

Q4 December 31, 2000

MORNINGSTAR CATEGORY

Foreign Stock

The Morningstar category identifies funds based on their underlying portfolio holdings. Classifications are based on portfolio statistics and compositions over the past three years. For funds less than three years old, category classifications are based on life of fund.

PORTFOLIO MANAGER(S)

A committee of MFS analysts has managed the fund since 1997. David A. Antonelli, MFS Senior Vice President and Director of International Equity Research, monitors overall procedures.

OBJECTIVE

Seeks capital appreciation.

Philosophy

MFS Research International Fund is a portfolio of our best international equity investment ideas. Our objective is to find companies that have good growth prospects and that we believe are trading below fair value by employing bottom-up research and careful, informed stock selection. The portfolio is managed by a committee of international research analysts and overseen by the Director of International Equity Research.

BENCHMARK(S) *

- MSCI EAFE Index

*See reverse for benchmark definitions.

A prospectus containing more complete information, including charges and expenses, for any of the MFS products can be obtained from your investment professional. Read it carefully before you invest or send money.

The portfolio is actively managed, and current holdings may be different.

Shares are available without a sales charge through eligible trust departments.

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PORTFOLIO FACTS

Fund commencement	1/2/97
Class A	1/2/97
Class I	1/2/97

Net assets	Number of issues
\$307.9 million	95

Quotron symbol / CUSIP number
Class A MRSAX / 552983512
Class I MRSIX / 552983470

Portfolio structure
Stocks 99.2%
Bonds 0.0%
Cash 0.8%

Top ten country weightings
United Kingdom 23.9%
Japan 19.0%
Netherlands 13.7%
Switzerland 10.6%
France 9.4%
Germany 4.7%
United States 2.7%
Australia 2.5%
Canada 2.3%
Singapore 2.1%

Top ten stock holdings

	12/31/00	9/30/00
HSBC HLDGS	5.0%	VODAFONE GROUP PLC 4.2%
VODAFONE GROUP PLC	4.7%	HSBC HLDGS 3.9%
ING GROEP	4.1%	FAST RETAILING 3.2%
NOVARTIS	3.3%	ING GROEP 2.9%
ROYAL DUTCH PETROL	3.1%	NOVARTIS 2.7%
FAST RETAILING	2.6%	BP AMOCO 2.5%
CHUGAI PHARM	2.5%	CHUGAI PHARM 2.4%
SYNTHES STRATEC	2.3%	MITSUBISHI ELECTRIC CORP 2.2%
BP AMOCO	2.2%	ROYAL DUTCH PETROL 2.1%
TOTAL FINA ELF SA	2.1%	AUSTRALIA N. ZEALAND BK 1.8%

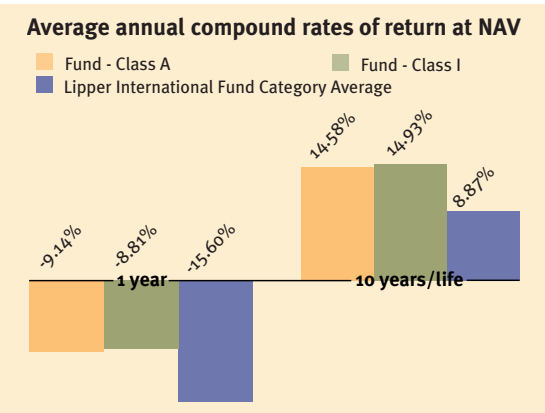
Five largest stock sectors

	12/31/00	9/30/00
Financial Services	23.4%	Financial Services 18.7%
Health Care	14.6%	Utilities & Communications 16.2%
Utilities & Communications	14.3%	Health Care 13.8%
Industrial Goods & Svcs	8.8%	Technology 13.0%
Energy	8.7%	Industrial Goods & Svcs 9.6%

Most recent distribution (Dividends may include capital gain distributions)

Payable date	12/18/00 (annually)	
Class A	\$0.08790 div	\$0.40658 cap gain
Class I	\$0.10316 div	\$0.40658 cap gain

PERFORMANCE



Lipper rankings and performance are based on net asset value.

The highest Morningstar rating is 5 stars; the lowest is 1 star. Morningstar rates funds in existence at least 3 years by asset class based on historical, risk-adjusted performance over 3, 5, and 10 years. Risk measurement compares fund and 90-day Treasury bill returns. Ratings are load adjusted, updated monthly, and subject to change. Within each asset class, the top 10%, the next 22.5%, the next 35%, the next 22.5%, and the next 10% receive 5, 4, 3, 2, or 1 star, respectively. The overall rating is based on a weighted average of the applicable time periods, the 3-yr accounts for 100%. **Ratings may vary among share classes and are based on past performance, which is no guarantee of future results.**

Results represent the percent change in net asset value. Performance results reflect any applicable expense subsidies and waivers in effect during the periods shown; without these, the results would have been less favorable. Please see the prospectus for details. All results are historical and assume the reinvestment of dividends and capital gains.

Category	Morningstar- Class A		# of funds in Morningstar category
	Lipper-Class A	International Equity	
Overall	International Funds	International Equity	—
1 year	# 145 of 696	★★★★	1281
3 years	# 55 of 502	★★★★	1281
5 years	—	—	—
10 years	—	—	—

Past performance is no guarantee of future results.

Investment return and principal value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. More recent returns may be more or less than those shown. Past performance is no guarantee of future results.

Investments in foreign and emerging market securities may be unfavorably affected by interest-rate and currency-exchange-rate changes, as well as market, economic, and political conditions of the countries where investments are made. There may be greater returns but also greater risk than with U.S. investments. The portfolio's geographic concentration makes it more volatile than a portfolio that is more geographically diversified. These risks may increase share price volatility. Please see the prospectus for details.

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MANAGEMENT PERSPECTIVE

- Q** You've often emphasized that you and MFS' analysts spend most of your time evaluating companies rather than countries or their currencies. Why is that?
- A** At MFS, we take a bottom-up fundamental approach to international investing. It's the foundation of MFS Original Research®. In other words, we evaluate investment opportunities on a company-by-company basis. If a company is exhibiting good fundamentals and strong growth, we'll spend more time digging deeper in order to fully understand a company's growth prospects and the strength of the management team. We believe one of the key elements to successful investing is meeting and evaluating corporate management. Because MFS has analysts around the world, we're able to often meet with a company's management. In the long run, we believe it's a company's fundamental business prospects and earnings that drive its stock price, not regional economic and currency factors.
- Q** What other factors do you think differentiate this portfolio from other international portfolios?
- A** It's what I like to call the "three Ds" – diversification, deep bench, and depth of resources. In a difficult market environment like we've seen this year, diversification can be one of the few ways to limit your downside risks. Our analysts' bottom-up approach to stock picking results in a portfolio that is broadly diversified by market capitalization, country, and sector. Our deep bench and depth of resources refer to our extremely talented and hard-working team of equity analysts that contribute only their best investment ideas to the portfolio. In addition, we're able to cover a wide range of companies in a variety of different sectors, industries, and countries.
- Q** Where have MFS' analysts found their best ideas for the portfolio?
- A** This sort of gets back to the diversification theme, because the portfolio currently has significant exposure across a broad range of sectors including, financial services, utilities, health care, technology, retailing, and industrial goods and services. Within these sectors, we've focused on insurance companies such as ING and regional banks such as HSBC Holdings. Other large holdings include wireless telecommunications provider Vodafone, Japanese retailer Fast Retailing, energy and gas companies such as Royal Dutch Petroleum and BP Amoco, and pharmaceutical companies such as Novartis and Chugai Pharmaceutical. In each case, we felt that these companies offer dominant franchises, strong growth outlooks, and earnings reliability, which is especially important in a volatile and weak market environment.
- Q** Despite the weakness in Japan's equity market, you've maintained fairly significant exposure to Japanese stocks. Why is that?
- A** At approximately 24% of the portfolio's total assets, we've maintained a slight underweighting versus the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, Far East) Index, an unmanaged, market-capitalization-weighted total return index which is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. However, this question relates back to our bottom-up fundamental approach to stock picking. As a result, if we find a company that we think is growing quickly, has a promising business outlook, has a strong management team, or appears undervalued, we'll invest in the company regardless of where it's headquartered. While we think the economic recovery in Japan appears uncertain, many of our holdings there have provided some of the best performance for the portfolio; we believe this is due to our Original ResearchSM and bottom-up investment approach.
- Q** Why should investors consider international equities?
- A** Investors need to remember that international investing can involve greater risk than domestic investing, including political and exchange rate risks. Therefore, investors should consult with their investment professional before making any decisions. However, we believe if you don't invest internationally, you risk not having exposure to some of the great businesses outside our borders. For example, if you invested only in the United States for the last three to five years, you missed much of the tremendous growth in cellular telecommunications, which is much more advanced in Europe than it is here.



DAVID A. ANTONELLI

David A. Antonelli is Senior Vice President and Director of International Equity Research of MFS Investment Management® (MFS®). He is responsible for the hiring, training, and industry assignments of our team of international equity research analysts and coordinates coverage of global industries with the U.S. director of research.

In his director role, David also oversees the process of portfolio management of the international research and emerging market portfolios of our mutual funds, variable annuities, institutional accounts, and offshore funds. These portfolios are managed by the team of MFS international analysts. He also manages our international small-cap portfolios and the international portions of our global growth portfolios.

David joined MFS in 1991 as a research analyst following foreign stocks, with a concentration in continental Europe. He was named Vice President in 1995, portfolio manager in 1997, and Senior Vice President and Director of International Equity Research in 1999.

David is a graduate of Pennsylvania State University and the Wharton School of Finance and Commerce of the University of Pennsylvania.

All equity portfolio managers began their careers at MFS as research analysts. Our portfolio managers are supported by an investment staff of over 160 professionals utilizing MFS Original Research®, a global, company-oriented, bottom-up process of selecting securities.

The opinions expressed in this interview are those of MFS, and no forecasts can be guaranteed.

BENCHMARK DEFINITIONS

MSCI EAFE (Europe, Australasia, Far East) Index is an unmanaged, market-capitalization-weighted total return index which is an aggregate of 21 individual country indexes that collectively represent many of the major markets of the world. It is not possible to invest directly in an index.