



MFS® New Discovery Fund

(Class R6 Shares)

Fourth quarter 2025 investment report

NOT FDIC INSURED MAY LOSE VALUE NOT A DEPOSIT

Before investing, consider the fund's investment objectives, risks, charges, and expenses. For a prospectus, or summary prospectus, containing this and other information, contact MFS or view online at mfs.com. Please read it carefully.

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PRPEQ-NDF-31-Dec-25

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Performance and attribution results are for the fund or share class depicted and do not reflect the impact of your contributions and withdrawals. Your personal performance results may differ.

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

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PRPEQ-NDF-31-Dec-25

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.

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

Growth: Investments in growth companies can be more sensitive to the company's earnings and more volatile than the stock market in general.

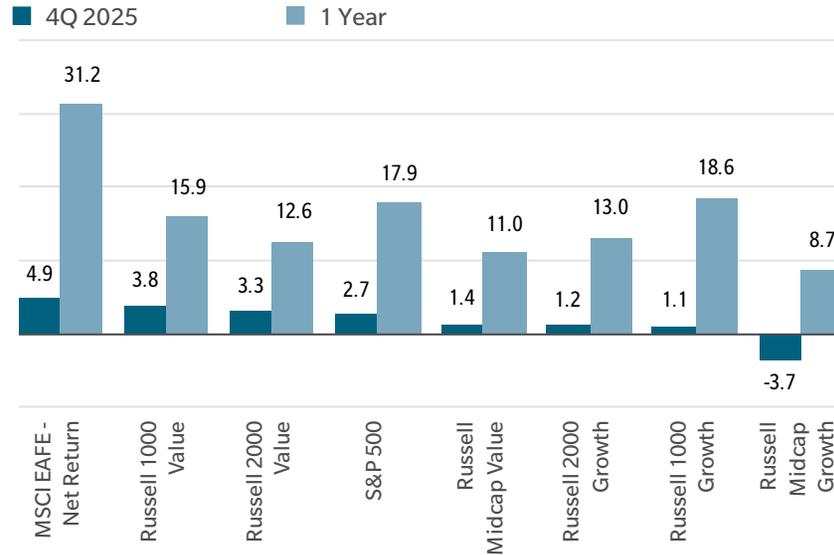
Please see the prospectus for further information on these and other risk considerations.

Investment Objective: Seeks capital appreciation.

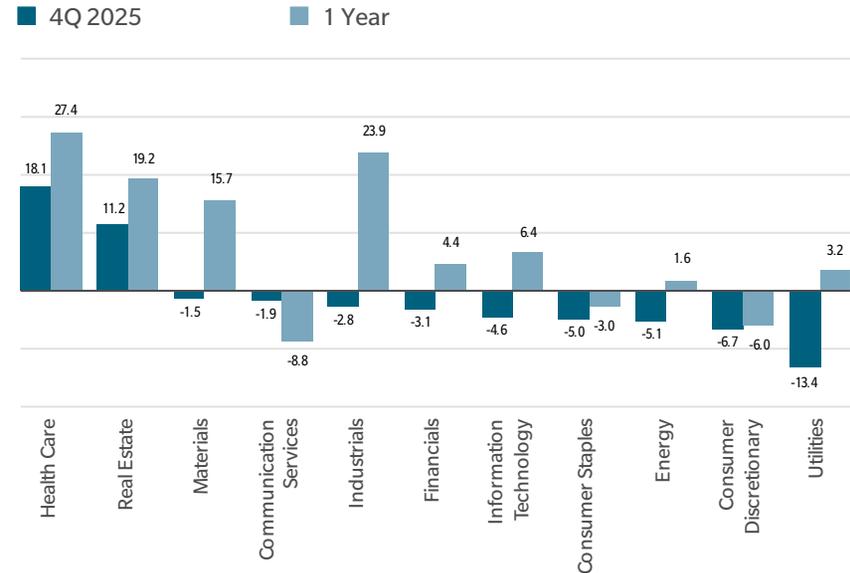
Market Overview



Style performance (%) (USD) as of 31-Dec-25



Sector performance (%) (USD) as of 31-Dec-25



Past performance is not a reliable indicator for future results.
 Source for benchmark performance SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

Source: FactSet. Sector performance based on MSCI sector classification. The analysis of Russell 2000® Growth Index constituents are broken out by MSCI defined sectors.

US equities market review as of 31 December 2025

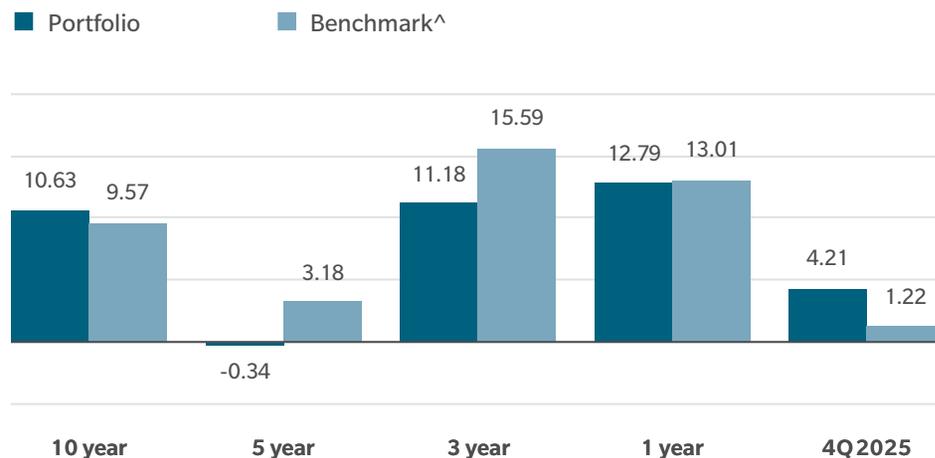
- The US market, as measured by the S&P 500 Index, finished higher in Q4 2025. Despite some small pullbacks during the period — driven by the Federal government shutdown, as well as questions on the pace of rate cuts and future AI spending — the market continued its upward move throughout the quarter. This built upon strong returns in Q2 and Q3, helping 2025 end as the third year in a row of double-digit returns.
- Economic growth in the US accelerated during Q3 2025, with GDP increasing 4.3% (initial estimate). This reflects increases in consumer spending, exports and government spending. However, due to some

- recent weakness in the labor market, the US Federal Reserve lowered interest rates twice during the quarter, marking three total cuts in 2025, although they signaled a potentially slower pace for additional cuts moving forward.
- For Q4, value outperformed growth in the large-cap, mid-cap and small-cap spaces. However, for the full year, growth outperformed in the large-cap and small-cap spaces. Over the quarter, health care, technology and financials were the best-performing sectors, and real estate, utilities and communication services were the worst.

Executive Summary



Performance results (%) R6 shares at NAV (USD) as of 31-Dec-25



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.

^ Russell 2000® Growth Index

Sector weights (%) as of 31-Dec-25

	Portfolio	Benchmark^^
Top overweights		
Consumer Discretionary	11.4	8.0
Health Care	27.3	25.6
Energy	4.4	2.8
Top underweights		
Industrials	17.2	21.8
Financials	6.3	9.9
Communication Services	-	2.3

^^ Russell 2000® Growth Index

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The MFS New Discovery Fund outperformed the Russell 2000® Growth Index in the fourth quarter of 2025.

Contributors

- Information Technology - Stock selection
- Individual stocks:
 - Exact Sciences Corp
 - Global Medical Inc - A
 - Flowserve Corp

Detractors

- Individual stocks:
 - Arrowhead Pharmaceuticals Inc (not held)
 - Bridgebio Pharma Inc (not held)
 - Visteon Corp
 - Vertex Inc
 - Netskope Inc

Performance Results



Performance results (%) R6 shares at NAV (USD) as of 31-Dec-25

Period	Portfolio	Benchmark [^]	Excess return vs benchmark
4Q 2025	4.21	1.22	3.00
3Q 2025	4.17	12.19	-8.02
2Q 2025	12.02	11.97	0.05
1Q 2025	-7.26	-11.12	3.86
2025	12.79	13.01	-0.23
2024	6.46	15.15	-8.69
2023	14.44	18.66	-4.22
2022	-29.55	-26.36	-3.19
2021	1.58	2.83	-1.26
10 year	10.63	9.57	1.05
5 year	-0.34	3.18	-3.51
3 year	11.18	15.59	-4.41
1 year	12.79	13.01	-0.23

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.

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Source for benchmark performance SPAR, FactSet Research Systems Inc.

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

[^] Russell 2000[®] Growth Index

Performance Drivers - Sectors



Relative to Russell 2000® Growth Index (USD) - fourth quarter 2025		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation ¹ (%) +	Stock selection ² (%) +	Currency effect (%) =	Relative contribution (%)
Contributors	Information Technology	0.2	6.1	-4.6	-0.1	2.4	0.0	2.4
	Industrials	-4.8	2.4	-2.8	0.2	0.9	—	1.2
	Financials	-2.9	-1.7	-3.1	0.1	0.1	—	0.2
	Energy	1.3	-0.5	-5.1	-0.1	0.3	—	0.2
	Utilities	-0.6	—	-13.4	0.1	—	—	0.1
	Communication Services	-2.5	—	-1.9	0.1	—	—	0.1
Detractors	Health Care	3.6	13.6	18.1	0.7	-1.1	—	-0.4
	Consumer Staples	0.5	-11.4	-5.0	-0.0	-0.2	—	-0.2
	Materials	-1.0	-4.2	-1.5	-0.0	-0.1	—	-0.1
	Real Estate	0.1	5.6	11.2	0.0	-0.1	—	-0.1
	Consumer Discretionary	2.4	-6.0	-6.7	-0.1	0.1	—	-0.1
	Cash	3.6	0.9	—	-0.0	—	—	-0.0
Total			4.3	1.2	0.8	2.2	0.0	3.1

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.

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Performance Drivers - Stocks



Relative to Russell 2000® Growth Index (USD) - fourth quarter 2025		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Contributors	Exact Sciences Corp	0.7	—	84.0	—	1.0
	Jfrog Ltd	1.8	—	32.0	—	0.5
	Formfactor Inc	1.4	0.2	53.2	53.2	0.5
	Global Medical Inc - A	1.0	—	52.5	—	0.5
	Flowserve Corp	1.6	—	30.9	—	0.5
Detractors	Arrowhead Pharmaceuticals Inc	—	0.4	—	92.5	-0.3
	Bridgebio Pharma Inc	—	0.7	—	47.3	-0.3
	Visteon Corp	1.0	—	-20.4	—	-0.2
	Vertex Inc	1.1	0.1	-19.4	-19.4	-0.2
	Netskope Inc	0.9	—	-22.8	—	-0.2

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

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



Relative to Russell 2000® Growth Index (USD) - fourth quarter 2025		Relative contribution (%)
Exact Sciences Corp	The portfolio's holdings of molecular diagnostic company Exact Sciences (United States) boosted relative results. The company maintained its focus on advancing precision oncology solutions, with continued development of its diagnostic and therapeutic platforms supporting competitive positioning in the molecular diagnostics market. The strategic emphasis on expanding the oncology portfolio through targeted research and development investments underpinned operational performance during the quarter.	1.0
Jfrog Ltd	Holding shares of operations platform developer JFrog (United States) contributed to relative results. The company achieved significant momentum with Cloud revenue growth accelerating year-over-year, representing one of the most prominent reacceleration stories in software. The company demonstrated strong execution with top-line growth driven by SaaS customers increasing usage beyond contractual commitments and a successful platform vision resonating with customers. Core Security emerged as a key growth driver alongside the strengthening Artifactory offering.	0.5
Formfactor Inc	An overweight position in semiconductor test equipment company FormFactor (United States) contributed to relative returns. The company achieved strong quarterly performance with DRAM probe cards reaching record levels, primarily driven by high-bandwidth memory applications. The company's strategic positioning across all major memory manufacturers and successful navigation of the current technology transition supported sustained revenue growth.	0.5

Significant Impacts on Performance - Detractors



Relative to Russell 2000® Growth Index (USD) - fourth quarter 2025		Relative contribution (%)
Arrowhead Pharmaceuticals Inc	Not owning shares of RNAi therapeutics biopharmaceutical company Arrowhead Pharmaceuticals (United States) held back relative performance as the company experienced a transformative period with FDA approval of REDEMPLO for familial chylomicronemia syndrome, featuring no contraindications and quarterly subcutaneous dosing convenience. In addition, strong business development activity, including partnerships with Novartis and milestone payments from Sarepta Therapeutics, materially strengthened the balance sheet while providing external validation of the TRiM platform's potential.	-0.3
BridgeBio Pharma Inc	Not owning shares of biotechnology company BridgeBio Pharma (United States) detracted from relative performance. The company delivered a strong quarter, with growth in key therapies driven by treatment-naïve patients and an acceleration in new prescriptions. BridgeBio Pharma advanced multiple programs with positive data readouts across rare disease indications, reinforcing its evolution into a diversified late-stage multiproduct business. A solid balance sheet supported continued pipeline development and commercial expansion, underpinning confidence in sustained momentum.	-0.3
Visteon Corp	Holding shares of global automotive electronics supplier Visteon (United States) detracted from relative results. The company faced fundamental challenges driven by an adverse customer mix that weighed heavily on gross margins during the period. Profitability improvements were further stalled by rising research and development expenses, alongside delays in converting new business bookings. Additionally, external pressures from tariffs and difficulties in recovering these costs from customers created a difficult operating environment.	-0.2

Significant Transactions



From 01-Oct-25 to 31-Dec-25		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	PRIMORIS SERVICES CORP	Industrials	New position	1.3	1.2
	HAMILTON LANE INC	Financials	New position	1.3	1.3
	CHARLES RIVER LABORATORIES INTERNATIONAL INC	Health Care	New position	0.9	1.0
	BIRKENSTOCK HOLDING PLC	Consumer Discretionary	New position	0.9	0.9
	URANIUM ENERGY CORP	Energy	New position	0.9	0.7
Sales	EXACT SCIENCES CORP	Health Care	Eliminate position	-2.0	-
	AMICUS THERAPEUTICS INC	Health Care	Eliminate position	-1.4	-
	GLOBUS MEDICAL INC	Health Care	Trim	-1.0	0.8
	STEPSTONE GROUP INC	Financials	Trim	-0.9	1.1
	APTARGROUP INC	Materials	Eliminate position	-0.8	-

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Sector Weights



As of 31-Dec-25	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Consumer Discretionary	11.4	8.0	3.4	Genius Sports Ltd, TopBuild Corp, Patrick Industries Inc
Health Care	27.3	25.6	1.7	Ligand Pharmaceuticals Inc, Techne Corp, Schrodinger Inc/United States
Energy	4.4	2.8	1.6	TechnipFMC PLC
Information Technology	22.3	21.3	1.0	Advanced Energy Industries Inc, JFrog Ltd, MACOM Technology Solutions Holdings Inc
Consumer Staples	2.3	2.0	0.3	Chefs' Warehouse Inc
Real Estate	2.1	2.2	-0.1	Terreno Realty Corp REIT
Utilities	-	0.5	-0.5	
Materials	2.3	3.5	-1.2	Knife River Corp, James Hardie Industries PLC
Communication Services	-	2.3	-2.3	
Financials	6.3	9.9	-3.6	Hamilton Lane Inc, PJT Partners Inc, StepStone Group Inc
Industrials	17.2	21.8	-4.6	nVent Electric PLC, QXO Inc, Flowserve Corp

^ Russell 2000® Growth Index
4.4% Cash & Cash Equivalents.

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Characteristics



As of 31-Dec-25	Portfolio	Benchmark [^]
Fundamentals - weighted average		
IBES long-term EPS growth ¹	15.2%	—
Price/earnings (12 months forward ex-negative earnings)	23.8x	20.3x
Market capitalization		
Market capitalization (USD) ²	6.7 bn	5.5 bn
Diversification		
Top ten issues	17%	9%
Number of Issues	113	1,105
Turnover		
Trailing 1 year turnover ³	71%	—
Risk profile (current)		
Active share	91%	—
Risk/reward (5 year)		
Beta	0.86	—

[^] Russell 2000® 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 31-Dec-25	Portfolio (%)	Benchmark^ (%)
LIGAND PHARMACEUTICALS INC	2.2	0.0
ADVANCED ENERGY INDUSTRIES INC	2.2	0.5
BIO-TECHNE CORP	1.8	—
JFROG LTD	1.7	—
NVENT ELECTRIC PLC	1.7	—
QXO INC	1.7	—
GENIUS SPORTS LTD	1.5	0.2
FLOWSERVE CORP	1.5	—
SCHRODINGER INC/UNITED STATES	1.4	0.1
MACOM TECHNOLOGY SOLUTIONS HOLDINGS INC	1.4	—
Total	17.2	0.8

^ Russell 2000® Growth Index

Portfolio Outlook and Positioning



Performance recap

The powerful rally among small-cap growth stocks that began early in the second quarter continued through year end as the Russell 2000® Growth Index delivered a return of +44.4% from the April 8 post-Liberation Day lows through December 31st. From a factor perspective, companies with the highest momentum characteristics performed best as the Bloomberg 2000 Growth High Momentum Index outperformed the Russell 2000® Growth Index by a wide margin of nearly nine percentage points for the year. Companies delivering negative earnings results led those with positive earnings, especially in September, when loss-making companies in the index surged upward on a mix of falling rate expectations, risk-on sentiment, and short squeezes, where profitable companies often lag in these speculative rallies. In an environment like this, the market has tended to ignore fundamentals and valuation in favor of speculative opportunities that offer little more than a promise of growth at a future date. Using price-to-expected sales multiples as a measure of valuation, the most expensive companies in the highest valuation quintile massively outperformed the rest of the market during the year.

While these factors can drive powerful rallies, we expect reasonably valued, high-quality, and long duration growth stocks — such as the ~113 names we've identified as the most attractive positions to hold in our portfolio as of December 31 — will outperform over the long term. While the portfolio was able to protect on the downside by a wide margin in the first quarter's selloff, we finished roughly even with the index during the strong rally in the second quarter, leaving the portfolio with a strong lead over the Russell 2000® Growth Index for the first half of the year. However, the portfolio lagged the index by a wide margin during the third quarter's strong rally where a speculative mindset and momentum drove the index, which caused us to surrender our lead and trail the index for the year-to-date through September. As the market began to rotate somewhat in the fourth quarter to broaden out toward more defensible and durable growth businesses in health care, financials, and pockets of the consumer sector, the portfolio outperformed the index by a considerable margin.

For the year, our small-cap growth portfolio finished modestly ahead of the Russell 2000 Growth index before fees, but behind the index after fees. It is worth noting that the index was very difficult to beat this year, ranking in the top quintile of the Morningstar Small Growth funds universe last year. Despite flattish results against the index, the portfolio delivered a respectable top quartile ranking in the peer universe in 2025. The momentum and beta-driven, expensively valued, and lower-quality rally in 2025 created a significant headwind to the portfolio's results. Momentum-driven markets represent a challenging backdrop for our high-quality, small-cap growth

Portfolio Outlook and Positioning



portfolio since we have historically maintained an anti-momentum tilt against the Russell 2000 Growth index due to our focus on companies with strong and durable fundamental characteristics. While these stocks can struggle to keep up during short-term, momentum-driven rallies, we firmly believe that individual company fundamentals will ultimately drive stock prices over the long term. From a quality perspective, the lowest-quality stocks, as measured by a composite of quality factors, also outperformed the rest of the index. Again, our portfolio has maintained a strong quality bias because quality stocks tend to hold up well during periods of downside market volatility, and we believe this factor is among the most important drivers of risk-adjusted results for long-term investors. From a valuation perspective, the most expensive quintile of stocks in the index, as measured by price/sales multiples, massively outperformed the least expensive quintile. In addition, negative earners outpaced those companies with positive earnings results by a wide margin. These factors represented significant headwinds to the portfolio's attention to valuation and lack of exposure to money-losing businesses.

Fortunately, the portfolio was able to offset these headwinds by maintaining our disciplined bottom-up investment process and focus on individual stock-driven performance. Many of our portfolio's high-conviction investments performed exceptionally well during the year and contributed meaningfully to portfolio results. For example, the portfolio had a large position in software infrastructure company JFrog that helps teams build, secure, and deliver software — from a developer's laptop all the way to production. The stock was +112% last year as it benefited from the link to broader software automation and AI-related tooling demand. JFrog launched new capabilities such as AI-related catalog and governance tools, and expanded its platform to address AI-driven software delivery — both high-growth areas in enterprise tech. Investors rewarded companies like JFrog that can capture recurring cloud revenue and embed into AI developer workflows. Strong demand for Advanced Energy Industry's power solutions in data center computing, especially for AI infrastructure, drove the stock higher last year. The company's data center computing business rapidly expanded, reflecting robust demand from hyperscale and AI-related customers. The market increasingly recognized AI buildouts as requiring more efficient power control and conversion — areas where Advanced Energy's technology is critical. Our holdings in Tempus AI, that operates at the intersection of health care and artificial intelligence, also jumped last year. The company leverages AI to analyze clinical and molecular data to support precision medicine across oncology, cardiology, and diagnostics — a fast-growing area of health care. Our holdings in nVent Electric, which produces electrical connection and protection equipment for industrial buildings and data centers, performed exceptionally well again this year, up 51%. The business has been a beneficiary of two long-term secular growth drivers of electrification of buildings as well as the buildout of data centers used to house AI platforms and other technology applications. Lastly, our position in Ligand Pharma, that manages a large portfolio of royalty-generating assets tied to many commercial and development-stage drugs across therapeutic

Portfolio Outlook and Positioning



areas such as oncology, kidney disease, diabetes, and rare conditions, returned +76% last year. Investors rewarded Ligand for strong royalty revenue growth from products like Travere's Filspari, Merck/Verona's Ohtuvayre, and Recordati's Qarziba, which contributed to higher recurring cash flows.

Also, under the heading of favorable stock selection, the portfolio once again benefited from M&A activity as three more holdings were acquired during the fourth quarter, bringing our total to seven takeouts for the year. Our holdings of cancer test maker Exact Sciences jumped on news that Abbott agreed to purchase the company for \$23 billion, bolstering the medical device maker's diagnostics business. The strategic transaction brought Exact Sciences' flagship colorectal cancer test Cologuard into Abbott's diagnostics portfolio, helping offset revenue declines from its Covid-19 testing kits. Our shares of Amicus Therapeutics, a US biotechnology company focused on developing and commercializing treatments for rare genetic diseases such as Fabry disease and Pompe disease, jumped on news that BioMarin Pharma would acquire the business at a significant premium. BioMarin is also a rare disease specialist, so Amicus's products complement and expand their existing portfolio. BioMarin believes this strategic acquisition will expand access and sales globally by leveraging its larger commercial infrastructure and manufacturing capabilities. Holding DigitalBridge, a leading operator of digital infrastructure (data centers, fiber networks, cell towers, edge infrastructure), also jumped on news of the large premium offered by SoftBank to acquire the business. This gives SoftBank direct control over the physical platforms needed to support large-scale AI compute workloads and connectivity — a key priority as AI demand surges. As always, the team continues to focus on identifying and taking meaningful positions in strategic assets that we believe have considerable long-term growth potential as standalone companies but may be attractive to strategic buyers looking to jumpstart their growth prospects with an acquisition of these assets. While M&A activity has been more moderate in the last couple of years, it appears that the current administration is likely to create a more favorable environment for acquisition activity.

Portfolio positioning

It's been a turbulent year for small-cap growth, with momentum stocks powering on and off (and on and off again) throughout the year. Daily headlines have swung the performance of those stocks with high beta and those without, depending on the news of the day. Will the latest news about a \$100 billion capital raise by OpenAI led by Amazon and sovereigns come to fruition? Even if this raise is successful and helps to solve OpenAI's funding gap, does it close the discussion about capex ROI for the broader AI ecosystem? In our view, the answer is certainly not.

Portfolio Outlook and Positioning



We remain somewhat neutral on AI capex positioning after trimming back some of our winners in liquid cooling, engineering, and construction and semiconductors. The sheer volume of AI-related spend provides extended visibility to many small-cap companies in the AI capex value chain, and many still trade at reasonable valuations. We believe it is too early to go underweight these areas despite the realization that capex will reach a peak in the next few years, and this won't be good for AI stocks. Despite our healthy exposure to AI-related businesses within the portfolio, we remain very underweight the momentum trade, unwilling to chase quantum computing, small molecule nuclear reactor (SMR) stocks, and electric vertical takeoff and landing (eVTOL) helicopter stocks amongst others. Our process, that focuses on durable and/or accelerating profit growth, has kept us away from these stocks as many of them have yet to generate any revenue and face significant regulatory/licensing/permitting/political risks that have made them virtually uninvestable from our perspective. That said, we are keeping our head on a swivel for the next early-stage disruptors and are keeping an open mind to certain industries like quantum computing that may have promise at some point in the future.

We are seeing better opportunities as we enter 2026 where valuations AND fundamentals both align, particularly in health care, building products, and pockets of the consumer sector. All should benefit from a lower interest rate environment, the likely direction of least resistance. Examples of new positions in the fourth quarter include:

- We started a position in Primoris Services, a specialty E&C firm that is helping to solve the power problem for power hungry data centers in the US. Primoris has expertise in building out utility-scale solar and natural gas utility power (transmission and distribution as well as substations). Two-thirds of revenues are derived from master service agreements with key utilities (including Oncor and Xcel) in attractive data center regions. We believe the company can exceed its organic revenue and profit growth outlook with data center spend as a key driver. We also see the stock as attractively valued and trading at a significant discount to peers.
- Hamilton Lane is one of the top two (along with Stepstone that is also owned in the portfolio) alternative asset advisory firms with roughly \$150 billion of assets under management themselves (mainly fund of funds) and \$900 billion in assets under advisory, primarily for institutional clients. Like many other alternatives managers, Highline has grown its Evergreen retail high net worth asset base, which carries higher fees, much faster than peers. We have owned Highline in the past, but for a period of time swapped into Stepstone because it represented a better risk-reward based on its growth profile and valuation. With a selloff in Highline and underperformance relative to Stepstone, we took advantage of the opportunity to ramp up our Highline position at the expense of Stepstone as their growth rates have converged. With 90% of revenues from management fees and an asset light (balance sheet) model versus alternatives peers, we view the current valuation as very attractive especially relative to its premium multiple historically.

Portfolio Outlook and Positioning



- We restarted a position in leading early stage CRO Charles River Labs at an increasingly attractive multiple. With biotech funding showing signs of life (strong stock prices, successful capital raises, and M&A picking up) and valuations and growth at cyclical lows, we see Charles River as particularly attractive ahead of a rebound in their life science R&D end markets. The stock trades several turns below its historical premium multiple which is attractive upside when combined with double-digit EPS growth potential. We would argue that the company is a better business today than historically with a pending improvement in business mix following the ongoing strategic review of the portfolio.
- We have a new position in Birkenstock with its 200-year-old sandal brand that is the definition of a durable business. With consistent innovation (closed toe sandals, the newest category and now roughly one-third of revenues), the company has grown revenues >15% per year while maintaining high margins with +90% full price realization. Its consumers own on average 3.6 pairs of “Birks” and their footbed technology is a true differentiator. They’ve experienced some bumps in the road from tariffs and FX headwinds, with their manufacturing mainly in Germany, that caused earnings volatility since the 2023 IPO. As a result, the multiple has come down significantly from its peak to its current low of 14x. We view the current sentiment and multiple as undervaluing the longer-term growth and earnings power of this strong, global consumer brand.
- We started a new position in Uranium Energy Corp on the view that global uranium supply remains constrained due to limited new mine output, geopolitical risk, and utility stockpiling, which supports higher long-term uranium pricing — a key driver for unhedged producers like UEC. The company is well positioned to benefit from secular growth in nuclear demand tied to energy security, decarbonization trends, and utility contracting.

On the sell side, we exited Exact Sciences and Amicus Therapeutics, two stocks that were acquired at significant premium prices. On Exact Sciences, we had the conviction to lean in to weakness in the stock following their Freenome deal that was not cheered by the market. Ultimately, the company was bought by Abbott Labs for \$105, roughly double our average cost on the stock, handsomely benefiting our clients. As we approached the end of the year, our stock of Amicus Therapeutics was acquired by Biomarin at a +46% premium since the Sanofi litigation was settled one week prior (setting up for a deal to happen). Our strong conviction and confidence in our thesis for Globus Medical caused us to lean in to the stock earlier in the year on short-term earnings weakness/volatility when the stock sold off roughly 25% after second quarter results. The reasons for the earnings weakness proved to be transitory and the stock was up 40% after 3Q earnings, so we decided to right-size the position given the current valuation of 20x '27 which we view as more fair given how challenging the spine market can be to consistently operate in. We exited our position in specialty closure company Aptar

Portfolio Outlook and Positioning



Group after the business disappointed on both the top and bottom lines since we started our ownership over a year ago. The weakness was in part due to disappointing end-market demand relative to expectations (GLP-1s, flu) and in part due to poor management and communication about its high-margin Narcan business. With the thesis slipping and a lack of conviction to add to a sub-scale position, we decided to sell the shares.

Summary

We have not wavered from our long-term focus on durable small-cap growth companies at reasonable multiples. Regardless of what lies ahead, we remain confident in our investment process and ability to drive returns on our clients' behalf through our core competence of bottom-up, fundamental research and security selection across a diverse number of stocks and market sectors.

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

Portfolio Holdings



As of 31-Dec-25	Equivalent exposure (%)
Cash & Cash Equivalents	4.4
Cash & Cash Equivalents	4.4
Consumer Discretionary	11.4
Genius Sports Ltd	1.5
TopBuild Corp	1.3
Patrick Industries Inc	1.2
Brunswick Corp/DE	1.2
Black Rock Coffee Bar Inc	0.9
Wingstop Inc	0.9
Birkenstock Holding Plc	0.9
Ollie's Bargain Outlet Holdings Inc	0.8
Sportradar Group AG	0.8
Visteon Corp	0.8
Adtalem Global Education Inc	0.7
Columbia Sportswear Co	0.5
Consumer Staples	2.3
Chefs' Warehouse Inc	1.3
US Foods Holding Corp	0.5
Oddity Tech Ltd	0.5
Energy	4.4
TechnipFMC PLC	0.9
Viper Energy Inc	0.8
Antero Resources Corp	0.8
Matador Resources Co	0.7
Uranium Energy Corp	0.7
Permian Resources Corp	0.5
Equity Warrants	0.0
Optinose Inc Warrant	0.0
Financials	6.3
Hamilton Lane Inc	1.3
PJT Partners Inc	1.2
StepStone Group Inc	1.1
WisdomTree Inc	1.0
GCM Grosvenor Inc	0.6

As of 31-Dec-25	Equivalent exposure (%)
Financials	6.3
Miami International Holdings Inc	0.4
DigitalBridge Group Inc	0.4
Bullish	0.2
Health Care	27.3
Ligand Pharmaceuticals Inc	2.2
Techne Corp	1.8
Schrodinger Inc/United States	1.4
Integer Holdings Corp	1.3
Collegium Pharmaceutical Inc	1.2
Masimo Corp	1.2
Ionis Pharmaceuticals Inc	1.2
Ascendis Pharma AS ADR	1.1
Charles River Laboratories International Inc	1.0
UFP Technologies Inc	1.0
iRhythm Technologies Inc	0.9
Guardant Health Inc	0.9
BioLife Solutions Inc	0.8
Align Technology Inc	0.8
Globus Medical Inc	0.8
GeneDx Holdings Corp	0.8
Azenta Inc	0.7
Harmony Biosciences Holdings Inc	0.7
Kymera Therapeutics Inc	0.7
Cytokinetics Inc	0.7
Neurocrine Biosciences Inc	0.6
AtriCure Inc	0.6
Kiniksa Pharmaceuticals International Plc	0.5
Adaptive Biotechnologies Corp	0.5
Immunocore Holdings PLC ADR	0.5
HealthEquity Inc	0.5
Ceribell Inc	0.4
Legend Biotech Corp ADR	0.4

Portfolio Holdings



As of 31-Dec-25	Equivalent exposure (%)
Health Care	27.3
CG oncology Inc	0.3
PROCEPT BioRobotics Corp	0.3
Certara Inc	0.3
Ultragenyx Pharmaceutical Inc	0.2
Caris Life Sciences Inc	0.2
Absci Corp	0.2
Billiontoone Inc	0.2
Annexon Inc	0.2
Tempus AI Inc	0.2
Fractyl Health Inc	0.1
Sanofi SA Right	0.0
Industrials	17.2
nVent Electric PLC	1.7
QXO Inc	1.7
Flowserve Corp	1.5
Crane Co	1.3
Primoris Services Corp	1.2
CACI International Inc	1.0
Modine Manufacturing Co	1.0
XPO Inc	1.0
Legence Corp	0.9
StandardAero Inc	0.9
Simpson Manufacturing Co Inc	0.8
Karman Holdings Inc	0.8
ACV Auctions Inc	0.7
Bloom Energy Corp	0.7
Knight-Swift Transportation Holdings Inc	0.7
GFL Environmental Inc	0.6
Advanced Drainage Systems Inc	0.6
Beta Technologies Inc	0.2
Information Technology	22.3
Advanced Energy Industries Inc	2.2

As of 31-Dec-25	Equivalent exposure (%)
Information Technology	22.3
JFrog Ltd	1.7
MACOM Technology Solutions Holdings Inc	1.4
Pegasystems Inc	1.3
Littelfuse Inc	1.3
FormFactor Inc	1.2
Alkami Technology Inc	1.2
CCC Intelligent Solutions Holdings Inc	1.2
Q2 Holdings Inc	1.1
nLight Inc	1.0
Vertex Inc	1.0
TTM Technologies Inc	1.0
Netskope Inc	0.9
Box Inc	0.9
Mirion Technologies Inc	0.8
SentinelOne Inc	0.8
Onestream Inc	0.7
Kinaxis Inc	0.6
Wix.com Ltd	0.5
Corsair Gaming Inc	0.5
Elastic NV	0.4
ServiceTitan Inc	0.4
Materials	2.3
Knife River Corp	1.2
James Hardie Industries PLC	1.0
Other	0.0
Other	0.0
Real Estate	2.1
Terreno Realty Corp REIT	1.2
Independence Realty Trust Inc REIT	0.9

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

Portfolio Holdings



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