Commentary | 3Q21

Emerging Markets Fund

A: MALGX C: MCLGX I: MILGX

MIRAE ASSET Global Investments

Market Review

After rallying 7.47% over the first six months of 2021, marking five straight quarters of gains for the asset class, Emerging Market (EM) equities dropped -7.97% in the third quarter.

With low interest rates driving asset allocators towards equities and valuations growing more attractive, flows continued to move into the asset class. The overall weak performance came from several factors, including 1) Increasing regulations across Chinese corporates, 2) Growing concern around the Chinese property sector, 3) Regulation based headlines around the Korean tech space, and 4) A stronger US dollar stemming from both a flight-to-quality and views on tightening US monetary policy.

The MSCI Emerging Markets Asia Index returned -9.59% for the third quarter, lagging emerging markets outside Asia. Chinese equities were the worst performing in the region, while India and Indonesia were the best performing markets during the quarter.

This quarter, China saw a slump in returns as July and August activity indicators highlighted slowing domestic demand, though export activity held up better than expected. In particular, consumption and service activity have generally disappointed, partly reflecting the drag from local COVID-19 clusters in late July/August and subsequent tightening of mobility restrictions. In September, headline news on Evergrande raised concerns of a further slowdown in the housing market amid policy tightening, while a near-term power shortage negatively shocked the economy. Notably, China's official Manufacturing PMI fell 0.5 points to 49.6 in September, dipping below 50 for the first time since February last year. Macroeconomic policy adjustment will likely support infrastructure and manufacturing investment, but strict de-carbonization measures will cap the upside.

Indian equities saw a strong quarter with the National Stock Exchange of India rallying through August and September to an all-time high. COVID-19 cases continued to trend downward, ending the quarter at around 24,000 new cases per day. Daily vaccination rates have also significantly improved, with the number of vaccines administered as high as 7-10 million a day in the last week of September. As lockdowns and restrictions eased, manufacturing activity quickly resumed, leading to three straight months of expansion, with Manufacturing PMI reaching 53.7 in September. Headline CPI inflation tracked below the central bank's projections; however, core inflation remained sticky in July and August. Since last quarter, mobility indicators have markedly improved, though retail and recreation were still down -12% and workplace down -24% from their respective baselines.

The South Korean equity market underwent a 3-month correction during the quarter. Despite accelerated vaccinations and improving consumer sentiment, supply bottlenecks continued to drag on real activity, particularly in manufacturing. Fears over a downturn in the memory chip super cycle and increasing government scrutiny on fintech and internet platform companies also dampened market sentiment. Finally, the market took a hit when the Bank of Korea raised its policy rate by 25 basis points to 0.75% in August, taking a hawkish stance in a bid to curb debt growth.

In the Association of Southeast Asian Nations (ASEAN), Indonesian equities saw relatively strong performance and remains a preferred destination for global investors. The country posted US$305 million of net foreign investor inflows in September, extending the inflows streak to a fifth consecutive month. For Vietnam, real GDP contracted -6.2% year-over-year in Q3 due to extended lockdowns to contain the spread of COVID-19. The government has since shifted its public health strategy to focus on "living with COVID-19" abandoning the prior "zero-COVID" strategy. This change of approach will allow greater flexibility in plans for businesses to reopen and for restrictions to ease.

Latin America and EEMEA (Eastern Europe, Middle East & Africa) delivered mild returns for the quarter, falling -2.36%. After rallying over 15% in Q2, Latin America fell -13.22% in the three-month period. The EEMEA region continued its strong 2021 run and added another 3.06% of positive performance in the third quarter. The Czech Republic, Colombia, and Russia performed the best across the region, while Brazil, Peru, and Chile lagged behind their peers. The Czech Republic rallied off improving vaccination rates, higher tourism activity across Europe, prospects for distributions from the EU Recovery Fund, and higher interest rates lifting bank margins. Colombia benefitted from the run in energy prices and the passing of a tax bill aimed to improve the county's fiscal deficit. Russian equities also rode the tailwinds of higher oil prices and a relative lack of geopolitical noise that previously surrounded the country.

Chile and Peru fell, as both countries faced political developments that could lead to unorthodox reforms to their constitutions and economies. After a robust second quarter, Brazilian equities stalled due to a more hawkish-than-expected central bank, falling iron ore prices driven by the slowing demand out of China, and an opaque political picture going into the 2022 Presidential election.

Fund Review

Mirae Asset's Emerging Markets Fund (MILGX) outperformed the benchmark by 5.09% over the quarter, down -3.0% versus the MSCI EM Index down -8.09% in the three-month period ending September 30, 2021.

Key Contributors to Performance

- On a sector basis, stock selection in Consumer Discretionary and Materials contributed the most to the Fund's relative performance.

- The largest geographic contribution to relative performance came from the Fund's underweight and stock selection in China. The fund also benefitted from its overweight in India. It is instructive to keep in mind that the portfolio's country weightings are a function of bottom-up stock selection rather than targeted allocations to particular countries.

- On the stock level, the top contributors to the Fund's relative performance during the quarter were Sona BLW Precision Forgings an Indian automotive components manufacturer, and Tongwei a Chinese polysilicon manufacturer and beneficiary of the solar industry growth. The company rallied as polysilicon prices rose and the company continued to show strong earnings momentum. It was announced during the quarter that the Tongwei was the largest polysilicon producer in 2020.

Key Detractors from Performance

- On a sector basis, the largest detractions from relative performance came from our positioning in utilities and information technology.

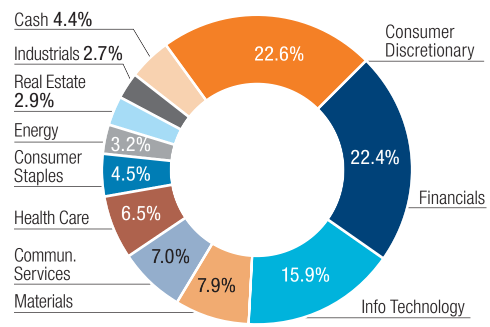
- Geographically, our underweight in Taiwan and Saudi Arabia notably detracted from relative performance. The Fund remains underweight Taiwan as we see relatively expensive valuations and generally flat earnings revisions.

- On the stock level, the biggest detractors from relative performance were Hyundai Motor Corp in South Korea and Zomato in India.

The Fund's investment manager, Mirae Asset Global Investments (USA) LLC ("Mirae Asset USA"), has contractually agreed to forego its management fee and, if necessary, to reimburse the Fund so that total operating expenses (excluding interest expense, taxes, brokerage commissions and certain other Fund expenses) of the Fund do not exceed 1.15% (for Class I Shares) of average daily net assets through August 31, 2022. Total annual fund operating expenses for Class I shares: 1.55%. Each share class may have to repay Mirae Asset USA some of these amounts foregone or reimbursed within three years if total operating expenses fall below the expense cap described above. Past performance does not guarantee future results. The performance data quoted represent past performance and current returns may be lower or higher. Share prices and investment returns fluctuate and an investor's shares may be worth more or less than original cost upon redemption. For periods less than one year, performance is cumulative. For performance data current to the most recent month-end please call 1-888-335-3417.

Sector Holdings

(AS OF SEPTEMBER 30, 2021*)



*These will change and should not be considered recommendations. May not add to 100% due to rounding.

Performance

(AS OF SEPTEMBER 30, 2021)

	EMERGING MARKETS CLASS I (%)	MSCI EMERGING MARKETS NR INDEX (%)
3Q2021	-3.09	-8.09
1 Year	29.08	18.20
3 Year (annualized)	12.39	8.58
5 Year (annualized)	11.16	9.23
10 Year (annualized)	7.92	6.09
Since Inception† (annualized)	5.20	4.03

†9/24/10

Net total return indices reinvest dividends after the deduction of withholding taxes.

Top Ten Holdings

COMPANY	WEIGHTING (%)
ICICI Bank Limited	4.1
Taiwan Semiconductor Manufacturing Co., Ltd.	3.6
Alibaba Group Holding Ltd.	3.0
Meituan Class B	2.9
Tencent Holdings Ltd.	2.9
Vietnam Technological & Commercial Joint Stock Bank	2.6
MediaTek Inc	2.5
China Tourism Group Duty Free Corporation Limited Class A	2.5
Reliance Industries Limited	2.4
IHH Healthcare Bhd.	2.4
Total	**28.8**

The portfolio holdings and allocations will change and the information provided should not be considered as a recommendation to purchase or sell a particular security. There is no assurance that the securities mentioned remain in the Fund's portfolio or that securities sold have not been repurchased.

Notable Trades

Communication Services

Sea Ltd.—Singapore: We initiated a position in Sea, a leading Asian internet company with the #1 market share in gaming revenues, e-commerce gross merchandise value to total orders, and e-wallet gross transaction value in Southeast Asia. Given its early mover advantage and solid management track record, we see the company as the key beneficiary of the fast-growing Southeast Asian digital economy.

Consumer Discretionary

Prosus N.V.—South Africa: We exited Prosus, a significant shareholder of Tencent, along with various other technology companies across Emerging Markets due to a combination of increasing regulatory noise across Chinese market leaders, a view that rising interest rates would hurt the valuations of technology companies with long runways for growth, and that we were selling from a position of strength as the company was in the midst of a US$5 billion share buyback program.

Healthcare

IHH Healthcare—Malaysia: IHH Healthcare operates private hospitals, medical centers, clinics, and ancillary healthcare businesses in over ten countries. We added IHH as the post-Covid-19 recovery, their rising productivity and occupancies in existing hospitals, and their good execution of cost optimization initiatives in lower-margin assets indicate positive revenue and margin trend.

Ping An Insurance (Group) Company of China—China: Though drivers for the Asian insurance industry are favorable, we removed our holding in Ping An Insurance, given their heavy exposure to the Chinese real estate market

Outlook

There are many outstanding questions across the investment landscape between Covid-19, tapering, and heightened regulation-based tension. With that said, we believe that we are reaching a sweet spot in the investment cycle, where the low-quality bounce shifts back towards profitability and quality.

Tapering is significantly less of an issue for EM than in the Taper Tantrum of 2013. The external position of emerging markets today is much stronger than in 2013 and should limit EM's vulnerability. It's also important to note that we're dealing with a much more transparent and predictable Fed than 2013.

On a regional basis, we see Latin America and EEMEA as under-owned regions, which creates a significant moment for stock-pickers assessing overlooked and inefficient markets. We continue to favor opportunities in Russia, Greece, and Mexico. We also see attractive valuations for quality companies in Brazil.

In China, we continue to favor domestic secular-driven growth stories. Still, we maintain a sense of caution as near-term uncertainty from regulatory tightening will likely persist through the remainder of the year. China has delivered strong growth over the last 4-5 years, so efforts to iron out excesses and stabilize its financial system do not come as a surprise. In the long run, regulation to promote fair competition and reduce income inequality can be beneficial for society by spurring innovation and supporting consumption, but in the short-term can impact investment. We expect the upcoming central government meetings, including the Politburo meeting at the end of October, The Sixth Plenum of the 19th Party Congress in November, and the Central Economic Work Conference in late December to provide clarity on policy outlook and economic/fiscal targets.

The portfolio remains overweight in India, where we believe the country is well-positioned for economic recovery, driven by negative real interest rates, robust foreign exchange reserves, and strong pent-up demand. Moreover, limited capital investments in recent years should lay the foundation of a new investment-led economic cycle. Despite the toll of the second COVID-19 wave, the sheer construct of the Indian market meant that even as domestic cyclicals (e.g. consumer discretionary and financials) came under pressure, global cyclicals such as software services and commodities did well due to the buoyant global outlook.

Consumption has been quick to bounce back, and we expect this trend to continue due to the positive wealth effect experienced in the country over the last 18 months.

We continue to favor leading companies in South Korea and Vietnam. In South Korea, however, we maintain a close watch on internet company players coming under regulatory pressure. With Korea's National Audit of State Affairs set for the first three weeks of October and political risk rising as we near the presidential elections in March, we expect regulatory risk to continue to cloud the internet sector for the near term. That said, we believe these companies have well-developed business models that will insulate from regulatory headwinds, along with opportunities to exploit the international growth angle.

Mirae Asset's Emerging Markets Fund continues to focus on predictable and enduring investment drivers, such as domestic structural stories, proven business models, and strong management teams. Our Emerging Markets investment strategy continues to be driven by fundamental, bottom-up stock selection. We look to invest in high-quality companies with structural advantages that benefit from broad growth across emerging markets. We maintain the view that over the long run, share prices reflect company earnings and we aim to take advantage of market dislocations.

Portfolio Managers

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All index returns are sourced from MSCI and are net total returns unless otherwise noted. Index returns are shown in USD terms.

Association of Southeast Asia Nations (ASEAN) is the organization of countries in Southeast Asia set up to promote cultural, economic and political development in the region.

Basis Points (BPS) is a standard measure for interest rates and other percentages, representing one-one hundredth of one percent.

Consumer Price Index (CPI) measures the average change in prices over time that consumers pay for a basket of goods and services and is the most widely used measure of inflation.

Manufacturing Purchasing Managers' Index (PMI) is a measure of the prevailing direction of economic trends in manufacturing.

MSCI Emerging Markets (EM) Asia Index captures large and mid cap representation across 9 Emerging Markets countries in Asia.

MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Market countries.

Important information:

An investor should consider an investment in the Funds as a long-term investment. The Funds' returns will fluctuate over long and short periods. The Funds cannot guarantee that they will achieve their investment objective. As with all investments, there are certain risks of investing in the Funds, and you could lose money on an investment in the Funds. Certain risks related to an investment in the Funds are summarized below:

Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes

Emerging market investing may be subject to additional legal, economic, political, liquidity, and currency risks not associated with more developed countries.

Geographic concentration risk: A small number of companies and industries may represent a large portion of the market in a particular country or region, and these companies and industries can be sensitive to adverse social, political, economic or regulatory developments in that country or region.

An investor should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. This and other important information about the investment company can be found in the Fund's prospectus and summary prospectus. To obtain a prospectus or summary prospectus, please contact your financial advisor or please call 1-888-335-3417. Please read the prospectus carefully before investing.

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