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## MARKET REVIEW

Global equities rose in September. Stocks fell sharply at the beginning of the month after declines in some mega-cap technology stocks and signs of a cooling US economy rippled across the globe and stoked concerns about the state of the global economy. However, stocks rebounded following a sizable 50 basis points interest-rate cut by the US Federal Reserve and a more forceful Chinese stimulus that bolstered market sentiment. Lower energy prices helped to ease inflationary pressures, and resilient labor markets in the US, Europe, and Japan reinforced the view that the global economy could achieve a soft landing. However, some key economic indicators were mixed across many developed nations, with services PMIs remaining in expansionary territory, while manufacturing PMIs continued to show sustained weakness. In China, markets were encouraged by more substantial policy support from the People's Bank of China, which aimed to revitalize the country's economic recovery. Politics garnered greater attention amid a close US presidential race and leadership changes in other countries; Shigeru Ishiba was elected as Japan's prime minister, Michael Barnier became France's prime minister, and Claudia Sheinbaum was sworn in as Mexico's first female president. Geopolitical risks intensified, with escalating conflict in the Middle East threatening to ignite a broader regional war after Israeli forces killed Hezbollah leader Hassan Nasrallah in Beirut.

## FUND PERFORMANCE AND ATTRIBUTION

- The fund delivered positive returns over the month.
- On an absolute basis, all sectors contributed over the period. Consumer discretionary was the top contributing sector.
- At the issuer level, our top two absolute contributors were New Oriental Education and Duolingo, while our top two absolute detractors were Workday and TriNet Group.
- New Oriental Education & Technology shares rose during the period alongside other Chinese stocks as the People's Bank of China revealed a larger-than-expected stimulus plan aimed to restore growth following a deflationary environment. Shares of Workday, a solutions provider to manage human and other resources, declined over the period. The company announced that it has signed a deal to acquire Evisort, a AI-native document intelligence platform, to add AI-powered document intelligence solutions across its finance and HR suite.

## FUND POSITIONING AND OUTLOOK

Global equities rose in September after the Federal Reserve cut policy rates by 50 basis points, potentially signaling a renewed rate-cutting cycle. Positive investor sentiment was further boosted by China's new stimulus measures aimed at supporting economic growth.

We believe education continues to be an absolute precondition for long-term economic development and will remain one of the largest components to most governments' expenditures as government policy support continues to grow. The disruption to traditional education via more remote forms of learning, incorporating technology and advances in AI are also leading to our conviction in this structural theme and the opportunities it presents for the education segment in coming years.

We see interesting opportunities for active management within the sector over a full market cycle with companies benefiting from more resilient education expenditure during periods of economic weakness to companies capturing increased spending on training, development, hiring and innovation in a more robust economic environment.

At the end of the period, our largest exposures were consumer discretionary and industrials and we were least exposed to communication services and health care. We had no exposure to consumer staples, materials, and energy, among others. From a regional perspective, our largest exposures were North America and Japan and we were least exposed to United Kingdom.

## RISKS

**CAPITAL:** Investment markets are subject to economic, regulatory, market sentiment and political risks. All investors should consider the risks that may impact their capital, before investing. The value of your investment may become worth more or less than at the time of the original investment. The Fund may experience a high volatility from time to time. **CONCENTRATION:** Concentration of investments within securities, sectors or industries, or geographical regions may impact performance. **CURRENCY:** The value of the Fund may be affected by changes in currency exchange rates. Unhedged currency risk may subject the Fund to significant volatility. **EMERGING MARKETS:** Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks. **EQUITIES:** Investments may be volatile and may fluctuate according to market conditions, the performance of individual companies and that of the broader equity market. **HEDGING:** Any hedging strategy using derivatives may not achieve a perfect hedge. **INVESTMENT IN CHINA:** Changes in Chinese political, social or economic policies or securities law and regulations may significantly affect the value of the Fund. Chinese securities may be subject to trading suspensions which could impact the Funds investment strategy and affect performance. Chinese tax law is applied under policies that may change without notice and with retrospective effect. **MANAGER:** Investment performance depends on the investment management team and their investment strategies. If the strategies do not perform as expected, if opportunities to implement them do not arise, or if the team does not implement its investment strategies successfully; then a fund may underperform or experience losses. **SMALL AND MID-CAP COMPANY:** Small and mid-cap companies' valuations may be more volatile than those of large cap companies. They may also be less liquid.

## PAST PERFORMANCE DOES NOT PREDICT FUTURE RETURNS. AN INVESTMENT CAN LOSE VALUE.

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**SUSTAINABILITY:** A Sustainability Risk can be defined as an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

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