Wellington Global High Yield Bond Fund

WELLINGTON MANAGEMENT®

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MARKET REVIEW

Broadly encouraging economic data releases contributed to rising sovereign yields against the backdrop of political uncertainty stemming from the US elections and intensifying tension in the Middle East. Most fixed income sectors outperformed duration-equivalent government bonds.

US economic data releases were mixed, strained in part by the impact of two major hurricanes. The unemployment rate held steady and weekly jobless claims were range bound, while nonfarm payrolls fell short of expectations. Retail sales gained across most categories; however, consumers remained frustrated by persistently high prices. The NFIB small business optimism index missed expectations, while consumer confidence improved according to the Conference Board Index on a positive assessment of the labor market. Industrial production stalled amid the workers' strike at Boeing and hurricane impacts. The ISM manufacturing index continued in contraction territory as production and demand cooled, while cost of inputs remained a hinderance. Most regional manufacturing surveys also posted weak results. In housing data, a pickup in borrowing costs and rising sales prices weighed on existing home sales, while new home sales gained.

Eurozone annual inflation edged higher, while constrained new orders and backlogs weighed on manufacturing PMI. Germany's IFO business climate index rose, with assessment of current conditions and expectations both improving. UK's S&P global manufacturing PMI dipped slightly but stayed in expansionary territory as an improvement in new orders was offset by the increased cost of raw materials.

FUND PERFORMANCE AND ATTRIBUTION

- The portfolio underperformed its benchmark during the month.
- Quality positioning had a negligible impact on relative performance during the month.
- Regional allocation had a negligible impact on relative returns during the month. We maintain an overweight to North America against an underweight to Emerging Markets.
- In aggregate, sector allocation had a negative impact on relative performance during the month. An overweight to the packaging sector and overweight to technology detracted from relative results. In contrast, an overweight to the wirelines sector and overweight to financial institutions contributed to relative results.
- In aggregate, security selection had a negative impact on relative performance during the month. From a sector perspective, the largest detractors were security selection within government & government related and the metal/mining industries. In contrast, the largest positive contributors were security selection within financial institutions and wireless.
- One of the largest relative detractors was an overweight to Meritage Homes and the largest relative contributor was an overweight to SFR Group.
- SFR Group, owned by Altice, provides telecom and media services. The bonds have recovered following a drawdown after announcement of management's potential plan for an LME. We are maintaining exposure but are monitoring SFR closely. Meritage Homes Corporation (MTH) designs and builds single-family attached and detached homes in the United States. We have a positive view on MTH as it has ample capacity to continue investing in organic growth and maintain its investment grade rating.

FUND POSITIONING AND OUTLOOK

We advocate for a modestly defensive risk profile for high-yield investors, primarily due to valuations. High yield spreads have moved well inside historical medians, although still elevated all-in yields do create an attractive entry point for longer-term focused investors. Corporate fundamentals are only marginally deteriorating from a very strong starting point and the quality composition of the high-yield market remains strong relative to history. From a macroeconomic perspective, we continue to see disinflationary trends in many developed market economies and the Fed has begun its cutting cycle as unemployment rises from low absolute levels. Additionally, the consumer remains resilient, as strong home prices and lower household leverage relative to past cycles have buoyed spending. Market pricing has fully engaged with the soft-landing scenario in many global economies, although we continue to monitor economic data points given the tail risk of a mild recession.

From a high level, corporate earnings remain relatively strong, although we expect to see further deterioration in the coming quarters as the lagged effects of higher policy rates weigh on economic activity. We envision that default rates could move modestly higher but do not see a full-scale default cycle on the horizon. Despite concerns about the lagged impact of past rate increases, we do not believe higher interest expense alone will trigger a wave of defaults. The starting points of strong earnings and interest coverage provide ample cushion for deterioration, in our view. Still, we prefer to stick to more stable credit profiles and are wary of the high rate of growth and weaker underwriting standards of deals financed in the private credit market which could portend rising future defaults. The quality of recent new issuance remains generally healthy and we are not yet seeing widespread aggressively structured deals or use of proceeds that increase leverage. Security selection will take on increased importance moving forward.

At the end of the month, our largest overweight was to investment grade-rated issuers, and our largest underweight was to the BB segment of the market. Our largest industry overweights were the technology and packaging industries. In particular, within technology, our largest overweight is , and within packaging, our largest overweight is Crown Holdings. The largest industry underweights in the portfolio were the energy and utilities industries. During the month, we added to our retailers and gaming exposure while trimming our exposure to the financial institutions and automotive industries.

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

Fund performance is based on USD DL Acc share class and are net of fees and expenses. Other share class performance may differ.| Index used in the calculation of attribution data: ICE BofA Global High Yield Constrained.| 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.

RISKS

BELOW INVESTMENT GRADE: Lower rated or unrated securities may have a significantly greater risk of default than investment grade securities, can be more volatile, less liquid, and involve higher transaction costs. **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. **CREDIT:** The value of a bond may decline, or the issuer/guarantor may fail to meet payment obligations. Typically lower-rated bonds carry a greater degree of credit risk than higher-rated bonds. **EMERGING MARKETS:** Emerging markets may be subject to custodial and political risks, and volatility. Investment in foreign currency entails exchange risks. **HEDGING:** Any hedging strategy using derivatives may not achieve a perfect hedge. **INTEREST RATES:** The value of bonds tends to decline as interest rates rise. The change in value is greater for longer term than shorter term bonds. **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. **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