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MARKET REVIEW

In July, global equities advanced as markets navigated the implications of divergent monetary policies across major economies. Gains in the U.S. stock market were supported by growing expectations that the Federal Reserve would start to cut interest rates as early as September, a view strengthened by a weaker-than-expected CPI print. Asian economies outperformed broader emerging markets, with Japan and India being the better-performing markets on a relative basis, while Taiwan and China lagged.

Japanese equities outperformed other regional markets in USD terms, largely attributable to the yen's appreciation, which was driven by a narrowing of rate differentials after the Bank of Japan hiked interest rates and growing expectations of a Federal Reserve rate cut. Financials perceived to be beneficiaries of higher rates outperformed while exporters and industrials underperformed as the market used the opportunity to take profit on companies that had benefited from a weaker currency and easier policy rates. Indian stocks experienced gains, bolstered by optimism that the strong fundamentals of the Indian economy and robust corporate profits were resilient and that recent national elections were not disruptive. Conversely, Taiwanese equities saw a decline as investor skepticism grew regarding the sustainability of AI-related profits amid heightened geopolitical tensions. Chinese equities also lagged, impacted by ongoing weaknesses in the real estate sector and the depreciation of the yuan.

The MSCI AC Asia Pacific Technology Custom Sector Net returned 0.4% over the month. Within the index, six out of eight industries rose for the period. Software & services and capital goods were the top performing industries, while semiconductors & semiconductor equipment and media & entertainment were the bottom performing industries over the period.

FUND PERFORMANCE AND ATTRIBUTION

- The fund underperformed the index over the month.
- Industry allocation, a result of our bottom-up stock selection process, was the primary driver of relative underperformance. Allocation effect was driven by our overweight to semiconductors & semiconductor equipment and underweight to software & services and consumer discretionary distribution & retail, but modestly offset by our overweight to commercial & professional services, out of benchmark allocation to health care equipment & services and underweight to media & entertainment. Stock selection also detracted from returns. Weak selection in media & entertainment, semiconductors & semiconductor equipment and capital goods was partially offset by selection in commercial & professional services and software & services. On a market basis, weak stock selection in China and Japan was modestly offset by selection in South Korea.
- At the issuer level, our top two relative contributors were not owning SK Hynix and an out of benchmark allocation to BayCurrent Consulting, while our top two relative detractors were not owning Alibaba and an out of benchmark allocation to Micron Technology.
- Shares of SK Hynix, a South Korean memory chip supplier, declined during the period following a selloff in US tech stocks. Market sentiment remained wary as stricter trade restrictions on semiconductor imports has been part of political rhetoric in the run-up to the US presidential election. Shares of Alibaba rose during the period due to a policy change to earn more service fees from merchants. Alibaba announced that they would start charging a 0.6% basic software service fee on confirmed transactions for vendors on the Tmall and Taobao platforms.

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.

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 AC Asia Pacific Technology Custom Sector. | 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.

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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. **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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