MFS® Emerging Markets Equity Fund

(Class R6 Shares)

Second quarter 2026 investment report

PRPEQ-FEM-30-Jun-26

34135.11

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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.

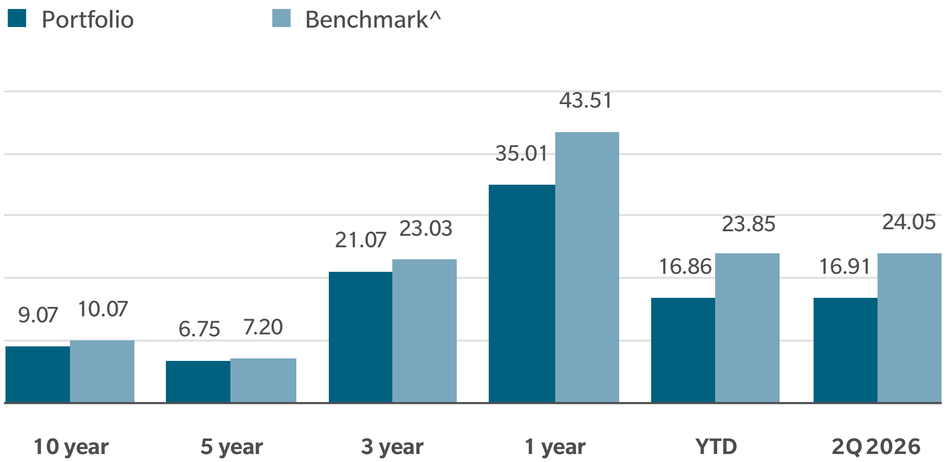
Fund Risks and Investment Objective

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.
Emerging Markets: Emerging markets can have less market structure, depth, and regulatory, custodial or operational oversight and greater political, social, geopolitical and economic instability than developed markets.
Please see the prospectus for further information on these and other risk considerations.

Investment Objective: Seeks capital appreciation.

Executive Summary

Performance results (%) R6 shares at NAV (USD) as of 30-Jun-26



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.

The performance shown is attributable in part to unusual market conditions. These conditions may not be repeated in the future.

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 Emerging Markets Index (net div)

Sector weights (%) as of 30-Jun-26	Portfolio	Benchmark^^
Top overweights		
Consumer Discretionary	10.8	7.3
Consumer Staples	4.1	2.6
Energy	4.3	3.1
Top underweights		
Information Technology	42.2	45.3
Materials	2.8	5.3
Industrials	5.2	6.8

^^ MSCI Emerging Markets Index

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The MFS Emerging Markets Equity Fund underperformed the MSCI Emerging Markets Index (net div) in the second quarter of 2026.

Contributors

- Materials - Underweight position
- Health Care - Stock selection and an underweight position
- Individual stocks:
  - Mediatek Inc
  - Samsung Electronics Co, Ltd
  - Ase Technology Holding Co Ltd
  - Largan Precision Co Ltd
  - Lenovo Group Ltd

Detractors

- Information Technology - Stock selection
- Individual stocks:
  - Tencent Holdings Limited
  - Sk Square Co Ltd (not held)
  - Alibaba Group Holding Ltd
  - Kweichow Moutai Co Ltd

Performance Results

Performance results (%) R6 shares at NAV (USD) as of 30-Jun-26

Period	Portfolio	Benchmark^	Excess return vs benchmark
2Q 2026	16.91	24.05	-7.14
1Q 2026	-0.04	-0.17	0.12
4Q 2025	4.60	4.73	-0.13
3Q 2025	10.45	10.64	-0.19
2026 YTD	16.86	23.85	-6.98
2025	33.99	33.57	0.42
2024	11.43	7.50	3.93
2023	11.32	9.83	1.49
2022	-19.78	-20.09	0.31
2021	-6.64	-2.54	-4.10
10 year	9.07	10.07	-1.00
5 year	6.75	7.20	-0.45
3 year	21.07	23.03	-1.95
1 year	35.01	43.51	-8.49

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.

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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.

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Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

^ MSCI Emerging Markets Index (net div)

Performance Drivers - Sectors

Relative to MSCI Emerging Markets Index (USD) - second quarter 2026		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation[1] (%) +	Stock selection[2] (%) +	Currency effect (%) =	Relative contribution (%)
Contributors	Materials	-3.5	-13.7	-5.3	1.2	-0.3	-0.1	0.8
	Health Care	-1.0	12.8	1.1	0.3	0.2	0.0	0.5
	Utilities	-1.2	-10.8	-0.7	0.3	-0.1	-0.0	0.2
	Real Estate	-0.7	10.6	7.6	0.1	0.0	-0.0	0.1
	Energy	1.2	-0.6	-9.6	-0.5	0.5	-0.0	0.0
Detractors	Information Technology	-1.4	63.5	73.3	-0.5	-2.8	0.0	-3.2
	Consumer Staples	3.5	-6.5	-1.9	-1.2	-0.3	0.0	-1.6
	Consumer Discretionary	2.5	-8.0	-10.0	-1.0	0.2	0.1	-0.7
	Cash	1.8	0.9	—	-0.6	—	-0.0	-0.6
	Financials	-0.6	3.9	6.8	0.3	-0.5	-0.2	-0.4
	Industrials	-1.4	10.2	18.3	0.1	-0.4	-0.0	-0.4
	Communication Services	0.9	-4.7	-3.8	-0.3	-0.1	-0.0	-0.3
Total			**18.6**	**24.1**	**-1.7**	**-3.6**	**-0.2**	**-5.6**

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. Index futures shown might be used for cash management or hedging purposes. 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 .

Performance Drivers - Stocks

Relative to MSCI Emerging Markets Index (USD) - second quarter 2026		Average Weighting (%) Portfolio	Average Weighting (%) Benchmark	Returns (%) Portfolio[1]	Returns (%) Benchmark	Relative contribution(%)
Contributors	Mediatek Inc	2.5	1.2	185.9	185.9	1.6
	Samsung Electronics Co, Ltd	10.7	7.8	96.5	96.3	1.5
	Ase Technology Holding Co Ltd	2.3	0.5	107.7	107.7	1.1
	Largan Precision Co Ltd	0.9	0.1	99.8	99.8	0.5
	Lenovo Group Ltd	0.7	0.1	151.5	151.5	0.3
Detractors	Sk Hynix Inc	1.7	5.3	224.7	224.7	-4.0
	Tencent Holdings Limited	4.9	3.1	-10.2	-10.2	-0.7
	Sk Square Co Ltd	—	0.5	—	260.1	-0.6
	Alibaba Group Holding Ltd	3.3	2.2	-21.3	-21.3	-0.6
	Epam Systems Inc	0.6	—	-41.4	—	-0.6

[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. Index futures shown might be used for cash management or hedging purposes. 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 Emerging Markets Index (USD) - second quarter 2026		Relative contribution (%)
Sk Hynix Inc	An underweight position in semiconductor products manufacturer SK Hynix (South Korea) weighed on relative results. The stock price rallied sharply as global demand for memory products used in AI servers and data centers continued to accelerate. Financial performance was supported by strong pricing increases and higher shipment volumes across DRAM and flash memory product lines. Investor sentiment was further supported by plans for a major public offering and trading debut in the US.	-4.0
Tencent Holdings Limited	The portfolio's overweight position in internet-based, multiple services company Tencent (China) weakened relative returns. The stock price came under pressure due to decelerating revenue growth and increased capital commitments to support long-term AI initiatives. Tencent was perceived as playing catch-up in foundation models, and with increased AI spending, investors became more cautious on near-term returns from elevated AI capex.	-0.7
Sk Square Co Ltd	Not owning shares of investment holding company SK Square (South Korea) detracted from relative performance. The company's primary affiliate, SK Hynix, benefited from strong momentum in the memory-chip market. SK Square continued to pursue shareholder-return initiatives, including share repurchases, to enhance investor value. Its investment portfolio remained well positioned to benefit from cyclical recoveries across semiconductor and technology markets.	-0.6

Significant Impacts on Performance - Contributors

Relative to MSCI Emerging Markets Index (USD) - second quarter 2026		Relative contribution (%)
Mediatek Inc	An overweight position in integrated circuits manufacturer Mediatek (Taiwan) supported relative results. The stock price advanced after the company reported revenue at the high end of guidance, supported by resilient demand across its diversified product portfolio and continued market share gains in Smart Edge Platforms. Investor sentiment was further strengthened by growing confidence in MediaTek's AI accelerator ASIC business following increased revenue expectations and positive progress on hyperscaler programs, reinforcing the company's long-term growth outlook.	1.6
Samsung Electronics Co, Ltd	Overweighting shares of microchip and electronics manufacturer Samsung Electronics (South Korea) contributed to relative performance. The stock price advanced, supported by robust demand for server memory and margin recovery in DRAM and NAND products. Earnings expansion was primarily driven by the semiconductor division, where both revenue and operating profit showed marked improvements.	1.5
Ase Technology Holding Co Ltd	An overweight position in semiconductor packaging and testing provider ASE Technology (Taiwan) supported relative results. The company's financial position benefited from revenue growth and improved profit margins in its semiconductor packaging and testing business. Additionally, the company has updated its projections for AI-related revenues in 2026, reflecting its increasing involvement in high-performance computing and the growing complexity of packaging for new products.	1.1

Significant Transactions

From 01-Apr-26 to 30-Jun-26		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	Information Technology	Add	2.3	13.8
	ALIBABA GROUP HOLDING LTD	Consumer Discretionary	Add	1.2	2.7
	SK HYNIX INC	Information Technology	Add	1.0	3.2
	MERCADOLIBRE INC (EQ)	Consumer Discretionary	New position	0.7	0.8
	COUPANG INC	Consumer Discretionary	New position	0.7	0.7
Sales	MEDIATEK INC	Information Technology	Trim	-2.2	2.0
	LENOVO GROUP LTD	Information Technology	Trim	-1.0	0.6
	SAMSUNG ELECTRONICS CO LTD	Information Technology	Trim	-0.8	12.1
	KWEICHOW MOUTAI CO LTD	Consumer Staples	Trim	-0.8	0.5
	ASE TECHNOLOGY HOLDING CO LTD	Information Technology	Trim	-0.7	2.4

Sector Weights

As of 30-Jun-26	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Consumer Discretionary	10.8	7.3	3.5	Alibaba Group Holding Ltd, Mahindra & Mahindra Ltd
Consumer Staples	4.1	2.6	1.5	Wal-Mart de Mexico SAB de CV
Energy	4.3	3.1	1.2	Reliance Industries Ltd
Communication Services	7.0	6.0	1.0	Tencent Holdings Ltd, NetEase Inc ADR
Financials	18.7	18.4	0.3	HDFC Bank Ltd, Samsung Fire & Marine Insurance Co Ltd, AIA Group Ltd
Real Estate	0.4	1.0	-0.6	Emaar Properties PJSC
Health Care	1.6	2.4	-0.8	WuXi AppTec Co Ltd
Utilities	0.7	1.9	-1.2	NTPC Ltd
Industrials	5.2	6.8	-1.6	Samsung Engineering Co Ltd, WEG SA
Materials	2.8	5.3	-2.5	Gold Fields Ltd ADR
Information Technology	42.2	45.3	-3.1	Taiwan Semiconductor Manufacturing Co Ltd, Samsung Electronics Co Ltd, SK Hynix Inc

^ MSCI Emerging Markets Index

2.2% Cash & Cash Equivalents.

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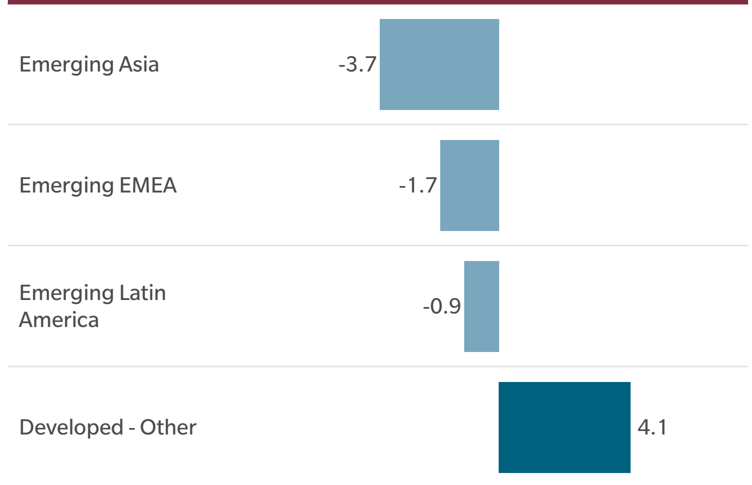
Region and Country Weights

As of 30-Jun-26	Portfolio (%)	Benchmark^ (%)	Underweight/ overweight(%)
Emerging Asia	**80.1**	**83.8**	**-3.7**
India	12.4	11.1	1.3
Indonesia	1.6	0.4	1.2
Thailand	1.7	1.0	0.7
China	19.3	19.0	0.3
Philippines	0.1	0.3	-0.2
South Korea	21.1	23.7	-2.6
Taiwan	23.9	27.3	-3.4
Other countries[1]	—	0.9	-0.9
Emerging EMEA	**8.1**	**9.8**	**-1.7**
United Arab Emirates	2.1	1.1	1.0
Greece	1.0	0.5	0.5
Turkey	0.9	0.4	0.5
Saudi Arabia	2.5	2.4	0.1
Qatar	0.5	0.5	0.0
South Africa	1.2	2.9	-1.7
Other countries[1]	—	2.0	-2.0
Emerging Latin America	**5.5**	**6.4**	**-0.9**
Peru	0.5	0.4	0.1
Mexico	1.6	1.7	-0.1
Brazil	3.4	3.8	-0.4
Other countries[1]	—	0.6	-0.6
Developed - Other	**4.1**	**—**	**4.1**
Hong Kong	2.5	—	2.5
United States	1.2	—	1.2
Portugal	0.4	—	0.4

Underweight/overweight



^ MSCI Emerging Markets Index

[1] The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Poland 1.0%; Malaysia 0.9%; Kuwait 0.5%; and 5 countries with weights less than 0.5% which totals to 1.1%.

2.2% Cash & Cash Equivalents.

Characteristics

As of 30-Jun-26	Portfolio	Benchmark^
Fundamentals - weighted average		
IBES long-term EPS growth [1]	21.6%	22.2%
Price/earnings (12 months forward ex-negative earnings)	11.2x	11.7x
Return on equity (3-year average)	18.7%	18.1%
Long term debt/capital	18.5%	21.1%
Market capitalization		
Market capitalization (USD) [2]	554.9 bn	572.4 bn
Diversification		
Top ten issues	46%	40%
Number of Issues	95	1,178
Turnover		
Trailing 1 year turnover [3]	43%	—
Risk/reward (5 year)		
Beta	0.91	—
Standard deviation	17.66%	18.68%

^ MSCI Emerging Markets Index

Past performance is no guarantee of future results.

No forecasts can be guaranteed.

[1] Source: FactSet

[2] Weighted average.

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

Top 10 Issuers

Top 10 Issuers as of 30-Jun-26	Portfolio (%)	Benchmark^ (%)
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	13.8	15.1
SAMSUNG ELECTRONICS CO LTD	12.1	9.0
TENCENT HOLDINGS LTD	4.4	2.7
SK HYNIX INC	3.2	7.6
HON HAI PRECISION INDUSTRY CO LTD	3.0	0.8
ALIBABA GROUP HOLDING LTD	2.7	1.6
ASE TECHNOLOGY HOLDING CO LTD	2.4	0.6
HDFC BANK LTD	2.3	0.8
MEDIATEK INC	2.0	1.6
DELTA ELECTRONICS INC	1.6	1.0
Total	**47.5**	**40.8**

^ MSCI Emerging Markets Index

Portfolio Outlook and Positioning

Market Overview

Emerging markets (EM) had a huge momentum driven quarter, surging more than 20%, which was almost double that of their developed market peers. The rally was fueled by explosive gains from Asia, particularly the South Korean and Taiwanese technology hardware stocks. Large-cap companies outperformed SMID caps, while in terms of factors, momentum and growth led value.

Sector and country performance deviated sharply during the quarter. At the sector level, technology soared more than 70%, whereas energy declined as the US-Iran war deescalated. Things are not as rosy outside of the AI bubble, with the consumer discretionary sector leading declines.

At the country level, only 4 out of 24 countries — South Korea, Taiwan, Hungary and Egypt — recorded returns higher than the MSCI EM index. South Korea and Taiwan surged more than 80% and 40% respectively, led by memory and semiconductor chip manufacturers. Indonesia was the weakest market amid concerns over a potential S&P rating downgrade and a possible but unlikely MSCI reclassification to frontier market status. Brazil’s stock market peaked in April then corrected as investors took profits and capital rotated back to the US. China was weak due to concerns its tech giants trail the US in AI development.

Performance Drivers

Amid this backdrop, the Emerging Markets Equity portfolio trailed its benchmark, primarily due to memory and semiconductor positioning relative to the index. The portfolio is underweight memory, which has hurt performance. Additionally, our preference for Samsung Electronics over SK Hynix, largely due to valuations, has not helped as SK Hynix has outperformed Samsung Electronics. Within the tech hardware space, we have greater conviction in the investment case for TSMC and Hon Hai as we believe they possess more diversified business models and are less levered to the AI capex trade.

Portfolio Outlook and Positioning

The portfolio's overweight to consumer discretionary and consumer staples sectors, especially holdings in China and India, also detracted from relative returns. Investor sentiment remains weak as China and India are pressured by higher oil prices and weaker consumer spending power near term. We remain constructive on the long-term middle class growth outlook in these countries.

AI-related demand remains strong

AI-related demand continues to anchor market momentum, with the AI-driven rally supported by a clear risk-on sentiment among investors. Hyperscalers' capex spending plans point to resilient demand through the end of the decade, reinforcing confidence in sustained AI earnings growth.

Our investment team has spent considerable time meeting with various memory and semiconductor chip companies in North Asia this quarter. AI demand remains firmly positive whereas supply remains constrained for the foreseeable future. Notably, the dominant demand driver is US AI data centers, with China's AI capital expenditure — approximately $100 billion this year and rising — representing a comparatively smaller share.

Ultimately, we are conscious that these are commodity-type businesses that are temporarily benefitting from supply-demand mismatches. The key issue, therefore, is what earnings will look like beyond 2027 as additional capacity comes online to meet demand, particularly given that SK Hynix is well positioned to expand capacity to roughly three times its 2025 level.

China's tech giants seem overlooked

China's tech giants, particularly Tencent and Alibaba, have been conspicuously absent from the recent AI-driven market rally. One key reason is their aggressive increase in AI-related spending. Despite delivering consistently strong results, Tencent's stock has de-rated after management signaled heavier investment in incubating new AI businesses. Investors appear concerned about the uncertain returns on these ventures and the potential risk that a native AI super app could one day disrupt Tencent’s position.

We take a different view. Tencent’s powerful “walled garden” ecosystem positions it uniquely to integrate AI agents across its platform, allowing users to meet virtually all their daily digital needs within its network of mini programs. In our assessment, this ecosystem reinforces Tencent’s role as China’s leading super app and primary gateway to the internet. Furthermore, Tencent is already seeing positive returns from AI investment, both from higher ad monetization and in video games, where AI allows for more realistic graphics and faster game production and rollout, driving increased revenue.

We believe the market is underappreciating Alibaba’s AI capabilities. The company holds a leading position in data center capacity in China, has developed one of the country’s top large language models, Qwen, built its own in-house AI chip, and benefits from a vast proprietary commerce dataset. Together, these strengths position Alibaba as a formidable player in China’s AI landscape.

India presents an interesting opportunity

Market sentiment in India has been weak, with foreign investors remaining net sellers of Indian equities for three consecutive years. Indian equities have lagged since AI became the dominant market theme, partly because of persistent concerns that accelerating AI adoption could disrupt India’s large IT services sector, a key pillar of the economy. In the near term, higher oil prices resulting from to the US-Iran war has further dampened India’s economic outlook.

However, these contrast with a resilient macroeconomic backdrop. India’s real GDP grew 7.7% last year, with nominal growth at 8.9%. Both government and private investment have strengthened, with private investment rising 50% year over year. Corporate performance has also held up well, as a survey of the 1,500 largest listed companies revealed that earnings grew 10% in 4Q FY2026.

Portfolio Outlook and Positioning

Taken together, we believe India may be presenting opportunities within emerging markets, especially since it has derated meaningfully compared to its emerging market peers. The portfolio is modestly overweight India and over the quarter, we have added Indian financials exposure and continued to build existing positions such as Makemytrip and Bharat Petroleum.

Portfolio positioning

From a sector perspective, the portfolio is overweight to consumer discretionary, consumer staples and energy. This is offset by our underweight to the materials, industrials and utilities sectors.

From a country perspective, Hong Kong remains the largest country overweight, due to holdings in AIA, Techtronic and Sands China which we believe are higher-quality alternatives compared to their Mainland China peers. The portfolio is also overweight India, Indonesia and the UAE. Taiwan and South Korea are the largest underweights as these markets have re-rated substantially.

During the quarter, we consolidated our consumer staples exposure by exiting Yili and Ambev, and trimmed information technology holdings including Mediatek, Lenovo, ASE Technology and Largan after strong performance. On the flipside, we added to our exposure in the consumer discretionary and financials sectors.

Key trades during the quarter include the following:

- We initiated a position in Mercadolibre, Latin America's leading e-commerce platform with approximately 37% market share. While increased competition from Amazon, Shopee and Temu and a renewed investment cycle have pressured margins and sentiment, we see this as an attractive entry point. The company grew revenues by roughly 40% in 2025 and is expected to deliver similar growth this year. We believe current investments will strengthen its competitive position, with margins likely to recover from next year.

- We also started a position in Coupang, South Korea's largest e-commerce platform. Over the years, Coupang has developed a strong competitive moat in South Korea by investing into first party inventory and integrated logistics. As a result, they seem to have built an advantage in Korean retail not just on price but also volume and speed of delivery. Profits from its Korean operations are funding expansion into neighboring Taiwan, where losses are expected to peak in 2026. We are optimistic that improving income dynamics in both Korea and Taiwan, partly supported by AI-related economic gains, will support consumption growth going forward.
- We introduced two Indian banks, Axis Bank and ICICI Bank, to the portfolio. We expect the earnings cycle for Indian banks to strengthen, supported by stabilizing net interest margins as the rate-cutting cycle concludes, improving loan growth driven by policy stimulus, and better operating efficiency and asset quality. Compared to the past, ICICI has a stronger franchise and better risk management framework today. We believe the bank can deliver mid-teens earnings growth over the medium term due to operative leverage and lower cost of funds. Similarly, we expect Axis Bank to benefit from an improved business environment, accelerate loan growth and deliver higher returns ratios which translate into earnings growth of more than 20% over the medium term.

Market Outlook

Emerging market equities delivered strong returns in the second quarter of 2026, although performance was exceptionally concentrated. Samsung Electronics, SK Hynix and TSMC together accounted for roughly 65% of index returns, underscoring the market's narrow leadership around AI and semiconductor-related themes.

The strength in these companies has been supported by genuine fundamental momentum. That said, the scale and speed of recent share price appreciation increasingly suggest that liquidity and positioning dynamics are also playing an important role. Significant passive and thematic inflows into AI and semiconductor strategies have amplified performance concentration and, in some cases, pushed valuations toward levels that may leave less room for operational disappointment. While we remain constructive on the long-term AI opportunity, we are increasingly selective where market expectations appear increasingly demanding. As benchmark returns have become increasingly dependent on a small group of mega-cap technology companies, maintaining portfolio diversification and valuation discipline is essential.

Beyond this narrow market leadership, the broader emerging market backdrop is becoming more supportive. Inflation has continued to moderate across many economies, allowing several central banks to begin easing policy ahead of developed markets. Combined with a more stable U.S. dollar and improving domestic liquidity conditions in parts of Asia and Latin America, these factors should provide a firmer foundation for broader market participation over time.

Looking ahead, we believe the next phase of EM performance will require earnings growth to broaden beyond semiconductors and AI beneficiaries. Domestic consumption, financial deepening and industrial upgrading remain attractive areas of opportunity and could become increasingly important drivers of returns as global growth stabilizes and policy conditions continue to ease.

Against this backdrop, we believe the current environment continues to favor active management. The MFS Emerging Markets Equity team remains focused on disciplined bottom-up stock selection while actively managing concentration risk across sectors, countries and factor exposures. As market leadership broadens and valuation dispersion persists, we believe a selective, research-driven approach is well positioned to identify long-term opportunities while maintaining a resilient portfolio.

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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 30-Jun-26	Country	Equivalent exposure (%)
Cash & Cash Equivalents		**2.2**
Cash & Cash Equivalents		2.2
Communication Services		**7.0**
Tencent Holdings Ltd	China	4.4
NetEase Inc ADR	China	1.1
Etihad Etisalat Co	Saudi Arabia	0.6
Kingsoft Corp Ltd	China	0.6
Hellenic Telecommunications Organization SA	Greece	0.4
Consumer Discretionary		**10.8**
Alibaba Group Holding Ltd	China	2.7
Mahindra & Mahindra Ltd	India	1.1
Meituan	China	0.9
MakeMyTrip Ltd	India	0.9
MercadoLibre Inc	United States	0.8
PDD Holdings Inc ADR	China	0.8
Trip.com Group Ltd	China	0.8
Coupang Inc	South Korea	0.7
Midea Group Co Ltd	China	0.7
ANTA Sports Products Ltd	China	0.6
Sands China Ltd	Hong Kong	0.5
Maruti Suzuki India Ltd	India	0.3
Consumer Staples		**4.1**
Wal-Mart de Mexico SAB de CV	Mexico	0.6
Gruma SAB de CV	Mexico	0.6
Orion Corp/Republic of Korea	South Korea	0.6
China Resources Beer Holdings Co Ltd	China	0.6
Kweichow Moutai Co Ltd	China	0.5
Hindustan Unilever Ltd	India	0.5
BIM Birlesik Magazalar AS	Turkey	0.4
Dabur India Ltd	India	0.3
ITC Ltd	India	0.2
Kwality Wall's India Ltd	India	0.0

As of 30-Jun-26	Country	Equivalent exposure (%)
Energy		**4.3**
Reliance Industries Ltd	India	1.2
Adnoc Gas PLC	United Arab Emirates	0.7
ADNOC Drilling Co PJSC	United Arab Emirates	0.7
Bharat Petroleum Corp Ltd	India	0.6
United Tractors Tbk PT	Indonesia	0.4
Galp Energia SGPS SA	Portugal	0.4
Petronet LNG Ltd	India	0.3
Financials		**18.7**
HDFC Bank Ltd	India	2.3
Samsung Fire & Marine Insurance Co Ltd	South Korea	1.6
AIA Group Ltd	Hong Kong	1.3
Ping An Insurance Group Co of China Ltd	China	1.2
China Merchants Bank Co Ltd	China	1.1
China Construction Bank Corp	China	0.9
Saudi National Bank	Saudi Arabia	0.9
Kasikornbank PCL	Thailand	0.8
Kotak Mahindra Bank Ltd	India	0.7
Bangkok Bank PCL	Thailand	0.7
Axis Bank Ltd	India	0.7
ICICI Bank Ltd	India	0.7
Bank Central Asia Tbk PT	Indonesia	0.6
B3 SA - Brasil Bolsa Balcao	Brazil	0.6
National Bank of Greece SA	Greece	0.6
Hyundai Marine & Fire Insurance Co Ltd	South Korea	0.5
Credicorp Ltd	Peru	0.5
Bandhan Bank Ltd	India	0.5
Grupo Financiero Banorte SAB de CV	Mexico	0.4
NU Holdings Ltd/Cayman Islands	Brazil	0.4
Al Rajhi Bank	Saudi Arabia	0.4
Saudi Awwal Bank	Saudi Arabia	0.4
Emirates NBD Bank PJSC	United Arab Emirates	0.3

Portfolio Holdings

As of 30-Jun-26	Country	Equivalent exposure (%)
Financials		**18.7**
Saudi Tadawul Group Holding Co	Saudi Arabia	0.3
Bank Negara Indonesia Persero Tbk PT	Indonesia	0.3
Sberbank of Russia PJSC	Russia	0.0
Health Care		**1.6**
WuXi AppTec Co Ltd	China	0.7
Hangzhou Tigermed Consulting Co Ltd	China	0.3
Hugel Inc	South Korea	0.3
Bumrungrad Hospital PCL	Thailand	0.3
Industrials		**5.2**
Samsung Engineering Co Ltd	South Korea	1.3
WEG SA	Brazil	1.0
Techtronic Industries Co Ltd	Hong Kong	0.7
KOC Holding AS	Turkey	0.5
Industries Qatar QSC	Qatar	0.5
Doosan Bobcat Inc	South Korea	0.4
LG Corp	South Korea	0.3
Astra International Tbk PT	Indonesia	0.2
SM Investments Corp	Philippines	0.1
Information Technology		**42.2**
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	13.8
Samsung Electronics Co Ltd	South Korea	10.8
SK Hynix Inc	South Korea	3.2
Hon Hai Precision Industry Co Ltd	Taiwan	3.0
ASE Technology Holding Co Ltd	Taiwan	2.4
MediaTek Inc	Taiwan	2.0
Delta Electronics Inc	Taiwan	1.6
Samsung Electronics Co Ltd IPS	South Korea	1.3
Largan Precision Co Ltd	Taiwan	1.0
Infosys Ltd	India	0.8
Lenovo Group Ltd	China	0.6
Tata Consultancy Services Ltd	India	0.5
EPAM Systems Inc	United States	0.5

As of 30-Jun-26	Country	Equivalent exposure (%)
Information Technology		**42.2**
TOTVS SA	Brazil	0.4
Xiaomi Corp	China	0.4
Materials		**2.8**
Gold Fields Ltd ADR	South Africa	1.2
Vale SA ADR	Brazil	0.9
UPL Ltd	India	0.4
Anhui Conch Cement Co Ltd	China	0.3
Real Estate		**0.4**
Emaar Properties PJSC	United Arab Emirates	0.4
Utilities		**0.7**
NTPC Ltd	India	0.5
China Resources Gas Group Ltd	China	0.3

Additional Disclosures

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