MFS® International Growth Fund

(Class R6 Shares)

Second quarter 2026 investment report

PRPEQ-FGF-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

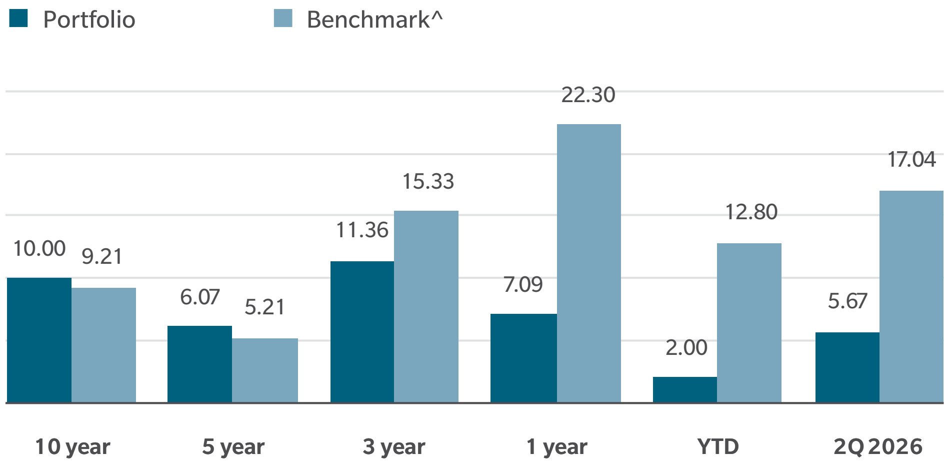
The fund may not achieve its objective and/or you could lose money on your investment in the fund.
Stock: Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, 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.
Growth: Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general.
Please see the prospectus for further information on these and other risk considerations.

Investment Objective: Seeks capital appreciation.

Executive Summary

MFS

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.

Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown. Without such subsidies and waivers the fund's performance results would be less favorable. All results assume the reinvestment of dividends and capital gains.

Shares are available without a sales charge to eligible investors.

Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

^ MSCI All Country World (ex-US) Growth Index (net div)

Sector weights (%) as of 30-Jun-26	Portfolio	Benchmark^^
Top overweights		
Materials	16.9	6.8
Consumer Staples	7.5	3.7
Health Care	9.7	8.8
Top underweights		
Information Technology	21.4	31.2
Industrials	17.5	20.8
Utilities	0.2	1.6

^^ MSCI All Country World (ex-US) Growth Index

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The MFS International Growth Fund underperformed the MSCI All Country World (ex-US) Growth Index (net div) in the second quarter of 2026.

Contributors

- Individual stocks:
  - Resonac Holdings Corp
  - Delta Electronics Inc
  - Schneider Electric SA
  - Rheinmetall Ag (not held)
  - Globalwafers Co Ltd

Detractors

- Information Technology - Stock selection
- Individual stocks:
  - Agnico Eagle Mines Ltd
  - AIA Group Ltd
  - Franco-Nevada Corp

Performance Results

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

Period	Portfolio	Benchmark^	Excess return vs benchmark
2Q 2026	5.67	17.04	-11.36
1Q 2026	-3.48	-3.62	0.14
4Q 2025	1.45	2.56	-1.11
3Q 2025	3.49	5.71	-2.21
2026 YTD	2.00	12.80	-10.80
2025	21.23	25.65	-4.42
2024	9.24	5.07	4.17
2023	14.96	14.03	0.93
2022	-15.02	-23.05	8.04
2021	9.65	5.09	4.55
10 year	10.00	9.21	0.79
5 year	6.07	5.21	0.86
3 year	11.36	15.33	-3.97
1 year	7.09	22.30	-15.20

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

^ MSCI All Country World (ex-US) Growth Index (net div)

Performance Drivers - Sectors

Relative to MSCI All Country World (ex-US) Growth Index (USD) - second quarter 2026		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation[1] (%) +	Stock selection[2] (%) +	Currency effect (%) =	Relative contribution (%)
Contributors	Industrials	-5.3	12.5	10.6	0.3	0.3	0.0	0.6
	Communication Services	-1.9	-4.8	-3.7	0.4	-0.1	0.0	0.4
	Materials	9.3	7.7	-6.0	-2.3	2.5	-0.1	0.2
	Consumer Discretionary	-1.3	3.8	4.1	0.2	-0.0	0.0	0.2
	Utilities	-1.1	-20.2	-0.1	0.2	-0.1	0.0	0.1
	Real Estate	-0.7	—	7.1	0.1	—	-0.0	0.1
Detractors	Information Technology	-7.6	21.0	60.6	-2.5	-6.4	0.1	-8.8
	Financials	1.8	-0.9	7.6	-0.2	-1.3	0.1	-1.4
	Consumer Staples	3.4	4.8	4.6	-0.4	0.0	0.0	-0.4
	Cash	2.0	0.9	—	-0.4	—	-0.0	-0.4
	Health Care	0.8	2.2	2.8	-0.1	-0.1	-0.0	-0.2
	Energy	0.7	-3.6	-8.4	-0.2	0.1	0.0	-0.1
Total			**7.3**	**17.2**	**-5.0**	**-5.0**	**0.1**	**-9.9**

1 Sector allocation is calculated based upon each security's price in local currency.

2 Stock selection is calculated based upon each security's price in local currency and included interaction effect. Interaction effect is the portion of the portfolio's relative performance attributable to combining allocation decisions with stock selection decisions. This effect measures the relative strength of the manager's convictions. The interaction effect is the weight differential times the return differential.

Attribution results are generated by the FactSet application utilizing a methodology that is widely accepted in the investment industry. Results are based upon daily holdings using a buy-and-hold methodology to generate individual security returns and do not include fees or expenses. As such, attribution results are essentially estimates and do not aggregate to the total return of the portfolio, which can be found elsewhere in this presentation. Recent geopolitical events may have impacted or disrupted the pricing of specific securities including the use of fair valuation approaches. Fair valuation practices across pricing sources – index providers, pricing vendors, MFS - may not align due to security specific considerations or timing of fair valuation parameters. For instance, decisions to use stale prices vs fair value or on the level of haircut when fair valuing securities are typical sources of discrepancy between pricing sources observed during the events. As these securities are bought or sold, the portion of the security's return attributed to the difference between fair value price and trade price will not be recognized in attribution results. These factors may further compound differences between attribution results and actual performance. 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 All Country World (ex-US) Growth Index (USD) - second quarter 2026		Average Weighting (%) Portfolio	Average Weighting (%) Benchmark	Returns (%) Portfolio[1]	Returns (%) Benchmark	Relative contribution(%)
Contributors	Resonac Holdings Corp	2.9	0.0	76.8	-7.4	1.0
	Delta Electronics Inc	2.5	0.7	42.6	42.6	0.3
	Schneider Electric SA	4.0	1.0	25.5	25.5	0.2
	Rheinmetall Ag	—	0.4	—	-31.3	0.2
	Globalwafers Co Ltd	0.6	—	24.9	—	0.2
Detractors	Sk Hynix Inc	—	3.5	—	224.7	-3.6
	Samsung Electronics Co, Ltd	—	1.7	—	97.7	-0.9
	Agnico Eagle Mines Ltd	2.4	0.5	-23.0	-23.0	-0.9
	AIA Group Ltd	2.7	0.5	-14.3	-14.3	-0.8
	Franco-Nevada Corp	2.3	0.3	-15.3	-15.3	-0.7

[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 All Country World (ex-US) Growth Index (USD) - second quarter 2026		Relative contribution (%)
Sk Hynix Inc	Not owning shares of 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.	-3.6
Samsung Electronics Co, Ltd	Not owning microchip and electronics manufacturer Samsung Electronics (South Korea) detracted from relative performance. The stock price trended upward, 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.	-0.9
Agnico Eagle Mines Ltd	The portfolio's overweight position in precious metals exploration company Agnico Eagle Mines (Canada) held back relative performance. Despite reporting strong fundamentals, the company's shares underperformed as gold prices declined notably during the quarter, reversing earlier gains with strengthening expectations of monetary policy tightening and a surging US dollar to multi-month highs driving the downward trajectory.	-0.9

Significant Impacts on Performance - Contributors

Relative to MSCI All Country World (ex-US) Growth Index (USD) - second quarter 2026		Relative contribution (%)
Resonac Holdings Corp	The timing of the portfolio's ownership in shares of chemical products manufacturer Resonac Holdings (Japan) supported relative results. The stock price advanced as management revised its performance forecast upward due to increased sales volumes for advanced semiconductor applications in its electronics segment. In addition, profit expansion was driven by a recovery in memory market conditions and demand for products used in AI servers.	1.0
Delta Electronics Inc	The portfolio's overweight position in power supplies and components manufacturer Delta Electronics (Taiwan) bolstered relative returns. The stock benefited from robust financial performance, marked by favorable profit margins and strong revenue growth. Business segments tied to data center infrastructure and high-voltage power architectures for AI servers were the primary growth drivers.	0.3
Schneider Electric SA	The portfolio's overweight position in electrical distribution equipment manufacturer Schneider Electric (France) lifted relative returns. The stock price rose during the quarter, supported by demand for electrification and automation, with revenue growth driven by the energy management and industrial automation segments. Results were further aided by the systems business, specifically within data centers and infrastructure, and a new collaboration focused on AI data center scaling.	0.2

Significant Transactions

From 01-Apr-26 to 30-Jun-26		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	GLOBALWAFERS CO LTD	Information Technology	New position	1.2	1.4
	NOVARTIS AG	Health Care	Add	1.1	2.7
	RELX PLC	Industrials	New position	0.9	0.8
	TENCENT HOLDINGS LTD	Communication Services	Add	0.8	2.9
	SUMCO CORP	Information Technology	New position	0.6	0.7
Sales	RECKITT BENCKISER GROUP PLC	Consumer Staples	Eliminate position	-1.2	–
	ROCHE HOLDING AG	Health Care	Trim	-1.1	0.4
	QIAGEN NV	Health Care	Eliminate position	-0.6	–
	NOVO NORDISK A/S	Health Care	Eliminate position	-0.5	–
	CREDICORP LTD	Financials	Trim	-0.5	1.2

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Sector Weights

As of 30-Jun-26	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Materials	16.9	6.8	10.1	RESONAC HOLDINGS CORP, Linde PLC, Agnico Eagle Mines Ltd
Consumer Staples	7.5	3.7	3.8	Nestle SA, Heineken NV
Health Care	9.7	8.8	0.9	AstraZeneca PLC, Novartis AG
Energy	1.6	1.0	0.6	Tenaris SA
Financials	11.9	11.6	0.3	AIA Group Ltd, Deutsche Boerse AG, DBS Group Holdings Ltd
Consumer Discretionary	8.5	9.1	-0.6	LVMH Moet Hennessy Louis Vuitton SE, Amadeus IT Group SA
Real Estate	-	0.6	-0.6	
Communication Services	3.7	4.9	-1.2	Tencent Holdings Ltd
Utilities	0.2	1.6	-1.4	China Resources Gas Group Ltd
Industrials	17.5	20.8	-3.3	Schneider Electric SE, Rolls-Royce Holdings PLC, Ritchie Bros Auctioneers Inc
Information Technology	21.4	31.2	-9.8	Taiwan Semiconductor Manufacturing Co Ltd, SAP SE, Delta Electronics Inc

^ MSCI All Country World (ex-US) Growth Index

1.2% Cash & Cash Equivalents.

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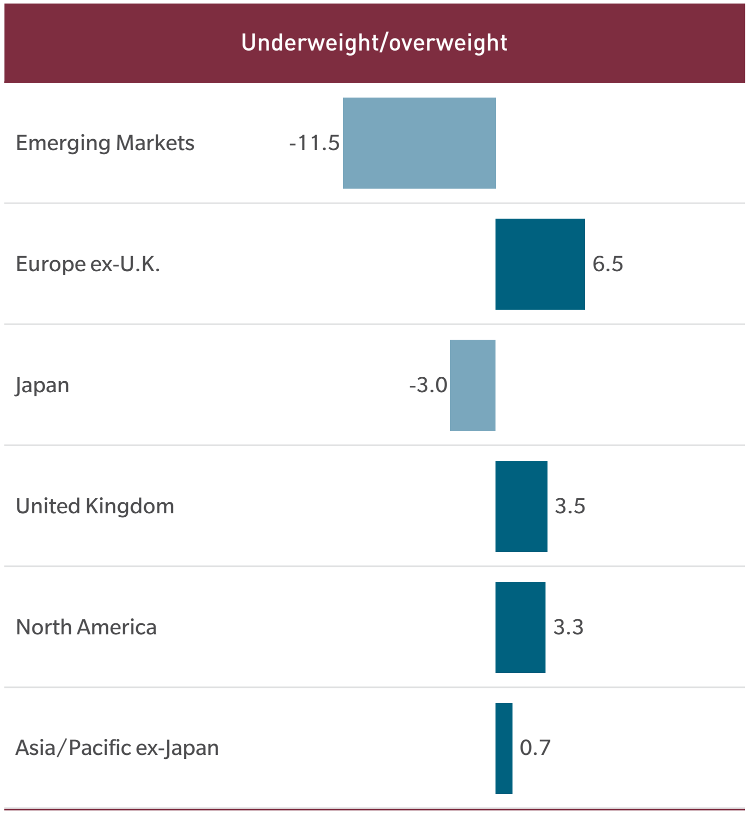
Region and Country Weights

As of 30-Jun-26	Portfolio (%)	Benchmark^ (%)	Underweight/ overweight(%)
Emerging Markets	**22.6**	**34.1**	**-11.5**
Taiwan	11.4	9.0	2.4
Peru	1.2	0.1	1.1
Brazil	2.2	1.3	0.9
Mexico	0.9	0.6	0.3
India	2.6	3.8	-1.2
China	3.8	6.5	-2.7
South Korea	0.5	8.6	-8.1
Other countries[1]	—	4.3	-4.3
Europe ex-U.K.	**37.1**	**30.6**	**6.5**
France	11.1	5.5	5.6
Germany	8.4	5.1	3.3
Switzerland	7.2	5.5	1.7
Ireland	0.3	0.1	0.2
Italy	1.0	1.0	0.0
Spain	1.4	1.5	-0.1
Sweden	2.7	2.9	-0.2
Netherlands	4.8	5.4	-0.6
Other countries[1]	—	3.5	-3.5
Japan	**10.9**	**13.9**	**-3.0**
United Kingdom	**10.9**	**7.4**	**3.5**
North America	**10.6**	**7.3**	**3.3**
United States	3.5	—	3.5
Canada	7.1	7.3	-0.2
Asia/Pacific ex-Japan	**6.7**	**6.0**	**0.7**
Hong Kong	2.5	1.0	1.5
Singapore	1.7	0.9	0.8
Australia	2.4	4.0	-1.6
Other countries[1]	—	0.1	-0.1



^ MSCI All Country World (ex-US) Growth Index

[1] The portfolio does not own securities represented in the benchmark in the following percentages: Developed - Middle East/Africa region 0.7%. The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Denmark 1.6%; Belgium 1.0%; and 23 countries with weights less than 1.0% which totals to 6.1%.

1.2% Cash & Cash Equivalents.

Characteristics

As of 30-Jun-26	Portfolio	Benchmark^
Fundamentals - weighted average		
IBES long-term EPS growth [1]	16.3%	18.6%
Price/earnings (12 months forward)	17.9x	17.6x
Market capitalization		
Market capitalization (USD) [2]	271.9 bn	330.7 bn
Diversification		
Number of Issues	82	1,044
Turnover		
Trailing 1 year turnover [3]	18%	—
Risk/reward (10 year)		
Information ratio	0.18	—
Upside capture	95.29%	—
Downside capture	88.90%	—

^ MSCI All Country World (ex-US) Growth 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	7.6	6.5
SCHNEIDER ELECTRIC SE	4.2	1.0
RESONAC HOLDINGS CORP	3.6	0.1
NESTLE SA	3.1	—
TENCENT HOLDINGS LTD	2.9	1.8
ASTRAZENECA PLC	2.9	1.5
SAP SE	2.7	0.9
NOVARTIS AG	2.7	0.5
ROLLS-ROYCE HOLDINGS PLC	2.6	0.9
LINDE PLC	2.5	—
Total	**34.8**	**13.1**

^ MSCI All Country World (ex-US) Growth Index

Portfolio Outlook and Positioning

MARKET OVERVIEW

International growth equities posted a powerful rebound during the second quarter, with the MSCI ACWI ex USA Growth Index ("the growth index") returning 17.0%. Such a strong return for a calendar quarter is rare; in fact, the last time the growth index experienced such a positive absolute return was the third quarter of 2010.

Three themes dominated the growth index performance during the quarter. First, the AI investment cycle reasserted itself as the overwhelming driver of returns. Information technology contributed nearly 13 percentage points of the benchmark's 17.0% return, with semiconductors and semiconductor equipment alone contributing more than 10 percentage points as investors rewarded companies positioned to benefit from accelerating AI infrastructure spending, especially the memory chip manufacturers where many names experienced parabolic share price moves, most notably SK Hynix. Second, AI leadership broadened beyond technology into industrial infrastructure. Industrials was the benchmark's distant second-largest contributor, driven by electrical equipment and machinery companies as investors increasingly recognized that AI requires significant investment not only in chips, but also in power infrastructure, factory automation and data center capacity. Finally, market leadership became increasingly concentrated in countries with meaningful exposure to the global AI supply chain. South Korea, Taiwan, Japan and the Netherlands were among the strongest-performing markets, reflecting their leadership in memory chips, semiconductor equipment and advanced manufacturing technologies. Conversely, more cyclical and defensive areas of the market, including materials and communication services, lagged as investors overwhelmingly favored businesses with direct exposure to AI-driven earnings growth and capital spending.

An additional consideration is the extent to which market structure may have amplified the exceptional moves observed across memory-related equities during the quarter. The rapid growth in assets under management across leveraged ETFs, inverse ETFs and single-stock ETFs has introduced incremental sources of mechanical buying and selling that can reinforce underlying price trends. As assets have flooded into these vehicles, the ETF portfolio managers and swap counterparties must establish or rebalance exposures in the underlying securities or associated derivatives to maintain targeted leverage. During periods of sustained price appreciation, these daily rebalancing requirements can create additional demand for the underlying shares, reinforcing existing momentum. Conversely, should market sentiment deteriorate, the same mechanics can accelerate downside moves as leverage is reduced and exposures are unwound.

This backdrop is important because it highlights just how narrow market leadership became during the quarter. Success during the quarter depended less on general sector positioning and more on owning the specific companies and industries benefiting from accelerating AI capital spending. As a result, relative performance was largely determined by exposure (or lack of exposure) to this concentrated group of near-term AI beneficiaries rather than broader market trends.

Portfolio Outlook and Positioning

PERFORMANCE DRIVERS

The MFS International Growth Equity strategy significantly underperformed the growth index in the second quarter. AI was the defining driver of both market performance and strategy underperformance. The benchmark's gains were highly concentrated in industries benefiting from AI infrastructure spending, led by semiconductors and semiconductor equipment, followed by electrical equipment and other technology infrastructure businesses.

Seventy-five percent of the underperformance emanated from the information technology sector. Fifty percent of the total underperformance came from not owning three memory companies, SK Hynix, Samsung Electronics and Kioxia Holdings. At one point during the quarter, Kioxia Holdings became Japan's largest publicly traded company by market capitalization, surpassing Toyota Motor.

The exceptional performance of memory stocks reflected optimism that AI-driven supply constraints will persist. While AI has improved near-term fundamentals, we continue to view memory as a cyclical industry where today's elevated profitability is unlikely to prove durable. Experience across prior technology investment cycles suggests that the most vertically appreciated stocks can also be the most vulnerable when expectations begin to normalize, even if underlying industry fundamentals remain healthy. Although our positioning negatively impacted our performance during the quarter, we continue to believe that maintaining valuation discipline and focusing on businesses with more diversified and durable sources of competitive advantage provides a sound foundation for generating relatively attractive long-term, risk-adjusted returns.

PORTFOLIO POSITIONING

We remain disciplined, bottom-up investors focused on high-quality, above-average growth companies and use short-term market dislocations to add to or trim existing positions. Portfolio changes are driven primarily by company fundamentals rather than macroeconomic or geopolitical developments, resulting in relatively low turnover.

As of June 30, 2026, the portfolio continued to be most overweight in the materials and consumer staples sectors. While the portfolio is overweight in materials, some of these holdings have economic characteristics that are more closely aligned with other sectors. Resonac is functionally a semiconductor-related technology company, while our industrial gas holdings provide exposure to broad industrial (e.g., steel, chemicals, electronics, general manufacturing) capital spending. Our gold exposure reflects a preference for high-quality mining operations, so the portfolio's effective exposure is better understood as a mix of information technology, industrials and gold exposure rather than a broad materials overweight.

The portfolio's consumer staples overweight is driven primarily by our investments in several alcoholic beverages producers. Though the spirits companies (Diageo and Pernod Ricard) have been negatively impacted by inventory destocking and weaker consumer spending, we believe these companies will benefit when volume growth starts to normalize. These companies should benefit from premiumization (favorable mix) and cost improvement initiatives that could translate into operating leverage and improved EPS growth. In general, our preference within consumer staples is to invest in companies with strong brands, diverse geographical exposure, and above-average organic growth.

As of June 30, 2026, the portfolio was most underweight in information technology. Fueled by explosive growth in the semiconductor industry, the information technology sector weight in the benchmark has grown rapidly in recent quarters and comprised 31.3% of the index at quarter end, by far the largest sector in the index. The portfolio has long been underweight in semiconductors and semiconductor equipment because it is a capital-intensive industry that often trades at expensive valuations on normalized earnings. We own best-in-class foundry company Taiwan Semiconductor and ASML Holdings, the premier maker of extreme ultraviolet lithography machines which are required to make the most advanced chips. During the quarter, we initiated positions in silicon wafer companies SUMCO and Global Wafers. We do not own memory semiconductor manufacturers due to concerns about the sustainability of returns and profits driven by a near-term supply-demand imbalance.
However, for the wafer companies, mid-cycle valuations are much more attractive and the supply demand balance is only now starting to inflect upward after a period of overcapacity with pricing showing early signs of improvement. We prefer Resonac and wafer suppliers, as they are the next beneficiaries of ongoing memory and broader semiconductor capacity expansion. As fabs continue to ramp investment, these upstream materials providers should see improving demand and pricing power as supply chains tighten.

Our underweight to industrials was reflected across many industries, but most notably in aerospace and defense. We have some exposure to this industry through our investment in Rolls-Royce, but we do not own Airbus, Safran, Rheinmetall, or BAE Systems, whose valuations became quite elevated after NATO committed to increase defense spending in Europe. We believe many of our holdings in the sector have exposure to secular growth trends, such as Schneider Electric (trends toward industrial automation and energy efficiency, data centers), Kingspan Group (de-globalization and near-shoring) and Hitachi (Internet of Things, robotics, factory automation).

RECENT TRADES

Notable trades for the second quarter included:

- We initiated positions in silicon wafer companies GlobalWafers (Taiwan) and Sumco (Japan), both of which are highly exposed to the semiconductor cycle. The stocks were trading at mid-cycle price-to-book valuations — well below the broader semiconductor supply chain — reflecting investor concerns about elevated customer inventories. We believe channel inventory digestion should accelerate in the near term, supporting an improved revenue trajectory. Both companies have also invested meaningfully in recent years, creating scope for significant operating leverage if demand recovers.

- We initiated a position in RELX, the UK-based provider of information-based analytics and decision tools for professional and business customers across various industries including legal (LexisNexis), scientific (journals like*The Lancet*), technical, and medical research, risk and business analytics. Although the stock has de-rated on concerns about risk from AI, we believe that threat is limited and over the long term, AI offers the potential for expansion into new markets for its legal business as well as significantly increasing the value add of its risk and scientific business segments.

- Reckitt Benckiser was sold due to concerns that prolonged litigation could weigh on the stock price. A group of investors have filed a lawsuit against Reckitt Benckiser, claiming they were purposefully misled about the safety of Enfamil infant formula products sold by its Mead Johnson subsidiary.

- Qiagen was sold due to concerns around increased competition in their tuberculosis testing, which has been a key growth driver for the company in recent years.

ADDITIONAL POSITIONING INSIGHTS

With AI driving unusually narrow market leadership — and our corresponding underweight to many of the market's perceived AI winners — we believe it is helpful to provide additional context on our positioning. How did we get here? The surge in AI infrastructure spending has been fueled by hyperscalers investing aggressively to build the computing capacity needed for increasingly sophisticated AI models, creating an exceptional tailwind for memory and other AI infrastructure suppliers. We believe the market is increasingly focused on the pace of AI infrastructure investment, while we are focused on the durability of the returns that investment can generate.

Worth highlighting is that this cycle has been defined not simply by the scale of hyperscaler investment, but by their willingness to leverage both on- and off-balance-sheet financing to fund unprecedented levels of AI infrastructure spending. This has driven a dramatic increase in the cost of compute despite meaningful uncertainty around the technology's probabilistic nature and the durability of end-market demand. Today, AI compute consumption remains concentrated among the hyperscalers themselves, along with coding applications and lower-value consumer inference workloads accounting for much of current demand, leaving the long-term return potential on this investment an open question.

The key question is whether enterprise adoption and monetization will ultimately justify today's unprecedented level of capital spending. The rapid emergence of lower-cost, open-source and task-specific models suggests many AI applications can be delivered with significantly less compute than initially anticipated. As inference costs fall and model efficiency improves, we believe investors should question the durability of current capital spending expectations. Furthermore, it is our belief that while LLMs are very good at certain probabilistic tasks, there are many areas where their tendency to hallucinate — which is inherent to their design — means they are of relatively limited value.

This perspective explains our underweight to memory and select semiconductor beneficiaries, which significantly detracted from relative performance during the quarter as acute near-term supply constraints drove exceptional pricing and profitability. As memory producers use today's supernormal profits to expand capacity, supply constraints should gradually ease, particularly if enterprise AI adoption shifts toward smaller, more efficient models. At the same time, upstream suppliers — including wafer manufacturers and specialty semiconductor chemical companies — have yet to realize comparable pricing power despite making significant investments to expand industry capacity. We believe the market is extrapolating today's extraordinary profitability for memory producers while underappreciating the earnings potential of these upstream suppliers, a dynamic that continues to shape our positioning.

Investors have punished the Magnificent Seven stocks, due to the large capital expenditures of the hyperscalers on costly AI infrastructure, while rewarding the beneficiaries of this spending, such as semiconductor and hardware equipment stocks. However, we believe this divergence is unsustainable. Given their growing external funding needs, it is risky to assume that the hyperscalers will continue to double down on capex if AI monetization does not soon pick up.

A similar divergence occurred in the late 1990s between the performance of telecom and communication equipment stocks that served as an early warning sign about the bursting of the dot-com bubble. Although today's AI investment cycle differs meaningfully from the telecom buildout of the late 1990s (hyperscalers have stronger balance sheets, profitable core businesses, and far less reliance on debt financing) the broader lesson remains relevant: periods of investment driven by competitive necessity rather than economic returns often lead to excess capacity and a moderation in spending. As hyperscalers face increasing pressure to demonstrate returns on their substantial AI investments, we believe the market may be underestimating the risk that infrastructure spending eventually slows, creating greater volatility for today's most crowded AI beneficiaries. Rather than chasing areas where expectations already discount an extended period of elevated capital spending, we continue to focus on businesses with durable growth prospects, attractive valuations and earnings potential that we believe is not yet fully reflected in share prices. Over time, we remain confident that this disciplined approach is the most effective way to generate relatively attractive risk-adjusted returns across market cycles.

Portfolio Outlook and Positioning

OUTLOOK

Our investment process and philosophy guide us toward long-term investments in businesses with durable business returns and growth, strong competitive advantages and attractive long-term return potential without paying prices that require overly optimistic assumptions. Rather than chasing momentum, we continue to focus on identifying companies where future earnings growth is not yet fully reflected in share prices.

We believe high-quality stocks look quite attractive today after de-rating significantly over the past few years, and our portfolio remains tilted toward higher-quality companies. Our time-tested philosophy remains consistent, and our investment process remains disciplined. Rather than trying to time regime shifts, we are focused on fundamentals and valuations and downside risk management. This has served our long-term clients well through past markets shifts and unforeseen risks (Tech Bubble, GFC, Abenomics, COVID-19, etc.). We are not waiting for the market to "come our way" and we continue to identify what we believe are the best long-term opportunities across the market through today's volatility. We believe that the portfolio is diversified and well-positioned to make up ground, and we have made some changes to upgrade the quality of the portfolio with high confidence at very attractive valuations and continue to look to do so. We believe this disciplined approach has added value for our clients historically and will continue to serve our clients well going forward.

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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		**1.2**
Cash & Cash Equivalents		1.2
Communication Services		**3.7**
Tencent Holdings Ltd	China	2.9
LY Corp	Japan	0.4
NAVER Corp	South Korea	0.3
Kingsoft Corp Ltd	China	0.2
Consumer Discretionary		**8.5**
LVMH Moet Hennessy Louis Vuitton SE	France	1.7
Amadeus IT Group SA	Spain	1.4
Compass Group PLC	United Kingdom	0.9
Aristocrat Leisure Ltd	Australia	0.8
Flutter Entertainment PLC	United States	0.7
Zalando SE	Germany	0.6
Alibaba Group Holding Ltd	China	0.5
Nitori Holdings Co Ltd	Japan	0.5
Pan Pacific International Holdings Corp	Japan	0.5
MercadoLibre Inc	United States	0.3
Sodexo SA	France	0.3
Lottery Corp Ltd	Australia	0.2
Sands China Ltd	Hong Kong	0.1
Consumer Staples		**7.5**
Nestle SA	Switzerland	3.1
Heineken NV	Netherlands	2.1
Diageo PLC	United Kingdom	0.8
Pernod Ricard SA	France	0.5
L'Oreal SA	France	0.4
Sugi Holdings Co Ltd	Japan	0.4
Amorepacific Corp	South Korea	0.2
Energy		**1.6**
Tenaris SA	Italy	1.0
Reliance Industries Ltd	India	0.6

As of 30-Jun-26	Country	Equivalent exposure (%)
Financials		**11.9**
AIA Group Ltd	Hong Kong	2.4
Deutsche Boerse AG	Germany	1.7
DBS Group Holdings Ltd	Singapore	1.7
HDFC Bank Ltd	India	1.3
Credicorp Ltd	Peru	1.2
B3 SA - Brasil Bolsa Balcao	Brazil	0.9
Grupo Financiero Banorte SAB de CV	Mexico	0.9
Banco BTG Pactual SA IEU	Brazil	0.6
London Stock Exchange Group PLC	United Kingdom	0.5
XP Inc	Brazil	0.4
ICICI Bank Ltd	India	0.4
Health Care		**9.7**
AstraZeneca PLC	United Kingdom	2.9
Novartis AG	Switzerland	2.7
Haleon PLC	United Kingdom	0.9
Terumo Corp	Japan	0.8
Daiichi Sankyo Co Ltd	Japan	0.8
Merck KGaA	Germany	0.7
Sonova Holding AG	Switzerland	0.5
Roche Holding AG	Switzerland	0.4
Industrials		**17.5**
Schneider Electric SE	France	4.2
Rolls-Royce Holdings PLC	United Kingdom	2.6
Ritchie Bros Auctioneers Inc	Canada	2.1
Assa Abloy AB	Sweden	1.8
Hitachi Ltd	Japan	1.6
GEA Group AG	Germany	1.4
Atlas Copco AB	Sweden	0.9
Element Fleet Management Corp	Canada	0.9
Experian PLC	United Kingdom	0.8
RELX PLC	United Kingdom	0.8
Kingspan Group PLC	Ireland	0.3

Portfolio Holdings

As of 30-Jun-26	Country	Equivalent exposure (%)
Information Technology		**21.4**
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	7.6
SAP SE	Germany	2.7
Delta Electronics Inc	Taiwan	2.4
ASML Holding NV	Netherlands	2.2
Globalwafers Co Ltd	Taiwan	1.4
Dassault Systemes SE	France	1.1
Capgemini SE	France	0.9
Nomura Research Institute Ltd	Japan	0.8
SUMCO Corp	Japan	0.7
Obic Co Ltd	Japan	0.6
TOTVS SA	Brazil	0.4
Oracle Corp Japan	Japan	0.3
WiseTech Global Ltd	Australia	0.3
Materials		**16.9**
RESONAC HOLDINGS CORP	Japan	3.6
Linde PLC	United States	2.5
Agnico Eagle Mines Ltd	Canada	2.1
Air Liquide SA	France	2.0
Franco-Nevada Corp	Canada	2.0
Symrise AG	Germany	1.3
James Hardie Industries PLC	Australia	0.8
Glencore PLC	United Kingdom	0.7
Sika AG	Switzerland	0.5
Akzo Nobel NV	Netherlands	0.5
Northern Star Resources Ltd	Australia	0.5
UPL Ltd	India	0.4
Utilities		**0.2**
China Resources Gas Group Ltd	China	0.2

Additional Disclosures

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