Wellington World Bond Fund

WELLINGTON MANAGEMENT®

MARKET REVIEW

Most fixed income spread sectors generated positive total returns and outperformed duration-equivalent government bonds as spreads narrowed. Most global sovereign yields declined markedly on cooling US economic releases, receding European election risks, and expectations of more aggressive Fed policy easing.

US economic data releases were mixed. Consumers remained positive despite high borrowing costs and elevated prices. The labour market stalled as the unemployment rate edged higher, nonfarm payrolls posted lacklustre gains, and jobless claims rose steadily. Retail sales stabilized, and excluding autos posted a modest gain, while the producer price index inched higher on account of higher service costs. Eurozone HCOB manufacturing PMI fell further into contractionary territory, and industrial production declined led by Germany and France. Germany's industrial production plummeted owing to supply chain challenges impacting the automotive segment. UK's manufacturing and services PMIs each expanded. China's domestic demand weakened amid an uneven economic recovery weighing down the Caixin manufacturing PMI into contractionary territory. Japan's producer prices edged higher and industrial production rose as a weaker yen boosted global demand for Japanese goods. Canada's unemployment rate rose with job losses concentrated in full-time positions. Retail sales in Australia rose, helped by larger-than-usual discounts and sales promotions.

Major central banks' paths to policy normalization looked increasingly different. The US Fed delivered a dovish statement while guiding toward the beginning of a cutting cycle. The Bank of Japan increased policy rates and provided forward guidance that rates will rise further should the inflation forecasts continue to be met. In Europe, the Bank of England followed the European Central Bank in delivering its first rate cut since 2020, though there has been increasingly a disconnect between the central bank's forecast and their discussions.

FUND PERFORMANCE AND ATTRIBUTION

On a total return basis, World Bond performance was positive on the month as rates, and credit were positive, currency strategies detracted.

Strategic duration performance was positive. Our long duration exposure to US contributed as sovereign yields moved lower markedly across major developed markets over the month, driven by more signs of slowing in the US economy.

Strategic currency performance was slightly positive. This was mainly led by our long JPY which benefited from yen's strong rally over the month.

Macro-driven duration strategies were negative. Our short duration positions in the UK as gilts declined amid increasing speculation that the BOE will follow the ECB in delivering its first rates-cut since COVID-19 in August.

Macro-driven currency strategies were also negative. Our long exposure to NOK and AUD vs USD detracted. High-beta currencies such as NOK and AUD underperformed in July as currency volatility picked up amid uncertainties around the US election and weaker data pointing to a slowing US economy.

Credit strategies were positive. Global credit bonds outperformed duration-equivalent government bonds as spreads narrowed. Lower rates and a steeper yield curve benefited MBS during the month.

FUND POSITIONING AND OUTLOOK

Over the month we decreased the Fund's duration to 4.34 years, driven by decreased in opportunistic duration. In opportunistic duration, we decreased Japan duration, we believe current policy rates are still too low given the reflation forces at play in the Japanese economy, and the probability is heavily skewed to more hikes needing to be priced in by Q1 2025.

In strategic market currency strategies, we increased our non-USD exposure, led by increased in JPY, GBP, NOK and CHF exposure.

The Fund's exposure to credit sectors remains conservative. We are long investment grade, high-yield, and securitized.

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

Fund performance is based on USD T Acc share class and are net of fees and expenses. Other share class performance may differ.| Index used in the calculation of attribution data: Non-benchmark Relative Strategy.| 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. **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. **DERIVATIVES (D+E) (MKT):** Derivatives may provide more market exposure than the money paid or deposited when the transaction is entered into (sometimes referred to as Leverage). Market movements can therefore result in a loss exceeding the original amount invested. Derivatives may be difficult to value. Derivatives may also be used for efficient risk and portfolio management, but there may be some mismatch in exposure when derivatives are used as hedges. The use of derivatives forms an important part of the investment strategy. **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. **LEVERAGE:** The use of leverage can provide more market exposure than the money paid or deposited when the transaction is entered into. Losses may therefore exceed the original amount invested. **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. **SHORT SELLING:** A short sale exposes the Fund to the risk of an increase in market price of a security sold short; this could result in a theoretically unlimited loss. **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