

For professional and accredited investor use only. Not for further distribution.

## MARKET REVIEW

Global equities rose in January. The transition of power in the US brought meaningful changes to outlooks for foreign policy, trade dynamics, and economic growth. The Trump administration's protectionist policies and territorial ambitions created a complex economic and political landscape that strengthened the US dollar and increased economic uncertainty, raising concerns about potential trade-related inflation. Against this backdrop, the US Federal Reserve held interest rates unchanged, while the European Central Bank and Bank of Canada lowered policy rates. Japan's central bank raised rates for the third time since March 2024 following a prolonged pause. The US announced plans for a multi-hundred-billion-dollar investment in the AI project "Stargate" with aims to invest heavily in AI infrastructure, but the release of two competitive large language models by Chinese startup DeepSeek caused investors to question the long-term monetization structure of the foundational large language models developed by US technology companies. Europe's economy slowed in the fourth quarter, with the eurozone's GDP rising just 0.8% in 2024. In contrast, US GDP grew by 2.8%, and China's economy expanded by 5%, meeting the government's official target. Canadian Prime Minister Justin Trudeau resigned as leader of the ruling Liberal Party and as prime minister. The Israel/Hamas ceasefire went into force, with Hamas releasing three hostages in exchange for 90 Palestinian prisoners.

The MSCI All Country World Index Net returned 3.4% for the period. Within the index, 10 out of 11 sectors rose over the period. Communication services and health care were the top performing sectors, while information technology and real estate were the bottom performing sectors for the period.

## FUND PERFORMANCE AND ATTRIBUTION

- The fund modestly outperformed the index for the period.
- Security selection was the primary driver of relative outperformance. Strong selection in information technology and real estate was partially offset by selection in health care and consumer staples. Sector allocation, a result of our bottom-up stock selection process, modestly detracted from returns. Allocation effect was driven by our lack of exposure to communication services, but partially offset by our underweight to information technology and overweight to health care and financials. On a market basis, strong stock selection in Japan and United States was offset by selection in United Kingdom and France.
- At the issuer level, our top two relative contributors were not owning NVIDIA and Apple, while our top two relative detractors were not owning Meta Platforms and an overweight to Diageo.
- Shares of NVIDIA fell during the period after China's DeepSeek sparked concerns about increasing AI model efficiency, capex guidance, and the need for NVIDIA chips in developing competitive LLMs. Questions emerged over the exact cost and methods used by DeepSeek, and US officials launched a probe into whether the Chinese startup circumvented US chip restrictions by accessing advanced NVIDIA chips through Singapore. Shares of Meta Platforms rose over the period. The company reported fourth quarter results that beat expectations in earnings and revenue. CEO Mark Zuckerberg stated the company has made good progress on their initiatives in AI, smart glasses, and the future of social media and is confident for further progress in 2025. Meta is also planning investments in Meta AI and the development of Llama 4, an open-source AI model.

## FUND POSITIONING AND OUTLOOK

At the end of the period, our largest overweights were consumer staples, health care and industrials. We were most underweight to communication services, which we had no exposure to. From a regional perspective, our largest overweight was Europe and we were most underweight to North America and Emerging Markets.

## 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. **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. | Index used in the calculation of attribution data: MSCI All Country World. | 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.

**DISCLOSURE**

This material has been prepared exclusively for use with professional, accredited or institutional investors, wholesale clients and non-retail investors for general information purposes only and does not take into account the investment objectives, financial situation or needs of any particular person. By accepting this material, you acknowledge and agree that this material is provided for your use only and that you will not distribute or otherwise make this material available to any person.

This material and its contents may not be reproduced or distributed, in whole or in part, without the express written consent of Wellington Management. This document is intended for marketing purposes only. It is not an offer to anyone, or a solicitation by anyone, to subscribe for units or shares of any Wellington Management Fund ("Fund"). Nothing in this document should be interpreted as advice, nor is it a recommendation to buy or sell securities. Investment in the Fund may not be suitable for all investors. Any views expressed in this document are those of the author at the time of writing and are subject to change without notice. Fund shares/ units are made available only in jurisdictions where such offer or solicitation is lawful. The Fund only accepts professional clients or investment through financial intermediaries. Please refer to the Fund offering documents for further risk factors, pre-investment disclosures, the latest annual report (and semi-annual report), and for UCITS Funds, the latest Key Investor Information Document (KIID) or Key Information Document (KID) before investing. For each country where UCITS Funds are registered for sale, the prospectus and summary of investor rights in English, and the KIID / KID in English and an official language, are available at [www.wellington.com/KIIDs](http://www.wellington.com/KIIDs). For share/unit classes registered in Switzerland, Fund offering documents in English can be obtained from the local Representative and Paying Agent – BNP Paribas Securities Services, Selnaustrasse 16, 8002 Zurich, Switzerland. Wellington Management Funds (Luxembourg) and Wellington Management Funds (Luxembourg) III SICAV are authorised and regulated by the Commission de Surveillance du Secteur Financier and Wellington Management Funds (Ireland) plc is authorized and regulated by the Central Bank of Ireland. The Fund may decide to terminate marketing arrangements for shares/units in an EU Member State by giving 30 working days' notice.

■ In Canada, this material is provided by Wellington Management Canada ULC, a British Columbia unlimited liability company registered in the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, Quebec, and Saskatchewan in the categories of Portfolio Manager and Exempt Market Dealer. ■ In the UK, issued by Wellington Management International Limited (WMIL), authorised and regulated by the Financial Conduct Authority (Reference number: 208573). ■ In Europe (ex. UK and Switzerland), issued by marketing entity Wellington Management Europe GmbH which is authorised and regulated by the German Federal Financial Supervisory Authority (BaFin). Shares of the Fund may not be distributed or marketed in any way to German retail or semi-professional investors if the Fund is not admitted for distribution to these investor categories by BaFin. In Spain CNMV registration number 1236 for Wellington Management Funds (Luxembourg) and CNMV registration number 1182 for Wellington Management Funds (Ireland) plc. ■ In Dubai, this material is provided by Wellington Management (DIFC) Limited (WM DIFC), a firm registered in the DIFC with number 7181 and regulated by the Dubai Financial Services Authority ("DFSA"). To the extent this document relates to a financial product, such financial product is not subject to any form of regulation or approval by the DFSA. The DFSA has no responsibility for reviewing or verifying any prospectus or other documents in connection with any financial product to which this document may relate. The DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it. Any financial product to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on any such financial product. If you do not understand the contents of this document, you should consult an authorised financial adviser. This document is provided on the basis that you are a Professional Client and that you will not copy, distribute or otherwise make this material available to any person. ■ In Hong Kong, Wellington Management Hong Kong Limited (WM Hong Kong), a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), and Type 9 (asset management) regulated activities. Wellington Private Fund Management (Shanghai) Limited (WPFM), which is an unregulated entity incorporated in China, is a wholly-owned subsidiary of WM Hong Kong. Wellington Global Private Fund Management (Shanghai) Limited (WGPFM) is a wholly-owned entity and subsidiary of WPFM and is registered as a private fund manager with Asset Management Association of China to conduct qualified domestic limited partnership and management activities. ■ In mainland China, this material is provided for your use by WPFM, WGPFM, or WMHK (as the case may be). ■ In Singapore, Wellington Management Singapore Pte Ltd (WM Singapore) (Registration Number 201415544E), regulated by the Monetary Authority of Singapore. WM Singapore is regulated by the Monetary Authority of Singapore under a Capital Markets Services Licence to conduct fund management activities and deal in capital markets products, and is an exempt financial adviser. ■ In Australia, Wellington Management Australia Pty Ltd (WM Australia) (ABN19 167 091 090) has authorized the issue of this material for use solely by wholesale clients (as defined in the Corporations Act 2001). ■ In Japan, Wellington Management Japan Pte Ltd (WM Japan) (Registration Number 199504987R) is registered as a Financial Instruments Firm with registered number: Director General of Kanto Local Finance Bureau (Kin-Sho) Number 428 a member of the Japan Investment Advisers Association, the Investment Trusts Association, Japan (ITA) and the Type II Financial Instruments Firms Association (T2FIFA). WM Hong Kong and WM Japan are also registered as investment advisers with the SEC; however, they will comply with the substantive provisions of the US Investment Advisers Act only with respect to their US clients. Wellington Management Funds ("the Funds") may not be offered to citizens and residents of the United States or within the United States, its territories, or possessions (other than to distributors and financial intermediaries). None of the Funds have been or will be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and none of such shares may be offered, sold, transferred or delivered, directly or indirectly, in the United States or to United States residents or citizens (other than to distributors and financial intermediaries). None of the Funds have been or will be registered as an investment company under the US Investment Company Act of 1940, as amended (the "1940 Act"). Interests in the Funds may be offered through an affiliate of Wellington Management Company LLP; Wellington Funds Distributors, Inc., an SEC-Registered Broker/Dealer, Member FINRA and SIPC. Office of Supervisory Jurisdiction: 280 Congress Street, Boston, MA 02210. Tel: 617-951-5000 Fax: 617-951-5250. Not FDIC Insured – No Bank Guarantee – May Lose Value.

©2025 Wellington Management. All rights reserved. As of 01 January 2025. WELLINGTON MANAGEMENT FUNDS® is a registered service mark of Wellington Group Holdings LLP