

MFS Funds

Annual report

For the year ended 30 June 2024

This financial report covers the following MFS Funds:

MFS Concentrated Global Equity Trust

ARSN 130 718 188

MFS Blended Research Global Equity Trust

ARSN 168 190 154

MFS Funds

Annual report

For the year ended 30 June 2024

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This annual report covers the following Funds as individual entities:

MFS Concentrated Global Equity Trust

MFS Blended Research Global Equity Trust

The Responsible Entity of the Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:
Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of the MFS Funds (the "Funds"), present their report together with the financial statements of the following Funds for the year ended 30 June 2024.

MFS Concentrated Global Equity Trust

MFS Blended Research Global Equity Trust

The Funds are collectively known as the "MFS Funds".

Principal activities

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Funds' current Product Disclosure Statement and its Constitution.

The Funds did not have any employees during the year.

There were no significant changes in the nature of the Funds' activities during the year.

The various service providers for the Funds are detailed below:

Service	Provider
Responsible Entity	Equity Trustees Limited
Investment Manager	MFS International Australia Pty Ltd
Custodian and Administrator	State Street Australia Limited
Statutory Auditor	Deloitte Touche Tohmatsu

Directors

The following persons held office as directors of Equity Trustees Limited during or since the end of the year and up to the date of this report:

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

Directors' report (continued)

Review and results of operations

During the year, the Funds continued to invest their funds in accordance with their Product Disclosure Statements and the provisions of their Funds' Constitution.

The Funds' performance and Funds' benchmark return for the year ended 30 June 2024 were as follows:

Fund name	Benchmark	Net return (net of fees)	Benchmark return
MFS Concentrated Global Equity Trust	MSCI World Index (net dividends reinvested) measured in AUD	3.43%	19.80%
MFS Blended Research Global Equity Trust	MSCI All Country World ex-Tobacco Index (net dividends reinvested) measured in AUD	24.00%	19.05%

The Funds' performance are calculated based on the percentage change in the Funds' redemption price over the year (with any distributions paid during the year reinvested). Returns are disclosed after fees and expenses but before taxes.

The performance of each Fund, as represented by the results of their operations, was as follows:

	MFS Concentrated Global Equity Trust Year ended		MFS Blended Research Global Equity Trust Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Profit/(loss) for the year (\$'000)	24,182	153,287	8,422	6,814
Distributions paid and payable (\$'000)	81,548	139,349	4,426	2,178
Distributions (cents per unit)	47.68	21.98	19.35	10.37

Significant changes in the state of affairs

Andrew P Godfrey was appointed as a director of Equity Trustees Limited on 1 May 2024.

Philip D Gentry resigned as a director of Equity Trustees Limited on 6 June 2024.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Funds that occurred during the financial year.

Directors' report (continued)

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may have a significant effect on:

- (i) the operations of the Funds in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the state of affairs of the Funds in future financial years.

Likely developments and expected results of operations

The Funds will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement and the provisions of the Funds' Constitution.

The results of the Funds' operations will be affected by a number of factors, including the performance of investment markets in which the Funds invest. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Funds in regard to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Funds' Constitution and the Law, the officers remain indemnified out of the assets of the Funds against losses incurred while acting on behalf of the Funds.

Indemnification of auditor

The auditor of the Funds is in no way indemnified out of the assets of the Funds.

Fees paid to and interests held in the Funds by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Funds' property during the year are disclosed in Note 16 to the financial statements.

No fees were paid out of Funds' property to the directors of the Responsible Entity during the year.

The number of interests in the Funds held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 16 to the financial statements.

Interests in the Funds

The movement in units on issue in the Funds during the year is disclosed in Note 9 to the financial statements.

The value of the Funds' assets and liabilities is disclosed in the statements of financial position and derived using the basis set out in Note 2 to the financial statements.

Directors' report (continued)

Environmental regulation

The operations of the Funds are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Financial statements presentation

The Funds are entities of the kind referred to by *ASIC Corporations (Related Scheme Reports) Instrument 2015/839* and in accordance with that Instrument, Funds with a common Responsible Entity (or related Responsible Entities) can include their financial statements in adjacent columns in a single set of financial reports.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Andrew P Godfrey
Director

Melbourne
11 September 2024

11 September 2024

The Board of Directors
Equity Trustees Limited
Level 1, 575 Bourke Street
MELBOURNE VIC 3000

Dear Board Members,

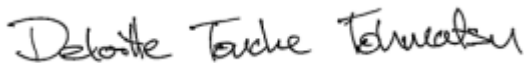
Independence Declaration – MFS Funds

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Equity Trustees Limited, the Responsible Entity, regarding the financial reports of MFS Blended Research Global Equity Trust and MFS Concentrated Global Equity Trust (collectively the "MFS Funds" or the "Funds").

As lead audit partner for the audits of the financial statements of the Funds for the financial year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



Jonathon Corbett
Partner
Chartered Accountants

Statements of comprehensive income

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	Year ended		Year ended	
	30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Note				
Income				
Interest income from financial assets at amortised cost	13	7	-	-
Dividend and distribution income	12,291	15,853	885	898
Net foreign exchange gain/(loss)	(609)	(53)	(16)	60
Net gains/(losses) on financial instruments at fair value through profit or loss	20,326	146,850	7,899	6,169
Management fees and costs reimbursement	-	-	1	1
Total income/(loss)	32,021	162,657	8,769	7,128
Expenses				
Management fees and costs	6,349	7,444	179	163
Withholding taxes	1,289	1,776	120	112
Transaction costs	181	139	33	35
Other expenses	20	11	15	4
Total expenses	7,839	9,370	347	314
Profit/(loss) for the year	24,182	153,287	8,422	6,814
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	24,182	153,287	8,422	6,814

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

Statements of financial position

	Note	MFS Concentrated Global Equity Trust As at		MFS Blended Research Global Equity Trust As at	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Assets					
Cash and cash equivalents	11	2,314	3,191	125	80
Receivables	13	3,685	3,260	133	246
Due from brokers - receivable for securities sold		268	3,118	-	-
Financial assets at fair value through profit or loss	6	595,240	804,989	45,990	36,095
Total assets		601,507	814,558	46,248	36,421
Liabilities					
Distributions payable	10	81,548	49,388	4,426	2,178
Payables	14	1,937	1,062	40	43
Due to brokers - payable for securities purchased		406	3,101	-	-
Financial liabilities at fair value through profit or loss	7	1	-	-	-
Total liabilities		83,892	53,551	4,466	2,221
Net assets attributable to unit holders - equity	9	517,615	761,007	41,782	34,200

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of changes in equity

	Note	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
		Year ended		Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Total equity at the beginning of the financial year		761,007	1,144,114	34,200	30,397
Comprehensive income for the financial year					
Profit/(loss) for the year		24,182	153,287	8,422	6,814
Other comprehensive income		-	-	-	-
Total comprehensive income		24,182	153,287	8,422	6,814
Transactions with unit holders					
Applications	9	102,245	112,435	5,617	1,215
Redemptions	9	(291,707)	(512,714)	(2,590)	(3,185)
Reinvestment of distributions	9	3,436	3,234	559	1,137
Distributions paid and payable	9	(81,548)	(139,349)	(4,426)	(2,178)
Total transactions with unit holders		(267,574)	(536,394)	(840)	(3,011)
Total equity at the end of the financial year		517,615	761,007	41,782	34,200

The above statements of changes in equity should be read in conjunction with the accompanying notes with reference to Notes 2(c) and 9.

Statements of cash flows

	Note	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
		Year ended		Year ended	
		30 June 2024 \$'000	30 June 2023 \$'000	30 June 2024 \$'000	30 June 2023 \$'000
Cash flows from operating activities					
Proceeds from sale of financial instruments at fair value through profit or loss		328,823	215,042	19,901	18,528
Payments for purchase of financial instruments at fair value through profit or loss		(125,615)	(64,940)	(22,017)	(14,616)
Net sales or purchases of short-term investments at fair value through profit or loss		5,092	(4,953)	120	(353)
Net foreign exchange gain/(loss)		(609)	63	(16)	62
Interest income received from financial assets at amortised cost		13	7	-	-
Dividends and distributions received		10,537	13,571	777	744
Other income received		-	-	30	1
Management fees and costs paid		(6,480)	(7,759)	(181)	(162)
Other expenses paid		(185)	(53)	-	(67)
Net cash inflow/(outflow) from operating activities	12(a)	<u>211,576</u>	<u>150,978</u>	<u>(1,386)</u>	<u>4,137</u>
Cash flows from financing activities					
Proceeds from applications by unit holders		102,245	112,435	5,617	1,215
Payments for redemptions by unit holders		(268,746)	(241,095)	(2,567)	(3,185)
Distributions paid to unit holders		(45,952)	(37,818)	(1,619)	(2,407)
Net cash inflow/(outflow) from financing activities		<u>(212,453)</u>	<u>(166,478)</u>	<u>1,431</u>	<u>(4,377)</u>
Net increase/(decrease) in cash and cash equivalents		(877)	(15,500)	45	(240)
Cash and cash equivalents at the beginning of the year		3,191	18,807	80	322
Effect of foreign currency exchange rate changes on cash and cash equivalents		-	(116)	-	(2)
Cash and cash equivalents at the end of the year	11	<u>2,314</u>	<u>3,191</u>	<u>125</u>	<u>80</u>
Non-cash operating and financing activities	12(b)	25,367	365,433	559	1,137

The above statements of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

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1 General information

These financial statements cover the below Funds (the “Funds”) as individual entities. The Funds are Australian registered managed investment schemes which were constituted on the dates in the below table and will terminate in accordance with the provisions of the Funds’ Constitution or by Law.

MFS Concentrated Global Equity Trust	17 April 2008
MFS Blended Research Global Equity Trust	19 February 2014

The Responsible Entity of the Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the “Responsible Entity”). The Responsible Entity’s registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The principal activity of each Fund is to invest in accordance with the investment objective and guidelines as set out in the respective Fund’s current Product Disclosure Statement and its Constitution.

The financial statements were authorised for issue by the directors on the date the Directors’ declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Funds are for-profit entities for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statements of financial position are presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and liabilities and net assets attributable to unit holders.

The Funds manage financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holders’ option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

2 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(i) Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Funds

The Funds have applied the following standards and amendments for the first time for its financial year beginning 1 July 2023:

- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments have had an impact on the Fund's disclosures of accounting policies, including the requirement to disclose 'material' rather than 'significant' accounting policies, but not on the measurement, recognition or presentation of any items in the Fund's financial statements.

None of the other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(iii) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2024 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Funds.

(b) Financial instruments

(i) Classification

- Financial assets

The Funds classify their financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Funds classify their financial assets based on their business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(i) Classification (continued)

The Funds' portfolio of financial assets are managed and their performance is evaluated on a fair value basis in accordance with the Funds' documented investment strategy. The Funds' policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities and derivatives, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business objective. Consequently, the debt securities, including short-term debt securities with maturities of up to one year from the date of acquisition, are measured at fair value through profit and loss.

For cash and cash equivalents, receivables and due from brokers, these assets are held in order to collect the contractual cash flows. The contractual terms of these assets give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

For financial liabilities that are not classified and measured at fair value through profit or loss, these are classified as financial liabilities at amortised cost (distributions payable, payables and due to brokers - payable for securities purchased).

(ii) Recognition and derecognition

The Funds recognise financial assets and financial liabilities on the date they become party to the contractual agreement (trade date) and recognise changes in the fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Funds have transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

(iii) Measurement

- Financial instruments at fair value through profit or loss

At initial recognition, the Funds measure a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statements of comprehensive income.

2 Summary of material accounting policies (continued)

(b) Financial instruments (continued)

(iii) Measurement (continued)

Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of 'financial assets or liabilities at fair value through profit or loss' category are presented in the statements of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how the fair value of financial instruments is determined please see Note 5 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, receivables, due from brokers, distributions payable, payables and due to brokers are carried at amortised cost.

(iv) Impairment

At each reporting date, the Funds shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, receivables and due from brokers) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Funds shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Funds expect to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statements of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statements of comprehensive income.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Funds have a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets and liabilities that have been offset are disclosed in Note 4.

2 Summary of material accounting policies (continued)

(c) Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units can be put back to the Funds at any time for cash based on the redemption price, which is equal to a proportionate share of the Funds' net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Funds.

The Funds' units are classified as equity as they satisfy the following criteria under AASB 132 *Financial Instruments: Presentation*:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Funds' liquidation;
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Funds, and is not a contract settled in the Funds' own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as trading of these securities represents the Funds' main income generating activity.

(e) Income

(i) Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Funds estimate cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but do not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts.

2 Summary of material accounting policies (continued)

(e) Income (continued)

(i) Interest income (continued)

Interest income on financial assets at fair value through profit or loss is also recognised in the statement of comprehensive income. Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

(ii) Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statements of comprehensive income.

Trust distributions are recognised on an entitlement basis.

(f) Expenses

All expenses are recognised in the statement of comprehensive income on an accruals basis.

Management fees and costs covers certain ordinary expenses such as Responsible Entity fees, investment management fees, custodian fees, and administration and audit fees.

(g) Income tax

Under current legislation, the Funds are not subject to income tax provided they attribute the entirety of their taxable income to their unit holders.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statements of comprehensive income. Withholding taxes are included in the statements of comprehensive income as an expense.

(h) Distributions

The Funds may distribute their distributable income, in accordance with the Funds' Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of changes in equity.

2 Summary of material accounting policies (continued)

(i) Foreign currency translation

(i) Functional and presentation currency

Balances included in the Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar which reflects the currency of the economy in which the Funds compete for funds and is regulated. The Australian dollar is also the Funds' presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Funds do not isolate that portion of unrealised gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

(j) Due from/to brokers

Amounts due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

(k) Receivables

Receivables may include amounts for interest, dividends and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

(l) Payables

Payables include liabilities and accrued expenses owed by the Funds which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statements of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

2 Summary of material accounting policies (continued)

(m) Applications and redemptions

Applications received for units in the Funds are recorded net of any entry fees payable prior to the issue of units in the Funds. Redemptions from the Funds are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The GST incurred on the costs of various services provided to the Funds by third parties such as management, administration and custodian services where applicable, have been passed on to the Funds. The Funds qualify for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence, fees for these services and any other expenses have been recognised in the statements of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statements of financial position. Cash flows relating to GST are included in the statements of cash flows on a gross basis.

(o) Use of estimates and judgements

The Funds make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods effected.

For the majority of the Funds' financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

The Funds estimate that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Funds. Please see Note 3(c) for more information on credit risk.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates, assumptions and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For more information on how fair value is calculated refer to Note 5 to the financial statements.

(p) Rounding of amounts

The Funds are entities of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

2 Summary of material accounting policies (continued)

(q) Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Financial risk management

The Funds' activities expose them to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Funds' overall risk management programme focuses on ensuring compliance with the Funds' Product Disclosure Statement and the investment guidelines of the Funds. It also seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise potential adverse effects on the Funds' financial performance. The Funds' policy allows them to use derivative financial instruments in managing their financial risks.

All investments present a risk of loss of capital. The maximum loss of capital on long equity and debt securities is limited to the fair value of those positions. The maximum loss of capital on unit trusts is limited to the fair value of those positions. The maximum loss of capital on derivatives is limited to the notional contract values of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Funds, and associated risks, are managed by a specialist Investment Manager, MFS International Australia Pty Ltd ("MFS") under an Investment Management Agreement (IMA) approved by the Responsible Entity, and containing the investment strategy and guidelines of the Funds, consistent with those stated in the Product Disclosure Statement.

The Funds use different methods to measure different types of risk to which they are exposed. These methods are explained below.

(a) Market risk

(i) Price risk

The Funds are exposed indirectly to price risk on debt securities and equity securities listed or quoted on recognised securities exchanges or quoted systems in the countries that comprise the Index or any country outside the Index. The Funds are also exposed to price risk on derivative securities which include forward currency contracts. Price risk arises from investments held by the Funds for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

At the portfolio level, price risk is controlled through diversification across markets. At an individual security level, given MFS's focus on bottom up security selection, company specific risk, such as weaknesses in a firm's balance sheet or management turnover, is carefully evaluated in the course of its research. MFS will not purchase a security whose fundamentals indicate an unacceptably high level of risk in relation to potential capital appreciation, and will generally sell a stock when its fundamentals decline. Price targets for selling a security are set at purchase and serve as a means of prompting continual review.

3 Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

The table at Note 3(b) summarises the sensitivities of the Funds' assets and liabilities to price risk.

MFS Concentrated Global Equity Trust

The analysis is based on the assumption that the markets in which the Funds invests moves by +/-9% (2023: +/-14%).

MFS Blended Research Global Equity Trust

The analysis is based on the assumption that the markets in which the Funds invests moves by +/-10% (2023: +/-14%).

(ii) Foreign exchange risk

The Funds operate internationally and hold both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

In keeping with the bottom up approach to selecting what MFS believes to be high quality stocks, all MFS analysts examine currency exposure as an integral part of the individual company valuation process. When looking at downside risk associated with any company, currency plays an important role in the stress testing conducted by the analysts. Stress tests are run for all companies, which examine the potential risk on a company's bottom line earnings associated with any move in relevant currencies and the subsequent impact on the stock's performance. In this way, potential currency impacts are built into the MFS valuation process through their fundamental, bottom up research at the individual stock level. However, at the portfolio level, MFS does not seek to actively manage currencies and would hedge only for defensive purposes in rare circumstances. The Funds use forward currency contracts to manage foreign exchange risk.

However, for accounting purposes, the Funds do not designate any derivatives as hedges in a hedging relationship, and hence, these derivative financial instruments are classified as at fair value through profit or loss.

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

The tables below summarise the fair value of the Funds' financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

MFS Concentrated Global Equity Trust

	US Dollars A\$'000	Euro A\$'000	British Pounds A\$'000	Swiss Francs A\$'000	All other foreign currencies A\$'000
As at 30 June 2024					
Cash and cash equivalents	118	-	-	-	-
Due from brokers - receivable for securities sold	-	268	-	-	-
Receivables	338	462	-	2,562	107
Financial assets at fair value through profit or loss	394,265	107,785	23,692	69,498	-
Due to brokers - payable from securities purchased	-	-	-	(406)	-
Payables	-	-	-	-	-
Financial liabilities at fair value through profit or loss	-	(1)	-	-	-
Net exposure	394,721	108,514	23,692	71,654	107
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	(577)	(269)	-	408	-
Net exposure including forward currency contracts	394,144	108,245	23,692	72,062	107

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

MFS Concentrated Global Equity Trust (continued)

	US Dollars A\$'000	Euro A\$'000	British Pounds A\$'000	Swiss Francs A\$'000	All other foreign currencies A\$'000
As at 30 June 2023					
Cash and cash equivalents	144	-	-	-	-
Due from brokers - receivable for securities sold	3,118	-	-	-	-
Receivables	449	444	-	2,111	-
Financial assets at fair value through profit or loss	502,272	148,525	56,225	97,967	-
Due to brokers - payable for securities purchased	(3,101)	-	-	-	-
Net exposure	<u>502,882</u>	<u>148,969</u>	<u>56,225</u>	<u>100,078</u>	<u>-</u>
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net exposure including forward currency contracts	<u>502,882</u>	<u>148,969</u>	<u>56,225</u>	<u>100,078</u>	<u>-</u>

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

MFS Blended Research Global Equity Trust

	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Korean Won A\$'000	All other foreign currencies A\$'000
As at 30 June 2024						
Cash and cash equivalents	23	-	-	14	-	-
Receivables	25	27	9	-	-	58
Financial assets at fair value through profit or loss	31,337	5,097	1,929	1,537	1,178	4,325
Net Exposure	31,385	5,124	1,938	1,551	1,178	4,383
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	-	-	-	-	-	-
Net exposure including forward currency contracts	31,385	5,124	1,938	1,551	1,178	4,383

3 Financial risk management (continued)

(a) Market risk (continued)

(ii) Foreign exchange risk (continued)

MFS Blended Research Global Equity Trust (continued)

	US Dollars A\$'000	Euro A\$'000	Japanese Yen A\$'000	British Pounds A\$'000	Korean Won A\$'000	All other foreign currencies A\$'000
As at 30 June 2023						
Cash and cash equivalents	-	-	3	-	-	12
Receivables	15	25	11	4	-	77
Financial assets at fair value through profit or loss	22,988	4,049	1,506	1,380	837	5,110
Net exposure	23,003	4,074	1,520	1,384	837	5,199
Net increase/(decrease) in exposure from forward currency contracts (notional principal)	-	-	-	-	-	-
Net exposure including forward currency contracts	23,003	4,074	1,520	1,384	837	5,199

For MFS Concentrated Global Equity Trust, the table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 3% (2023: +/-3%) against the material foreign currencies to which the Fund is exposed. For MFS Blended Research Global Equity Trust, as management's best estimate of the sensitivity of foreign exchange risk to the Fund is 3% (2023: +/-3%) there is no impact on the operating profit and net assets attributable to unit holders and therefore has not been disclosed in the summarised sensitivity analysis table at Note 3(b).

(iii) Cash flow and fair value interest rate risk

The Funds are exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Funds to fair value interest rate risk.

The Funds' interest bearing financial instruments expose them to risks associated with the effects of fluctuations in the prevailing market interest rates on their financial position and cash flows. The risk is measured using sensitivity analysis. The impact of the interest rate risk on the profit and net assets attributable to unit holders is considered immaterial to the Funds and thus is not included in the sensitivity analysis below.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Funds to interest rate risk.

The following tables summarise the sensitivity of the Funds' operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Funds' investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Funds invest. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

Impact on operating profit/net assets attributable to unit holders

		Price risk		Foreign exchange risk	
		+9%	-9%	+3%	-3%
		\$'000	\$'000	\$'000	\$'000
As at 30 June 2024		53,572	(53,572)	90	(90)
As at 30 June 2023		112,698	(112,698)	95	(95)

Impact on operating profit/net assets attributable to unit holders

	Price risk		Foreign exchange risk	
	+10%	-10%	+3%	-3%
	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024	4,599	(4,599)	5	(5)
As at 30 June 2023	5,053	(5,053)	4	(4)

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3 Financial risk management (continued)

(c) Credit risk

The Funds are exposed to credit risk, which is the risk that a counterparty will be unable to pay their obligations in full when they fall due, causing a financial loss to the Funds.

The Funds do not have a significant concentration of credit risk that arises from an exposure to a single counterparty or group of counterparties having similar characteristics. The main concentration of credit risk, to which the Funds are exposed, arises from cash and cash equivalents and amounts due from brokers' balances. None of these assets are impaired nor past their due date. The maximum exposure to credit risk is the carrying amount of these balances at the reporting date.

The Funds determine credit risk and measure expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2024 and 30 June 2023, all receivables, cash and short-term deposits are held with counterparties with an investment grade and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

MFS aims to reduce credit risk by following the Funds' investment objectives in terms of the assets they can invest in.

(d) Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle their obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Funds may arise from the requirement to meet daily unit holder redemption requests, margin calls on derivative transactions or to fund foreign exchange related cash flow requirements.

Liquidity risk is managed by reviewing the portfolios, MFS aims to maintain predominantly liquid portfolios, although liquidity is not guaranteed.

In order to manage the Funds' overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders. The Responsible Entity did not reject any applications or withhold any redemptions during 2024 and 2023.

(i) Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current period have maturities of less than 1 month.

3 Financial risk management (continued)

(d) Liquidity risk (continued)

(ii) *Maturities of net settled derivative financial instruments*

The tables below analyse the Funds' net settled derivative financial instruments based on their contractual maturity. The Funds may, at their discretion, settle financial instruments prior to their original contractual settlement date, in accordance with their investment strategy, where permitted by the terms and conditions of the relevant instruments.

MFS Concentrated Global Equity Trust

	Less than 1 month \$'000	1-6 months \$'000	6-12 months \$'000	Over 12 months \$'000	Total \$'000
As at 30 June 2024					
Net settled derivatives					
Foreign currency forward contracts*	-	-	-	-	-
Total net settled derivatives	-	-	-	-	-
As at 30 June 2023					
Net settled derivatives					
Foreign currency forward contracts*	-	-	-	-	-
Warrants	-	-	-	898	898
Total net settled derivatives	-	-	-	898	898

*As at 30 June 2024, after net the positions from foreign currency forward contracts, it is less than the reportable amount. As at 30 June 2023, there was no open foreign currency forward contracts.

4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the tables below.

MFS Concentrated Global Equity Trust	Effects of offsetting on the statement of financial position			Related amounts not offset		
	Gross amounts of financial instruments	Gross amounts set off in the statement of financial position	Net amount of financial instruments presented in the statement of financial position	Amounts subject to master netting arrangements	Collateral received/pledged	Net amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024						
Financial assets						
Derivative financial instruments - foreign currency forward contract	1	-	1	-	-	1
Total	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>
Financial liabilities						
Derivative financial instruments - foreign currency forward contract	1	-	1	-	-	1
Total	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>

*At 30 June 2023, there was no open foreign currency forward contracts.

(a) Master netting arrangement – not currently enforceable

Agreements with derivative counterparties are based on the International Swaps and Derivatives Association (ISDA) Master Agreement. Under the terms of these arrangements, only when certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Funds do not presently have a legally enforceable right of set-off, these amounts have not been offset in the statements of financial position, but have been presented separately in the above tables.

5 Fair value measurement

The Funds measure and recognise financial assets and financial liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 6 and 7)
- Derivative financial instruments (see Note 8)

The Funds have no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Funds value their investments in accordance with the accounting policies set out in Note 2 to the financial statements.

For the majority of their investments, the Funds rely on information provided by independent pricing services for the valuation of their investments.

(a) Valuations using level 1 inputs

The fair value of financial instruments traded in active markets is subsequently based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Funds is the current bid price; the quoted market price for financial liabilities is the current asking price. When the Funds hold derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Valuations using level 2 inputs

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all material inputs required to fair value an instrument are observable, the instrument is included in level 2.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

5 Fair value measurement (continued)

(b) Valuations using level 2 inputs (continued)

Specific valuation techniques using observable inputs used to value financial instruments include:

- Debt instruments and floating rate loans, including restricted debt instruments, are generally valued at an evaluated or composite bid as provided by a third-party pricing service. Short-term instruments with a maturity at issuance of 60 days or less may be valued at amortized cost, which approximates market value.
- Forward foreign currency exchange contracts are generally valued at the mean of bid and asked prices for the time period interpolated from rates provided by a third-party pricing service for proximate time periods.

5 Fair value measurement (continued)

(c) Recognised fair value measurements

The table below presents the Funds' financial assets and financial liabilities measured and recognised at fair value:

	MFS Concentrated Global Equity Trust				MFS Blended Research Global Equity Trust			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2024								
Financial assets								
Forward currency contracts	-	1	-	1	-	-	-	-
Equity securities	593,337	-	-	593,337	44,866	-	-	44,866
Unit trusts	-	-	-	-	844	-	-	844
Short-term notes	-	1,902	-	1,902	-	280	-	280
Total financial assets	593,337	1,903	-	595,240	45,710	280	-	45,990
Financial liabilities								
Forward currency contracts	-	1	-	1	-	-	-	-
Total financial liabilities	-	1	-	1	-	-	-	-
As at 30 June 2023								
Financial assets								
Warrants	898	-	-	898	-	-	-	-
Equity securities	797,538	-	-	797,538	34,858	-	-	34,858
Unit trusts	-	-	-	-	878	-	-	878
Short-term notes	-	6,553	-	6,553	-	359	-	359
Total financial assets	798,436	6,553	-	804,989	35,736	359	-	36,095

5 Fair value measurement (continued)

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

For MFS Concentrated Global Equity Trust, there were no transfers between levels in the fair value hierarchy at the end of the reporting period. (2023: Nil)

As at 30 June 2023 MFS Blended Research Global Equity Trust held level 1 investment of Sberbank of Russia, which was transferred to level 3 as at 30 June 2024 with the nil fair value. (2023: Nil)

The MFS Blended Research Global Equity Trust invests in securities and/or derivative instruments that are economically tied to Russia and/or Ukraine. Escalation of the conflict between Russia and Ukraine in late February 2022 caused market volatility and disruption in the tradability of Russian securities, including closure of the local securities market, temporary restriction on securities sales by non-residents, and disruptions to clearance and payment systems. To the extent that the fund is unable to sell securities, whether due to market constraints or to the sanctions imposed on Russia by the United States and other countries, those securities are considered illiquid and the value of those securities reflects their illiquid classification. Additionally, since there is no assurance on collectability of dividends declared by certain Russian issuers, all such dividends, related receivables, and/or currency denominated in Rubles, if applicable, have been valued at \$Nil. Management continues to monitor these events and to evaluate the related impacts on fund performance.

(e) Financial instruments not carried at fair value

The carrying values of cash and cash equivalents, receivables, payables and due from and due to brokers approximate their fair values due to their short-term nature.

6 Financial assets at fair value through profit or loss

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Derivatives	1	898	-	-
Equity securities	593,337	797,538	44,866	34,858
Unit trusts	-	-	844	878
Short-term notes	1,902	6,553	280	359
Total financial assets at fair value through profit or loss	595,240	804,989	45,990	36,095

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

7 Financial liabilities at fair value through profit or loss

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Derivatives	1	-	-	-
Total financial liabilities at fair value through profit or loss	1	-	-	-

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 5 to the financial statements.

8 Derivative financial instruments

In the normal course of business, the Funds enter into transactions in various derivative financial instruments which have certain risks. A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as forward currency contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Funds' portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Funds against a fluctuation in market values, foreign exchange risk or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Funds.

8 Derivative financial instruments (continued)

The Funds hold the following derivatives:

(a) Forward currency contracts

Forward currency contracts are primarily used by the Funds to economically hedge against foreign currency exchange rate risks on their non-Australian dollar denominated trading securities. The Funds agree to receive or deliver a fixed quantity of foreign currency for an agreed upon price on an agreed upon future date. These contracts are valued and translated at the prevailing spot bid price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

(b) Warrants

Warrants are an option to purchase additional securities from the issuer at a specified price during a specified period. Warrants are valued at the prevailing market price at the end of each reporting period. The Funds recognise a gain or loss equal to the change in fair value at the end of each reporting period.

The Funds' derivative financial instruments measured at fair value at year end are detailed below:

	MFS Concentrated Global Equity Trust			MFS Blended Research Global Equity Trust		
	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000	Contractual/ notional \$'000	Assets \$'000	Liabilities \$'000
As at 30 June 2024						
Forward currency contracts	1,114	1	1	-	-	-
Total derivatives	1,114	1	1	-	-	-
As at 30 June 2023						
Warrants	48,691	898	-	-	-	-
Total derivatives	48,691	898	-	-	-	-

8 Derivative financial instruments (continued)

Information about the Funds' exposure to credit risk, foreign exchange risk, interest rate risk and about the methods and assumptions used in determining fair values is provided in Note 3 and Note 5 to the financial statements. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial instruments disclosed above.

9 Net assets attributable to unit holders - equity

Under AASB 132 *Financial Instruments: Presentation*, puttable financial instruments are classified as equity where certain criteria are met. The Funds shall classify a financial instrument as an equity instrument from the date when the instrument has all the features and meets the conditions. The Funds' units are classified as equity as they meet the definition of a financial instrument to be classified as equity.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	MFS Concentrated Global Equity Trust				MFS Blended Research Global Equity Trust			
	Year ended				Year ended			
	30 June 2024 Units '000	30 June 2024 \$'000	30 June 2023 Units '000	30 June 2023 \$'000	30 June 2024 Units '000	30 June 2024 \$'000	30 June 2023 Units '000	30 June 2023 \$'000
Opening balance	224,659	761,007	378,887	1,144,114	20,995	34,200	21,489	30,397
Applications	30,067	102,245	34,376	112,435	2,969	5,617	800	1,215
Redemptions	(84,707)	(291,707)	(189,675)	(512,714)	(1,429)	(2,590)	(2,098)	(3,185)
Reinvestment of distributions	1,014	3,436	1,071	3,234	343	559	804	1,137
Distributions paid and payable	-	(81,548)	-	(139,349)	-	(4,426)	-	(2,178)
Profit/(loss) for the year	-	24,182	-	153,287	-	8,422	-	6,814
Closing balance	171,033	517,615	224,659	761,007	22,878	41,782	20,995	34,200

As stipulated within the Funds' Constitution, each unit represents a right to an individual share in the Funds and does not extend to a right in the underlying assets of the Funds.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Funds.

For MFS Concentrated Global Equity Trust, the total amount of \$21,930,886 was satisfied as in-specie asset transferred for redemption.

Units are redeemed on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

9 Net assets attributable to unit holders - equity (continued)

Capital risk management

The Funds consider their net assets attributable to unit holders as capital, which are classified as equity. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Funds are subject to daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Funds' underlying assets on a daily basis by the Responsible Entity. Under the terms of the Funds' Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

10 Distributions to unit holders

The distributions declared during the year were as follows:

	MFS Concentrated Global Equity Trust				MFS Blended Research Global Equity Trust			
	Year ended				Year ended			
	30 June 2024	30 June 2024	30 June 2023	30 June 2023	30 June 2024	30 June 2024	30 June 2023	30 June 2023
	\$'000	CPU	\$'000	CPU	\$'000	CPU	\$'000	CPU
Distributions								
July	-	-	89,961	-	-	-	-	-
June (payable)	81,548	47.68	49,388	21.98	4,426	19.35	2,178	10.37
Total distributions	81,548	47.68	139,349	21.98	4,426	19.35	2,178	10.37

11 Cash and cash equivalents

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Cash at bank	2,314	3,191	125	80
Total cash and cash equivalents	2,314	3,191	125	80

12 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities				
Profit/(loss) for the year	24,182	153,287	8,422	6,814
Proceeds from sale of financial instruments at fair value through profit or loss	328,823	215,042	19,901	18,528
Payments for purchase of financial instruments at fair value through profit or loss	(125,615)	(64,940)	(22,017)	(14,616)
Net sales or purchases of short-term investments at fair value through profit or loss	5,092	(4,953)	120	(353)
Net (gains)/losses on financial instruments at fair value through profit or loss	(20,326)	(146,850)	(7,899)	(6,169)
Net foreign exchange (gain)/loss	-	116	-	2
Net change in receivables	(425)	(377)	113	(63)
Net change in payables	(155)	(347)	(26)	(6)
Net cash inflow/(outflow) from operating activities	211,576	150,978	(1,386)	4,137
(b) Non-cash operating and financing activities				
The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan	3,436	3,234	559	1,137
The following redemption payments to unit holders were satisfied by in-specie asset transferred	21,931	272,238	-	-
The following distribution payments to unit holders were satisfied by in-specie asset transferred	-	89,961	-	-
Total non-cash operating and financing activities	25,367	365,433	559	1,137

13 Receivables

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Dividends and distributions receivable	3,469	3,004	121	133
GST receivable	216	256	12	94
Management fees reimbursement receivable	-	-	-	19
Total receivables	3,685	3,260	133	246

14 Payables

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	As at		As at	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$'000	\$'000	\$'000	\$'000
Management fees and costs payable	430	561	14	35
Redemptions payable	1,462	432	23	-
Other payables	45	69	3	8
Total payables	1,937	1,062	40	43

15 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Funds:

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
Deloitte Touche Tohmatsu				
<i>Audit and other assurance services</i>				
Audit of financial statements	<u>20,600</u>	14,150	<u>15,450</u>	10,023
Total auditor remuneration and other assurance services	<u>20,600</u>	14,150	<u>15,450</u>	10,023
<i>Taxation services</i>				
Tax compliance services	<u>11,610</u>	11,057	<u>8,640</u>	8,229
Total remuneration for taxation services	<u>11,610</u>	11,057	<u>8,640</u>	8,229
Total remuneration of Deloitte Touche Tohmatsu	<u>32,210</u>	25,207	<u>24,090</u>	18,252
PricewaterhouseCoopers				
<i>Audit and other assurance services</i>				
Audit of compliance plan	<u>2,400</u>	2,346	<u>2,400</u>	2,346
Total auditor remuneration and other assurance services	<u>2,400</u>	2,346	<u>2,400</u>	2,346
Total remuneration of PricewaterhouseCoopers	<u>2,400</u>	2,346	<u>2,400</u>	2,346

The auditors' remuneration is borne by the Funds. Fees are stated exclusive of GST.

16 Related party transactions

The Responsible Entity of the MFS Funds is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Accordingly, transactions with entities related to Equity Trustees Limited are disclosed below.

The Responsible Entity has contracted services to MFS International Australia Pty Ltd to act as Investment Manager for the Funds and State Street Australia Limited to act as Custodian and Administrator for the Funds. The contracts are on normal commercial terms and conditions.

(a) Key management personnel

(i) Directors

Key management personnel include persons who were directors of Equity Trustees Limited at any time during or since the end of the financial year and up to the date of this report.

Philip D Gentry	Chairman (resigned 6 June 2024)
Michael J O'Brien	Chairman (appointed 6 June 2024)
Russell W Beasley	
Mary A O'Connor	
David B Warren	
Andrew P Godfrey	(appointed 1 May 2024)

(ii) Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

(iii) Other key management personnel

There were no other key management personnel with responsibility for planning, directing and controlling activities of the Funds, directly or indirectly during the financial year.

(b) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(c) Key management personnel unit holdings

Key management personnel did not hold units in the Funds as at 30 June 2024 (30 June 2023: nil).

16 Related party transactions (continued)

(d) Key management personnel compensation

Key management personnel are paid by EQT Services Pty Ltd. Payments made from the Funds to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel.

(e) Key management personnel loans

The Funds have not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

(f) Other transactions within the Funds

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Funds during the financial year and there were no material contracts involving management personnel's interests existing at year end.

(g) Responsible Entity fees, Investment Manager's fees and other transactions

The transactions during the year and amounts payable as at year end between the Funds, the Responsible Entity and the Investment Manager were as follows:

	MFS Concentrated Global Equity Trust		MFS Blended Research Global Equity Trust	
	Year ended		Year ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	\$	\$	\$	\$
Management fees for the year	5,972,684	7,033,881	61,157	54,444
Responsible Entity fees for the year	255,491	288,275	13,966	11,715
Management fees reimbursement received for the year	-	-	1,102	1,301
Management fees payable at year end	395,552	492,578	-	-
Responsible Entity fees payable at year end	18,696	22,564	1,401	1,022
Management fees reimbursement receivable at year end	-	-	411	19,006

16 Related party transactions (continued)

(g) Responsible Entity fees, Investment Manager's fees and other transactions (continued)

Under the terms of the Fund's Constitution and Product Disclosure Statement, management fees and costs includes responsible entity fees paid to the Responsible Entity, management fees paid to the Investment Manager and other costs (such as custody fees, administration fees and audit fees) paid to other unrelated parties. Please refer to the Fund's Product Disclosure Statement for information on how management fees and costs are calculated.

Management fees reimbursed represent monies put into the Fund to ensure that the Fund's overall management costs remain within that disclosed in the Product Disclosure Statement.

(h) Related party unit holdings

Parties related to the Funds (including Equity Trustees Limited, their related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Funds as at 30 June 2024 (30 June 2023: nil).

17 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact the financial position of the Funds as disclosed in the statements of financial position as at 30 June 2024 or the results and cash flows of the Funds for the year ended on that date.

18 Contingent assets and liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2024 and 30 June 2023.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 7 to 44 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Funds' financial position as at 30 June 2024 and of their performance for the financial year ended on that date.
- (b) There are reasonable grounds to believe that the Funds will be able to pay their debts as and when they become due and payable; and
- (c) Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Andrew P Godfrey
Director

Melbourne
11 September 2024

Independent Auditor's Reports to the Unit Holders of MFS Funds

Opinion

We have audited the financial reports of MFS Blended Research Global Equity Trust and MFS Concentrated Global Equity Trust (collectively the "MFS Funds" or the "Funds") which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, and notes to the financial statements, including material accounting policy information and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial reports of the the Funds is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Funds' financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audits in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Reports section of our reports. We are independent of the Funds in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audits of the financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Responsible Entity of the Funds (the "Directors"), would be in the same terms if given to the Directors as at the time of this auditor's reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' reports for the year ended 30 June 2024, but does not include the financial reports and our auditor's reports thereon.

Our opinion on the financial reports does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial reports, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audits, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Reports

The Directors are responsible for the preparation of the financial reports that gives a true and fair view in accordance with Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial reports that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial reports, the Directors are responsible for assessing the ability of the Funds to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audits of the Financial Reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's reports that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audits conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial reports.

As part of an audits in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial reports, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's reports to the related disclosures in the financial reports or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's reports. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial reports, including the disclosures, and whether the financial reports represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett

Jonathon Corbett
Partner
Chartered Accountants

Sydney, 11 September 2024