



MFS® Investors Trust Series

(Class IC)

First quarter 2024 investment report

Shares of each applicable Fund are offered at NAV and are available solely as an underlying investment option for variable life insurance and variable annuity products issued or administered by life insurance companies. These insurance companies actually own the shares of the applicable Funds. You do not buy, sell or exchange shares of the Funds-- you choose investment options through your variable annuity contract or variable life insurance policy. The insurance company then invests in the shares of the Fund according to the investment options you've chosen. Returns do not reflect fees and expenses of any variable annuity contract or variable life insurance policy, and would be lower if they did. Please refer to specific performance reporting from the issuing insurance company for returns that reflect such charges.

Withdrawals of taxable amounts from variable annuity contracts prior to age 59½ may be subject to an additional 10% federal tax penalty as well as income tax. Amounts withdrawn from a variable insurance contract will reduce the death benefit and withdrawals of earnings will be subject to income tax.

No representation is made, and no assurance can be given, that any investment's results will be comparable to the investment results of any other product with similar investment objectives and policies, including products with the same investment professional or manager. Differences in portfolio size, investments held, contract and portfolio expenses, and other factors can be expected to affect performance.

NOT FDIC INSURED- MAY LOSE VALUE- NO BANK OR CREDIT UNION GURANTEE- NOT A DEPOSIT- NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY OR NCUA/NCUSIF

Before purchasing any variable product, consider the objectives, risks, charges, and expenses associated with the underlying investment option(s) and those of the product itself. For a prospectus, or summary prospectus if available, containing this and other information contact the issuing insurance company. Read the prospectus carefully before you invest.

FOR DEALER AND INSTITUTIONAL USE ONLY. Not to be shown, quoted, or distributed to the public.

MFS® investment products are offered through, MFS Fund Distributors, Inc., Member SIPC, 111 Huntington Avenue Boston, MA 02199

PRPEQ-VGI-31-Mar-24

36008.6

Table of Contents



Contents	Page
Fund Risks	1
Market Overview	2
Executive Summary	3
Performance	4
Attribution	5
Significant Transactions	9
Portfolio Positioning	10
Characteristics	11
Portfolio Outlook	13
Portfolio Holdings	18
Additional Disclosures	20

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.

FOR DEALER AND INSTITUTIONAL USE ONLY. Not to be shown, quoted, or distributed to the public. - MFS Investors Trust Series

PRPEQ-VGI-31-Mar-24

Fund Risks



Issued by insurance companies, variable annuity and variable life insurance contracts allow investors to accumulate money on a tax deferred basis for long-term financial goals. Mortality and expense charges (which compensate the insurance company for insurance risks it assumes under the contract), surrender charges (typically levied if a contract holder cancels it within a certain period following initial purchase), and an annual maintenance charge are among the fees typically associated with these types of variable products. Also keep in mind that any income guarantees are subject to the claims-paying ability of the issuing insurance company, and that contract owners have options when a contract's payout phase begins. Generally, investors may take their money in a lump sum, make discretionary or systematic distributions, or they can annuitize. Please refer investors to your variable annuity or life insurance contract as well as the underlying fund prospectus(es) for more detailed information and other important considerations, which should be read carefully before investing.

The series may not achieve its objective and/or you could lose money on your investment in the series.

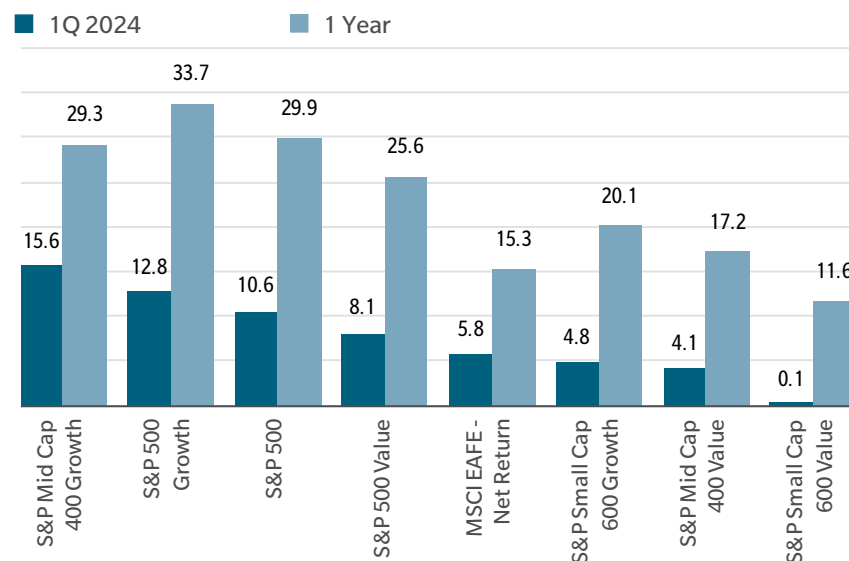
Stock: Stock markets and investments in individual stocks are volatile and can decline significantly in response to or investor perception of, issuer, market, economic, industry, political, regulatory, geopolitical, environmental, public health, and other conditions.

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

Market Overview

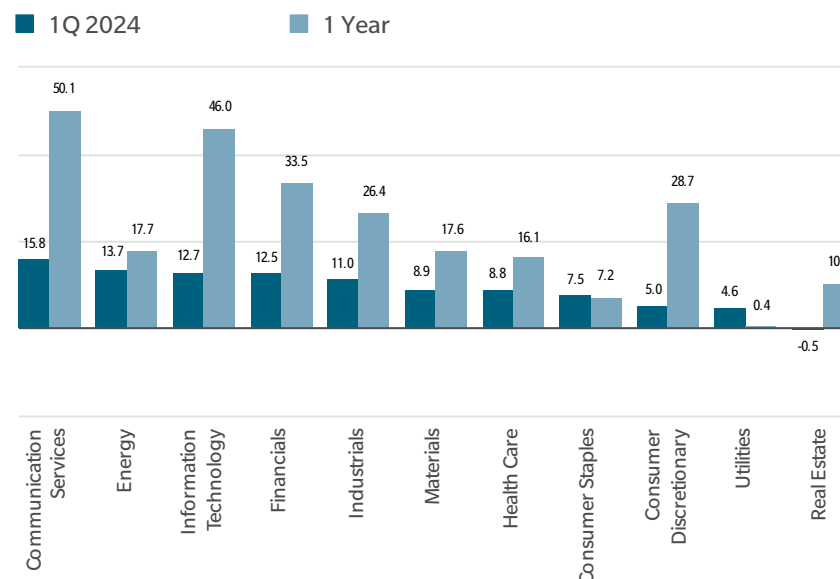


Style performance (%) (USD) as of 31-Mar-24



Source for benchmark performance SPAR, FactSet Research Systems Inc. All indices represent total return unless otherwise noted.

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



Source: FactSet. Sector performance based on MSCI sector classification. The analysis of Standard & Poor's 500 Stock Index constituents are broken out by MSCI defined sectors.

US equities market review as of 31 March 2024

- The US market, as measured by the S&P 500 Index, finished strongly higher in Q1 2024. This was driven by the ongoing belief that interest rates will be cut later this year as inflation moves lower.
- Economic growth in the United States expanded during Q4 2023, with GDP increasing 3.4%. While this was slower than the 4.9% for Q3, it continued to show increases in consumer and government spending. With inflation trending down, although not in a straight

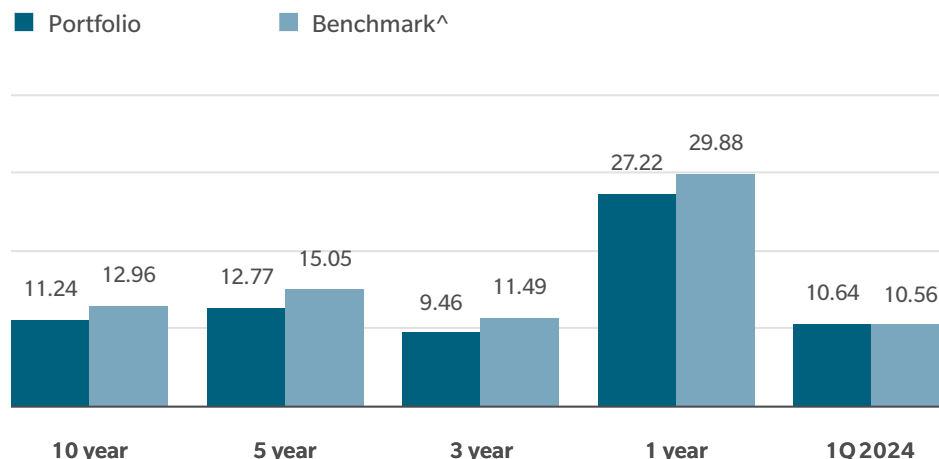
line, the US Federal Reserve continues to anticipate interest rate cuts in 2024.

- For the quarter, growth outperformed value in the large-cap, midcap and small-cap spaces. Energy, communication services and financials were the best-performing sectors, and real estate, consumer discretionary and utilities were the worst.

Executive Summary



Performance results (%) class IC shares at NAV (USD) as of 31-Mar-24



The source for all fund data is MFS. Source for benchmark performance: SPAR, FactSet Research Systems Inc.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value fluctuate so your units, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted.

For the most recent month-end performance results net of fees and charges imposed by insurance company separate accounts, contact the variable product's issuing insurance company.

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

The returns for the series shown do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges imposed by insurance company separate accounts. Such expenses would reduce the overall returns shown. Please refer to the variable product's annual report for performance that reflects the deduction of the fees and charges imposed by insurance company separate accounts.

Initial Class shares have no sales charge.

^ Standard & Poor's 500 Stock Index

Sector weights (%) as of 31-Mar-24	Portfolio	Benchmark^^
Top overweights		
Financials	16.2	13.2
Consumer Staples	7.2	6.0
Health Care	13.4	12.4
Top underweights		
Consumer Discretionary	6.5	10.3
Information Technology	28.0	29.6
Communication Services	7.4	9.0

^^ Standard & Poor's 500 Stock Index

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

The MFS Investors Trust Series performed in line with the Standard & Poor's 500 Stock Index in the first quarter of 2024.

Contributors	Detractors
<ul style="list-style-type: none"> Consumer Discretionary - Stock selection Information Technology - Stock selection Individual stocks: <ul style="list-style-type: none"> Howmet Aerospace Inc. UnitedHealth Group Inc (not held) 	<ul style="list-style-type: none"> Communication Services - Stock selection Individual stocks: <ul style="list-style-type: none"> American Tower Corp Xcel Energy Inc Crown Holdings Inc

Performance Results



Performance results (%) class IC shares at NAV (USD) as of 31-Mar-24

Period	Portfolio	Benchmark^	Excess return vs benchmark
1Q 2024	10.64	10.56	0.09
4Q 2023	11.56	11.69	-0.13
3Q 2023	-4.24	-3.27	-0.97
2Q 2023	7.64	8.74	-1.11
2023	18.98	26.29	-7.31
2022	-16.49	-18.11	1.62
2021	26.81	28.71	-1.89
2020	13.87	18.40	-4.53
2019	31.58	31.49	0.09
10 year	11.24	12.96	-1.72
5 year	12.77	15.05	-2.28
3 year	9.46	11.49	-2.03
1 year	27.22	29.88	-2.66

The source for all fund data is MFS. Source for benchmark performance: SPAR, FactSet Research Systems Inc.

Performance data shown represents past performance and is no guarantee of future results. Investment return and principal value fluctuate so your units, when sold, may be worth more or less than the original cost; current performance may be lower or higher than quoted.

For the most recent month-end performance results net of fees and charges imposed by insurance company separate accounts, contact the variable product's issuing insurance company.

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

The returns for the series shown do not reflect the deduction of expenses associated with variable products, such as mortality and expense risk charges, separate account charges, and sales charges imposed by insurance company separate accounts. Such expenses would reduce the overall returns shown. Please refer to the variable product's annual report for performance that reflects the deduction of the fees and charges imposed by insurance company separate accounts.

Initial Class shares have no sales charge.

^ Standard & Poor's 500 Stock Index

Performance Drivers - Sectors



Relative to Standard & Poor's 500 Stock Index (USD) - first quarter 2024		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation ¹ (%)	+ Stock selection ² (%)	+ Currency effect (%)	= Relative contribution (%)
Contributors	Consumer Discretionary	-4.4	15.6	5.0	0.3	0.6	-0.0	0.9
	Information Technology	-1.6	14.8	12.7	-0.0	0.6	-0.0	0.5
	Health Care	0.9	10.6	8.8	-0.0	0.2	—	0.2
	Industrials	0.2	13.4	11.0	0.0	0.2	—	0.2
	Financials	3.1	12.7	12.5	0.1	0.0	—	0.1
Detractors	Communication Services	-0.5	3.5	15.8	0.0	-1.1	—	-1.1
	Materials	1.2	4.7	8.9	-0.0	-0.2	—	-0.2
	Utilities	-0.9	-7.7	4.6	0.1	-0.2	—	-0.1
	Real Estate	-0.2	-4.0	-0.5	0.0	-0.1	—	-0.1
	Consumer Staples	1.4	7.1	7.5	-0.0	-0.0	-0.0	-0.1
	Cash	0.7	1.3	—	-0.0	—	—	-0.0
	Energy	0.1	12.7	13.7	-0.0	-0.0	—	-0.0
Total			10.9	10.6	0.3	0.1	-0.1	0.3

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. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email DLAttributionGrp@MFS.com.

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

Performance Drivers - Stocks



Relative to Standard & Poor's 500 Stock Index (USD) - first quarter 2024		Average Weighting (%)		Returns (%)		Relative contribution(%)
		Portfolio	Benchmark	Portfolio ¹	Benchmark	
Contributors	Tesla Inc	—	1.3	—	-29.3	0.7
	Apple Inc	3.7	6.4	-10.8	-10.8	0.6
	Howmet Aerospace Inc.	1.8	0.1	26.5	26.5	0.3
	UnitedHealth Group Inc	—	1.1	—	-5.7	0.2
	Asml Holding Nv	1.2	—	28.2	—	0.2
Detractors	Meta Platforms Inc	—	2.3	—	37.3	-0.5
	American Tower Corp	1.5	0.2	-8.5	-8.5	-0.3
	Xcel Energy Inc	1.0	0.1	-12.3	-12.3	-0.2
	Crown Holdings Inc	0.5	—	-15.8	—	-0.2
	Zoetis Inc	0.9	0.2	-14.1	-14.1	-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. This may further compound differences between attribution results and actual performance. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the measurement period, please email DLAttributionGrp@MFS.com.

Significant Impacts on Performance - Contributors



Relative to Standard & Poor's 500 Stock Index (USD) - first quarter 2024		Relative contribution [%]
Tesla Inc	Not owning shares of electric vehicle manufacturer Tesla (United States) benefited relative results. The share price of Tesla fell following softer-than-anticipated earnings for the sixth straight quarter as a consequence of its strategy undertaken at the end of 2022 to sacrifice pricing and margins to drive sales.	0.7
Apple Inc	The portfolio's underweight position in computer and personal electronics maker Apple (United States) lifted relative returns. The stock price declined as the company reported a slowdown in iPhone demand in China. App store revenues from China were also below analyst expectations. The stock price suffered further after the Department of Justice filed a civil antitrust lawsuit alleging the company monopolized the smartphone market by discouraging innovation that threatens its competitive position or disintermediates the iPhone.	0.6
Howmet Aerospace Inc.	An overweight position in aerospace and transportation engineering firm Howmet Aerospace (United States) bolstered relative returns. The company reported better-than-expected earnings results, driven by strong performance in its fastening systems, engineered structures, and engine products segments.	0.3

Significant Impacts on Performance - Detractors



Relative to Standard & Poor's 500 Stock Index (USD) - first quarter 2024		Relative contribution [%]
Meta Platforms Inc	Not owning shares of social networking service provider Meta Platforms (United States) weighed on relative performance. The stock price advanced during the quarter as the company reported earnings results ahead of expectations, led by strength in advertising revenue growth in China and a disciplined approach to capex. The company also announced a quarterly dividend and discussed plans to integrate artificial intelligence within its platforms, further supporting the stock price.	-0.5
American Tower Corp	The portfolio's overweight position in broadcast and communication tower management firm American Tower (United States) hindered relative performance. Despite posting solid financial results and forward guidance, the company's share price fell after management lowered its dividend expectations for the coming year.	-0.3
Xcel Energy Inc	An overweight position in power and natural gas distributor Xcel Energy (United States) detracted from relative returns. The stock price dropped after the company disclosed that insurance companies are suing Xcel on allegations that their equipment may have started the wildfire in the Texas panhandle.	-0.2

Significant Transactions



From 01-Jan-24 to 31-Mar-24		Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	AMAZON.COM INC (EQ)	Consumer Discretionary	Add	1.2	3.8
	SOUTHERN CO/THE	Utilities	New position	0.8	0.8
	CME GROUP INC	Financials	New position	0.6	0.6
	LAM RESEARCH CORP	Information Technology	New position	0.6	0.6
	JB HUNT TRANSPORT SERVICES INC	Industrials	New position	0.5	0.5
Sales	EQUINIX INC (EQ)	Real Estate	Eliminate position	-0.8	–
	NASDAQ INC	Financials	Eliminate position	-0.7	–
	CROWN HOLDINGS INC	Materials	Eliminate position	-0.6	–
	KIMBERLY-CLARK CORP	Consumer Staples	Eliminate position	-0.6	–
	COMCAST CORP	Communication Services	Trim	-0.5	0.7

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

Sector Weights



As of 31-Mar-24	Portfolio (%)	Benchmark^ (%)	Underweight/overweight(%)	Top holdings
Financials	16.2	13.2	3.0	JPMorgan Chase & Co, Visa Inc, Mastercard Inc
Consumer Staples	7.2	6.0	1.2	Costco Wholesale Corp, Target Corp, Colgate-Palmolive Co
Health Care	13.4	12.4	1.0	Cigna Group, Eli Lilly & Co, Vertex Pharmaceuticals Inc
Industrials	9.5	8.8	0.7	Howmet Aerospace Inc, Honeywell International Inc, Eaton Corp PLC
Materials	3.0	2.4	0.6	Linde PLC
Energy	4.1	3.9	0.2	ConocoPhillips, Exxon Mobil Corp
Real Estate	2.0	2.3	-0.3	American Tower Corp REIT
Utilities	1.6	2.2	-0.6	Xcel Energy Inc
Communication Services	7.4	9.0	-1.6	Alphabet Inc Class A, Electronic Arts Inc
Information Technology	28.0	29.6	-1.6	Microsoft Corp, NVIDIA Corp, Apple Inc
Consumer Discretionary	6.5	10.3	-3.8	Amazon.com Inc, Home Depot Inc, LVMH Moet Hennessy Louis Vuitton SE

^ Standard & Poor's 500 Stock Index

0.9% Cash & cash equivalents

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

Characteristics



As of 31-Mar-24	Portfolio	Benchmark [^]
Fundamentals - weighted average		
IBES long-term EPS growth ¹	13.8%	14.4%
Price/earnings (12 months forward)	22.1x	21.9x
Market capitalization		
Market capitalization (USD) ²	791.2 bn	805.6 bn
Diversification		
Top ten issues	38%	32%
Number of Issues	69	503
Turnover		
Trailing 1 year turnover ³	26%	—
Risk/reward (10 year)		
Historical tracking error	2.60%	—
Standard deviation	14.64%	15.16%
Beta	0.95	—

[^] Standard & Poor's 500 Stock 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-Mar-24	Portfolio (%)	Benchmark^ (%)
MICROSOFT CORP	9.0	7.1
ALPHABET INC	5.4	3.7
NVIDIA CORP	4.8	5.1
AMAZON.COM INC (EQ)	3.8	3.7
APPLE INC	3.2	5.6
JPMORGAN CHASE & CO	2.9	1.3
CONOCOPHILLIPS (EQ)	2.7	0.3
VISA INC	2.4	1.0
SALESFORCE INC	2.1	0.7
MASTERCARD INC (EQ)	2.0	0.9
Total	38.1	29.5

^ Standard & Poor's 500 Stock Index

Portfolio Outlook and Positioning



The portfolio focuses on owning large-cap, higher-quality companies with durable, above average earnings and cash flow growth trading at reasonable valuations. In assessing durability of future cash flows, we conduct bottom-up fundamental analysis which includes consideration of material fundamental factors that could either augment or pose risks to those cash flow streams. More specifically, key attributes that we look for in an investment include durable franchises with real barriers to entry, above average returns that are in excess of their cost of capital, balance sheets that can withstand adverse market conditions, and solid management teams that aim to allocate capital prudently and create long term value. Typically, we try to own companies that generate top line growth slightly above the market with cost controls that can help drive operating profit growth above the market. When combined with prudent capital deployment this aims for earnings and cash flow growth per share that is sufficiently above the market. We then look to select ideas where these attributes are not properly reflected in current valuations.

The S&P 500 was up 10.6% in the first quarter, good for the 11th best start to a year since 1950, and now up nearly 28% since the October lows. The momentum trade remained in charge during the first quarter, with the two best performing stocks in the S&P 500 being artificial intelligence darlings Super Micro Computer, up 255%, and Nvidia, up 82%. According to data from Piper Sandler, the weight of high-momentum stocks in the US equity markets is at all-time highs, surpassing previous peaks such as 1929, the Nifty 50, and the 2000 tech bubble. The good news is that many of today's momentum plays have strong profitability and fundamentals alongside valuations that are more reasonable, at least compared to the early 2000s. From a Magnificent 7 perspective, we did start to see more dispersion of returns among this cohort, with Tesla, Apple and Alphabet underperforming.

Turning to the portfolio's performance, the portfolio outperformed the S&P 500 during the first quarter. For the quarter, stock selection and an underweight in consumer discretionary, most notably not owning Tesla, contributed to performance. Stock selection in information technology, most notably not owning Apple, also contributed to relative performance. As mentioned, the performance of Magnificent 7 stocks started to diverge during the quarter, also benefiting our relative performance.

Looking at positioning as of March 31, 2024, we own several compelling investment opportunities in software, electrical equipment and financial services. Within software, our exposure is driven by Microsoft, our largest position as it is one of the only companies monetizing its investment in GenAI. The use cases for software are exploding as data is harnessed and Microsoft's CoPilot assistants permeate daily work/consumer life and digital creation and software shifts from human-driven to machine-driven, such as with OpenAI's new generative video engine Sora. Both massively expand the addressable market for software and infrastructure, benefiting Microsoft. Microsoft also has the enormous data set of

Portfolio Outlook and Positioning



SharePoint, Office and Azure, and AI will strengthen their bundling strategy. We also added to our position in Salesforce during the quarter as valuation, especially on FCF, didn't appear to reflect improving growth driven by price increases, AI tailwinds and bundling of front office apps.

Within electrical equipment, we own companies that are well positioned to participate in the secular trends of grid hardening, renewable energy infrastructure and more electrical content in buildings, homes and industrial facilities. Within financial services, our exposure consists of a combination of payment networks (Visa and MasterCard) and fin tech (Fiserv) as these companies are steady compounders and have valuations that appear attractive for the quality and defensiveness of the business.

Conversely, we have no exposure to hotels, restaurants & leisure, and automobiles. Within hotels and restaurants & leisure, we are worried that some of the cost concerns are more structural and here to stay, likely pressuring margins for many companies in this category. Within autos, we do not own Tesla under the view that there are no imminent growth catalysts over the next few years as volume growth is under pressure and either Tesla needs to revert to incremental pricing discounts to move volume that results in further margin pressure or it can try to preserve margins at the expense of growth, in which case it is very likely they see lower volume growth. Under either scenario, we believe estimates need to continue to move lower and the stock's valuation isn't reflecting this. We are gaining exposure to trends within electric vehicles through our position in TE Connectivity, which in our view is a more attractively valued and diverse way to gain exposure to these secular trends. We are also underweight technology hardware, storage & peripherals, largely due to our underweight in Apple. For Apple, we continue to remain underweight given weakening fundamentals, a still very expensive valuation, and idiosyncratic risks to its largest profit streams. More specifically, we expect 2024 to be a year of muted growth for Apple driven by weakness across most hardware categories and incremental pressure for iPhone in China. In addition, the Google licensing payment and Apple's App Store revenue are both by far the largest contributors to forecast profit growth and both revenue streams are under increased regulatory scrutiny.

During the quarter, the largest increase to relative weighting was in the consumer discretionary sector, due to the underperformance of Tesla reducing the benchmark weight and adding to our position in Amazon given increased confidence in higher, more durable margins due to revenue mix (AWS, advertising, third-party growing faster than first party) and harvesting the benefits of regionalization as well as doubling the distribution network during COVID. In addition, we admire its growing range of AI-related capabilities bolstered by the wealth of customer data within its footprint (in retail, Prime, AWS, Alexa, etc.). The largest decrease in relative weighting was in the communication services sector as we trimmed our position in Comcast. We own Comcast in part due to what historically were defensive characteristics. But with increased competition, streaming and cord cutting weakening what had been a formidable moat and raising terminal value concerns, and a capital

Portfolio Outlook and Positioning



allocation track record not confidence inspiring, we no longer view the business as defensive as it was in the past. We also trimmed Alphabet as the range of outcomes has widened as competitive intensity and tech re-platforming increase the moat's fragility. Thus we've continued to take advantage of pockets of strength in the stock to reduce what was one of our largest overweight positions toward a size that reflects this wider range of outcomes.

Within financials, we swapped our position in **Nasdaq** into **CME Group**. With Nasdaq, we were wary of the higher leverage and what seems to be a strategic shift in capital allocation priorities as evidenced by the Adenza deal, plus a risk that Nasdaq is over-earning. CME has been on our radar screen for a while, given a strong moat, attractive margins, low leverage, and it benefits from volatility, with lower overearning risk based on the underlying asset class exposure. We view valuation as reasonable for a business that should provide defensive high-single-digit EPS growth plus a decent dividend yield.

We were active within industrials as we sold out of our position in building products company **Masco** since the stock had been strong in part due to improved near-term fundamental support from cost deflation/takeout and pricing. And while we've found the dynamics in housing and the market's enthusiasm for certain pockets of building products/home building to be fascinating, we decided to exit with valuation above historical and relative levels as we remain respectful of housing risk. We started a new position in safety and security products and solutions provider (dealing in mechanical and electronic/smart locks and systems, key fobs, biometric access, automated entrance, door systems, etc.) **Allegion**. Allegion has lagged other building product companies due to concerns they have more exposure to nonresidential, but much of this exposure is in the preferable institutional segment that caters to hospitals, universities and governments, which we believe should be more stable, and the valuation now trades at an attractive discount to the market. In addition, we like the duopolistic nature of the industry and the company's solid return on capital, steady pricing power and clean balance sheet validate the quality attributes of the business model and positioning. We sold our position in packaging company **Crown Holdings** to fund our position in Allegion, which we viewed as an upgrade in quality. We appreciate the long-term potential for Crown to benefit from beverages shifting from plastic to aluminum substrates, but we haven't been eager to add given lingering questions about the business quality. Notably, its history of factoring receivables, capital intensity, heavier leverage than we'd prefer and less control of its destiny due to customer power/concentration. We also started a new position in intermodal freight transport company **J.B. Hunt**. J.B. Hunt is an accelerating growth story as it offers the best volume growth in transports due to a cyclical recovery in intermodal helped by retail restocking, improving industrial production and regaining share that went to trucking during COVID. It is also trading at an attractive valuation, has a long-term oriented and returns-focused management team and an underappreciated sustainability story as intermodal is 60% to 75% more fuel efficient than truck, cheaper than truck and has lower labor intensity. Finally, we added **Dun & Bradstreet** as

Portfolio Outlook and Positioning



we overcame our lingering concerns about the company's balance sheet, technological modernization and positioning, and trajectory of revenue growth and durability. In particular, its underlying revenue growth has been increasing and management is taking heed of the balance sheet.

Elsewhere, we sold our position in household products company **Kimberly-Clark** as we view its EV/uFCF valuation as not overly compelling relative to the quality of the business and within consumer staples we prefer Kenvue, which we added to, given a more attractive valuation. We sold our position in **PPG Industries** as we determined we could replicate its exposures more robustly elsewhere. Specifically, it has exposure to housing, where we prefer Home Depot and Summit Materials, aerospace, where we prefer Howmet Aerospace, and auto OEM, where we prefer Analog Devices and TE Connectivity. We also sold our position in data center REIT **Equinix**. Our initial buy case was predicated on enterprise migration to the cloud and Equinix's exposure to the higher quality interconnection and collocated business mix that yielded more pricing power. However, our analyst's work highlighted that the company is likely overearning due to the temporary supply/demand dynamics (and being respectful of the bargaining power of top customers such as Amazon, Alphabet and Microsoft) and the recent deterioration in returns particularly caught our attention. This combined with a full valuation led us to redeploy into more compelling ideas.

Finally, we started new positions in utility Southern and semiconductor equipment company Lam Research. For **Southern**, we were underweight utilities and we had been sharpening the pencil given the contraction of relative P/Es versus the market, and we had been waiting for a more attractive valuation in terms of dividend yield versus the 10-year Treasury yield to lean in more meaningfully. The dividend yield reached parity with the 10-year, and Southern has constructive jurisdictions (Georgia, Alabama), a good balance sheet, and an attractive total shareholder return. For **Lam Research**, we already owned Applied Materials and ASML and we appreciate the semicaps as critical providers of equipment, know-how and IP that fabrication players need for manufacturing. In our opinion, these are solid businesses through cycle as key players have consolidated market share in their specific categories, have moats that are made significant by the increasing complexity and mission-critical nature of their machines and enjoy a solid revenue growth runway driven by rising capital intensity in semi manufacturing, deglobalization and national security driving demand for local fabs, semis going into an ever-expanding range of products, and AI adding fuel to the fire. Thus far, we've mostly funded out position in Lam from other semis, mostly Applied Materials, to keep the overall semi exposure unchanged. Lam's quality is highlighted by its solid margins, high returns, good FCF conversion and strong balance sheet. The key parts of the thesis are that it has significant exposure to memory, which is currently depressed but has a potentially bullish outlook due to its criticality for AI, with high bandwidth memory providing a tailwind for demand, and Lam has not benefited nearly as much as Applied Materials has from China, which concerns us, as it may prove unsustainable for Applied Materials.

Portfolio Outlook and Positioning



The risk of recession appears to be declining, and rising oil and copper prices may be an indication the economy is strengthening. Contrary signals, including rising bankruptcies, which are on par with 2020 and the global financial crisis, but this likely has more to do with companies wrestling with higher financing costs rather than economic weakness. As discussed earlier, momentum led the market in the first quarter. For a more broad-based rally to take hold, investors will likely need to see further signs that the economy is improving, inflation is slowing and interest rates are coming down. We did see signs of the market broadening in March, as value outperformed growth, and value-oriented, more cyclical sectors such as energy, materials and financials outperformed with technology lagging. In addition, EPS growth is poised to substantially broaden in the coming year, with Magnificent 7 growth decelerating while the rest of the market accelerates, which should lead to less market concentration. We take an active, bottom-up-oriented approach to equity investing focused on high-quality franchises with durable and consistent growth, combined with a valuation discipline that we believe will serve the strategy well moving forward.

54486.6

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-Mar-24	Equivalent exposure (%)
Cash & Cash Equivalents	0.9
Cash & Cash Equivalents	0.9
Communication Services	7.4
Alphabet Inc Class A	5.2
Electronic Arts Inc	1.1
Comcast Corp	0.7
Cable One Inc	0.3
Alphabet Inc Class C	0.2
Consumer Discretionary	6.5
Amazon.com Inc	3.8
Home Depot Inc	1.6
LVMH Moët Hennessy Louis Vuitton SE	1.0
Tractor Supply Co	0.2
Consumer Staples	7.2
Costco Wholesale Corp	1.5
Target Corp	1.2
Colgate-Palmolive Co	1.2
Kenvue Inc	1.0
Mondelez International Inc	0.8
Diageo PLC	0.8
Pernod Ricard SA	0.7
Energy	4.1
ConocoPhillips	2.7
Exxon Mobil Corp	1.4
Financials	16.2
JPMorgan Chase & Co	2.9
Visa Inc	2.4
Mastercard Inc	2.0
Goldman Sachs Group Inc	1.6
Fiserv Inc	1.6
Bank of America Corp	1.4
Chubb Ltd	1.3
Willis Towers Watson PLC	0.9
Aon PLC	0.9

As of 31-Mar-24	Equivalent exposure (%)
Financials	16.2
CME Group Inc	0.6
Charles Schwab Corp	0.6
Health Care	13.4
Cigna Group	1.8
Eli Lilly & Co	1.7
Vertex Pharmaceuticals Inc	1.6
Medtronic PLC	1.5
ICON PLC	1.4
Agilent Technologies Inc	1.2
Becton Dickinson & Co	1.2
Merck & Co Inc	1.1
Pfizer Inc	1.0
Zoetis Inc	0.8
Industrials	9.5
Howmet Aerospace Inc	1.9
Honeywell International Inc	1.4
Eaton Corp PLC	1.4
AMETEK Inc	1.0
Johnson Controls International PLC	1.0
Waste Management Inc	0.7
Canadian Pacific Kansas City Ltd	0.6
JB Hunt Transport Services Inc	0.5
Allegion plc	0.5
Dun & Bradstreet Holdings Inc	0.3
Fortive Corp	0.2
Information Technology	28.0
Microsoft Corp	9.0
NVIDIA Corp	4.8
Apple Inc	3.2
Salesforce Inc	2.1
Analog Devices Inc	1.6
TE Connectivity Ltd	1.5

Portfolio Holdings



As of 31-Mar-24	Equivalent exposure (%)
Information Technology	28.0
Applied Materials Inc	1.3
Check Point Software Technologies Ltd	1.3
ASML Holding NV	1.1
Texas Instruments Inc	0.9
Adobe Inc	0.8
Lam Research Corp	0.6
Materials	3.0
Linde PLC	1.1
DuPont de Nemours Inc	1.0
Summit Materials Inc	0.9
Real Estate	2.0
American Tower Corp REIT	1.6
Rayonier Inc REIT	0.4
Utilities	1.6
Xcel Energy Inc	0.8
Southern Co	0.8

The Global Industry Classification Standard (GICS®) was developed by and/or is the exclusive property of MSCI, Inc. and S&P Global Market Intelligence Inc. ("S&P Global Market Intelligence"). GICS is a service mark of MSCI and S&P Global Market Intelligence and has been licensed for use by MFS. MFS has applied its own internal sector/industry classification methodology for equity securities and non-equity securities that are unclassified by GICS.

Additional Disclosures



"Standard & Poor's®" and S&P "S&P®" are registered trademarks of Standard & Poor's Financial Services LLC ("S&P") and Dow Jones is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones") and have been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by MFS. The S&P 500® is a product of S&P Dow Jones Indices LLC, and has been licensed for use by MFS. MFS's Products are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, or their respective affiliates, and neither S&P Dow Jones Indices LLC, Dow Jones, S&P, their respective affiliates make any representation regarding the advisability of investing in such products.