Commentary | 4Q21

Emerging Markets Great Consumer Fund

A: MECGX C: MCCGX I: MICGX

MIRAE ASSET Global Investments

Market Review

The MSCI Emerging Market (EM) index fell by -2.22% in 2021 despite an improving global economy, significant liquidity support, and relatively cheap valuations.

The year started strong, with EM rallying 7.45% over the first half of 2021, marking 5 straight quarters of gains for the asset class, before experiencing a -7.97% drop in the third quarter followed by another -1.31% pull back in the fourth quarter. Weak EM performance stemmed from three main drivers: 1) China, representing roughly 35% of the index, fell another -6.06% in the fourth quarter due to the ongoing regulatory crackdown; 2) a stronger US dollar (USD) coming from a hawkish pivot by the Fed, strong US growth, and a COVID-driven flight-to-quality; and 3) higher interest rates in various EM economies.

The MSCI EM Asia Index experienced a mild pull back of -0.98% in the fourth quarter, but outperformed EM outside Asia. Taiwan and the Association of Southeast Asian Nations (ASEAN) led performance during the quarter while Chinese equities remained the worst performing in the region.

China's market slumped in the fourth quarter as sporadic COVID-19 outbreaks led to ongoing mobility restrictions and continued to cripple consumption. However, new energy vehicle (NEV) sales went against the falling consumption trend to deliver record-high sales over the quarter. Chinese companies had a weak earnings season in the third quarter, driven by elevated inflation, energy rationing, and lingering effects of China's regulatory reset. However, recent activity data suggests that the third quarter drag is starting to fade, supporting an industrial activity recovery along with solid external demand and manufacturing investment. China's central bank cut the reserve requirement ratio (RRR) for major commercial banks by 50 basis points (bps) in December, releasing RMB 1.2 trillion worth of long-term liquidity and providing early evidence of monetary policy turning pro-growth ahead of further Fed tapering. Chinese banks also lowered the 1-year loan prime rate (LPR) for the first time since April 2020 by 5 bps to 3.8%.

Indian equities were down in the fourth quarter, moderating from the strong growth of prior quarters. The National Stock Exchange of India reached a record high in mid-October before correcting almost 10% by mid-December, then closed the quarter relatively flat following an end-of-year rally. Foreign Institutional Investors (FIIs) remained net sellers for the entire quarter, while Domestic Institutional Investors (DIIs) remained large net equity buyers for the third quarter in a row. COVID-19 cases continued to trend down over the quarter, ending at less than 10,000 new cases per day. The pace of vaccination rollout remained strong at around 5-7 million doses administered per day. As of December 31, almost 44% of India's population were fully vaccinated versus 17% at the end of September. India record its highest-ever monthly exports in December, totaling US$37 billion, as demand for engineering products, petroleum items, and gems and jewelry soared.

The South Korean market experienced a relatively stagnant quarter but ultimately was negative for the quarter. Investor expectations of Fed tapering along with stronger-than-expected inflation drove market concerns. In late November, the market experienced a correction after the Bank of Korea raised its policy rate by 25 bps to 1%; however, this was in line with market expectations, and equities rebounded to prior levels soon after.

Taiwanese equities delivered the most robust performance within Emerging Asia for the quarter, primarily driven by the rotation into Asian technology hardware, particularly the semiconductor industry. Beneficiaries of the Metaverse trend and strong 5G demand were the key contributors to performance in the region.

In ASEAN, Indonesian equities outperforming the rest of the Southeast Asian region. Despite experiencing a slower third quarter due to COVID-related impacts, the market bounced back with re-openings accelerated by the country's strong vaccination progress. Other Southeast Asian countries also outperformed, aside from Singapore, where equities were down in the fourth quarter.

Latin America and EEMEA (Eastern Europe, Middle East & Africa) delivered mild returns for the quarter, down -2.53%. After falling -13.22% in Q3, Latin America drifted down another -2.48% in the fourth quarter, finishing the year down -7.73%. The EEMEA region ended its strong 2021 run contracting -2.28% in Q4, but up 18.57% for the year. Over the quarter, Egypt, the Czech Republic, and Peru performed the best across EM ex-Asia, while Turkey, Hungary, and Chile lagged. Egypt and the Czech Republic have market benchmarks heavily concentrated in banks, which rallied with the hawkish turn in monetary policy. After a difficult nine months, Peru rallied with marginal improvements on political sentiment about newly elected President Pedro Castillo. Turkey's weak performance stemmed from run-away inflation and unorthodox monetary policy from the Central Bank. Hungary fell due to the end of its Central Bank's asset purchasing program along with the spread of a new variant of COVID-19. Chile contracted following the presidential election of Gabriel Boric, whose ambitious goals, including tax reform to fund social spending, will be met by a divided Congress and ongoing constitutional reform.

Fund Review

Mirae Asset's Emerging Markets Great Consumer Fund (MICGX) underperformed its benchmark by 3.55% over the quarter ending December 31st, 2021. The MSCI EM index fell -1.31% and the fund contracted -4.86% during the period.

Key Contributors to Performance

- On a country basis, the largest positive contribution to fund performance came from stock selection in Saudi Arabia. Though the country's equity performance stalled, falling 67 basis points during the period, the fund's holdings in the country saw a total return of 15.55%.

- From a sector perspective, the fund's underweight in materials contributed the most to performance as well as stock selection in health care.

- The largest single name contribution to relative performance came from the fund's overweight in BYD, a Chinese electric vehicle company that rallied over 10.00% during the period.

Key Detractors from Performance

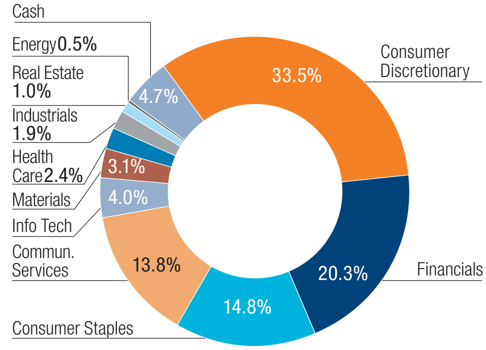
- Geographically, the Fund's significant underweight in Taiwan was the largest detractor to relative performance. Taiwan rallied 8.43% in the fourth quarter and over 37% on the year. We note that Taiwan is a highly concentrated market, with Taiwan Semiconductor representing roughly 45% of its market capitalization. Stock selection in South Korea also negatively contributed to fund performance.

- The Fund's significant underweight in information technology was the largest detractor from relative performance during the quarter from a sector perspective. Information technology is a highly concentrated sector in EM and roughly 70% of the sector is made up of Semiconductor and Computer Hardware producers. These companies enjoyed strong momentum in 2021, but we continue to believe that asset-light companies with less exposure to international trade and demand may create more economic value over the long term.

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: 1.20%. 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 DECEMBER 31, 2021*)



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

Performance

(AS OF DECEMBER 31, 2021)

	EMERGING MARKETS GREAT CONSUMER CLASS I (%)	MSCI EMERGING MARKETS NR INDEX (%)
4Q2021	-4.86	-1.31
1 Year	-13.41	-2.54
3 Year (annualized)	12.90	10.94
5 Year (annualized)	12.65	9.88
10 Year (annualized)	7.73	5.49
Since Inception† (annualized)	6.17	3.82

†9/24/10

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

Top Ten Holdings

COMPANY	WEIGHTING (%)
Li Ning Company Limited	7.6
BYD Company Limited Class H	7.3
NAVER Corp.	5.1
Alibaba Group Holding Ltd.	3.9
Kakao Corp.	3.7
PT Bank Central Asia Tbk	3.7
HDFC Bank Limited	3.4
Midea Group Co. Ltd. Class A	2.9
Tencent Holdings Ltd.	2.8
LG Household & Health Care Ltd	2.8
Total	**43.2**

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.

- On the stock level, the main detractor to the Fund's relative performance to the quarter came from the overweight in Sea Ltd., an e-commerce, gaming, and financial services company out of Singapore. Sea had rallied over 60% through the first nine months of the year but pulled back in the fourth quarter amidst the Fed-driven correction in global technology growth companies.

Notable Trades

Consumer Discretionary

XPeng, Inc—China: XPeng is starting to emerge as one of the most competitive players among electric vehicle (EV) start-ups in China. The company's new delivery volume growth continues to beat market consensus and its competitors. From a bottom-up perspective, we believe the company holds an advanced position in technology development. At the same time, top-down, we are optimistic about China's growing EV market with strong policy tailwinds.

Consumer Staples

Amorepacific Corp—South Korea: Although we remain positive on Amorepacific's business restructuring efforts, we exited our position as we found more attractive valuations elsewhere. The company's restructuring process has been slower than our initial expectation. Additionally, share price corrections due to the new COVID-19 variant in China revealed the value of more competitive names that used to be trading at less attractive valuations.

X5 Retail Group—Russia: We added X5 Retail Group to the Fund during the quarter as we saw the stock trading significantly below its intrinsic value. Regarding geopolitical risk in Russia, X5 is a domestic grocery and convenience chain that we anticipate to show resilience to political maneuvering.

Financials

PT Bank Rakyat Indonesia—Indonesia: We remain positive on Indonesia's bank sector and therefore increased the Fund's exposure to the segment with PT Bank Rakyat Indonesia. Recent government policy and rising vaccination rates appear to be solid tailwinds for well-positioned banks in retail banking.

Industrials

Grupo Aeroportuario del Pacifico (GAP)—Mexico: We exited GAP in November after witnessing a robust +20% run driven by the US/Mexico reopening. With new variants looming and significant exposure to long-term travel trends in Asia, we found it prudent to exit this position.

Outlook

Coming out of 2021 and into the Lunar Year of the Tiger, there are three areas in which we believe Emerging Markets (EM) are ahead of the pack creating a foundation for opportunities within the asset class in 2022:

1. Vaccination rates in key EM countries, such as China, Taiwan, South Korea, and most of Latin America, are well ahead of the US.

2. Chinese regulations startled markets in 2021, although fines have been manageable and companies seem to be adapting quickly, we believe similar rules are yet to come across US and European markets.

3. Several EM central banks (Russia, Brazil Chile, Colombia, Mexico, Peru, the Czech Republic, Hungary, Poland, Korea, and South Africa) began raising interest rates well ahead of the US and Europe in 2021.

Even as many countries within EM face various headwinds, as active managers, we are finding attractive opportunities within the asset class. The growth differential versus DM is increasing, return-on-equity (ROE) ratios are converging, multiples remain suppressed, and allocators continue to look for opportunities outside of a concentrated US market. Other anticipated key catalysts for EM performance in 2022 include inflation moderation, improving US/China relations, and a weaker US dollar (USD).

On a regional basis, we see Latin America and Eastern Europe, Middle East and Africa (EEMEA) as under-owned regions, which creates a significant moment for stock pickers assessing overlooked and inefficient regions. We see particularly attractive opportunities in Greece, Mexico, Brazil, and Russia.

Chinese equity markets experienced difficulty in 2021, with regulatory tightening and ongoing mobility restrictions crippling overall consumption. As we move into 2022, we anticipate China to move towards monetary easing as authorities focus on stabilizing the economy and promoting greater social equality and welfare. China's zero-tolerance policy with COVID-19 has significantly impacted consumer companies, especially with the breakout of new variants. We anticipate more relaxation on social distancing measures following the Winter Olympics in February, which could reinvigorate consumption activity.

India's structural growth story has started to play out over the past year, and, therefore, it remains an overweight position for the Fund. Despite the country's valuation premium compared to other EMs, we believe India is still in the early stages of an economic upcycle with significant headroom for growth over the coming years. In the near term, the rapid resurgence of COVID-19 cases in India could impact first-quarter performance due to mobility restrictions. However, India's first two waves have shown that these impacts may be temporary.

In South Korea, the regulatory pressure will likely remain a swing factor for internet company share prices amid the upcoming presidential election. However, we maintain our constructive view on leading online companies, such as Naver and Kakao, as the fundamentals of these companies continue to improve amid the ongoing pandemic.

In ASEAN, we maintain a positive view of Vietnam, Indonesia, Singapore, and Malaysia. Looking ahead, we are optimistic about the rebound of ASEAN countries as 1) reopening should promote recovery in domestic demand, and 2) reopening should allow workers to return to work, lifting production levels and, subsequently, help alleviate supply-side constraints. We see structural growth opportunities in the region in internet platforms, consumer discretionary, and retail banking.

Mirae Asset's Emerging Markets Great Consumer Fund focuses on identifying companies with high-quality management teams and business models that are best placed to benefit from secular growth in domestic spending across emerging markets. Our investment strategy utilizes a fundamental, bottom-up approach to invest in companies that may benefit from such enduring trends and which have shown to possess sustainable competitive advantages, including strong management, product differentiation, a dominant competitive position, pricing power, and balance sheet strength.

Portfolio Managers

JOOHEE AN
W. MALCOLM DORSON
SOL AHN, CFA

Mirae Asset Global Investments (USA) LLC
625 Madison Avenue, 3rd Floor
New York, NY 10022
(888) 335-3417
investments.miraeasset.us

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.

Loan Prime Rate (LPR) is the lending rate provided by commercial banks to their highest quality customers, and serves as the benchmark for rates provided for other loans.

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.

Reserve Requirement Ratio (RRR), set by the central bank, is the percentage of a commercial bank's deposits that it must keep in cash as a reserve in case of mass customer withdrawals.

RMB (Renminbi or Yuan), is the official currency of the People's Republic of China.

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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