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MARKET REVIEW

Global and Asian equity markets retreated in early August, triggered by a confluence of events including the BOJ raising interest rates, a string of weak economic readings in the US, and market participants unwinding the Yen carry trade. However, the market rebounded after a softening labor market and further cooling of inflation fueled expectations that the US Federal Reserve would implement interest rate cuts more aggressively. Asian economies performed in line with broader emerging markets over the month with ASEAN economies performing better on a relative basis, while Korea and China lagged.

Over the course of the month, Thai equities rebounded on the back of a stronger-than-expected GDP print in the second quarter of 2024, boosted by a positive contribution from improved trade surpluses, a recovery in tourism and resilient private consumption. On the flip side, despite regaining most of the earlier losses, Korean markets ended the month lower as the country's quarterly GDP shrunk by 0.2% dragged by waning incomes. The Chinese equity market also underperformed as investment sentiment remained weak due to softer domestic demand, lower economic forecasts and corporate earnings missing expectations.

The MSCI AC Asia Pacific Technology Custom Sector Net returned 1.1% for the period. Within the index, five out of eight industries rose over the month. Commercial & professional services and consumer durables & apparel were the top performing industries, while consumer discretionary distribution & retail and semiconductors & semiconductor equipment were the bottom performing industries for the period.

FUND PERFORMANCE AND ATTRIBUTION

- The fund outperformed the index over the month.
- Industry allocation, a result of our bottom-up stock selection process, was a driver of relative outperformance. Allocation effect was driven by our underweight to consumer discretionary distribution & retail, out of benchmark allocation to consumer services and overweight to commercial & professional services, but partially offset by our overweight to semiconductors & semiconductor equipment and underweight to software & services and media & entertainment. Stock selection also contributed to returns. Strong selection in semiconductors & semiconductor equipment, technology hardware & equipment and commercial & professional services was partially offset by selection in capital goods. On a market basis, strong stock selection in China and Taiwan was partially offset by selection in Singapore.
- At the issuer level, our top two relative contributors were not owning PDD Holdings and an underweight to Samsung Electronics, while our top two relative detractors were an out of benchmark allocation to Micron Technology and an overweight to Tokyo Electron.
- Shares of PDD Holdings, a Chinese-based e-commerce company, fell over the period. The stock price fell after the company reported revenue for the second quarter that fell short of expectations and warned that revenue growth could face headwinds going forward due to increased competition. Shares of Micron Technology, along with those of other chipmakers, declined after Intel released second quarter results that fell short of expectations and issued a disappointing growth forecast. Additionally, chipmakers stocks were impacted by weak July employment numbers, raising fears of a potential slowdown in the U.S. economy.

FUND POSITIONING AND OUTLOOK

We believe the Asia technology sector is in a multi-year opportunity. Technology has revolutionized traditional industries and economies. We believe every industry will be required to adopt technology to stay relevant. Generative AI in particular has been a dominant theme in tech. We believe AI is a tailwind for Asia tech companies as many of them benefit as AI enablers, platforms, and future applications.

We see Asia, with its burgeoning middle class, as the world's future growth engine. Asia is also the heart of the semiconductor supply chain and has become foundational for tech innovation. In addition to boosting demand for semiconductors and tech hardware, these dynamics provide Asian internet and software companies greater potential to develop into local champions.

Over the long term, we remain focused on identifying high-quality companies with reasonable valuations that are supported by the long-term trends that serve as tailwinds for the Asia technology sector. In the near term, the sector has responded well to improving expectations of accelerating demand for semis and technology hardware. However, monetary policy uncertainty, global growth concerns, geopolitical conflict, and increased regulatory oversight remain as potential risks that may weigh on market sentiment.

At the end of the period, our largest overweight was semiconductors & semiconductor equipment and we were most underweight to consumer discretionary distribution & retail and technology hardware & equipment. From a market perspective, our largest overweight was Japan. We were most underweight to South Korea and China.

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

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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. **STOCK CONNECT:** Allows access to certain China A Shares listed on the Shanghai and the Shenzhen Stock Exchanges, securities could be recalled from the scope of the program which could restrict the Funds ability to implement its investment strategy effectively. The program is subject to quota limitations which may restrict dealing on a timely basis. Trading is subject to China A Share market rules, foreign shareholder restrictions and disclosure obligations and changes to laws, regulations and policies in China may affect share prices of securities held. **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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