

A horizontal decorative bar with a red-to-maroon gradient, starting with a geometric, faceted shape on the left and transitioning into a solid red line.

# MFS® Low Volatility Global Equity 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](https://mfs.com). Please read it carefully.

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PRPEQ-LVO-31-Dec-24

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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.

**Low Volatility:** There is no assurance that the portfolio will be less volatile than the Index over the long term or for any year or period of years. The portfolio's strategy to invest in equity securities with historically lower volatility may not produce the intended results if, in general, the historical volatility of an equity security is not a good predictor of the future volatility of that equity security, and/or if the specific equity securities held by the portfolio become more volatile than expected. In addition, the portfolio's strategy to blend fundamental and quantitative research may not produce the intended results, and MFS fundamental research is not available for all issuers. It is expected that the portfolio will generally underperform the equity markets during periods of strong, rising equity markets.

**Quantitative Strategy:** MFS' investment analysis, development and use of quantitative models, and selection of investments may not produce the intended results and/or can lead to an investment focus that results in underperforming portfolios with similar investment strategies and/or the markets in which the portfolio invests. The proprietary and third party quantitative models used by MFS may not produce the intended results for a variety of reasons, including the factors used, the weight placed on each factor, changing sources of market return, changes from the market factors' historical trends, and technical issues in the development, application, and maintenance of the models (e.g., incomplete or inaccurate data, programming/software issues, coding errors and technology failures).

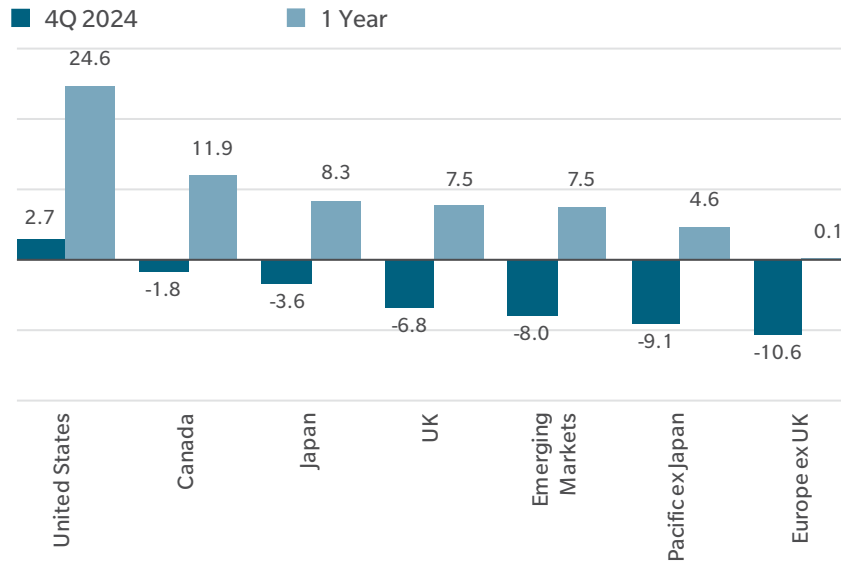
Please see the prospectus for further information on these and other risk considerations.

**Investment Objective:** Seeks capital appreciation.

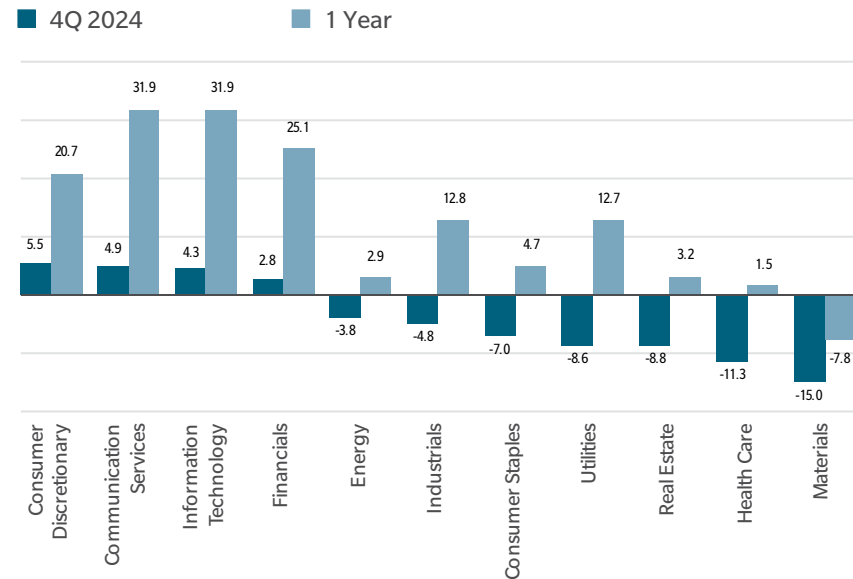
# Market Overview



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 Index constituents are broken out by MSCI defined sectors.

## Global Equities market review as of 31-Dec-24

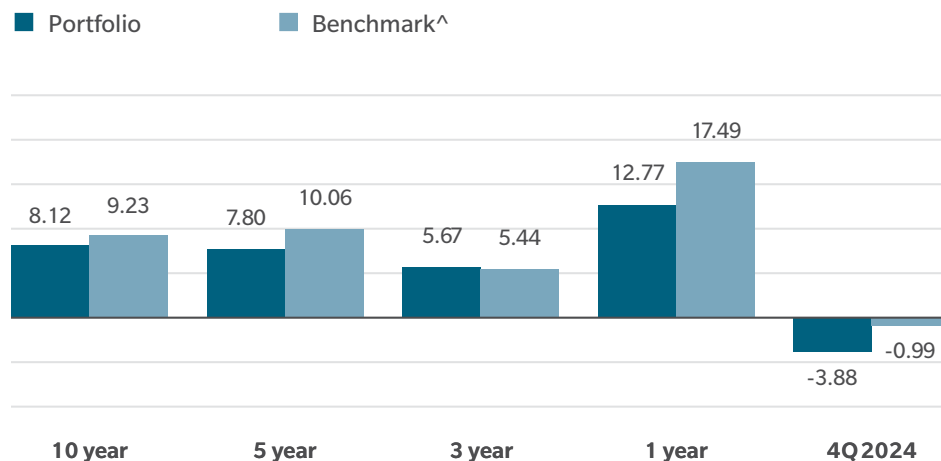
- The global equity market reached new highs during Q4 of 2024 as US election results drove a rally in the US market in anticipation of pro-growth policies.
- Non-US markets fared less well due to a strong US dollar, along with concerns about a weaker economic outlook, political uncertainty and tariff 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](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 Index (net div)

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

	Portfolio	Benchmark^^
<b>Top overweights</b>		
DBS GROUP HOLDINGS LTD	3.1	0.1
MCKESSON CORP	3.0	0.1
COLGATE-PALMOLIVE CO	2.9	0.1
<b>Top underweights</b>		
APPLE INC	0.6	4.9
NVIDIA CORP	-	4.3
AMAZON.COM INC (EQ)	-	2.7

^^ MSCI All Country World Index

# Performance Results



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

Period	Portfolio	Benchmark <sup>^</sup>	Excess return vs benchmark
4Q 2024	-3.88	-0.99	-2.89
3Q 2024	9.08	6.61	2.46
2Q 2024	1.49	2.87	-1.37
1Q 2024	5.98	8.20	-2.22
2024	12.77	17.49	-4.72
2023	13.75	22.20	-8.45
2022	-8.04	-18.36	10.33
2021	16.94	18.54	-1.59
2020	5.52	16.25	-10.74
10 year	8.12	9.23	-1.11
5 year	7.80	10.06	-2.26
3 year	5.67	5.44	0.23
1 year	12.77	17.49	-4.72

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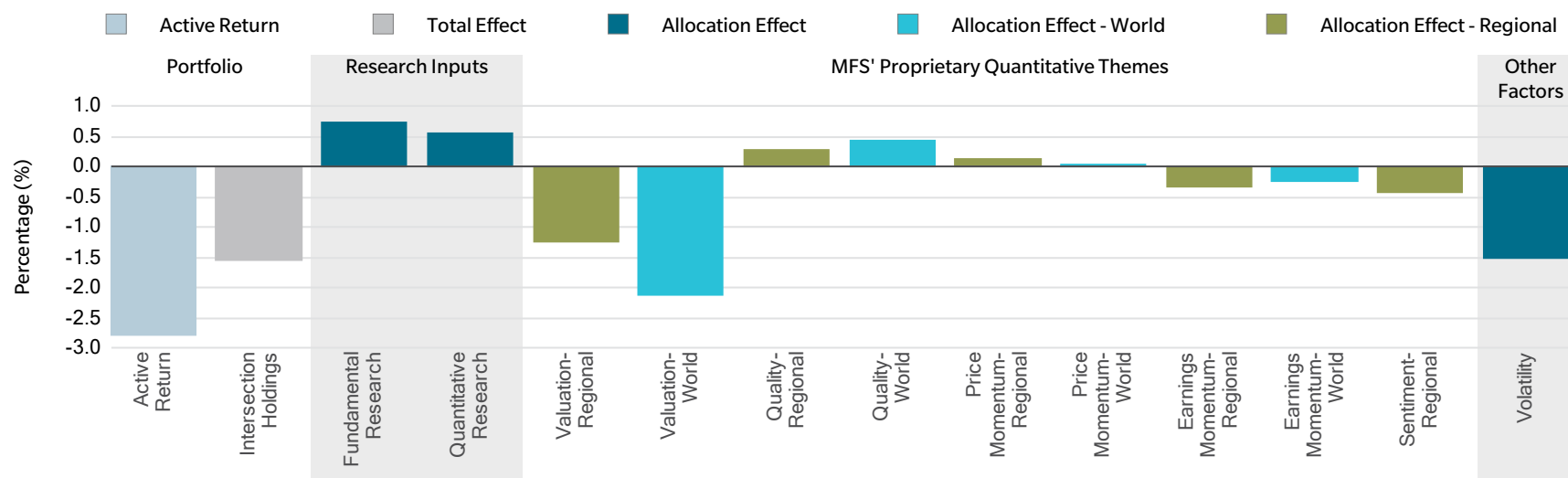
Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

<sup>^</sup> MSCI All Country World Index (net div)

# Investment Process Performance Drivers

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Please note that the figures provided above do not total to the active return.

Active return represents the difference between the portfolio return and the benchmark return over the time period examined. Active return not explained by the total effect of the intersection holdings will be captured by the total effect of non-intersection stocks, and is not shown in this summary.~ Intersectionholdings represent stocks that are considered attractive from both fundamental and quantitative research sources.

Active return not captured by the allocation effects associated with each respective factor within Research Inputs and Quantitative Themes will be captured by selection and interaction effects, which are not included in this summary.

Results are calculated based on a Brinson-Fachler based performance attribution analysis, grouped by a single factor, generated utilizing Factset's Portfolio Analysis platform. Attributions attempt to decompose a portfolio's performance relative to a benchmark by grouping securities into discrete buckets and attributing returns across these groupings along three dimensions: the allocation effect, the selection effect, and the interaction effect. The groupings are based on beginning of period ratings and scores, rebalanced monthly. The groupings do not reflect intra-month ratings and score changes and may not align with the actual trade rebalance dates of the portfolio. Results are based upon daily holdings to generate individual security returns and do not include expenses, intra-day trading, or intra-day pricing impacts. As a result, portfolio and benchmark returns generated through attribution analysis will likely differ from actual returns.

Total effect represents the combination of allocation, selection and interaction effects associated with Intersection Holdings. MFS defines intersection holdings as stocks with a Fundamental buy rating that are scored within the most attractive tercile of MFS' overall Quantitative Model score. MFS Fundamental analysts rate stocks with a buy, hold or sell rating. Not all stocks are fundamentally rated and stocks without a fundamental rating are treated the same as hold rated stocks. MFS' proprietary quantitative stock selection model ranks stocks on a scale of 1-100.

MFS' overall global quantitative model comprise the world view model and five regional models - Emerging Markets, Europe, Japan, Asia Pacific ex Japan and North America. The world view model evaluates a company relative to its global sector peers, while a regional model evaluates a company relative to its regional sector counterparts. For each stock, the regional model ranking and world view model ranking are combined into a global composite quantitative ranking.

Allocation Effect represents the contribution to relative performance associated with an overweight or underweight to a particular grouping of stocks from a single Brinson Fachler attribution (i.e., the contribution associated with investments in top quintile stocks based on valuation). It is calculated daily as the difference between the stock portfolio weight of a grouping and benchmark weight for that same grouping, multiplied by the difference between the benchmark's stock grouping return and overall benchmark return. The daily allocation effects are geometrically linked over the reporting period.

# Performance Drivers - Fundamental Research

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Fundamental Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Fundamental Buy	-3.3	0.6	27.5	0.4	-3.0	-2.6
Fundamental Hold/unrated	-5.1	-2.8	-24.7	0.5	-0.5	-0.1
Fundamental Sell	-	2.2	-3.3	-0.2	-	-0.2
Cash	1.1	-	0.5	-0.0	-	-0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.7</b>	<b>-3.5</b>	<b>-2.8</b>

<sup>1</sup> Stock selection includes 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. Stocks without a rating are treated the same as hold rated stocks for the purpose of creating a blended research score. Stocks without a fundamental rating accounted for 8.6% of the portfolio and 12.1% of the index.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).



# Performance Drivers - Quantitative Research

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Quantitative Research	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Quant Q1 - Best	-7.2	0.0	2.0	0.0	-1.8	-1.8
Quant Q2	-2.1	2.4	8.8	0.2	-1.3	-1.1
Quant Q3	-1.9	-0.0	2.0	0.0	-0.4	-0.3
Quant Q4	-3.0	-5.0	-4.6	0.2	0.4	0.5
Quant Q5 - Worst	-16.2	-3.4	-8.6	0.1	-0.2	-0.1
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.6</b>	<b>-3.3</b>	<b>-2.8</b>

<sup>1</sup> Stock selection includes interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential. Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

# Performance Drivers - Valuation<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Valuation	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Valuation Q1 - Best	-3.7	-5.5	4.8	-0.2	0.3	0.1
Valuation Q2	-6.3	-4.3	9.5	-0.4	-0.4	-0.8
Valuation Q3	-3.4	-0.3	-1.1	-0.0	-0.6	-0.7
Valuation Q4	-3.9	-3.1	-1.4	-0.1	-0.2	-0.2
Valuation Q5 - Worst	-0.1	3.3	-12.4	-0.5	-0.6	-1.1
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-2.8</b>

<sup>1</sup> Regional model sector-relative.

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# Performance Drivers - Valuation<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Valuation	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Valuation Q1 - Best	-2.8	-7.7	5.9	-0.5	0.9	0.4
Valuation Q2	-10.1	-6.0	6.1	-0.3	-0.6	-1.0
Valuation Q3	-4.7	-4.5	7.3	-0.3	-0.1	-0.3
Valuation Q4	-2.9	-0.8	-2.0	0.0	-0.7	-0.6
Valuation Q5 - Worst	5.0	5.1	-17.7	-1.0	-0.2	-1.2
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-2.1</b>	<b>-0.6</b>	<b>-2.8</b>

<sup>1</sup> World model sector-relative.

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# Performance Drivers - Quality<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Quality	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Quality Q1 - Best	-4.4	0.8	0.8	0.0	-1.7	-1.6
Quality Q2	-4.6	2.1	0.3	-0.0	-1.5	-1.5
Quality Q3	-3.4	-0.9	0.2	0.0	-0.6	-0.6
Quality Q4	-1.1	-4.3	3.7	-0.0	0.6	0.6
Quality Q5 - Worst	-4.7	-5.5	-5.6	0.2	0.1	0.3
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.3</b>	<b>-3.1</b>	<b>-2.8</b>

<sup>1</sup> Regional model sector-relative.

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# Performance Drivers - Quality<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Quality	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Quality Q1 - Best	-5.1	-0.1	0.8	0.0	-1.6	-1.6
Quality Q2	-1.3	-1.5	1.5	-0.0	0.1	0.1
Quality Q3	-3.0	2.7	1.2	0.1	-1.4	-1.3
Quality Q4	-3.3	-2.8	0.0	-0.0	-0.1	-0.1
Quality Q5 - Worst	-12.1	-8.0	-4.1	0.3	-0.2	0.1
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.4</b>	<b>-3.2</b>	<b>-2.8</b>

<sup>1</sup> World model sector-relative.

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# Performance Drivers - Price Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Price Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Price Momentum Q1 - Best	-3.1	2.1	-2.4	0.0	-1.1	-1.1
Price Momentum Q2	-4.1	0.0	1.2	0.1	-0.9	-0.8
Price Momentum Q3	-1.7	0.2	-0.2	-0.1	-0.6	-0.7
Price Momentum Q4	-3.8	-4.3	0.4	0.1	0.1	0.2
Price Momentum Q5 - Worst	-10.4	-7.9	0.5	-0.0	-0.4	-0.4
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.1</b>	<b>-2.9</b>	<b>-2.8</b>

<sup>1</sup> Regional model sector-relative.

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# Performance Drivers - Price Momentum <sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Price Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Price Momentum Q1 - Best	-2.9	2.2	1.6	0.1	-1.5	-1.4
Price Momentum Q2	2.2	3.4	-0.7	-0.0	-0.2	-0.2
Price Momentum Q3	-6.4	-2.1	-4.8	0.0	-0.8	-0.8
Price Momentum Q4	-5.6	-5.5	5.5	-0.3	0.0	-0.2
Price Momentum Q5 - Worst	-11.5	-7.6	-2.2	0.2	-0.4	-0.2
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>0.0</b>	<b>-2.8</b>	<b>-2.8</b>

<sup>1</sup> World model sector-relative.

<sup>2</sup> Stock selection includes interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

# Performance Drivers - Earnings Momentum<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Earnings Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Earnings Momentum Q1 - Best	-3.9	5.4	-4.1	-0.2	-1.6	-1.7
Earnings Momentum Q2	-4.5	0.7	4.9	-0.1	-1.2	-1.3
Earnings Momentum Q3	-4.1	-3.9	3.9	-0.3	-0.1	-0.4
Earnings Momentum Q4	-1.5	-2.0	-0.3	0.0	0.2	0.2
Earnings Momentum Q5 - Worst	-4.5	-5.9	-5.0	0.2	0.2	0.4
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-0.3</b>	<b>-2.5</b>	<b>-2.8</b>

<sup>1</sup> Regional model sector-relative.

<sup>2</sup> Stock selection includes 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.

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# Performance Drivers - Earnings Momentum<sup>1</sup>

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Earnings Momentum	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>2</sup>	Total Effect
Earnings Momentum Q1 - Best	-5.3	5.7	-4.9	-0.2	-1.7	-1.9
Earnings Momentum Q2	-2.5	1.1	7.2	0.1	-0.9	-0.8
Earnings Momentum Q3	-4.3	-3.8	1.6	-0.3	-0.1	-0.4
Earnings Momentum Q4	0.7	-3.6	-2.4	0.0	0.3	0.4
Earnings Momentum Q5 - Worst	-4.8	-4.5	-1.9	0.1	-0.1	-0.1
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-	-3.2	-0.0	0.0	-	0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-0.2</b>	<b>-2.5</b>	<b>-2.8</b>

<sup>1</sup> World model sector-relative.

<sup>2</sup> Stock selection includes interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

# Performance Drivers - Sentiment

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Sentiment	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Sentiment Q1 - Best	-3.0	1.3	-0.0	-0.0	-1.0	-1.0
Sentiment Q2	-2.3	2.3	-1.6	-0.0	-1.3	-1.3
Sentiment Q3	-6.1	-5.6	3.3	-0.2	-0.2	-0.3
Sentiment Q4	3.3	-3.8	-2.1	0.0	0.5	0.5
Sentiment Q5 - Worst	-5.1	2.8	-4.5	-0.1	-0.2	-0.4
Cash	1.1	-	0.5	-0.0	-	-0.0
Unassigned	-5.8	-3.6	4.3	-0.1	-0.2	-0.3
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-0.4</b>	<b>-2.3</b>	<b>-2.8</b>

<sup>1</sup> Stock selection includes interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential. Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

# Performance Drivers - Volatility

Relative to MSCI All Country World Index  
(USD) - fourth quarter 2024



Volatility	Portfolio	Benchmark	Variation	Attribution Analysis		
	Total Return	Total Return	Average Weight Diff	Allocation Effect	Selection Effect <sup>1</sup>	Total Effect
Absolute Volatility Quintile 1	-3.4	4.7	-13.3	-0.7	-0.0	-0.7
Absolute Volatility Quintile 2	0.9	-1.9	-11.2	0.1	0.1	0.2
Absolute Volatility Quintile 3	-8.4	0.4	-7.3	-0.0	-1.2	-1.2
Absolute Volatility Quintile 4	-3.4	-0.7	2.6	0.0	-0.7	-0.7
Absolute Volatility Quintile 5	-3.2	-4.1	29.0	-0.9	0.5	-0.3
Cash	1.1	-	0.5	-0.0	-	-0.0
N/A	-	2.7	-0.3	-0.0	-	-0.0
<b>Total</b>	<b>-3.7</b>	<b>-0.9</b>	<b>-</b>	<b>-1.5</b>	<b>-1.3</b>	<b>-2.8</b>

<sup>1</sup> Stock selection includes interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

Absolute volatility is defined as the annualized standard deviation measured over the past 24 months at the stock level. The attribution groupings are rebalanced monthly, according to the standard deviation of the previous 24 months of monthly total returns. The groupings do not reflect intra month changes and may not align with the actual trade rebalance dates of the portfolio.

## Performance Drivers - Sectors



Relative to MSCI All Country World Index (USD) - fourth 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>	Materials	-1.6	-3.7	-15.0	0.2	0.3	0.0	0.5
	Health Care	4.7	-6.9	-11.3	-0.5	0.6	0.1	0.2
	Real Estate	-1.5	-1.6	-8.8	0.1	0.0	0.0	0.2
	Financials	0.1	3.2	2.8	0.0	0.0	0.1	0.1
	Industrials	-0.3	-4.6	-4.8	0.0	0.1	-0.0	0.0
<b>Detractors</b>	Information Technology	-8.3	-5.0	4.3	-0.3	-1.1	-0.5	-2.0
	Consumer Discretionary	-4.3	-1.7	5.5	-0.3	-0.4	-0.1	-0.7
	Communication Services	2.7	-1.2	4.9	0.1	-0.2	-0.4	-0.5
	Consumer Staples	5.5	-8.1	-7.0	-0.3	-0.3	0.1	-0.5
	Utilities	5.3	-4.7	-8.6	-0.4	0.2	0.1	-0.1
	Energy	-2.8	-14.0	-3.8	0.1	-0.1	-0.0	-0.0
	Cash	0.5	1.1	—	-0.0	—	0.0	-0.0
<b>Total</b>			<b>-3.7</b>	<b>-0.9</b>	<b>-1.2</b>	<b>-0.9</b>	<b>-0.6</b>	<b>-2.8</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. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email [DLAttributionGrp@MFS.com](mailto:DLAttributionGrp@MFS.com).

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# Performance Drivers - Stocks



Relative to MSCI All Country World Index (USD) - fourth quarter 2024		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio <sup>1</sup>	Benchmark	
<b>Contributors</b>	Mckesson Corp	2.9	0.1	15.4	15.4	0.4
	DBS Group Holdings	3.0	0.1	9.3	9.3	0.3
	JPMorgan Chase & Co	1.7	0.8	14.4	14.4	0.1
	Advanced Info Service Pcl	1.9	0.0	4.2	4.2	0.1
	Wal-Mart Stores Inc	1.2	0.5	12.1	12.1	0.1
<b>Detractors</b>	Tesla Inc	—	1.2	—	54.4	-0.5
	Nvidia Corp	—	4.3	—	10.6	-0.4
	Amazon.Com Inc (Eq)	—	2.4	—	17.7	-0.4
	Colgate-Palmolive Co	3.0	0.1	-12.0	-12.0	-0.3
	Broadcom Limited	—	1.0	—	34.7	-0.3

<sup>1</sup> Represents performance for the time period stock was held in portfolio.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security’s return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding’s contribution to the overall portfolio’s performance during the measurement period, please email DLAttributionGrp@MFS.com.

## Significant Transactions



From 01-Oct-24 to 31-Dec-24		Transaction type	Trade (%)	Ending weight (%)
<b>Purchases</b>	MOTOROLA SOLUTIONS EQ	Add	0.6	1.9
	VISCOFAN SA	New position	0.4	0.4
	PETROLEO BRASILEIRO SA	New position	0.4	0.4
	SODEXO SA	New position	0.4	0.4
	GUIDEWIRE SOFTWARE INC	New position	0.4	0.4
<b>Sales</b>	WELLS FARGO & CO	Eliminate position	-0.6	-
	REPUBLIC SERVICES INC	Trim	-0.6	1.3
	SECOM CO LTD	Eliminate position	-0.5	-
	SANKYO CO LTD	Eliminate position	-0.5	-
	ANALOG DEVICES INC	Trim	-0.4	1.1

## Sector Weights



As of 31-Dec-24	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)
Consumer Staples	11.8	5.9	5.9
Utilities	7.6	2.5	5.1
Health Care	14.2	9.7	4.5
Communication Services	10.8	8.2	2.6
Financials	17.0	16.8	0.2
Industrials	9.7	10.2	-0.5
Materials	2.2	3.4	-1.2
Real Estate	0.6	2.0	-1.4
Energy	1.4	3.8	-2.4
Consumer Discretionary	6.5	11.3	-4.8
Information Technology	17.6	26.0	-8.4

^ MSCI All Country World Index

0.5% Cash & cash equivalents

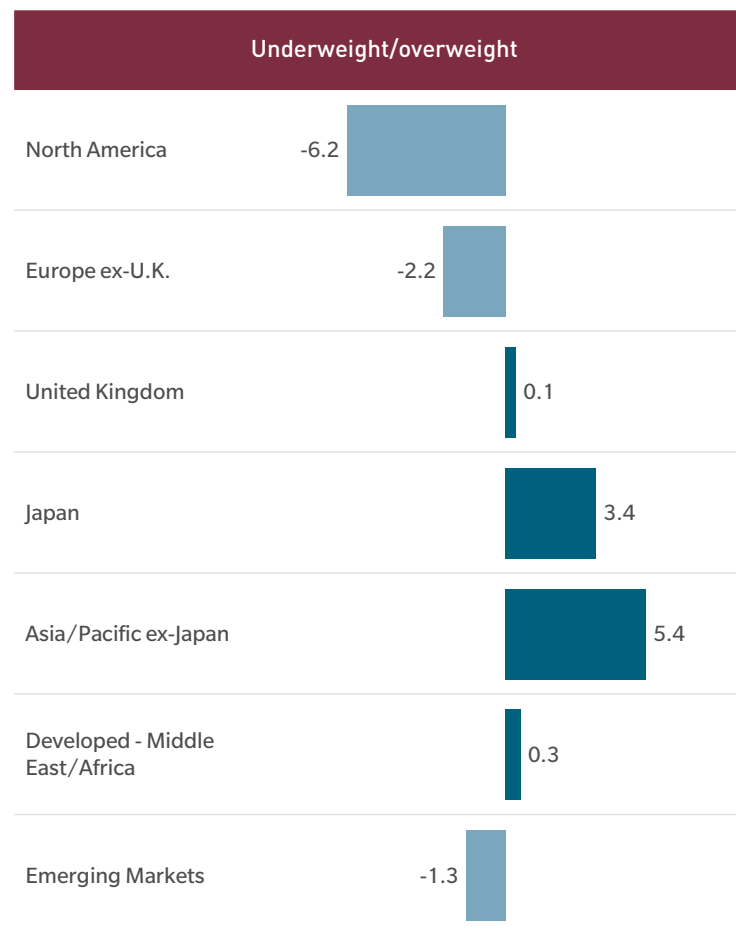
0.0% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

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## Region and Country Weights



As of 31-Dec-24	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)
<b>North America</b>	<b>63.0</b>	<b>69.2</b>	<b>-6.2</b>
Canada	6.0	2.8	3.2
United States	57.1	66.4	-9.3
<b>Europe ex-U.K.</b>	<b>8.2</b>	<b>10.4</b>	<b>-2.2</b>
Netherlands	2.0	0.9	1.1
Switzerland	3.0	2.0	1.0
Italy	0.7	0.6	0.1
Denmark	0.4	0.6	-0.2
Spain	0.4	0.6	-0.2
France	1.7	2.3	-0.6
Other countries <sup>1</sup>	0.0	3.4	-3.4
<b>United Kingdom</b>	<b>3.3</b>	<b>3.2</b>	<b>0.1</b>
<b>Japan</b>	<b>8.2</b>	<b>4.8</b>	<b>3.4</b>
<b>Asia/Pacific ex-Japan</b>	<b>7.7</b>	<b>2.3</b>	<b>5.4</b>
Singapore	5.8	0.3	5.5
Hong Kong	1.9	0.4	1.5
Other countries <sup>1</sup>	0.0	1.6	-1.6
<b>Developed - Middle East/Africa</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>
Israel	0.5	0.2	0.3
<b>Emerging Markets</b>	<b>8.6</b>	<b>9.9</b>	<b>-1.3</b>
Thailand	3.2	0.1	3.1
Philippines	2.8	0.1	2.7
South Korea	1.7	0.9	0.8
Brazil	0.8	0.4	0.4
Other countries <sup>1</sup>	0.0	8.4	-8.4



^ MSCI All Country World Index

0.5% 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: China 2.7%; Taiwan 2.0%; Germany 1.9%; India 1.9%; Australia 1.5%; Sweden 0.7% and 25 countries with weights less than 0.5% which totals to 2.6%.



# Top Overweight and Underweight Positions



As of 31-Dec-24		Portfolio (%)	Benchmark^ (%)
<b>Overweight</b>	DBS GROUP HOLDINGS LTD	3.1	0.1
	MCKESSON CORP	3.0	0.1
	COLGATE-PALMOLIVE CO	2.9	0.1
	CONSTELLATION SOFTWARE INC/CANADA	2.2	0.1
	JOLLIBEE FOODS CORP	2.1	0.0
<b>Underweight</b>	APPLE INC	0.6	4.9
	NVIDIA CORP	-	4.3
	AMAZON.COM INC (EQ)	-	2.7
	META PLATFORMS INC	-	1.7
	TESLA INC	-	1.5

^ MSCI All Country World Index

# Characteristics



As of 31-Dec-24	Portfolio	Benchmark <sup>^</sup>
<b>Fundamentals - weighted average</b>		
Price/earnings (12 months forward)	15.8x	18.6x
Price/cash flow	13.7x	15.8x
Price/sales	1.6x	2.2x
PEG ratio	2.0x	1.9x
Return on equity (3-year average)	24.9%	27.3%
Return on invested capital	13.6%	16.1%
IBES long-term EPS growth <sup>1</sup>	10.5%	15.5%
<b>Market capitalization</b>		
Market capitalization (USD) <sup>2</sup>	245.1 bn	750.3 bn
<b>Diversification</b>		
Top ten issues	24%	24%
Number of Issues	101	2,647
<b>Turnover</b>		
Trailing 1 year turnover <sup>3</sup>	28%	—
<b>Risk profile (current)</b>		
Active share	84%	—
<b>Risk/reward (10 year)</b>		
Beta	0.71	—
Historical tracking error	6.07%	—
Standard deviation	11.32%	14.84%
Sharpe ratio	0.56	0.51
Downside capture	69.24%	—
Upside capture	75.50%	—

<sup>^</sup> MSCI All Country World Index

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

**No forecasts can be guaranteed.**

<sup>1</sup> Source: FactSet

<sup>2</sup> Weighted average.

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

## Top 10 Issuers



Top 10 issuers as of 31-Dec-24	Portfolio (%)	Benchmark^ (%)
DBS GROUP HOLDINGS LTD	3.1	0.1
MCKESSON CORP	3.0	0.1
COLGATE-PALMOLIVE CO	2.9	0.1
MICROSOFT CORP	2.4	3.8
CONSTELLATION SOFTWARE INC/CANADA	2.2	0.1
JOLLIBEE FOODS CORP	2.1	0.0
KONINKLIJKE KPN NV	2.0	0.0
ADVANCED INFO SERVICE PCL	2.0	0.0
JOHNSON & JOHNSON	2.0	0.4
KDDI CORP	1.9	0.1
<b>Total</b>	<b>23.8</b>	<b>4.7</b>

^ MSCI All Country World Index

# Portfolio Outlook and Positioning



For the fourth quarter of 2024, the portfolio underperformed the MSCI All Country World Index and the MSCI All Country World Minimum Volatility Index. Relative to the MSCI All Country World Index:

## Detractors

- Volatility allocation
- Intersection holdings
- Quantitative models: valuation and sentiment
- An underweight and stock selection within information technology and consumer discretionary
- Stock selection within communication services
- An overweight and stock selection within consumer staples
- Stock selection within North America

## Contributors

- Fundamental research
- Quantitative models: quality
- Stock selection within materials
- Stock selection within Asia/Pacific Ex-Japan

## Market review

The MSCI All Country World Index (ACWI) finished the fourth quarter below its all-time high, hit in early December, following another quarter of market-moving events and volatility. In October, the market retreated as expectations for future US Federal Reserve rate cuts moderated, bond yields shifted higher and uncertainty about the outcome of the US election spooked markets. The market resumed higher in November, led by US stocks, which rallied strongly after the decisive results from the US election on investor optimism about the potential for the extension of the 2017 tax cuts as well as a friendlier regulatory environment. Non-US markets fared less well, negatively impacted by weaker economic data, political uncertainty in Europe and tariff risks. The November rally carried into early

# Portfolio Outlook and Positioning



December before a back-up in bond yields, political turmoil in France, Germany and South Korea as well as hawkish comments by Fed Chair Powell resulted in a volatile sell-off to end the year.

Inflation, globally, is well off the 2022 highs, although progress has stalled in many economies, with service prices and wages remaining sticky. Having said that, more than 75% of central banks are cutting rates, but the pace of policy easing has moderated with both the Fed and Bank of England signaling a more gradual approach. The European Central Bank, despite stubbornly high wage growth, communicated policy is still restrictive and will continue to cut its deposit facility rate in response to weak economic activity. Despite stronger-than-expected inflation in Japan, the Bank of Japan held the policy rate steady while indicating it remained on a tightening track. In the emerging markets, weak consumption and lower-than-expected inflation reports are prompting further stimulative policies in China, while in Brazil inflation is running well above target, forcing the Central Bank of Brazil (BCB) to increase the Selic rate by a greater-than-expected 100 basis points in early December.

The outlook for the global economy, considered through the lens of leading indicators such as PMIs, remains bifurcated by geography and sector. The most recent (November) global composite PMI reading continued to signal expansion, with the dispersion between the manufacturing and services sectors persisting, although the strength and momentum in the latter has started to wane. The global manufacturing PMI slid back below 50, into contraction, in December; however, breadth measures were mixed, with the percentage of economies in expansion increasing to 47%, although only 42% of economies reported a positive month-month increase. Flashing a more optimistic tone was the forward-looking new orders versus inventories ratio, which is now above zero, with 67% of economies reporting new orders exceeding inventories. Regionally, manufacturing is strongest in emerging market economies such as India, Greece, the Philippines and Taiwan, while major developed economies such as the eurozone and Pacific ex-Japan remain deep in contraction. The manufacturing PMIs for the US and Japan remain slightly below 50, but there were signs stabilization/improvement in the December reports.

Q3 earnings were generally better than expectations. However, EPS growth rates were sequentially lower, with topline growth disappointing and continuing to slow. Regionally, the US delivered stronger growth than Europe and Japan despite continued

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deceleration in Mag-7 earnings growth. Earnings beat rates (reported above estimated) for the ACWI overall dropped below the historical average. At the region level, earnings surprises were above average in the US and Europe but below average in Japan and Pacific ex-Japan. Earnings growth and beat rates were weakest in cyclical sectors overall but there were some divergences at the region level.

Earnings revisions (outlook), which have historically been correlated with manufacturing PMIs, broadly improved in Q4. However, earnings downgrades continued to outnumber upgrades in Europe, Canada and emerging Asia. The trend in the revisions ratio stabilized or improved in all regions except Japan during the quarter. On a global sector basis, the revisions ratio remains strongest for financials and real estate and weakest for the commodity, industrials, health care and consumer sectors. Over the quarter, the revisions ratio for financials, utilities, consumer staples, energy and materials improved, while the ratio for the communication services sector deteriorated.

Shifting to the market impact (local currency), market breadth narrowed significantly again during the quarter. At a high level, developed markets outperformed emerging markets, large-caps mostly outperformed small- and midcaps, while ACWI growth outperformed ACWI value. At a regional level, Japan outperformed by a wide margin, driven largely by a significant sell-off in the yen. North America was the only other major region to outperform, with the Canadian market benefiting from strength in information technology, consumer discretionary, financials and energy, while US performance was driven by strength in Mag-7, financials and cyclical stocks. Latin America was the worst-performing region overall, negatively impacted by the threat of tariffs on Mexico as well as rate hikes and worsening fiscal dynamics in Brazil. Asia also underperformed by a wide margin, led by South Korea, which was negatively impacted by political turmoil and earnings downgrades, while China was dragged lower by trade tensions with the US and disappointing policy actions. Europe ex-UK was the worst-performing developed market region with broad-based underperformance, with a stagnate economic/earnings outlook, the threat of tariffs and political uncertainties prominent causes. The United Kingdom, EMEA and the Pacific ex-Japan region underperformed by narrower margins, with the latter negatively impacted by significant weakness in Hong Kong stocks, which more than offset the strong performance from stocks in Singapore.

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Sector leadership narrowed in Q4 and was dominated by financials and cyclical growth stocks. Consumer discretionary was the best-performing sector, with autos, led by Tesla, and the retail segment prominent drivers. Communication services also outperformed by a wide margin, driven by strength in media and entertainment stocks, including Alphabet, which more than offset the weakness in the telecom segment. The financials and information technology sectors also outperformed, with the former benefiting from strength in banks and diversified financials, and the latter from strong performance across all segments. The materials sector was the biggest laggard in Q4, with significant weakness across all sub-industries. Defensive sectors also continued to underperform, with health care and utilities particularly weak, while the consumer staples sector, which lagged by a smaller margin, was negatively impacted by weakness in household products, food, beverage and tobacco stocks, which overwhelmed the outperformance of defensive retailers such as Walmart. The more cyclical industrials and energy sectors also underperformed, with the latter held back by significant weakness in transportation stocks.

Factor performance (long-short/equal-weighted/sector-neutral) rotated and broadened throughout Q4. For the quarter overall, momentum was a dominant theme as stocks with positive earnings and sales revisions and those with strong price momentum outperformed by a wide margin. Stocks with attractive valuations and strong growth attributes outperformed by a narrower margin. Higher-profitability stocks produced mixed results, as did those deploying capital to buy back shares. Stocks of companies investing in capex were significant laggards, while higher-volatility stocks and those paying higher dividend yields underperformed by a narrower margin.

The MSCI factor indexes, which have sector biases, painted a slightly different picture, with higher-volatility, growth and momentum stocks dominating performance. The value, quality and dividend indexes lagged by significant margins.

### Portfolio performance review

The portfolio underperformed the MSCI All Country World Index in the fourth quarter. The volatility allocation within the strategy, being overweight the lowest-risk stocks and underweight the highest-risk stocks, detracted from performance. Intersection holdings, which are stocks buy rated based on both our fundamental and quantitative research, also detracted from relative returns. Factor models which

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contributed negatively to results for the quarter were valuation and sentiment while the quality factor contributed to relative performance.

At the sector level, the portfolio experienced negative contribution from stock selection within information technology and consumer discretionary. Stock selection within communication services and an overweight and stock selection within consumer staples also detracted from relative returns. Sectors which contributed to performance included stock selection within materials. From a region perspective, the weakest contribution came from stock selection within North America. Outperformance came from stock selection within Asia/Pacific Ex-Japan.

## Outlook

As we start the new year, there is an abundance of optimism that the current trends of AI leadership and US exceptionalism will persist. Our base case remains constructive, with expectations that the economic recovery will be sustained and broaden, supported by easier monetary policy, deregulation in the US and more fiscal stimulus in China.

More specifically, on the policy front most central banks are easing policy, although stubborn inflation and resilient economies may limit or slow the pace of rate cuts. Global leading indicators remain bifurcated and choppy but there does appear to be some stabilization in the manufacturing PMIs, although they continue to signal contraction in many of the developed economies. Based on history, the current rate-cut cycle should be a tailwind for leading indicators as we progress through 2025. While PMIs have in recent years done a poor job of predicting the economy, they continue to be reliable indicators for corroborating the breadth of earnings revisions, which also appear to be inflecting higher in most markets, albeit from depressed levels. Other economic indicators point to a mixed outlook, with the OECD CLI hovering above 100 signaling expansion, with a strong breadth of economies reporting positive month-month and year-year improvement.

Prominent risks to the consensus outlook, and to a lesser extent ours, include stretched valuations and extremely concentrated markets, which could reverse if the AI trade unwinds. A catalyst for such a reversal could be the current gap between the earnings guidance from NVIDIA and other semiconductor companies and what the hyperscalers are planning to spend. Other risks to monitor include a



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resurgence of inflation, which could halt the easing cycle, the return of the bond vigilantes in response to debts/deficits, increasing trade tensions, potential tariffs weighing on growth and, finally, elevated and evolving geopolitical risks.

For your Blended Research strategy, we continue to be encouraged by the relatively broad factor leadership despite the near-record level of concentration in the ACWI index. As we have communicated in the past, the most challenging market environment for our approach is one in which a single factor/style or a limited group of stocks dominates performance, as was evident in 2020. With the OECD Global Composite Leading Indicator (CLI), and most country CLIs, signaling expansion, our analysis of factor performance through the economic cycle aligns with the outperformance of higher-beta stocks with strong earnings and price momentum. While the magnitude is smaller, stocks with attractive valuations have also historically continued to outperform as the economy shifts to the expansion phase of the cycle. Late-cycle factors such as profitability and growth as well as the quality-focused fundamental research input to our process tend to be weaker in the front half of the business cycle.

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 (%)
<b>Cash &amp; Cash Equivalents</b>		<b>0.5</b>
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<b>Communication Services</b>		<b>10.8</b>
Koninklijke KPN NV	Netherlands	2.0
Advanced Info Service PCL	Thailand	2.0
KDDI Corp	Japan	1.9
Electronic Arts Inc	United States	1.7
Alphabet Inc Class A	United States	1.6
Comcast Corp	United States	0.6
Quebecor Inc	Canada	0.6
Orange SA	France	0.4
<b>Consumer Discretionary</b>		<b>6.5</b>
Jollibee Foods Corp	Philippines	2.1
McDonald's Corp	United States	1.0
Dollarama Inc	Canada	0.9
Compass Group PLC	United Kingdom	0.9
TJX Cos Inc	United States	0.8
AutoZone Inc	United States	0.5
Sodexo SA	France	0.4
<b>Consumer Staples</b>		<b>11.8</b>
Colgate-Palmolive Co	United States	2.9
Walmart Inc	United States	1.3
General Mills Inc	United States	1.2
Kimberly-Clark Corp	United States	1.1
PepsiCo Inc	United States	1.0
Tesco PLC	United Kingdom	0.8
Procter & Gamble Co	United States	0.8
Mondelez International Inc	United States	0.6
British American Tobacco PLC	United Kingdom	0.6
Nestle SA	Switzerland	0.5
Sundrug Co Ltd	Japan	0.5
Viscofan SA	Spain	0.4

As of 31-Dec-24	Country	Equivalent exposure (%)
<b>Energy</b>		<b>1.4</b>
PTT Exploration & Production PCL	Thailand	0.7
TotalEnergies SE	France	0.4
Petroleo Brasileiro SA ADR	Brazil	0.4
<b>Equity Warrants</b>		<b>0.0</b>
Constellation Software Inc	Canada	0.0
<b>Financials</b>		<b>17.0</b>
DBS Group Holdings Ltd	Singapore	3.1
JPMorgan Chase & Co	United States	1.9
Everest Group Ltd	United States	1.6
Reinsurance Group of America Inc	United States	1.1
Samsung Fire & Marine Insurance Co Ltd	South Korea	1.0
MetLife Inc	United States	1.0
Chubb Ltd	United States	0.9
BDO Unibank Inc	Philippines	0.8
Ameriprise Financial Inc	United States	0.7
Zurich Insurance Group AG	Switzerland	0.7
Fiserv Inc	United States	0.7
American Express Co	United States	0.5
Royal Bank of Canada	Canada	0.5
IG Group Holdings PLC	United Kingdom	0.5
Kasikornbank PCL	Thailand	0.5
Mastercard Inc	United States	0.5
Visa Inc	United States	0.5
Hartford Financial Services Group Inc	United States	0.4
<b>Health Care</b>		<b>14.2</b>
McKesson Corp	United States	3.0
Johnson & Johnson	United States	2.0
Roche Holding AG	Switzerland	1.7
Eli Lilly & Co	United States	1.5
Merck & Co Inc	United States	1.3
Vertex Pharmaceuticals Inc	United States	1.0
Cigna Group	United States	0.5

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As of 31-Dec-24	Country	Equivalent exposure (%)
<b>Health Care</b>		<b>14.2</b>
Pfizer Inc	United States	0.5
HealthEquity Inc	United States	0.5
Medtronic PLC	United States	0.5
AbbVie Inc	United States	0.4
Becton Dickinson & Co	United States	0.4
Sanofi SA	France	0.4
Novo Nordisk AS	Denmark	0.4
<b>Industrials</b>		<b>9.7</b>
Eaton Corp PLC	United States	1.8
Singapore Technologies Engineering Ltd	Singapore	1.5
Republic Services Inc	United States	1.3
General Dynamics Corp	United States	1.0
Hitachi Ltd	Japan	0.8
West Japan Railway Co	Japan	0.7
SS&C Technologies Holdings Inc	United States	0.7
Sankyu Inc	Japan	0.6
Serco Group PLC	United Kingdom	0.5
Leidos Holdings Inc	United States	0.5
Sohgo Security Services Co Ltd	Japan	0.5
<b>Information Technology</b>		<b>17.6</b>
Microsoft Corp	United States	2.4
Constellation Software Inc/Canada	Canada	2.2
Motorola Solutions Inc	United States	1.9
NS Solutions Corp	Japan	1.3
CCC Intelligent Solutions Holdings Inc	United States	1.3
Venture Corp Ltd	Singapore	1.2
TE Connectivity PLC	United States	1.2
Analog Devices Inc	United States	1.1
Accenture PLC	United States	1.0
Amano Corp	Japan	0.9
Kyocera Corp	Japan	0.9
Samsung Electronics Co Ltd IPS	South Korea	0.7

As of 31-Dec-24	Country	Equivalent exposure (%)
<b>Information Technology</b>		<b>17.6</b>
Apple Inc	United States	0.6
Check Point Software Technologies Ltd	Israel	0.5
Guidewire Software Inc	United States	0.4
<b>Materials</b>		<b>2.2</b>
Franco-Nevada Corp	Canada	1.7
RPM International Inc	United States	0.4
<b>Other</b>		<b>0.0</b>
Other		0.0
<b>Real Estate</b>		<b>0.6</b>
AvalonBay Communities Inc REIT	United States	0.6
<b>Utilities</b>		<b>7.6</b>
CLP Holdings Ltd	Hong Kong	1.9
Edison International	United States	1.2
Xcel Energy Inc	United States	1.0
PG&E Corp	United States	0.7
Italgas SpA	Italy	0.7
Eergy Inc	United States	0.6
Duke Energy Corp	United States	0.6
Atmos Energy Corp	United States	0.5
Equatorial Energia SA	Brazil	0.4

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

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