Wellington US Dynamic Equity Fund

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MARKET REVIEW

US equities finished higher in a turbulent month. Stocks plummeted in the first three trading days of August after deteriorating labor market indicators triggered recession fears and exacerbated concerns that the Fed has waited too long to lower interest rates. However, comments from Fed Chair Powell and economic data released in August did not reveal signs of a rapidly slowing economy, while the Bank of America Global Fund Manager Survey showed that 76% of investment managers believe that the US will achieve a soft landing. Powell set the stage for lower interest rates in September, indicating that inflation has declined significantly, supply constraints have normalized, and labor markets are no longer overheated. The Fed's preferred inflation gauge — the core Personal Consumption Expenditures Price Index — held steady at 2.6% in July and grew only 1.7% on a three-month annualized basis, the slowest pace this year. Current pricing suggests that markets have high expectations for three 25 basis point cuts before the end of the year. According to FactSet, of the 93% of companies in the S&P 500 Index that had reported second-quarter earnings, the blended year-over-year earnings growth rate for the index was 10.9%, well above the 10-year average of 8.4%. Economic data released during the month was mixed. In July, the labor market slowed considerably, but surprisingly resilient consumer spending and consumer confidence and a rebound in the ISM Services Index helped to allay fears of a sharp economic slowdown.

The S&P 500 returned 2.4% for the period. Within the index, 9 out of 11 sectors rose over the period. Consumer staples and real estate were the top performing sectors, while energy and consumer discretionary were the bottom performing sectors for the month.

FUND PERFORMANCE AND ATTRIBUTION

- The fund delivered positive returns for the period.
- Communication services and health care were the top contributing sectors, while consumer discretionary was the bottom contributing sector.
- At the issuer level, our top two absolute contributors were Exact Sciences and Netflix, while our top two absolute detractors were Amazon.com and Eli Lilly.
- Shares of Exact Sciences rose in August as 2Q 2024 results beat consensus with 12% year-over-year revenue growth. Cologuard demand and growth was strong with the company screening over 1 million people during the quarter. Oncotype DX also saw accelerated growth and was used to test a record number of cancer patients. Management raised the full-year 2024 EBITDA guidance midpoint by $8 million and reaffirms revenue guidance. Shares of Amazon fell after the e-commerce giant reported mixed results for the second quarter. Earnings beat expectations and revenue missed consensus estimates due to cautious consumers choosing to trade down to lower-priced products. Management issued disappointing guidance for the third quarter, citing challenging consumer environment.

FUND POSITIONING AND OUTLOOK

US Dynamic Equity outperformed the S&P 500 in August after another volatile month for equities. Outperformance was driven by our positions in Exact Sciences and Netflix. Shares of Exact Sciences performed positively after the company's strong Q2 results and upward revision of their 2024 guidance. Similarly, Netflix's shares rose over the month after positive results following the management team's implementation of strategies to enhance profitability.

The largest detractors from relative performance were our positions in Amazon and DraftKings. Amazon shares fell over the period after the company released weaker-than-expected revenue numbers citing weaker demand and revising their third quarter guidance lower. Shares of DraftKings were down over the period after below estimates revenue despite earnings that were in line with expectations and an increase in the full-year sales guidance.

At the end of the month, we held 11 individual positions and a 57% weight in the S&P 500 E-mini futures.

Our active positions reflect our strategic approach as we explore more opportunities and re-evaluate our portfolio allocation on an individual stock basis, trusting in the future earnings potential of the underlying holdings. The positions spanned 5 sectors by the end of August and each one continues to have an attractive upside to downside ratio.

At the end of the period, our largest overweights were communication services and consumer discretionary. We were most underweight to health care and had no exposure to industrials and consumer staples.

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: S&P 500.| 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

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. **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. **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