Wellington Euro High Yield Bond Fund

WELLINGTON MANAGEMENT®

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

MARKET REVIEW

Mounting concerns over weaker US economic growth contributed to a sharp rise in volatility in early August, though stability returned after more constructive global economic releases and US Fed rhetoric signaling rate cuts. Most fixed income sectors generated positive excess returns over duration-equivalent government bonds.

Euro high yield returned 1.17% (in local currency terms) in August, as measured by the ICE BofA Merrill Lynch Euro High Yield Constrained Index, outperforming duration equivalent government bonds by 0.72%. The option-adjusted spread of the index tightened by 13 basis points to 343 basis points.

Eurozone core and headline CPI edged lower year-over-year. Eurozone manufacturing PMI receded deeper into contractionary territory. Germany's ZEW survey expectation showed the largest decline in economic expectation in two years. UK's S&P global manufacturing PMI beat expectations, while the house price index fell as high borrowing costs stalled growth.

FUND PERFORMANCE AND ATTRIBUTION

- The portfolio outperformed its benchmark during the month.
- In aggregate, sector allocation had a positive impact on relative performance during the month. An overweight to the technology sector and underweight to automotive contributed to relative results. In contrast, an overweight to the government & government related sector and overweight to consumer cyclical services detracted from 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 technology industries. In contrast, the largest positive contributors were security selection within financial institutions and wirelines.
- One of the largest relative detractors was an overweight to The House of HR and the largest relative contributor was an overweight to Peach Property Group.
- The House of HR is a staffing service provider focused on small and medium businesses, based in the Netherlands. We have a more positive view relative to the market in terms of resiliency of earnings as we believe comparisons are made against more volatile peers. Peach Property Group operates as a property development company. We continue to view Peach as an attractive issuer given multiple avenues to refinance existing debt and further equity raises are in consideration as well as asset sales to cover the maturing debt.

FUND POSITIONING AND OUTLOOK

- The Fund remains positioned with a modestly defensive risk posture as high yield spreads remain tight. However, we think further bouts in volatility may present opportunities to tactically increase risk at more attractive valuations. Our largest sector level overweights are in the technology and packaging sectors. Within technology, our exposure is focused on issuers that have stable, recurring revenue sources such as software service companies and cybersecurity providers. On the other hand, we are more cautious on sectors experiencing increased capacity and therefore remain underweight the automotive sector. In terms of credit quality, the fund remains underweight BB-rated bonds and overweight investment grade and B-rated bonds.
- From a macroeconomic perspective, economic data is slowing in the US and remains stable in Europe while the pace of inflation is decelerating globally. We believe the Fed is in a challenging position of balancing not declaring victory too soon on inflation, while also worrying more about growth and keeping the expansion going. As we move into the second half of 2024, the US presidential election cycle has come into focus as the market begins to digest potential policy changes which may be a source of volatility. Overall, we now believe a soft-landing scenario is the most probable outcome, although the risk of a mild recession remains. We don't think higher interest expense alone will trigger a wave of defaults. Instead, a decline in earnings will be the primary driver of weaker corporate fundamentals, so we prefer companies with stable to improving credit profiles.
- We believe default rates are likely to stay around long-term averages over the next 12 months. However, we do not see a full-scale default cycle on the horizon given the higher quality composition of the high yield market relative to past cycles. In terms of valuations, high yield spreads remain inside historical medians although we believe current yields create an attractive entry point for longer-term focused investors. Euro high yield valuations continue to appear more attractive relative to the US, particularly when controlling for compositional differences at the sector and rating level.

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

Fund performance is based on EUR 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: ICE BofA Euro 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. **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

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. 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.