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MARKET REVIEW

Global equities rose in July. Political developments, central bank policy, and an escalating conflict in the Middle East were key themes in the month. Sir Keir Starmer became the UK's prime minister after the Labour Party secured a landslide victory in the general election, bringing more stability to the government. The final round of France's legislative elections ended with an alliance of left-wing parties gaining the most seats. However, no party won an absolute majority, and a fragmented political landscape left the country with an unclear path to a new government. US Vice President Kamala Harris will likely become the Democratic nominee for president after Joe Biden relinquished his bid for a second term, following pressure from the Democratic party and greater support for Republican candidate Donald Trump in the wake of an attempted assassination. On the monetary front, the Bank of Japan hiked interest rates, sending the yen sharply higher, while the US Federal Reserve signaled an increased likelihood of a September rate cut and the Bank of Canada lowered its policy rate. Following a subdued market response from China's Third Plenum, the People's Bank of China delivered modest rate cuts to spur economic activity. Israel and Iran edged closer to a broader clash after an Israeli strike in Beirut killed Hezbollah leader Fuad Shukur, and Hamas accused Israel of assassinating its political leader Ismail Haniyeh in Tehran.

FUND PERFORMANCE AND ATTRIBUTION

- The fund delivered positive returns over the month.
- Electric utilities, multi-utilities and oil & gas storage & transportation were the top contributing sub-industries, while airport services and rail transportation were the bottom contributing sub-industries.
- At the issuer level, our top two absolute contributors were National Grid and Cia de Saneamento Basico, while our top two absolute detractors were Aena SME and Vistra.
- Shares of National Grid, a UK-based utility company, rose during the period. The company announced semi-annual dividend higher than previous semi-annual dividend paid. The share price may have been further supported by disclosures of some institutional investors increasing their holdings in National Grid. Shares of Aena fell during the month following mixed earnings results. The company reported underwhelming results for 2Q due to higher aviation costs and lower commercial revenue. However, net profit increased 33% during the first six months of 2024 due to higher-than-expected passenger traffic, prompting the airport operator to upgrade its full-year forecast as the country's tourism industry continues to set records.

FUND POSITIONING AND OUTLOOK

The portfolio delivered positive returns for the month of July. 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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