

MFS Meridian[®] Funds - European Smaller Companies Fund

(A1EUR Share Class)

Fourth quarter 2016 investment report

Effective 16 November 2015 this fund is closed to new investors, with very limited exceptions.

MAY LOSE VALUE-NOT GUARANTEED

See important disclosures on final page of presentation.

See the fund's offering documents for more details, including information on fund risks and expenses.

The MFS Meridian Funds are not available for sale in the United States or Canada or to US persons.

MFS Investment Management Company (Lux) S.à.r.l.

Unless otherwise indicated, logos, product and service names are trademarks of MFS and its affiliates and may be registered in certain countries.

Luxembourg - registered SICAV

FOR INVESTMENT PROFESSIONAL USE ONLY. Not intended for retail investors.

Table of contents

Page

1	Fund risks
2	Disciplined investment approach
3	Market overview
4	Executive summary
5	Performance
6	Attribution
10	Significant transactions
11	Portfolio positioning
13	Characteristics
14	Portfolio outlook
17	Portfolio holdings

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.

All characteristics and weightings do reflect the effect of exposure/weightings for hedging of hedged share classes.

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 INVESTMENT PROFESSIONAL USE ONLY. Not intended for retail investors. - MFS Meridian Funds - European Smaller Companies Fund

Fund risks

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

Stock markets and investments in individual stocks are volatile and can decline significantly in response to issuer, market, economic, industry, political, regulatory, geopolitical, and other conditions.

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

Because the portfolio may invest a substantial amount of its assets in issuers located in a single country or in a limited number of countries, it may be more volatile than a portfolio that is more geographically diversified.

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

Disciplined investment approach

Investment objective

The fund's investment objective is capital appreciation, measured in Euros. The fund invests primarily (at least 75%) in European Economic Area equity securities of smaller companies.

Goal

Seeks to outperform the MSCI Europe Small Mid Cap Index over a full market cycle.

Philosophy

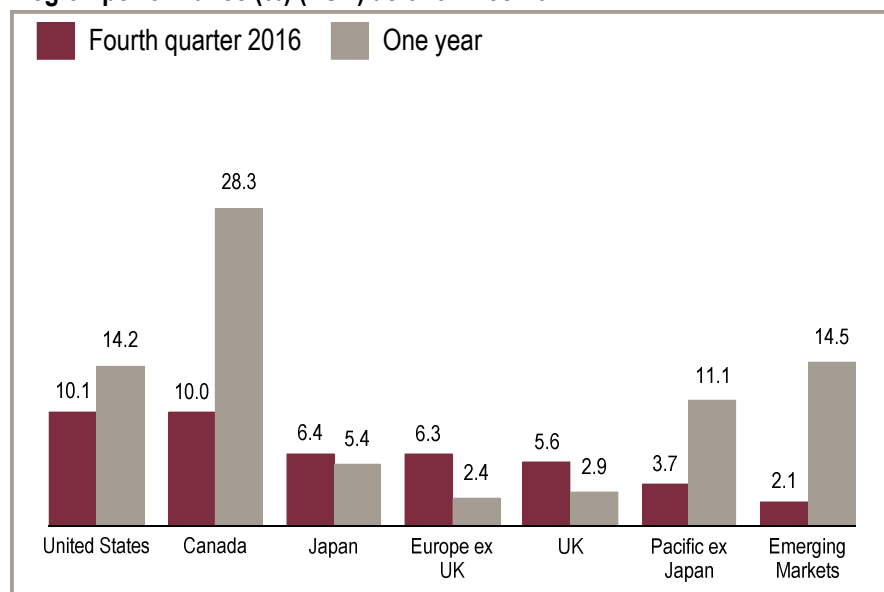
Investing in a portfolio of small and mid-cap European equity securities chosen from issuers located throughout Europe based on the extensive bottom-up fundamental research of MFS's equity research team can provide investors attractive risk-adjusted returns.

Strategy

- Coordinated global industry teams share ideas and information
 - Selection is driven by company/industry fundamental strengths and growth prospects rather than country of domicile
 - Focus on companies early in their life cycle that we feel are positioned to grow at above average rates
-

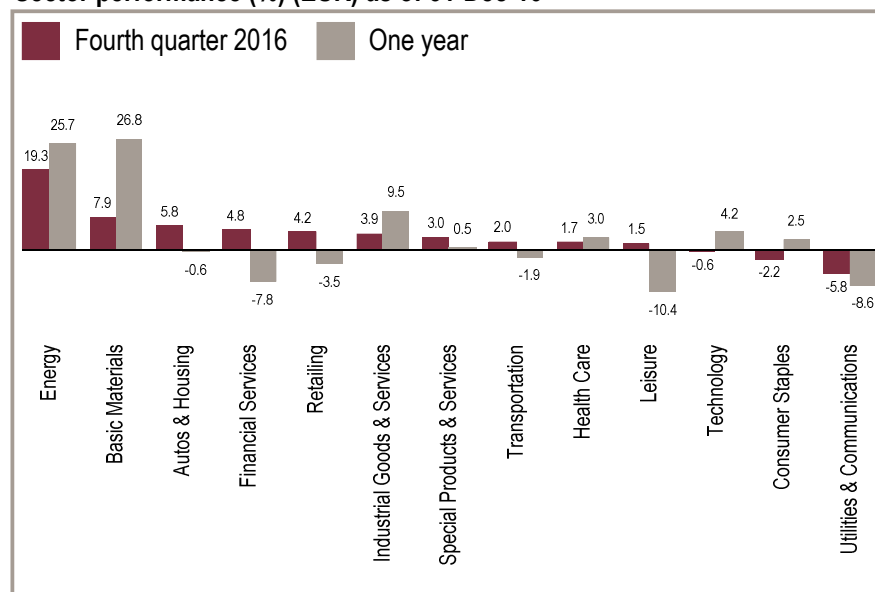
Market overview

Region performance (%) (EUR) as of 31-Dec-16



Source: FactSet. Region performance based on MSCI regional/country indexes.

Sector performance (%) (EUR) as of 31-Dec-16



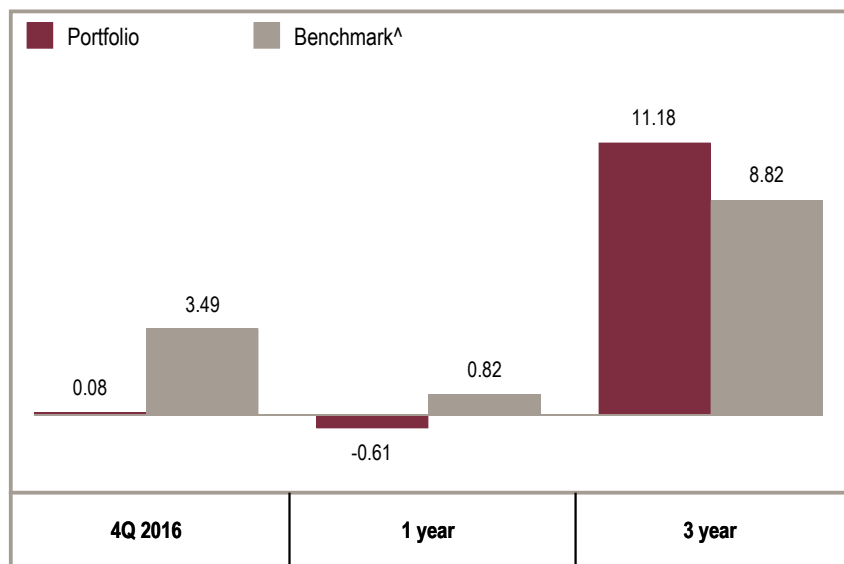
Source: FactSet. Sector performance based on MFS sector classification. The analysis of MSCI Europe Small Mid Cap Index constituents are broken out by MFS defined sectors.

Market review as of 31-Dec-2016

- The outcome of the US election has prompted anticipation of improved economic growth, regulatory reform and a rekindling of inflation. This has in turn led to a significant rotation in equity markets from defensive, stable growth companies toward more economically sensitive, lower return-on-equity companies. It is difficult to assess the durability of this trend until Trump's policies begin to take shape in 2017.
- Bond yields have risen in the wake of the US election, and the Federal Reserve is expected to continue tightening in 2017, although we are likely to remain in a historically low-rate environment for the foreseeable future.
- The global economic backdrop remains one of slow growth and low inflation, and political uncertainties lie ahead, particularly in Europe and UK. These are offset in part by lower relative valuations and continued central bank policy accommodation.

Executive summary

Performance results (%) A1EUR shares average annual rates of return at NAV as of 31-Dec-16



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

Start of Fund Performance Record: 02-Nov-01. Start of Class Performance: 05-Nov-01. Fund Inception Date: 05-Nov-01.

Other share classes are available for which performance and expenses will differ.

All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.

All periods greater than one year are annualised.

Past performance is not a reliable indicator for future results.

^ MSCI Europe Small Mid Cap Index (net div)

Sector weights (%) as of 31-Dec-16	Portfolio	Benchmark^^
Top overweights		
Special Products & Services	26.6	10.8
Consumer Staples	14.8	4.2
Basic Materials	12.0	10.5
Top underweights		
Financial Services	8.7	21.2
Industrial Goods & Services	4.6	10.9
Utilities & Communications	1.9	4.9

^^ MSCI Europe Small Mid Cap Index

Portfolio and benchmark data shown is based on MFS' sector/industry classification methodology, which differs from the benchmark's.

The MFS Meridian Funds - European Smaller Companies Fund underperformed the MSCI Europe Small Mid Cap Index in the fourth quarter of 2016.

Contributors

- Consumer Staples – Stock selection
- Individual stocks:
 - Vestas Wind Systems (not held)
 - Mtu Aero Engines Ag

Detractors

- Basic Materials – Stock selection
- Financial Services – Stock selection
- Special Products & Services – Stock selection

Performance results

Performance results (%) A1EUR shares average annual rates of return at NAV as of 31-Dec-16

Period	Portfolio (%)	Benchmark [^] (%)	Excess return vs benchmark (%)
4Q 2016	0.08	3.49	-3.41
3Q 2016	4.50	7.29	-2.79
2Q 2016	-0.58	-3.89	3.31
1Q 2016	-4.41	-5.52	1.11
2016	-0.61	0.82	-1.43
2015	21.77	18.55	3.22
2014	13.55	7.81	5.74
2013	22.01	27.94	-5.93
2012	31.59	23.26	8.33
1 year	-0.61	0.82	-1.43
3 year	11.18	8.82	2.36
5 year	17.15	15.24	1.91
10 year	8.11	4.00	4.11

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

Start of Fund Performance Record: 02-Nov-01. Start of Class Performance: 05-Nov-01. Fund Inception Date: 05-Nov-01.

Other share classes are available for which performance and expenses will differ.

All financial investments involve an element of risk. The value of investments may rise and fall so you may get back less than originally invested.

All periods greater than one year are annualised.

Past performance is not a reliable indicator for future results.

[^] MSCI Europe Small Mid Cap Index (net div)

Performance drivers - sectors

Relative to MSCI Europe Small Mid Cap Index (EUR) - fourth quarter 2016

		Average relative weighting (%)	Portfolio returns (%)	Benchmark returns (%)	Sector allocation (%)	+	Stock selection (%)	+	Currency effect (%)	=	Relative contribution (%)
Contributors	Consumer Staples	9.8	8.8	-2.2	-0.5		1.6		-0.1		1.0
	Utilities & Communications	-2.8	-3.9	-5.8	0.3		0.0		0.0		0.3
	Industrial Goods & Services	-6.5	8.1	3.9	-0.0		0.2		0.0		0.2
	Technology	-1.0	-1.5	-0.6	0.0		-0.0		0.0		0.0
Detractors	Basic Materials	1.6	-3.3	7.9	0.1		-1.3		-0.0		-1.3
	Financial Services	-12.8	-5.5	4.8	-0.1		-0.8		-0.0		-1.0
	Special Products & Services	15.8	-0.1	3.0	-0.1		-0.8		0.0		-0.9
	Health Care	-0.9	-2.7	1.7	0.0		-0.1		-0.2		-0.3
	Retailing	-0.0	-0.7	4.2	-0.0		-0.3		0.0		-0.3
	Autos & Housing	-2.3	1.1	5.8	-0.0		-0.2		0.0		-0.2
	Energy	-1.2	16.4	19.3	-0.2		-0.0		0.0		-0.2
	Leisure	-0.9	-0.2	1.5	0.0		-0.1		0.0		-0.1
	Transportation	-1.2	0.1	2.0	0.0		-0.0		-0.0		-0.0
	Cash	2.3	-0.1	-	0.0		-		-0.0		-0.0
Total			0.7	3.5	-0.6		-2.0		-0.2		-2.8

Attribution results are generated by the FactSet application utilising a methodology which 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 expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

Performance drivers - stocks

Relative to MSCI Europe Small Mid Cap Index (EUR) - fourth quarter 2016

		Average Weighting		Returns		Relative contribution (%)
		Portfolio (%)	Benchmark (%)	Portfolio (%) ¹	Benchmark (%)	
Contributors	Fyffes Inc	1.6	–	53.1	–	0.7
	Total Produce PLC	1.1	–	19.4	–	0.2
	Norway Royal Salmon	0.5	0.0	45.2	3.5	0.1
	Vestas Wind Systems	–	0.6	–	-15.7	0.1
	Mtu Aero Engines Ag	1.0	0.2	21.9	21.9	0.1
Detractors	Symrise Ag	3.5	0.3	-11.3	-11.3	-0.5
	Bunzl PLC	4.2	0.4	-5.6	-5.6	-0.4
	Leg Immobilien Ag	2.1	0.2	-13.4	-13.4	-0.4
	Dignity PLC	2.1	0.1	-10.7	-10.7	-0.3
	Croda International Plc	2.5	0.2	-7.0	-7.0	-0.3

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

Attribution results are generated by the FactSet application utilising a methodology which 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 expenses. As such, attribution results are essentially estimates and may not aggregate to the total return of the portfolio or of the benchmark which can be found elsewhere in this presentation.

Significant impacts on performance – detractors

Relative to MSCI Europe Small Mid Cap Index (EUR) - fourth quarter 2016

		Relative contribution (%)
Basic Materials	Stock selection within this sector detracted from relative performance.	-1.3
	Symrise Ag The portfolio's overweight position in global flavours and fragrances supplier Symrise AG (Germany) detracted from relative performance. Shares traded lower after management reported quarterly earnings results that missed consensus estimates, driven by a fall in margins in the Scent & Care segment.	-0.5
	Croda International Plc A portfolio overweight to specialty chemical manufacturer Croda International PLC (United Kingdom) detracted from relative returns as the stock underperformed the benchmark during the period. Shares came under pressure as management reiterated their guidance for full year 2016, which included a challenging outlook for market conditions.	-0.3
Financial Services	Stock selection within this sector detracted from relative performance.	-1.0
	Leg Immobilien Ag An overweight position in shares of German property company Leg Immobilien hindered relative results. Despite the company reporting solid third-quarter earnings, rising interest rate expectations and disappointing portfolio revaluation results by commercial property adviser CBRE weighed on the shares.	-0.4
Special Products & Services	Stock selection within this sector detracted from relative performance.	-0.9
	Bunzl PLC An overweight position in distribution and outsourcing service provider Bunzl (United Kingdom) hurt relative performance, owing primarily to softer-than-expected earnings and considerable foreign exchange headwinds.	-0.4
	Dignity PLC An overweight position in funeral services provider Dignity (United Kingdom) hurt relative performance, primarily due to a lower death rate in 2016 and weakening market share in the UK.	-0.3

Significant impacts on performance – contributors

Relative to MSCI Europe Small Mid Cap Index (EUR) - fourth quarter 2016

		Relative contribution (%)
Consumer Staples		1.0
	Stock selection within this sector contributed to relative performance.	
	Fyffes Inc The portfolio's position in shares of tropical products distributor Fyffes (Ireland) helped relative performance after the announcement that Sumitomo will acquire Fyffes.	0.7
	Total Produce PLC The portfolio's position in fresh produce firm Total Produce PLC (Ireland) contributed to relative results. The company reported strong first-half earnings driven by increased market share in the North American market through the acquisition of Progressive Produce.	0.2
	Norway Royal Salmon The timing of the portfolio's holdings in shares of salmon farmer Norway Royal Salmon (Norway) aided relative returns. Shares advanced as higher volumes helped drive an increase in profit margins and the company's third-quarter earnings beat market expectations.	0.1
Individual stocks		
	Vestas Wind Systems Not holding shares of wind turbine manufacturer Vestas Wind Systems (Denmark) aided relative performance. Despite the company having reported strong quarterly results, the stock traded lower due to what appeared to have been uncertainty surrounding wind regulation following the outcome of the US elections.	0.1
	Mtu Aero Engines Ag The portfolio's overweight position in shares of aircraft engine manufacturer Mtu Aero Engines (Germany) contributed to relative performance. Shares rose after management reported third-quarter earnings above consensus expectations. Strong results in the Original Equipment Manufacturing (OEM) and Maintenance, Repair and Overhaul (MRO) segments drove the better-than-expected results.	0.1

Significant transactions

From 01-Oct-16 to 31-Dec-16

	Security	Sector	Transaction type	Trade (%)	Ending weight (%)
Purchases	FINECOBANK BANCA FINECO SPA	Financial Services	New position	0.6	0.6
	MERLIN ENTERTAINMENTS PLC	Leisure	New position	0.5	0.5
	NOS SGPS SA	Leisure	New position	0.5	0.5
	GREENCORE GROUP PLC	Consumer Staples	Add	0.4	1.0
	BOOKER GROUP PLC	Retailing	Add	0.4	1.6
Sales	MARINE HARVEST ASA	Consumer Staples	Trim	-0.7	0.4
	EUTELSAT COMMUNICATIONS SA	Leisure	Eliminate position	-0.6	–
	BAKKAFROST P/F	Consumer Staples	Trim	-0.5	3.0
	TDC AS	Utilities & Communications	Trim	-0.4	0.6
	IPSEN SA	Health Care	Eliminate position	-0.4	–

Sector weights

As of 31-Dec-16	Portfolio (%)	Benchmark^ (%)	Underweight/overweight (%)	Top holdings
Special Products & Services	26.6	10.8	15.8	Bunzl PLC, Compass Group PLC, Amadeus IT Holding SA
Consumer Staples	14.8	4.2	10.6	Bakkafrost P/F, Fyffes PLC, Total Produce PLC
Basic Materials	12.0	10.5	1.5	Symrise AG, Croda International PLC, Mayr Melnhof Karton AG
Retailing	6.0	5.9	0.1	Booker Group PLC
Technology	4.7	5.0	-0.3	Rightmove PLC
Leisure	6.7	7.4	-0.7	Paddy Power Betfair PLC, Domino's Pizza Group PLC
Transportation	1.4	2.5	-1.1	Aena SA
Energy	1.9	3.2	-1.3	Aker Solutions ASA
Health Care	5.7	7.3	-1.6	Selcuk Ecza Deposu Ticaret ve Sanayi A.S., Smith & Nephew PLC
Autos & Housing	3.9	6.2	-2.3	Bovis Homes Group PLC
Utilities & Communications	1.9	4.9	-3.0	TDC AS
Industrial Goods & Services	4.6	10.9	-6.3	MTU Aero Engines AG
Financial Services	8.7	21.2	-12.5	LEG Immobilien AG, Grand City Properties SA, Schroders PLC

^ MSCI Europe Small Mid Cap Index

0.9% Cash & cash equivalents

0.3% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

Portfolio and benchmark data shown is based on MFS' sector/industry classification methodology, which differs from the benchmark's.

Country weights

As of 31-Dec-16	Portfolio (%)	Benchmark [^] (%)	Underweight/overweight (%)
United Kingdom	45.0	31.9	13.1
Norway	7.8	2.7	5.1
Germany	14.4	10.1	4.3
Ireland	5.5	1.8	3.7
Turkey	1.3	0.0	1.3
United States	0.3	0.0	0.3
Spain	3.8	3.8	0.0
Austria	1.2	1.2	0.0
Portugal	0.5	0.7	-0.2
Italy	3.5	5.3	-1.8
Netherlands	2.2	4.2	-2.0
Denmark	1.8	4.0	-2.2
Finland	0.9	3.1	-2.2
Sweden	3.4	7.2	-3.8
France	6.3	11.7	-5.4
Switzerland	0.7	9.8	-9.1

[^] MSCI Europe Small Mid Cap Index

0.9% Cash & cash equivalents

0.3% Other. Other consists of: (i) currency derivatives and/or (ii) any derivative offsets.

The portfolio does not own any securities in countries represented in the benchmark in the following percentages: Belgium 2.6%.

Characteristics

As of 31-Dec-16	Portfolio	Benchmark [^]
Fundamentals - weighted average		
Price/earnings (12 months forward ex-negative earnings)	16.6x	15.5x
Dividend yield	2.1%	2.5%
IBES long-term EPS growth ¹	11.3%	10.2%
Return on equity (3-year average)	22.9%	14.5%
Long term debt/capital	31.8%	33.4%
Market capitalisation		
Market capitalisation (EUR) ²	5.8 bn	6.3 bn
Diversification		
Top ten holdings	28%	6%
Number of holdings	129	1,194
Turnover		
Trailing 1 year turnover ³	9%	–
Risk profile (current)		
Barra predicted tracking error ⁴	4.57%	–
Active share	87%	–
Risk/reward (5 year)		
Information ratio	0.34	–
Standard deviation	10.05%	12.37%
Beta vs benchmark	0.73	–

[^] MSCI Europe Small Mid Cap Index

¹ Source: Thomson Reuters

² Weighted average.

³ US methodology (Lesser of Purchase or Sales)/Average Month End Market Value; LUX methodology ((Purchases + Sales) - (Subscriptions + Redemptions))/Average Month End Assets: -42%

⁴ Source: Barra

Past performance is not a reliable indicator for future results. No forecasts can be guaranteed.

As of 31-Dec-16	Portfolio (%)	Benchmark [^] (%)
Top 10 issuers		
BUNZL PLC	4.2	0.3
COMPASS GROUP EQUITY	3.9	–
SYMRISE AG	3.4	0.3
BAKKAFROST P/F	3.0	0.1
CRODA INTERNATIONAL PLC	2.4	0.2
AMADEUS IT GROUP SA	2.3	–
FYFFES INC	2.1	–
LEG IMMOBILIEN AG	2.1	0.2
DIGNITY PLC	2.1	0.1
CERVED INFORMATION SOLUTIONS SPA	2.1	0.1
Total	27.7	1.2

Portfolio outlook and positioning

2016 turned out to be something of a rollercoaster ride. Although the European equity market finished the year in positive territory, a closer look at sector performance reveals a much more polarised picture. The year began with asset prices falling due to concerns over China's slowing GDP growth, tumbling oil prices, and the expected pace of the Federal Reserve's rate hikes which prompted "risk off" sentiment. This led defensive sectors to perform well relative to cyclicals until June. What followed however was very much unexpected. Following a surprise outcome in the UK referendum, political news flow began to dominate. Policy decisions were in focus, be they decisions from the Chinese government to help their domestic economy which sparked a rally in material stocks, to OPEC's decision to seek production cuts, or a shift in the narrative around fiscal policy. This caused a somewhat dramatic unravelling of "flight-to-quality" positioning away from staples and into financial stocks. Essentially political events benefited traditional value styles at the expense of the higher quality stocks which exhibit more stable growth. This tension turned out to be the most important factor to impact performance of the portfolio. Interestingly, as we close out the year, the CBOE Volatility Index (VIX) has fallen to below 11 for the first time since August 2015, suggesting the market is pricing a very low expectation of market turmoil and significant confidence in yet higher equity prices.

As we look into 2017, the belief that we are in fact entering an environment of reflation is beginning to look like market consensus. The argument is gathering momentum at the same time as the case for additional monetary stimulus is called into question. Concerns are growing about the diminishing marginal returns of further easing amidst accusations that the widening wealth inequality in developed markets is the unintended consequence of the ultra-loose monetary policy of recent years. While the shift in inflation expectations partly explains the equity market sector rotation since the summer, it was further bolstered by the Republican clean sweep of the Congress, Senate and White House on the 8th of November. President-elect Trump's cabinet appointments and rhetoric on protectionism, interest rates, tax cuts, fossil fuel energy and loosening of financial regulation provided additional support for the reflation thesis, buoying financials and energy sectors in particular. Despite recent performance, we are mindful of the barriers to success for many of the policies underpinning the rotation. This policy uncertainty comes at a time of pre-existing lacklustre growth, demographic headwinds and rising political populism across the world and will create new winners of those businesses best equipped to adapt to the changing landscape, and losers of those who cannot. We believe the identification of those winning businesses will require, more than ever, a long term stock specific approach.

In Europe, the UK continues to wade through the political, economic and legal implications of June's referendum result. Despite the uncertainty caused by the Brexit vote, UK economic growth appeared surprisingly resilient. While much of the Westminster debate continues to focus on the relative risks and rewards of a "hard" or "soft" Brexit, many of our UK portfolio holdings are continuing with their day to day business of making operational improvements that will enhance their long term competitive positions. A good example is Compass Group, the UK food and services provider, which continues to produce reliable through-cycle top line growth. Over recent years Compass has improved its margins to a record highs yet given the recent market rotation it was trading attractively to both the market and history.

Portfolio outlook and positioning

Despite the turbulence that will accompany the Brexit negotiations in 2017 and beyond we remain focused on fundamentals to identify the most attractive investment opportunities.

The much feared Italian referendum on constitutional reform in December proved to be a non-event for the equity market, despite Prime Minister Renzi losing the referendum and subsequently stepping down. He has since been replaced by Paolo Gentiloni of Mr. Renzi's party. Whilst a political crisis in Italy seems to have been averted for now, the problems in the Italian banking system persist with Monte Dei Paschi di Siena (MPS) on the verge of a potential bailout by the Italian government. MPS might just be the first of a number of Italian banks in need of financial support. The reverberations of the Italian banking crisis might have wider implications for the Eurozone.

Notwithstanding all these issues business confidence and economic growth in the Eurozone seem to have weathered the political storm. The purchase manager index (PMI) for the Eurozone reached the highest level since 2011 in November while employment numbers were also improving at the fastest rate for last 5 years. Europe starts the new year on a solid economic footing.

As was the case in 2016, politics and policy will nevertheless continue to play a critical role in European markets in the year ahead. We remain wary of the political risks with a busy European election schedule with elections in France, Netherlands and Germany, coupled with Brexit uncertainty and US policy execution risk. Monetary policy divergence is also back in the spotlight, with the ECB set to remain accommodative.

As we look out at some of the long-cycle structural themes and contemplate what shape the global economy may take in the future, it's hard not to notice how rapidly the world is changing with long standing western institutions, social and political systems coming under increasing pressure from the rate of technological disruption and changing demographics. In a potentially more fragmented and protectionist world of receding globalisation and rising populism, we remain confident that our research-intensive, long term focused investment philosophy will enable to achieve our investment goals. We believe we have invested in businesses and management teams with the ability to navigate changing landscapes capably and we continue to review European Smaller Companies portfolio on a stock by stock basis to ascertain whether market uncertainty or volatility provides any opportunity for action. We continue to focus our investments on companies that we believe offer compelling valuations, sustainable or improving businesses, regardless of any particular macroeconomic or political developments.

The portfolio's largest absolute weighting is towards business services companies. In this area we are focused on niche and best-in-class business to business firms that we believe will be able to perform well through the cycle. We also seek businesses with the ability to maintain pricing power as a result of strong competitive positioning in this arena.

Portfolio outlook and positioning

We continue to avoid most companies in the metals and mining space, as those firms' earnings are very dependent on volatile commodity prices. We believe they should trade at a discount to the market over the long term due to their earnings volatility. We prefer select specialty chemical stocks which have historically displayed more stable returns and margins over time.

Within the consumer focused space, we continue to favour what we believe are the most durable business models, with a preference towards food and beverage and consumer products companies. We also like companies from the leisure sector, with a particular emphasis on restaurants and media related stocks. We believe our holdings in these areas will deliver better-than-market returns over the long term, generate good cash flow, and are in solid financial health.

The portfolio's largest underweight position remains the financial services sector, in particular insurance and banking stocks as we continue to prefer more diversified financial companies instead. We recognise that the banking industry remains strategically challenged due to ongoing issues surrounding sovereign debt, regulatory challenges and the requirement for capital replenishment. We therefore favour the broker and asset management industry, and maintain select exposure to real estate whose operations we believe offer a specific competitive advantage versus their peers.

We remain disciplined and focused on our principles of fundamental long-term investing. The European Smaller Companies investment team continues to actively screen the universe of stocks for companies that meet our investment criteria. Our investment approach centres around identifying durable, long duration, defensible businesses whose prospects we believe are not fully reflected in their valuation.

Trading over the quarter was minimal, with key trades including:

- We started a new position in UK-based entertainment company **Merlin Entertainments**, which operates through three business segments: Midway Attractions, Legoland Parks and Resort Theme Parks. Despite the Pound Sterling falling and expectation of tourism rising in the UK, the stock price has not risen recently. The Rio Olympics and Euro Championship, during summer 2016, arguably may have diverted tourism elsewhere. We like the business' fixed cost base and believe that any uptick in tourism numbers should benefit the business.
- We trimmed our position in producer and marketer of farmed salmon and processed seafood **Marine Harvest** after strong performance over the year-to-date period and in an effort to reduce our overall exposure to salmon companies. The stock benefited from the continued high spot price for salmon. **Bakkafrost**, the Faroese producer and exporter of salmon products, was amongst some of the other trims within the fish farmers held in the portfolio.

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-16	Holding	Country	Equivalent exposure (%)
Autos & Housing (3.9%)	Bovis Homes Group PLC	United Kingdom	0.6
	CENTROTEC Sustainable AG	Germany	0.5
	SEB SA	France	0.5
	Bellway PLC	United Kingdom	0.5
	Hella KGaA Hueck & Co	Germany	0.5
	Volution Group PLC	United Kingdom	0.4
	Autoliv Inc	United States	0.3
	Somfy SA	France	0.3
	ElringKlinger AG	Germany	0.2
	SIG PLC	United Kingdom	0.1
Basic Materials (12.0%)	Symrise AG	Germany	3.4
	Croda International PLC	United Kingdom	2.4
	Mayr Melnhof Karton AG	Austria	1.2
	IMCD Group NV	Netherlands	1.1
	Borregaard ASA	Norway	0.9
	Randgold Resources Ltd	United Kingdom	0.7
	FUCHS PETROLUB SE	Germany	0.7
	DS Smith PLC	United Kingdom	0.7
	Victrex PLC	United Kingdom	0.4
	Viscofan SA	Spain	0.3
	RPC Group PLC	United Kingdom	0.2
	FUCHS PETROLUB SE IPS	Germany	0.1
Cash & Cash Equivalents (0.9%)	Cash & Cash Equivalents		0.9
Consumer Staples (14.8%)	Bakkafrost P/F	Norway	3.0
	Fyffes PLC	Ireland	2.1
	Total Produce PLC	Ireland	1.3
	Greencore Group PLC	United Kingdom	1.0
	Swedish Match AB	Sweden	0.9
	Cranswick PLC	United Kingdom	0.8
	Leroy Seafood Group ASA	Norway	0.7
	Carlsberg AS	Denmark	0.6

Portfolio holdings

As of 31-Dec-16	Holding	Country	Equivalent exposure (%)
Consumer Staples (continued) (14.8%)	Henkel AG & Co KGaA	Germany	0.6
	Scandi Standard AB	Sweden	0.6
	Salmar ASA	Norway	0.5
	Norway Royal Salmon ASA	Norway	0.5
	Britvic PLC	United Kingdom	0.5
	Marine Harvest ASA	Norway	0.4
	Societe BIC SA	France	0.3
	Devro PLC	United Kingdom	0.2
	Bonduelle SCA	France	0.2
	Refresco Group NV	Netherlands	0.2
	Cloetta AB	Sweden	0.2
	Origin Enterprises PLC	Ireland	0.1
	Energy (1.9%)	Aker Solutions ASA	Norway
Technip SA		France	0.7
John Wood Group PLC		United Kingdom	0.3
Financial Services (8.7%)	LEG Immobilien AG	Germany	2.1
	Grand City Properties SA	Germany	1.3
	Schroders PLC	United Kingdom	1.2
	Jardine Lloyd Thompson Group PLC	United Kingdom	0.8
	FinecoBank Banca Fineco SpA	Italy	0.6
	Rathbone Brothers PLC	United Kingdom	0.5
	Admiral Group PLC	United Kingdom	0.5
	Beazley PLC	United Kingdom	0.4
	Shaftesbury PLC REIT	United Kingdom	0.4
	IG Group Holdings PLC	United Kingdom	0.3
	Jyske Bank AS	Denmark	0.3
	Hargreaves Lansdown PLC	United Kingdom	0.3
	Health Care (5.7%)	Selcuk Ecza Deposu Ticaret ve Sanayi A.S.	Turkey
Smith & Nephew PLC		United Kingdom	1.2
Gerresheimer AG		Germany	0.9
Sartorius AG IPS		Germany	0.7

Portfolio holdings

As of 31-Dec-16	Holding	Country	Equivalent exposure (%)
Health Care (continued) (5.7%)	Sonova Holding AG	Switzerland	0.4
	William Demant Holding AS	Denmark	0.3
	Advanced Medical Solutions Group PLC	United Kingdom	0.3
	Abcam PLC	United Kingdom	0.2
	BiolInvent International AB	Sweden	0.2
	Virbac SA	France	0.1
Industrial Goods & Services (4.6%)	MTU Aero Engines AG	Germany	1.1
	Spectris PLC	United Kingdom	0.7
	LISI	France	0.6
	Saab AB	Sweden	0.5
	Spirax-Sarco Engineering PLC	United Kingdom	0.5
	GEA Group AG	Germany	0.4
	Belimo Holding AG	Switzerland	0.3
	Rotork PLC	United Kingdom	0.2
	Kongsberg Gruppen ASA	Norway	0.2
	IMI PLC	United Kingdom	0.2
	Leisure (6.7%)	Paddy Power Betfair PLC	Ireland
Domino's Pizza Group PLC		United Kingdom	1.5
Whitbread PLC		United Kingdom	0.9
Greggs PLC		United Kingdom	0.7
Thule Group AB		Sweden	0.6
Merlin Entertainments PLC		United Kingdom	0.5
NOS SGPS SA		Portugal	0.5
Other (0.3%)		Other	
Retailing (6.0%)	Booker Group PLC	United Kingdom	1.6
	XXL ASA	Norway	0.8
	Next PLC	United Kingdom	0.6
	Just Eat PLC	United Kingdom	0.6
	GrandVision NV	Netherlands	0.6
	B&M European Value Retail SA	United Kingdom	0.5
	Burberry Group PLC	United Kingdom	0.4

Portfolio holdings

As of 31-Dec-16	Holding	Country	Equivalent exposure (%)	
Retailing (continued) (6.0%)	Card Factory PLC	United Kingdom	0.3	
	Howden Joinery Group PLC	United Kingdom	0.3	
	Ted Baker PLC	United Kingdom	0.2	
Special Products & Services (26.6%)	Bunzl PLC	United Kingdom	4.2	
	Compass Group PLC	United Kingdom	3.9	
	Amadeus IT Holding SA	Spain	2.3	
	Dignity PLC	United Kingdom	2.1	
	Cerved Information Solutions SpA	Italy	2.1	
	Elior Participations SCA	France	1.7	
	Babcock International Group PLC	United Kingdom	1.6	
	Intertek Group PLC	United Kingdom	1.4	
	Ashtead Group PLC	United Kingdom	1.0	
	Brenntag AG	Germany	1.0	
	DCC PLC	United Kingdom	0.9	
	Asiakastieto Group Oyj	Finland	0.9	
	Zoopla Property Group PLC	United Kingdom	0.8	
	Sodexo SA	France	0.7	
	Diploma PLC	United Kingdom	0.4	
	Amsterdam Commodities NV	Netherlands	0.4	
	Elis SA	France	0.3	
	Auto Trader Group PLC	United Kingdom	0.3	
	Moneysupermarket.com Group PLC	United Kingdom	0.3	
	Exova Group PLC	United Kingdom	0.2	
	Amadeus Fire AG	Germany	0.2	
	Technology (4.7%)	Rightmove PLC	United Kingdom	1.4
		Scout24 AG	Germany	0.8
Lectra		France	0.6	
Reply SpA		Italy	0.6	
Servelec Group Plc		United Kingdom	0.5	
EMIS Group PLC		United Kingdom	0.3	
Halma PLC		United Kingdom	0.3	

Portfolio holdings

As of 31-Dec-16	Holding	Country	Equivalent exposure (%)
Technology (continued) (4.7%)	Sopra Steria Group	France	0.1
Transportation (1.4%)	Aena SA	Spain	0.7
	Stagecoach Group PLC	United Kingdom	0.7
Utilities & Communications (1.9%)	TDC AS	Denmark	0.6
	Com Hem Holding AB	Sweden	0.6
	Cellnex Telecom SAU	Spain	0.5
	Infrastrutture Wireless Italiane SpA	Italy	0.2

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

Fund Regulatory Details

See the fund's offering documents for more details, including information on fund risks and expenses. For additional information, call **Latin America:** 416.506.8418 in Toronto or 352.46.40.10.600 in Luxembourg. **European Union:** MFS International (U.K.) Ltd., One Carter Lane, London, EC4V 5ER UK. Tel: 44 (0)20 7429 7200.

Switzerland: Carnegie Fund Services S.A., 11 rue du General-Dufour, 1204 Geneva, Switzerland. Tel: 41.22.705.1177. **Hong Kong:** State Street Trust (HK) Limited, 68th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Tel: 852.2840.5388. **Taiwan:** Master Agent: PineBridge Investments Consulting Taiwan Limited, 10th floor, 144 Minchuan E. Rd., Section 2, Taipei 10436, Taiwan Tel: 886.2.2516.7676

MFS Meridian Funds is an investment company with a variable capital established under Luxembourg law. MFS Investment Management Company (Lux) S.à.r.l is the management company of the Funds having its registered office at 35, Boulevard du Prince Henri, L-1724, Luxembourg, Grand Duchy of Luxembourg (Company No. B.76.467). The Management Company and the Funds have been duly authorised by the CSSF (Commission de Surveillance du Secteur Financier) in Luxembourg.

The Funds are recognized as a "restricted foreign scheme" in Singapore; therefore, material in connection with the offer or sale of the funds may only be distributed to persons in Singapore that are qualified under Sections 304 and 305(2) under Chapter 289 of the Securities and Futures Act.

This document has not been reviewed or approved by the Hong Kong Securities and Futures Commission.

MFS Meridian Funds from time to time may be registered for sale in other jurisdictions or otherwise offered where registration is not required.

MFS Meridian Funds are not available for sale in the United States or Canada or to US persons.

Unless otherwise indicated, logos, product and service names are trademarks of MFS and its affiliates and may be registered in certain countries.

MFS Investment Management Company (Lux) S.à.r.l.

This material is for use only in Austria, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, Taiwan, the United Kingdom, North America, South America, and Central America.