Wellington Asian Opportunities Fund

WELLINGTON MANAGEMENT®

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MARKET REVIEW

In May, global equities advanced on the back of satisfactory first-quarter earnings and a resilient economic outlook, despite cooling US labor markets. A moderation in US payrolls and employment growth supported market expectations that the US Federal Reserve would cut rates this year. The Fed has remained on hold, delaying interest rate cuts amid more persistent than expected inflation. In contrast, the European Central Bank exhibited a greater willingness to lower rates in the upcoming months. Asian economies performed in line with broader emerging markets over the month with Taiwan and Singapore being the better-performing markets on a relative basis, while Indonesia and Korea lagged.

Taiwanese equities rallied over the month as leading semiconductor manufacturers continued to benefit from AI demand. Singapore equities advanced, supported by strong gains in financials, while transportation and shipping names rose amid elevated freight rates. The tourism and services sector also benefited from surging arrivals from China after the government loosened visa requirements. Conversely, Indonesian equities underperformed the region following central bank's surprise interest rate hike in April. Korean equities declined despite stronger-than-expected GDP expansion and resilient export growth. Investor sentiment remained cautious amid concerns that April's election loss by the country's ruling party would lead to ongoing policy deadlock.

The MSCI AC Asia ex Japan Net returned 1.6% over the period. Within the index, eight out of 11 sectors rose for the period. Utilities and information technology were the top performing sectors, while health care and consumer staples were the bottom performing sectors over the period.

FUND PERFORMANCE AND ATTRIBUTION

- The fund underperformed the index for the period, however delivered overall positive returns.
- Security selection was the primary driver of relative underperformance. Weak selection in industrials, financials and information technology was partially offset by selection in real estate and communication services. Sector allocation, a result of our bottom-up stock selection process, contributed to returns. Allocation effect was driven by our underweight to health care and lack of exposure to consumer staples, but partially offset by our overweight to real estate and underweight to utilities and information technology. On a market basis, strong stock selection in India was partially offset by selection in Indonesia and Singapore.
- At the issuer level, our top two relative contributors were an overweight to Mahindra & Mahindra and an out of benchmark allocation to Oberoi Realty Ltd, while our top two relative detractors were overweights to Bank Negara Indonesia and Samsung E&A.
- Shares of Mahindra & Mahindra rose over the period after the Indian automotive manufacturer reported results for fiscal fourth quarter 2024 that beat consensus estimates. Revenue increased 11% year-over-year as steady sales of the company's sports utility vehicles contributed to results. Management also announced it would invest $1.44 billion over the next three years in its EV unit to boost growth. Shares of Bank Negara Indonesia fell over the period as continued pressure from the end of the banking credit restructuring stimulus and a large outflow of foreign funds posed headwinds. Indonesian state-owned lenders also declined after competitor, Bank Mandiri, announced weak earnings results.

FUND POSITIONING AND OUTLOOK

From an outlook perspective, we remain constructive on the outlook for Asian equities although performance divergence across markets have been significant. We continue to observe a range of attractive bottom-up opportunities in India, supported by the country's more favorable economic backdrop, younger demographics and rising importance in the context of the global supply chain. Conversely in China, despite earnings have improved gradually, we have continued to see a compression in equity valuation driven by rising geopolitical concerns, a struggling property market and more importantly, a lack of confidence in both consumers and business owners to spend and invest. In the long run, we continue to be focused on finding attractive high-quality companies, which are able to sustain higher returns on capital at undemanding valuations, and we are optimistic on the outlook for portfolio alpha. We believe that over time, high-quality businesses trading at reasonable valuations have good potential to outperform the broader market on the strength of their stock-specific fundamentals.

At the end of the period, our largest overweights were real estate and industrials. We were most underweight to materials and had no exposure to consumer staples and energy. From a market perspective, our largest overweights were India and South Korea. We were most underweight to China and Taiwan.

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. **MANAGER:** Investment performance depends on the

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 Asia ex Japan.| 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.

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.
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.

DISCLOSURE