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MFS® Global New Discovery Fund

(Class R6 Shares)

Fourth quarter 2024 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. Please read it carefully.

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

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

Fund Risks 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.

Mid-cap: Investments in mid-cap companies can be more volatile than investments in larger companies.

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

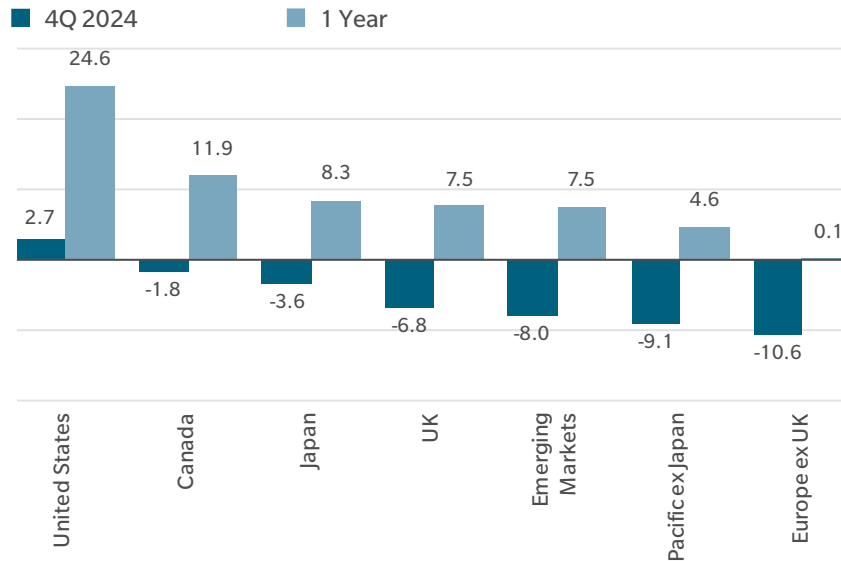
Please see the prospectus for further information on these and other risk considerations.

Investment Objective: Seeks capital appreciation

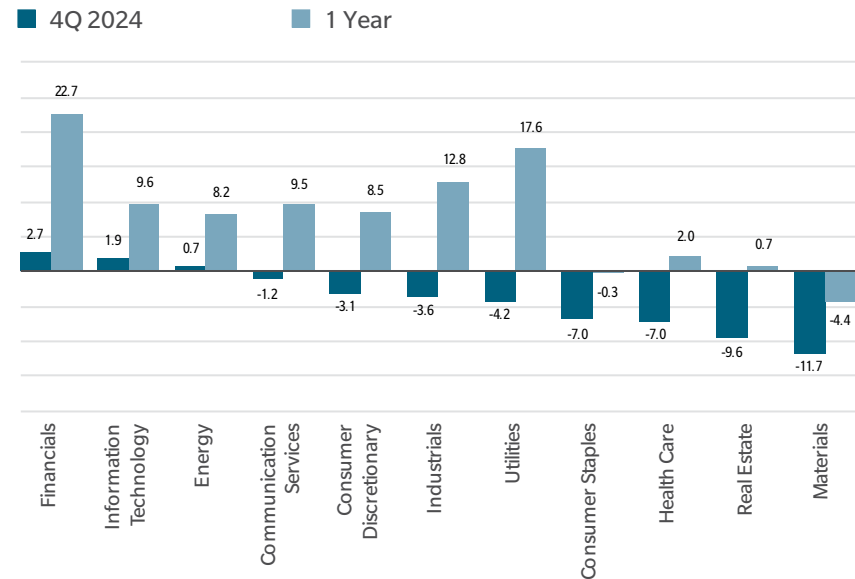
Market Overview



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



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



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

Source: FactSet. Sector performance based on MSCI sector classification. The analysis of MSCI All Country World Small Mid Cap Index constituents are broken out by MSCI defined sectors.

Global Equities market review as of 31-Dec-24

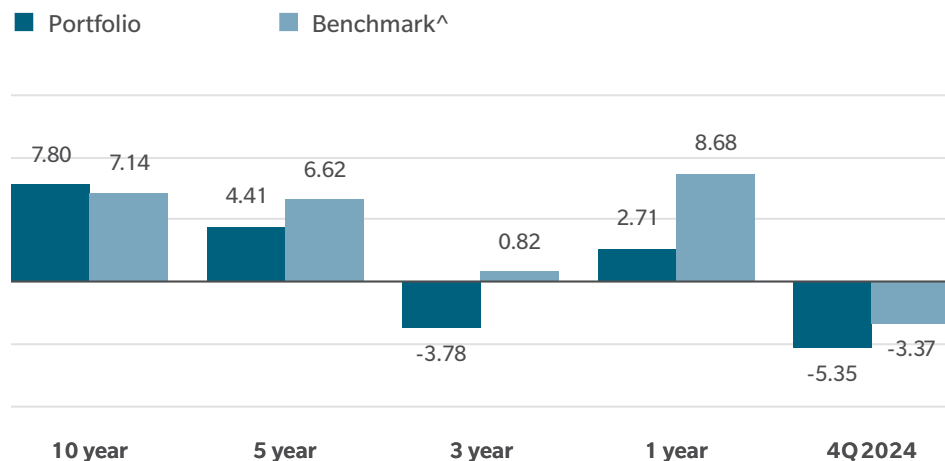
- The global equity market reached new highs during Q4 of 2024 as US election results drove a rally in the US market in anticipation of pro-growth policies.
- Non-US markets fared less well due to a strong US dollar, along with concerns about a weaker economic outlook, political uncertainty and tariff risks.
- Markets pulled back in December as rising bond yields and the prospect of fewer US interest rate cuts in 2025 weighed on investor sentiment.

- Entering 2025, equity markets may continue to benefit from AI enthusiasm, a strong US economy and easing monetary policies in most countries.
- Key risks include stretched valuations and high market concentration, which could reverse if the AI trade unwinds, as well as a potential resurgence of inflation, trade tensions and geopolitical risks.

Executive Summary



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

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 Small Mid Cap Index (net div)

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

	Portfolio	Benchmark^^
Top overweights		
Industrials	31.0	19.4
Materials	9.2	7.4
Consumer Staples	6.2	4.9
Top underweights		
Financials	9.9	15.7
Utilities	-	4.7
Health Care	6.2	8.7

^^ MSCI All Country World Small Mid Cap Index

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The MFS Global New Discovery Fund underperformed the MSCI All Country World Small Mid Cap Index (net div) in the fourth quarter of 2024.

Contributors

- Industrials - Stock selection
- Materials - Stock selection
- Individual stocks:
 - Burlington Stores Inc
 - Burberry Group Plc

Detractors

- Financials - Underweight position
- Information Technology - Stock selection
- Currency
- Individual stocks:
 - Icon Plc
 - Multiplan Empreendimentos Imobiliarios Sa
 - Symrise Ag (Eq)
 - Big Yellow Group Plc
 - Steris
 - China Resources Beer Holdings Co Ltd

Performance Results



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

Period	Portfolio	Benchmark [^]	Excess return vs benchmark
4Q 2024	-5.35	-3.37	-1.98
3Q 2024	8.31	9.37	-1.06
2Q 2024	-3.85	-2.06	-1.79
1Q 2024	4.19	4.99	-0.80
2024	2.71	8.68	-5.97
2023	18.53	16.02	2.51
2022	-26.82	-18.72	-8.09
2021	12.26	16.23	-3.97
2020	24.06	15.67	8.39
10 year	7.80	7.14	0.66
5 year	4.41	6.62	-2.21
3 year	-3.78	0.82	-4.60
1 year	2.71	8.68	-5.97

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

[^] MSCI All Country World Small Mid Cap Index (net div)

Performance Drivers - Sectors



Relative to MSCI All Country World Small Mid Cap Index (USD) - fourth quarter 2024		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation ¹ (%)	+ Stock selection ² (%)	+ Currency effect (%)	= Relative contribution (%)
Contributors	Industrials	11.3	-0.9	-3.6	-0.0	0.3	0.4	0.7
	Materials	3.0	-5.4	-11.7	-0.2	0.6	0.1	0.5
	Cash	2.4	1.1	—	0.0	—	0.1	0.1
	Energy	-2.0	10.7	0.7	-0.1	0.1	0.1	0.1
	Utilities	-4.7	—	-4.2	0.1	—	-0.0	0.0
Detractors	Financials	-5.9	-4.1	2.7	-0.3	-0.3	-0.3	-1.0
	Information Technology	-2.0	-4.6	1.9	-0.1	-0.3	-0.4	-0.7
	Real Estate	0.1	-16.3	-9.6	-0.0	-0.4	-0.2	-0.6
	Health Care	-2.6	-15.6	-7.0	0.1	-0.6	-0.1	-0.5
	Communication Services	-0.8	-10.9	-1.2	-0.0	-0.2	-0.1	-0.3
	Consumer Staples	1.6	-7.7	-7.0	-0.1	0.0	-0.1	-0.1
	Consumer Discretionary	-0.5	-3.5	-3.1	-0.0	0.1	-0.1	-0.0
Total			-5.1	-3.3	-0.7	-0.6	-0.6	-1.9

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. 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.

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Performance Drivers - Stocks



Relative to MSCI All Country World Small Mid Cap Index (USD) - fourth quarter 2024		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Contributors	Summit Materials Inc	1.7	0.0	30.1	29.6	0.5
	Gfl Environmental Inc (Eq)	2.5	0.0	11.7	11.6	0.3
	Melrose Industries Plc	1.5	0.0	13.5	13.5	0.2
	Rb Global Inc	1.6	0.1	12.4	12.3	0.2
	Burlington Stores Inc	1.9	0.1	8.2	8.2	0.2
Detractors	Icon Plc	1.1	—	-27.0	—	-0.3
	Multipan Empreendimentos Imobiliarios Sa	1.1	0.0	-26.8	-26.8	-0.3
	Symrise Ag (Eq)	1.1	0.1	-23.3	-23.3	-0.3
	Big Yellow Group Plc	0.7	0.0	-29.3	-29.3	-0.2
	Steris	1.8	0.1	-15.0	-15.0	-0.2

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

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

Significant Impacts on Performance - Detractors



Relative to MSCI All Country World Small Mid Cap Index (USD) - fourth quarter 2024		Relative contribution (%)
Icon Plc	The portfolio's holdings of clinical research provider ICON (United States) detracted from relative performance. The stock price declined as the company reported revenue and earnings per share below investor expectations due to lower-than-expected bookings from pharmaceutical customers, contract cancellations driven by terminated vaccine programs, and lower forward growth expectations.	-0.3
Multiplan Empreendimentos Imobiliarios Sa	The portfolio's overweight position in shopping mall operator Multiplan Empreendimentos Imobiliarios (Brazil) weakened relative performance. The stock price declined as the company reported higher-than-expected capital expenditures to upgrade and revitalize certain properties amid revenue that was in line with investor expectations.	-0.3
Symrise Ag (Eq)	The portfolio's overweight position in global flavors and fragrances supplier Symrise (Germany) held back relative returns. Despite solid overall performance, the company's stock price fell following softer sales in its Scent & Care business segment led by customer de-stocking and an end-market slowdown.	-0.3

Significant Impacts on Performance - Contributors



Relative to MSCI All Country World Small Mid Cap Index (USD) - fourth quarter 2024		Relative contribution (%)
Summit Materials Inc	An overweight position in construction materials company Summit Materials (United States) boosted relative performance. The company reported profit above market estimates driven by higher margins in services and lower expenses, partly due to synergy captured from its recent merger with Argos USA.	0.5
Gfl Environmental Inc (Eq)	The portfolio's overweight position in ecological solutions provider GFL Environmental (Canada) benefited relative performance as the company saw strong organic growth in its solid waste and environmental services segments. Better-than-expected margins and beneficial acquisition activity helped to offset muted guidance and further supported the share price.	0.3
Melrose Industries Plc	The portfolio's overweight position in aerospace manufacturing company Melrose Industries (United Kingdom) contributed to relative performance. The stock price rose as the company reported a solid third-quarter trading update driven by solid growth in its engine's aftermarket segment.	0.2

Significant Transactions



From 01-Oct-24 to 31-Dec-24		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	PROSPERITY BANCSHARES INC	Financials	New position	0.8	0.8
	ADVANCED DRAINAGE SYSTEMS INC	Industrials	New position	0.7	0.7
	MATADOR RESOURCES CO	Energy	Add	0.7	1.4
	CARLYLE GROUP INC/THE	Financials	Add	0.6	1.4
	STANDARDAERO INC	Industrials	New position	0.6	0.5
Sales	SUMMIT MATERIALS INC	Materials	Eliminate position	-2.2	-
	HOWMET AEROSPACE INC	Industrials	Trim	-1.0	0.7
	ESSENTRA PLC	Materials	Eliminate position	-0.8	-
	CATENA AB	Real Estate	Eliminate position	-0.8	-
	CRANSWICK PLC	Consumer Staples	Trim	-0.6	1.5

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Sector Weights

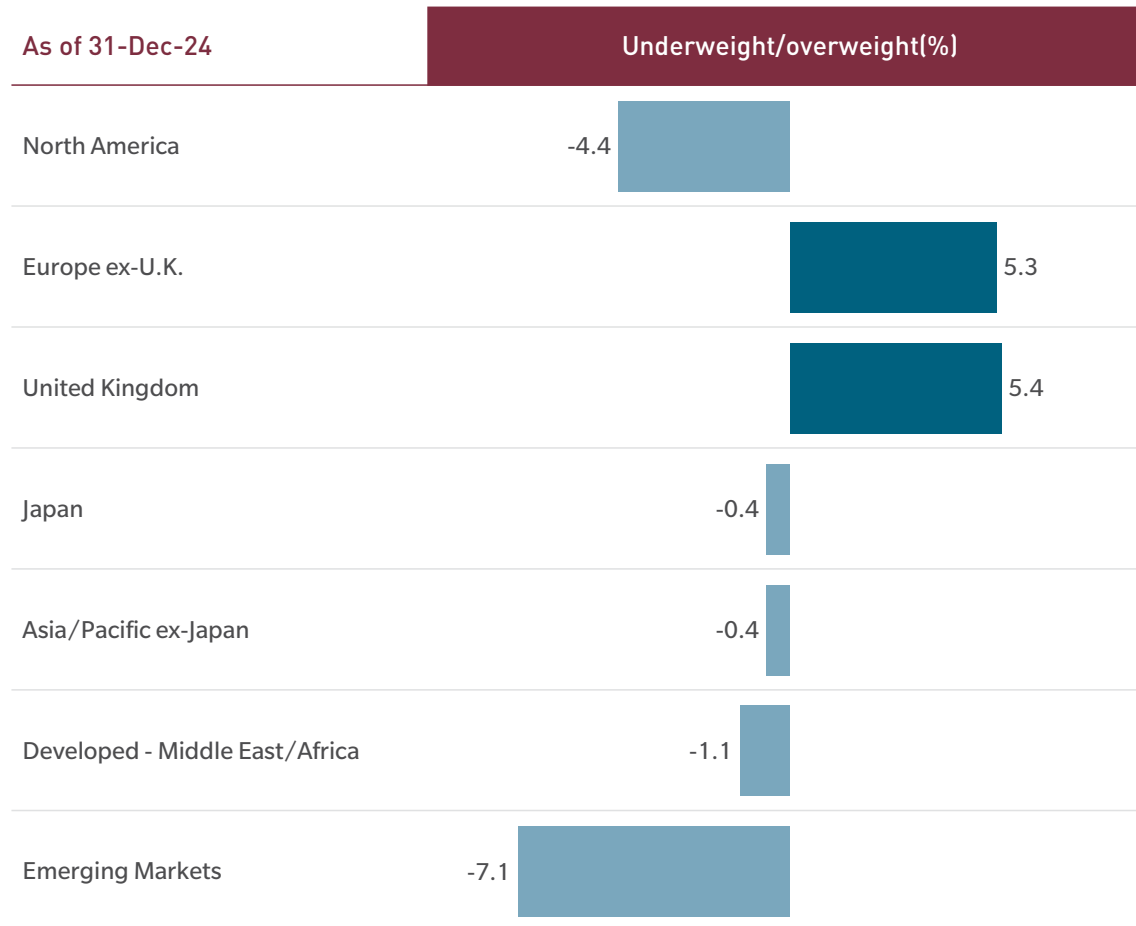


As of 31-Dec-24	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Industrials	31.0	19.4	11.6	GFL Environmental Inc, Westinghouse Air Brake Technologies Corp, Jacobs Solutions Inc
Materials	9.2	7.4	1.8	International Paper Co, Breedon Group PLC, Element Solutions Inc
Consumer Staples	6.2	4.9	1.3	US Foods Holding Corp, Cranswick PLC
Consumer Discretionary	11.6	11.4	0.2	Burlington Stores Inc, Aramark, B&M European Value Retail SA
Real Estate	6.4	6.8	-0.4	Mid-America Apartment Communities Inc REIT, Sun Communities Inc REIT
Communication Services	3.0	3.9	-0.9	Scout24 SE
Energy	2.6	4.2	-1.6	Matador Resources Co, TechnipFMC PLC
Information Technology	11.1	12.7	-1.6	Obic Co Ltd, NS Solutions Corp, Teledyne Technologies Inc
Health Care	6.2	8.7	-2.5	STERIS PLC
Utilities	-	4.7	-4.7	
Financials	9.9	15.7	-5.8	AUB Group Ltd, Euronext NV, Carlyle Group Inc

^ MSCI All Country World Small Mid Cap Index
2.7% Cash & cash equivalents

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Region Weights



2.7% Cash & cash equivalents

Region and Country Weights



As of 31-Dec-24	Portfolio (%)	Benchmark [^] (%)	Underweight/overweight(%)
North America	53.3	57.7	-4.4
Canada	4.7	3.1	1.6
United States	48.6	54.6	-6.0
Europe ex-U.K.	16.0	10.7	5.3
Germany	4.5	1.7	2.8
France	4.0	1.3	2.7
Norway	1.9	0.5	1.4
Netherlands	1.4	0.7	0.7
Switzerland	2.0	1.5	0.5
Italy	1.5	1.0	0.5
Spain	0.8	0.4	0.4
Other countries ¹	0.0	3.4	-3.4
United Kingdom	9.0	3.6	5.4
Japan	8.4	8.8	-0.4

	Portfolio (%)	Benchmark [^] (%)	Underweight/overweight(%)
Asia/ Pacific ex-Japan	3.9	4.3	-0.4
Singapore	0.9	0.6	0.3
Australia	2.9	2.7	0.2
Other countries ¹	0.0	1.0	-1.0
Developed - Middle East/Africa	0.0	1.1	-1.1
Other countries ¹	0.0	1.1	-1.1
Emerging Markets	6.8	13.9	-7.1
Brazil	2.7	0.5	2.2
Turkey	1.0	0.3	0.7
Philippines	0.7	0.1	0.6
Mexico	0.8	0.3	0.5
China	0.7	2.0	-1.3
India	0.9	3.1	-2.2
Other countries ¹	0.0	7.5	-7.5

[^] MSCI All Country World Small Mid Cap Index
2.7% Cash & cash equivalents

¹ The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Taiwan 2.6%; South Korea 1.4%; Sweden 1.3%; Israel 1.1%; South Africa 0.8%; Hong Kong 0.7%; Denmark 0.5%; Ireland 0.5%; Malaysia 0.5%; Saudi Arabia 0.5% and 22 countries with weights less than 0.5% which totals to 3.2%.

Characteristics



As of 31-Dec-24	Portfolio	Benchmark [^]
Fundamentals - weighted average		
IBES long-term EPS growth ¹	11.4%	12.8%
Price/earnings (12 months forward ex-negative earnings)	18.8x	15.2x
Return on equity (3-year average)	15.9%	12.8%
Market capitalization		
Market capitalization (USD) ²	10.8 bn	13.2 bn
Diversification		
Top ten issues	19%	2%
Number of Issues	97	7,530
Turnover		
Trailing 1 year turnover ³	39%	—
Risk profile (current)		
Active share	97%	—
Risk/reward (5 year)		
Beta	0.94	—

¹ Source: FactSet

² Weighted average.

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

[^] MSCI All Country World Small Mid Cap Index

Past performance is no guarantee of future results.

No forecasts can be guaranteed.

Top 10 Issuers



Top 10 issuers as of 31-Dec-24	Portfolio (%)	Benchmark^ (%)
GFL ENVIRONMENTAL INC (EQ)	2.3	0.0
BURLINGTON STORES INC	2.0	0.1
WESTINGHOUSE AIR BRAKE TEC(EQ)	2.0	0.2
AUB GROUP LTD	2.0	0.0
EURONEXT NV (EQ)	1.9	0.0
JACOBS SOLUTIONS INC	1.8	0.1
STERIS PLC	1.8	0.1
MELROSE INDUSTRIES PLC	1.7	0.0
RB GLOBAL INC	1.7	0.1
US FOODS HOLDING CORP	1.6	0.1
Total	18.7	0.7

^ MSCI All Country World Small Mid Cap Index

Portfolio Outlook and Positioning



For the quarter and full-year 2024, the strategy underperformed the MSCI ACWI SMID Index. While the strategy remains near the top half of the Morningstar Global Small/Mid Stock category on a one-, three-, and five-year basis, and top-quartile over the last ten years, 2024 proved quite challenging for our approach where we focus on investing in high-quality, durable business models with strong underlying fundamentals.

Across the broader global small- and midcap asset class, top-performing industries included internet and direct marketing retail, communications equipment manufacturers, as well as software developers, consumer finance firms and aerospace and defense companies. On the other side of the ledger, industrial REITs, paper and forest product companies, manufacturers of personal care products, household durables and chemical companies underperformed. From a regional perspective, small- and midcap stocks fared best in Middle East/Africa (notably a small contingent of the index) as well as North America (namely the United States), which finished mostly flat for the quarter. Underperforming regions included Asia Pacific ex-Japan, followed by the United Kingdom and Japan.

Specific to the portfolio, positions in financials, coupled with an underweight to the strong performing sector as well as holdings in information technology and real estate, detracted, while names in the industrials sector and materials aided relative performance. Within financials, our underweight to the banking industry, which rallied on the prospect of heightened deregulation following the election outcome in the US, as well as holdings in capital markets (notably the Brazilian market exchange B3 SA – Brasil Bolsa Balcao) weighed on performance. Brazilian software firm Totvs and our lack of exposure to Applovin in the US proved leading detractors in the information technology sector. Additionally, holdings in real estate management and development, including Multiplan Empreendimentos Imobiliarios, Catena, and Leg Immobilien, along with self-storage operator Big Yellow Group in specialty REITs, impaired performance in the real estate sector. Conversely, we witnessed positive contribution to relative results in commercial services and supplies (GFL Environmental, Ritchie Brothers Global) and professional services (Dun & Bradstreet Holdings, Jacobs Solutions) within the industrials sector as well as good performance from construction material names (Summit Materials, James Hardie Industries) in materials.

From a regional perspective, positions in Europe ex-UK (ASM International, Pluxee, Gerresheimer, Verallia), North America (Boyd Group

Portfolio Outlook and Positioning



Services, GFL Environmental, ICON, nVent Electric, Matador Resources Company) and the United Kingdom (Big Yellow Group, B&M European Value Retail) weighed most heavily on results.

For the full-year 2024, we wanted to take a step back from the more traditional approach of highlighting which sectors and industries contributed or detracted from relative performance and focus on a higher level or, more specifically, from a top-down factor level, as we believe this better highlights the challenges we faced during the year given our long-standing focus on high-quality, durable business models with strong underlying fundamentals and balance sheets. So in this context, what were the major headwinds that worked against us from a factor perspective in 2024? One of the main detractors in 2024 for the portfolio was valuation. Valuation discipline is an incredibly important part of our process, but we think of it in terms of relative valuation for the quality of the businesses we own. As such, the portfolio will tend to trade at a premium to the benchmark as we are willing to “pay-up,” but not overpay, for these higher-quality businesses. This discipline worked against us in 2024 as the global small- and midcap market rewarded “cheap” companies with high book-to-price ratio (the inverse of price-to-book) particularly in the financials sector where we tend to own higher-quality, relatively higher-multiple industries and businesses, such as insurance companies and capital markets. Examples here would be AUB in Australia, CBOE Global Markets in the US and Euronext in the Netherlands. Outside of valuation, being underweight momentum and beta (*another characteristic of a higher-quality portfolio focused on durable earnings growth and sound fundamentals*) also detracted as low-quality, higher beta names in the index outperformed. Momentum detracted most in the consumer discretionary and the materials sector while the beta trade was most pronounced in the information technology sector where our holdings in lower beta Japanese IT services companies such as NS Solutions and Obic detracted from a factor performance perspective. On the quality front, being underweight leverage (*i.e., owning companies with high quality balance sheets*) and earnings variability (*given our emphasis on durability of earnings*) as well as being overweight profitability (*focusing on companies with healthy margin profiles*) hurt results. Profitability detracted most from owning fundamentally sound businesses most notably in industrials, consumer staples and financials, while our underweight to earnings variability in industrials, information technology and health care also weighed on results.

In summary, 2024 was a difficult year for our approach as it was a year in which low quality, cheap, highly levered, unprofitable companies were in favor in the global small- and midcap asset class. This is not an environment where we would expect our quality-focused investment approach to do well, and certainly not a “trade” we would ever chase, as our portfolio is constructed to create long-

Portfolio Outlook and Positioning



term wealth for our shareholders.

Portfolio positioning:

For the quarter, turnover in the context of our strategy was a bit elevated, coming in at about 11% for the trailing three months and just over 39% percent for the year. The largest changes took place in our positioning to the financials sector as well as to our exposure to US-domiciled names. Post the US election in early November, as it became clear that the next administration would put forth a pro-growth agenda with an emphasis on deregulation, particularly in the financials sector, we increased our exposure to both banking stocks and capital markets as well as US-domiciled names more broadly. Importantly, this was not done out of speculation, as the election outcome was known at that time (*we invest, we don't speculate*), but rather driven by risk management, a critical component of our process.

Despite these changes, as of December 31, the portfolio remained most overweight the industrials sector. Within industrials, we continue to focus on businesses in the commercial services and supplies industry where GFL Environmental, a Canada-based major diversified environmental services company, and Ritchie Bros. Auctioneers, the world's largest industrial auctioneer and seller of used heavy industrial equipment, remain top positions. We are also overweight machinery stocks, such as Westinghouse Air Brake Technologies, a provider of value-added, technology-based products and services for the freight rail and passenger transit industries, and Atmus filtration technologies, which manufactures filtration products for on-highway commercial vehicles and off-highway agriculture, construction, mining and power generation vehicles and equipment. We are also finding unique opportunities in aerospace and defense stocks where the top name is Melrose Industries, a UK-based company that manufactures engines and structures products for all major OEMs across civil and defense aircraft markets.

We also remain overweight the materials sector, where we prefer select specialty chemical stocks that have historically displayed more stable returns and margins over time. Here, top names include Element Solutions, a specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products across a broad subset of end-markets, as well as Borregaard, which makes and sells biochemicals and biomaterials designed to replace oil-based products. At the same time, we

Portfolio Outlook and Positioning



continued to avoid paper and forest products companies as well as companies in the metals and mining space as those firms' earnings are very dependent on volatile commodity prices.

Notwithstanding the aforementioned additions to banks and capital markets, the portfolio's largest underweights remained the financial services sector, followed by utilities.

From a regional perspective, as noted, we meaningfully closed our underweight allocation to North America (notably US small- and midcap stocks), offsetting this by a reduction to our overweight to Europe and the UK. As a result, our largest regional underweight is now to emerging markets, which represents 14% of the index versus just under 7% of the portfolio, while we continue to remain most overweight Europe and the UK, albeit at lower levels, primarily the result of finding quality businesses trading at undemanding valuations in these markets.

Below is a sample list of new names added and names eliminated over the course of the quarter:

New Positions:

- During the period, we took the opportunity to reduce our underweight to the financials sector with the additions of Prosperity Bancshares, Pacific Premier Bancorp as well as adding to our existing holding in Carlyle Group.

Prosperity Bancshares Inc provides retail and commercial banking services to individuals and small to midsize businesses. It provides a wide array of financial products and services to businesses and consumers throughout Texas and Oklahoma. We view Prosperity Bancshares as a high-quality Texas bank that has grown substantially mostly via mergers and acquisitions, which admittedly can be lumpy by nature. The bank has a strong deposit base and earns above average returns on capital without taking excessive credit risk. In our view, the bank also offers best-in-class downside protection due to solid pre-tax pre-provision income, strong capital levels, a healthy loan loss reserve and best-in-class total loss absorbing capacity. Valuation is attractive, but the stock deserves a premium for all the reasons noted above.

Portfolio Outlook and Positioning



Pacific Premier Bancorp, through its subsidiaries, provides banking products and services. It offers cash management, electronic banking services, credit facilities and retirement accounts, among others. Pacific Premier Bancorp is a high-quality commercial bank focused on the West Coast, with a heavy presence in California. The current CEO took over a failing thrift back in 2000 and has grown the bank at a healthy clip via organic growth and mergers and acquisitions. The bank has a high-quality deposit base, excellent credit quality, robust capital levels and a very large loan loss reserve. As a result, its total loss absorbing capacity appears substantial. Valuation appears attractive, particularly if the net interest margin starts to recover and excess capital is deployed.

The Carlyle Group is one of the world's largest alternative-asset managers, with \$447.4 billion in total AUM, including \$313.6 billion in fee-earning AUM, at the end of September 2024. The company has three core business segments: private equity, which includes private equity, real estate, infrastructure and natural resources funds (accounting for 33% of fee-earning AUM and 57% of base management fees during 2023), global credit (51% and 27%) and investment solutions (16% and 16%). The firm primarily serves institutional investors and high-net-worth individuals. We view this as a self-improvement story from scaling larger funds, increasing capital market fees, re-investing performance fees into fee-related generating businesses to improve fee-related margins, which should ultimately support multiple expansion over time. In order to address past execution issues, the company has implemented a new compensation structure to improve fee-related margins, focused on returning capital to shareholders, cut expenses to improve operating efficiency and is looking to expand into long-term secular growth opportunities such as the retail market. Additionally, the company stands to benefit should we witness an improved operating environment in the industry, the result of potential deregulation.

- Advanced Drainage Systems is engaged in designing, manufacturing and marketing thermoplastic corrugated pipe and related water management products in North and South America and Europe. We like Advanced Drainage as they are the dominant player in the stormwater management market and offer a strong platform of products that fit the needs of commercial construction. They employ a distribution fleet that allows for them to better service the customer but, at the same time, not be overly reliant upon distribution as they employ 300+ sales engineers and 50+ field engineers who work with the engineering teams of their customers during the planning and spec phase of construction. We view the firm as a high-quality growth cyclical, benefiting from a strong secular driver of material conversion as the conversion away from concrete pipe to thermoplastic and allied products should allow Advanced Drainage to outgrow their cyclical end markets. Additionally, the business mix is going in the right direction: With the highest margin businesses growing

Portfolio Outlook and Positioning



faster, they offer a resilient margin profile, show pricing power strength and take part in shareholder friendly capital allocation, and a current valuation offers an attractive entry point, in our view.

- Knife River provides construction materials and contracting services throughout the western, central and southern United States. Knife River produces and delivers aggregates and markets crushed stone, sand, gravel and related construction materials, including ready-mix concrete, asphalt and other value-added products. It also distributes cement and asphalt oil. It has more than 1 billion tons of aggregate reserves, 110 ready-mix plants, 50 asphalt plants and a combined 410,000 tons of liquid asphalt and cement storage. The company also performs integrated contracting services for most types of aggregate-related construction, including roads, freeways, bridges, residential properties, schools, shopping centers, office buildings and industrial parks. Favorable attributes include a business mix shifting towards more aggregates given the robust pipeline of small deals in their markets, the under-levered nature of their balance sheet, margin expansion in their core business, a history of impressive resilience during down cycles, compelling valuation and favorable upside/downside risk profile.

Eliminations:

- Summit Materials: Summit Materials is engaged in the production and sale of aggregates, cement, ready-mix concrete, asphalt paving mix and concrete products and owns and operates quarries, sand and gravel pits, two cement plants, cement distribution terminals, ready-mix concrete plants, asphalt plants and landfill sites. It is also engaged in paving and related services. We exited our position in Summit Materials during the period following the announcement that the company entered into a definitive agreement to be acquired by Quikrete Holdings for a meaningful premium to its current share price.
- Howmet Aerospace: Howmet Aerospace produces products that are used in aerospace, commercial transportation and other industrial end markets. The company seeks to provide its customers with solutions through offering differentiated products such as airfoils with cooling and coatings for extreme temperature applications, specially designed fasteners for lightweight composite airframe construction, reduced assembly costs, lightning strike protection and lightweight aluminum commercial wheels. While we continue to

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view the company favorably, the market cap of Howmet Aerospace appreciated above our “midcap ceiling” leading to our elimination of the holding from the portfolio.

Market Outlook

We continue to view the opportunity set for global small- and midcaps as particularly attractive over the years to come. Looking back historically, from end of the dot-com era (early 2000s) up until the early days of the global financial crisis (GFC) (2008), global small- and midcap stocks significantly outperformed relative to their large-cap counterparts, with the MSCI ACWI SMID Index returning 94% versus the MSCI ACWI Large Cap Index return of just 21%. And while no two periods are perfectly alike, one could draw a number of similarities between that roughly eight-year period from the early to late 2000s to today’s environment. First, and importantly, valuations potentially offer investors a buying opportunity not seen in decades, as valuations are close to two standard deviations “cheap” relative to large caps. Next, inflation and interest rates during the run up to the GFC are more aligned with today’s reality versus what we witnessed in the decade following the GFC to the culmination of the COVID pandemic. At that time, inflation was essentially non-existent, and globally yields were either close to zero or even in negative territory, where from 2000 through the end of 2007, the 10-year US Treasury yield averaged 4.7% and global inflation averaged 3.7%, not dissimilar from where we find ourselves today. Further, markets during the pre-GFC period also witnessed a dramatic sell-off as the dot-com bubble burst. The high-flying technology stocks with unattainable growth expectations — think irrational exuberance — of that period are rather analogous to the lofty expectations embedded in some of today’s most widely held stocks. Also, looking at the concentration of the tech-heavy S&P 50, and Russell 1000® Growth Index, similarities are again quite apparent and were followed by a sustained period of small- and midcap outperformance.

Key takeaways

- Given expectations for a low-return environment at some point over the next decade, we believe small- and midcap stocks may offer attractive alpha opportunities and can potentially play an important role in a well-diversified portfolio.

Portfolio Outlook and Positioning



- While equity valuations have limited predictive power on stock returns over shorter time horizons, they matter a lot over the long-term. Today, relative valuations for global small- and midcap stocks are at multi-decade lows relative to their large cap counterparts — levels seen only during the Tech Bubble, after which ended up being a strong decade for small- and midcap stocks.
- In light of the size of the universe and sparse sell side research coverage, we believe a deep, collaborative and centralized global research platform is essential to identifying alpha potential. Our global reach platform allows us to perform global comparisons on companies across various industries and geographies to identify which company has the strongest potential and better valuation. We are actively collaborating and leveraging our global research platform to identify companies that meet our investment criteria and we believe we have the experience and discipline to navigate through periods of volatility and macroeconomic uncertainty, as demonstrated by our long-term track record of managing small- and midcap assets through various market cycles.

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

Portfolio Holdings



As of 31-Dec-24	Country	Equivalent exposure (%)
Cash & Cash Equivalents		2.7
Cash & Cash Equivalents		2.7
Communication Services		3.0
Scout24 SE	Germany	1.2
CTS Eventim AG & Co KGaA	Germany	1.0
Infrastrutture Wireless Italiane SpA	Italy	0.9
Consumer Discretionary		11.6
Burlington Stores Inc	United States	2.0
Aramark	United States	1.3
B&M European Value Retail SA	United Kingdom	1.2
Skechers U.S.A. Inc	United States	1.1
Lottery Corp Ltd	Australia	1.0
Lear Corp	United States	1.0
Sodexo SA	France	0.8
Amadeus IT Group SA	Spain	0.8
Burberry Group PLC	United Kingdom	0.7
ZOZO Inc	Japan	0.6
LKQ Corp	United States	0.6
Modine Manufacturing Co	United States	0.4
Consumer Staples		6.2
US Foods Holding Corp	United States	1.6
Cranswick PLC	United Kingdom	1.5
Bakkafrost P/F	Norway	0.8
Toyo Suisan Kaisha Ltd	Japan	0.8
China Resources Beer Holdings Co Ltd	China	0.7
Universal Robina Corp	Philippines	0.7
Energy		2.6
Matador Resources Co	United States	1.4
TechnipFMC PLC	United States	1.2
Financials		9.9
AUB Group Ltd	Australia	2.0
Euronext NV	France	1.9
Carlyle Group Inc	United States	1.4

As of 31-Dec-24	Country	Equivalent exposure (%)
Financials		9.9
Cboe Global Markets Inc	United States	1.4
Shizuoka Financial Group Inc	Japan	0.9
B3 SA - Brasil Bolsa Balcao	Brazil	0.9
Prosperity Bancshares Inc	United States	0.8
Pacific Premier Bancorp Inc	United States	0.6
Health Care		6.2
STERIS PLC	United States	1.8
Selcuk Ecza Deposu Ticaret ve Sanayi A.S.	Turkey	1.0
ICON PLC	United States	0.9
Techne Corp	United States	0.7
Gerresheimer AG	Germany	0.7
As One Corp	Japan	0.6
Tecan Group AG	Switzerland	0.5
Industrials		31.0
GFL Environmental Inc	Canada	2.3
Westinghouse Air Brake Technologies Corp	United States	2.0
Jacobs Solutions Inc	United States	1.8
Melrose Industries PLC	United Kingdom	1.7
RB Global Inc	Canada	1.7
Veralto Corp	United States	1.5
XPO Inc	United States	1.2
Atmus Filtration Technologies Inc	United States	1.2
nVent Electric PLC	United States	1.1
IDEX Corp	United States	1.0
AZEK Co Inc	United States	1.0
Allegion plc	United States	1.0
UL Solutions Inc	United States	1.0
Kardex Holding AG	Switzerland	1.0
Nordson Corp	United States	0.9
Dun & Bradstreet Holdings Inc	United States	0.9
Singapore Technologies Engineering Ltd	Singapore	0.9
Daiseki Co Ltd	Japan	0.8

Portfolio Holdings



As of 31-Dec-24	Country	Equivalent exposure (%)
Industrials		31.0
Saia Inc	United States	0.8
AGCO Corp	United States	0.8
RS GROUP PLC	United Kingdom	0.8
Howmet Aerospace Inc	United States	0.7
Advanced Drainage Systems Inc	United States	0.7
IMCD NV	Netherlands	0.7
Zurn Elkay Water Solutions Corp	United States	0.7
Flowserve Corp	United States	0.6
Interpump Group SpA	Italy	0.6
Elis SA	France	0.6
Standardaero Inc	United States	0.5
VAT Group AG	Switzerland	0.5
Information Technology		11.1
Obic Co Ltd	Japan	1.5
NS Solutions Corp	Japan	1.3
Teledyne Technologies Inc	United States	1.2
CCC Intelligent Solutions Holdings Inc	United States	1.2
Onto Innovation Inc	United States	1.0
Digital Garage Inc	Japan	1.0
Azbil Corp	Japan	0.8
TOTVS SA	Brazil	0.8
Kinaxis Inc	Canada	0.8
ASM International NV	Netherlands	0.7
Q2 Holdings Inc	United States	0.6
ServiceTitan Inc	United States	0.1
Materials		9.2
International Paper Co	United States	1.5
Breedon Group PLC	United Kingdom	1.2
Element Solutions Inc	United States	1.2
Borregaard ASA	Norway	1.0
Symrise AG	Germany	0.9
UPL Ltd	India	0.9

As of 31-Dec-24	Country	Equivalent exposure (%)
Materials		9.2
Axalta Coating Systems Ltd	United States	0.7
Verallia SA	France	0.6
Croda International PLC	United Kingdom	0.6
Knife River Corp	United States	0.5
Real Estate		6.4
Mid-America Apartment Communities Inc REIT	United States	1.5
Sun Communities Inc REIT	United States	1.1
Multiplan Empreendimentos Imobiliarios SA	Brazil	1.0
Corp Inmobiliaria Vesta SAB de CV	Mexico	0.8
UNITE Group PLC REIT	United Kingdom	0.7
LEG Immobilien SE	Germany	0.7
Big Yellow Group PLC REIT	United Kingdom	0.6

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