Commentary | 4Q22

Emerging Markets Fund

A: MALGX C: MCLGX I: MILGX

MIRAE ASSET Global Investments

Market Review

Emerging Markets (EM) equities rallied 9.79% in the fourth quarter ending December 30, 2022. This broke a streak of five consecutive negative quarters for the asset class.

All regions rallied, but Asia led the way with China moving away from its zero-Covid policy. In addition, after four consecutive 75 basis point rate hikes, some US economic data began to show signs of weakness, and the US Federal Reserve (Fed) reduced the size of its hikes with a 50 basis point increase in December. Signs of change led to weakness in the US Dollar (USD) with the DXY falling over 7.6% over the three-month period. 10-Year treasury yields also remained stable around 3.8%, while volatility (as measured by the VIX Index) dropped over 30% during the quarter. All of these factors helped lift EM performance.

The MSCI EM Asia Index was up 10.92% in the fourth quarter. The Philippines and Korea were the leading outperformers, while Indonesia was the only market to post a negative performance.

Chinese equities gained 13.34% in the quarter, rebounding since November on an earlier-than-expected relaxation of Covid policies. In October, investors were bearish towards China as concerns grew about the concentration of decision making in President Xi's new party, while geopolitical uncertainty intensified following the US semiconductor ban on China. However, the negative sentiment quickly changed after the Chinese government delivered 20 new measures to relax Covid control guidelines in November, followed by the complete lifting of other curbs in December. Additionally, the Central Economic Work Conference emphasized the need to boost domestic demand, sending signals in favor of private enterprises and internet platforms. On the geopolitical front, tensions between the US and China appear to have de-escalated after Biden and Xi's G20 meeting in November and the US Public Company Accounting Oversight Board's positive annual assessment in December removed a major overhang on Chinese offshore stocks.

Indian equities rose 1.80% but underperformed peers that benefited from China's reopening. India's second quarter fiscal year 2023 (July-September) GDP slowed to 6.3% year-on-year, compared to 13.5% in the previous quarter, as favorable base effects began to fade. Manufacturing activity also slowed in recent quarters on adverse terms of trade shock from higher commodity prices and a slowdown in global growth, but saw a strong rebound in December. After three successive 50 basis point hikes, the Reserve Bank of India downshifted to a 35 basis point hike in December. The smaller size of the rate hike comes amid retail inflation showing signs of moderation, with November headline CPI inflation coming in at an 11-month low of 5.9% year-over-year, down from 6.8% year-over-year in October.

Korean equities, up 16.89%, rebounded in October and November due to better-than-expected US CPI prints and a less hawkish turn in Fed policy. However, performance fell in December as the Fed reiterated its intention to lower inflation further. Investors were also concerned about the weak environment amid China's Covid-19 outbreak and a sluggish fourth-quarter earnings outlook. The Bank of Korea delivered two policy rate hikes during the quarter: a 50 basis point hike in October, followed by a 25 basis point hike in November on moderating inflation prints.

In Taiwan, equities rose 9.42%, rebounding in November on a weaker USD and slowing US CPI prints before correcting again in December on lackluster activity data. Following the October upside surprise, the November trade report came in weaker than expected. Taiwan's export orders also weakened significantly in November amid global demand softness and supply chain distortions from China.

Within ASEAN, Indonesia was the main underperformer, while the Philippines and Thailand were the notable outperformers, with equities up 20.89% and 16.01%, respectively. Thailand benefited from China's reopening prospects. The private consumption indicator rose in November, ending two consecutive months of sequential declines. In Indonesia, despite recent benign CPI prints, Bank Indonesia hiked its policy rate by 25 basis points to 5.50% as the central bank reiterated its focus on external stability.

Equities in Latin America gained 5.95% in the quarter. Colombia, Peru, and Mexico were the best-performing equity markets in Latin America. Though oil prices fell over the quarter, Colombian equities gained 19.97% as banks rallied from a low base around the high-interest rate environment. Peru's concentrated market rose 17.35% for two reasons: (1) copper prices climbed over 10%, and (2) congress impeached President Pedro Castillo, who was known for market unfriendly policies. Mexican equities moved up 12.65% due to a weaker US dollar and reports showing progress of “nearshoring” in the manufacturing sector. No equity market in Latin America posted negative performance, but Brazil and Chile were the least performing markets, rising only 2.51% and 7.17%, respectively. Brazil’s performance came off a polarized election, where the market friendly incumbent performed better than expected in the primary rounds, but then lost to President Luiz Inácio Lula da Silva, whose campaign pillars focused on more spending and state intervention. Like Peru, the Chilean economy benefited from China’s reopening.

Stocks in EEMEA rose 5.85%. Turkey and Poland were the best-performing markets, rising 62.89% and 47.75%, respectively. Turkey rallied in the face of hyperinflation as local investors saw the equity market as one of the only places to keep up with spiraling asset prices and a weaker US dollar. Also, some market participants began to invest around a potential change in leadership as 2023 is a Presidential election year. Poland gained from a weaker US dollar and speculation of a potential easing of geopolitical tension in Ukraine. On the negative side, Qatar, Saudi Arabia, and the United Arab Emirates (UAE) fell 15.29%, 7.43%, and 1.51%, respectively. After a strong year, markets in the Middle East sold off due to profit-taking, weaker currencies, and softer quarterly oil prices.

Fund Review

Mirae Asset’s Emerging Markets Fund (MILGX) outperformed its benchmark by 1.07% in the quarter ending December 31, 2022. The Fund rose 10.77%, while the MSCI Emerging Markets Index gained 9.70% during the period.

Key Contributors to Performance

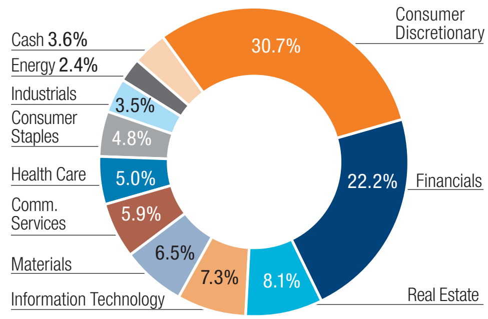
- On a country basis, the largest contributor to Fund performance came primarily from an overweight positioning to Hong Kong. The Fund’s allocation to off-benchmark country, the UK, also had a positive impact.
- From a sector perspective, Real Estate contributed the most to Fund performance due to stock selection and allocation effects. Stock selection in Materials also added to performance.
- On a stock level, the top contributors to the Fund’s relative performance were Prudential, Sands China, and AIA Group.

Key Detractors from Performance

- Geographically, the largest detractors of relative performance came primarily from stock selection in China and Saudi Arabia. However, 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 countriess.
- From a sector perspective, stock selection in Information Technology and Industrials detracted the most from relative performance.
- On the stock level, the main detractors to the Fund’s relative performance in the quarter came from Chinese companies Tongwei and LONGi Green Energy Technology.

Sector Holdings

(AS OF DECEMBER 31, 2022*)



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

Performance

(AS OF DECEMBER 31, 2022)

	EMERGING MARKETS CLASS I (%)	MSCI EMERGING MARKETS NR INDEX (%)
4Q2022	10.77	9.70
1 Year	-20.37	-20.09
3 Year (annualized)	-0.83	-2.69
5 Year (annualized)	-1.06	-1.40
10 Year (annualized)	3.09	1.44
Since Inception† (annualized)	2.53	1.63

†9/24/10

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

Top Ten Holdings

COMPANY	WEIGHTING (%)
Tencent Holdings Ltd.	5.0
Alibaba Group Holding Ltd.	4.7
Standard Chartered PLC	3.7
Prudential plc	3.5
Swire Pacific Limited Class A	3.2
Meituan Class B	3.0
ICICI Bank Limited	2.6
IHH Healthcare Bhd.	2.5
Pinduoduo, Inc. Sponsored ADR Class A	2.4
Taiwan Semiconductor Manufacturing Co., Ltd.	2.3
Total	**33.0**

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.

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, 2023. Total annual fund operating expenses for Class I shares: 1.52%. 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.

Internet platforms and private companies also received a renewed sound of support as Chinese leaders recognize their essential role in bolstering economic growth and fueling job creation. On the consumer side, the Covid-19 outbreak poses near-term impacts on the population and consumption. However, certain cities like Beijing appear to have already passed their peak infection rate. Mobility data has also started to bounce back since mid-December, suggesting the worst of the current wave is now behind us, which should lead to a recovery in pent-up demand.

For China, we believe 2023 will be a year of two halves. In the first half, a recovery will be driven by the reopening. The dramatic U-turn in China's Covid policy since mid-November implies a deeper short-term economic contraction but a faster reopening and recovery. Though there may be some short-term volatility from Covid disruptions, we have seen from other countries that markets are forward-looking and are already looking beyond the near-term disruptions. In the second half, multiple re-ratings should be complete, and the market will likely be driven by earnings. While the rest of the world struggles with higher rates and slower growth, we believe China will be well-placed to deliver an earnings recovery in 2023.

While performance in India may lag as some flows return to China, investor allocations between the two countries have not empirically been binary and, thus, should not be a cause of concern. India's domestic tourism has bounced back to exceed pre-Covid levels, suggesting demand growth remains strong. We expect India's upcoming Union Budget to continue expanding capital expenditures, supported by healthy growth in tax collections.

In Korea and Taiwan, performance may continue to lag in the earlier half of 2023 as demand weakness persists alongside an inventory drawdown to re-align with a slower outlook. However, easing inflationary pressures and China's reopening should provide a tailwind for a recovery in the second half of 2023.

We expect performance in ASEAN, like India, to lag in the earlier months of 2023 as some flows go to China. However, commodities will likely remain strong as China picks up, which is a positive for commodity exporters like Indonesia. We continue to favor Vietnam as an off-benchmark play.

We believe that both Latin America and EEMEA show pockets of strong performance potential. At 8.7x earnings and 5.5x EV/EBITDA, the EM ex-Asia region screens attractively from a valuation perspective. Both metrics are trading one standard deviation below their historical averages and the region also pays a dividend yield above 5%. The continuation of a tight oil market bodes well for Saudi Arabia, the UAE, Brazil, Colombia, and Mexico. China's reopening and a recovery in Chinese demand would be a powerful boost to South Africa and Latin America. Though we do not foresee it in the near term, an economic rebound in the US and Western Europe would serve as a tailwind for Mexico, Poland, the Czech Republic, Hungary, and Greece. For the medium and long-term, we continue to believe that EM-ex Asia presents a strong growth opportunity due to sound balance sheets, a low earnings base, attractive valuations, and global market positioning. We believe that quality names in the region remain overlooked and that global positioning is ripe for change. This could lead to inflows and a powerful swing for EM ex-Asia. We remain positive on Mexico, as the country should benefit from US companies nearshoring away from China. We also see an attractive valuation window in Brazil, particularly in quality companies with defensive business models. We are cautious Turkey in the face of President Erdogan's unpredictable behavior ahead of elections, along with a vulnerable current account deficit. We are carefully monitoring South Africa based on continued structural challenges and a growing account deficit.

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 should 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.

Dividend yield is the ratio of a company's annual dividend compared to its share price

EEMEA is Eastern Europe, the Middle East and Africa

EV/EBITDA is a ratio that compares a company's Enterprise Value (EV) to its Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA). The EV/EBITDA ratio is commonly used as a valuation metric to compare the relative value of different businesses

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Initial Public Offering (IPO) is a company's first sale of stock to the public.

MSCI ACWI + FM Index captures large and mid cap representation across developed markets, emerging market countries and frontier markets**.**

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

MSCI Emerging Markets Asia Index captures large and mid cap representation across 8 Emerging Markets countries.

Nearshoring is the practice of partnering with suppliers, manufacturers and other necessary entities within a supply chain that is located in countries near the company in question.

VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the US stock market, derived from real-time, mid-quote prices of S&P 500 Index call and put options**.**

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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