

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

## MARKET REVIEW

US equities snapped a streak of five consecutive monthly gains amid heightened volatility and presidential-election uncertainty. A selloff in some mega-cap technology companies at the end of October drove the major indices sharply lower, and a batch of strong economic data (job growth, consumer spending, consumer confidence) prompted financial markets to recalibrate for a potentially slower pace of interest-rate cuts by the Federal Reserve. US GDP expanded at a brisk 2.8% annualized pace in the third quarter, modestly below expectations of 3.1%. Growth was driven primarily by robust consumer spending, as well as government outlays that pushed the budget deficit up to US\$1.8 trillion in 2024, the highest-ever level outside of the pandemic relief periods of 2021 and 2022. The core Personal Consumption Price Index accelerated 0.3% in September (2.7% annually), following a 0.2% increase in August, causing concern that inflation would continue to rise. According to FactSet, of the 70% of companies in the S&P 500 Index that had reported third-quarter earnings, the blended year-over-year earnings growth for the index was 5.1%, better than the 4.3% estimate on September 30. The forward 12-month price-to-earnings ratio for the index was 21.3, above the 10-year average of 18.1. In October, the manufacturing sector contracted for the seventh straight month. In contrast, the services sector expanded at the fastest pace since February 2023, as solid consumer spending lifted the ISM Services Index to 54.9 in September.

The S&P 500 returned -0.9% for the period. Within the index, 8 out of 11 sectors fell over the period. Health care and materials were the bottom performing sectors, while financials and communication services were the top performing sectors for the month.

## FUND PERFORMANCE AND ATTRIBUTION

- The fund delivered negative returns over the period.
- Consumer discretionary was the bottom contributing sector, while information technology and financials were the top contributing sectors.
- At the issuer level, our top two absolute contributors were NVIDIA and Tradeweb Markets, while our top two absolute detractors were DraftKings and Apple.
- Shares of NVIDIA rose over the period amid higher investor confidence in the demand for the company's next generation Blackwell chip. CEO Jensen Huang said in an interview during the month that demand for the chip is "insane", easing recent concerns about engineering delays. Foxconn CEO Young Liu also made positive comments saying the demand for their servers based on the Blackwell chip was above expectations. The share price of DraftKings, a US-based online sports betting service provider, fell in October ahead of its third-quarter earnings release, amid uncertainty about potential adjustments to management's medium-term guidance.

## FUND POSITIONING AND OUTLOOK

US Dynamic Equity outperformed the S&P 500 in October after another volatile month for equities. This outperformance was driven by our positions in Tradeweb and Liberty Media Formula One. Shares of Tradeweb, an electronic marketplace operator, rose in October after the company reported a sharp increase in trading volumes. Shares of Liberty Media Formula One increased as the company, which controls the Formula One Grand Prix, saw viewership ratings growth.

The largest detractors from relative performance were our positions in DraftKings and Netflix. Shares of online sports betting service provider DraftKings fell in October amid uncertainty about potential adjustments to management's medium-term guidance. Shares of the streaming services company Netflix rose over the month after the company announced better-than-expected quarterly subscriber additions and projected higher sign-ups for the last three months of the year.

At the end of the month, we held 10 individual positions and a 63% 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 October 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 information technology. We were most underweight to industrials and consumer staples, neither of which we had exposure to.

## 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**

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.

©2024 Wellington Management. All rights reserved. As of 12 April 2024. WELLINGTON MANAGEMENT FUNDS® is a registered service mark of Wellington Group Holdings LLP