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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.
- Electric utilities, multi-utilities and oil & gas storage & transportation were the top contributing sub-industries, while independent power producers & energy traders and integrated telecom services were the bottom contributing sub-industries.
- At the issuer level, our top two absolute contributors were Engie and KDDI, while our top two absolute detractors were RWE and Shanghai International Airport.
- Shares of Engie rose after reporting second-quarter earnings that beat EPS estimates while raising its full-year 2024 EPS prediction, citing a strong first-half performance in power generation and lower-than-expected financial costs. The renewables and flexible-generation segments helped contribute as the global energy management and sales business slumped. Shares of RWE trended lower during the month due to speculation about buying a minority stake in U.S. power plant operator Calpine, causing investor concerns. However, management reported strong financial performance for H1 2024. Strategic investments in renewable energy production, with a focus on wind, solar, and battery have boosted year-over-year growth. The company remains on track to achieve its long-term targets.

FUND POSITIONING AND OUTLOOK

The portfolio delivered positive returns for the month of August. There are two additional points worth making regarding performance: (1) the performance goals for the portfolio are only measurable over a multi-year period, and not over shorter time periods, and (2) in the long run, we would expect the portfolio to outperform equity markets with lower volatility and provide attractive absolute returns. We find the inception-to-date performance consistent with these expectations. The stocks in the portfolio generally continue to increase earnings, cash flow, and dividends. Our primary valuation metric, Intrinsic Return, equals the combination of free cash flow plus the net present value of growth investments, plus the net present value of pricing power. While market fluctuations can distort short-term returns, we believe that the Intrinsic Return (and hence the prospective return) of the portfolio remains consistent with the long-term objective of outperforming the equity markets and providing attractive absolute returns.

At the end of the period, our largest exposures were electric utilities and multi-utilities and we were least exposed to industrial conglomerates and single-family residential REITS. From a regional perspective, our largest exposures were North America and Europe and we were least exposed to Asia Pacific ex Japan.

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 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. **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.

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. | 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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