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## MARKET REVIEW

Global equities rose in August despite significant market volatility. Exacerbated by an abrupt unwinding of the Japanese yen carry trade, equities fell precipitously at the beginning of August amid an uptick in recession risks and fears of excessively restrictive monetary policy in the US. However, markets rebounded amid optimism that the US economy can achieve a soft landing. Federal Reserve Chair Jerome Powell cited an impending rate cut during his Jackson Hole symposium speech stating, "the time has come for policy to adjust." Against a backdrop of declining inflation and softening global economic growth, monetary policy easing gathered pace in August as the central banks of England, Sweden, New Zealand, and Mexico lowered interest rates. The Bank of Japan faces a higher bar to raise interest rates in October after its rate hike in July destabilized markets and caused a sharp spike in the yen. Global economic data was mixed, highlighted by broad signs of cooling inflation across the global, tepid growth in Europe hindered by weak manufacturing in Germany, and a softening US labor market. Geopolitical risks remained highly elevated; the war between Ukraine and Russia escalated after Ukrainian forces breached the Russian town of Kursk, while the humanitarian catastrophe in Gaza continues to destabilize the region.

## FUND PERFORMANCE AND ATTRIBUTION

- The fund delivered positive returns for the period.
- Information technology and real estate were the top contributing sectors, while industrials and financials were the bottom contributing sectors.
- At the issuer level, our top two absolute contributors were Workday and Duolingo, while our top two absolute detractors were Open Up Group and New Oriental Education.
- Shares of Workday rose during the period. Workday reported strong financial results for the fiscal 2025 second quarter, with significant revenue and subscription growth. The company launched new AI capabilities to enhance recruitment and talent management, deepened its partnership with Salesforce to integrate data and AI layers, and announced a strategic partnership with Equifax for employment and income verifications. Shares of Open Up Group, a Japan-based engineer staffing company, fell during the period. The company's shares declined due to a broader Japanese market sell-off, as investor confidence in the US economy eroded. Despite this, Open Up Group reported FY 4Q24 results with both revenue and earnings above expectations. The company also announced acquisition of Ophiuchus Invesco to further its construction staffing capabilities.

## FUND POSITIONING AND OUTLOOK

August was a positive month for global equity markets despite a sharp spike of volatility over the month. Worries over slowing macroeconomic data in the United States have been offset by expectations of the start of an interest rate cutting cycle by the Federal Reserve.

We believe that 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, energy, and materials, 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:**

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

Fund performance is based on USD S Acc share class and are net of fees and expenses. Other share class performance may differ. | Index used in the calculation of attribution data: MSCI All Country World. | Fund performance is net of actual (but not necessarily maximum) withholding and capital gains tax but are not otherwise adjusted for the effects of taxation and assume reinvestment of dividends and capital gains. | If an investor's own currency is different from the currency in which the fund is denominated, the investment return may increase or decrease as a result of currency fluctuations. | The views expressed are in the context of the investment objective of the Fund only and should not be considered a recommendation or advice.

Small and mid-cap companies' valuations may be more volatile than those of large cap companies. They may also be less liquid.

**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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