-Mar-24	Country	Equivalent exposure (%)
<b>Financial Services</b>		<b>21.1</b>
NatWest Group PLC	United Kingdom	1.6
Euronext NV	France	1.6
BNP Paribas SA	France	1.6
Aon PLC	United States	1.3
London Stock Exchange Group PLC	United Kingdom	1.3
UBS Group AG	Switzerland	1.2
Zurich Insurance Group AG	Switzerland	1.2
LEG Immobilien SE	Germany	1.2
AIA Group Ltd	Hong Kong	1.1
Visa Inc	United States	1.1
Mitsubishi UFJ Financial Group Inc	Japan	1.1
Julius Baer Group Ltd	Switzerland	1.1
Beazley PLC	United Kingdom	0.9
Macquarie Group Ltd	Australia	0.9
Bank of Ireland Group PLC	Ireland	0.8
HDFC Bank Ltd	India	0.8
DBS Group Holdings Ltd	Singapore	0.7
Hong Kong Exchanges & Clearing Ltd	Hong Kong	0.6
Hiscox Ltd	United Kingdom	0.6
Willis Towers Watson PLC	United States	0.5
<b>Health Care</b>		<b>12.4</b>
Novo Nordisk AS	Denmark	3.6
Roche Holding AG	Switzerland	2.3
Merck KGaA	Germany	1.2
CSL Ltd	Australia	1.0
QIAGEN NV	Germany	0.9
Sanofi SA	France	0.8
ConvaTec Group PLC	United Kingdom	0.7
Kyowa Hakko Kirin Co Ltd	Japan	0.5
Olympus Corp	Japan	0.5
Terumo Corp	Japan	0.5
Santen Pharmaceutical Co Ltd	Japan	0.4

As of 31-Mar-24	Country	Equivalent exposure (%)
<b>Other</b>		<b>0.0</b>
Other		0.0
<b>Technology</b>		<b>12.2</b>
Hitachi Ltd	Japan	2.2
Constellation Software Inc/Canada	Canada	1.2
ASML Holding NV	Netherlands	1.1
Amadeus IT Group SA	Spain	1.1
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	1.1
Cadence Design Systems Inc	United States	1.1
Samsung Electronics Co Ltd	South Korea	0.8
Nomura Research Institute Ltd	Japan	0.7
NXP Semiconductors NV	Netherlands	0.7
Fujitsu Ltd	Japan	0.6
Renesas Electronics Corp	Japan	0.5
Kyocera Corp	Japan	0.4
Capgemini SE	France	0.3
Secom Co Ltd	Japan	0.3
Rohm Co Ltd	Japan	0.1
Constellation Software Inc	Canada	0.0
<b>Telecom / CATV</b>		<b>2.5</b>
SoftBank Group Corp	Japan	0.6
KDDI Corp	Japan	0.6
Cellnex Telecom SA	Spain	0.5
Advanced Info Service PCL	Thailand	0.5
Hellenic Telecommunications Organization SA	Greece	0.3

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

The sectors described and the associated portfolio composition are based on MFS' own sector classification methodology which differs from industry classification standards, including the standard that is associated with the benchmark composition presented. The variance in sector weights between the portfolio and the benchmark would be different if an industry classification standard was used.

## Additional Disclosures



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