Commentary | 2Q22

Emerging Markets Great Consumer Fund

A: MECGX C: MCCGX I: MICGX

MIRAE ASSET Global Investments

Market Review

Emerging Markets (EM) equities fell 11.3% in the second quarter ending June 30, 2022, but outperformed Developed Markets (DM) by 4.7%.[1]

Though the asset class fared better than the US and Europe, it marked the fourth consecutive quarter of negative returns for EM. Key drivers behind first quarter performance spilled into the second quarter as the war in Ukraine led to higher geopolitical risk, supply disruptions, higher inflation, more hawkish policies in DM, a stronger US dollar (USD), and increased risk for a global recession. This dynamic creates a particularly challenging environment for EM growth stocks as investors are forced to discount future returns with higher costs of capital. However, EM provided relative resilience due to two factors. One, most EM central banks found themselves ahead of the Fed in regards to rate hiking cycles and their combat on inflation. Two, China began to ease its draconian lockdowns across major cities, leading investors to move back into names that should benefit from low valuation multiples, monetary easing, and fiscal stimulus. Oil prices rallied approximately another 5.5% after the 45% climb in the first quarter, which also helped oil-exporting countries in the Middle East and Latin America.

In the second quarter, the MSCI China Index was up 3.5% and was the only country in the MSCI ACWI benchmark to deliver a positive return. Continuing its rebound from May, Chinese equities rallied in June on the relaxation of mobility restrictions across the country and additional fiscal support for consumption. Signals of a potential reduction in US tariffs on Chinese goods also boosted investor sentiment while cooling commodity prices helped ease margin concerns. In April, Chinese authorities announced a 25 basis point (bps) cut to the reserve requirement ratio for banks. Additionally, in a bid to cushion the weak housing market, first home mortgage loans were reduced by 20 bps and the 5-year loan prime rate by 15 bps in May.

Indian equities were down 13.5% in the quarter on concerns of rising interest rates and elevated inflation. Following the surprise 40 bps hike by the Reserve Bank of India in early May, the Monetary Policy Committee raised the policy rate by another 50 bps to 4.9% in June. The Indian government saw record tax revenues of 27.1 trillion rupees (approximately $350 billion) for its fiscal year ending March 2022, with continued momentum leading to expectations that fiscal year 2023 gross taxes could be better than budgeted. Foreign Institutional Investors remained net sellers of Indian equities for the third consecutive quarter, while Domestic Institutional Investors remained large net equity buyers for over five quarters.

Korea was the worst-performing market in Emerging Asia, with equities falling 20.8% in the second quarter. Korean equities saw a slight uptick in May on improving investor sentiment following President Biden's visit to Korea. However, this was dampened by the Bank of Korea's 25 bps policy rate hike to 1.75%, and the forecast for the 2022 average annual inflation rate rose sharply to 4.5%. In June, underperformance was driven by the Fed's hawkish interest rate hike, elevated inflation for domestic and US CPI prints, and concerns on the tech cycle downturn. Inflation accelerated at its fastest pace in 24 years as the CPI rose 6.0% year-over-year in June, up from 5.4% in May.

In Taiwan, equities declined 19.6%. In April, Taiwanese equities corrected due to worries of a demand slowdown for consumer technology. While first quarter 2022 earnings came in strong for semiconductor names, share price performance was weak as investors braced for a potential down cycle. In May, we saw a positive rebound driven by news of easing restrictions in Shanghai; however, the gains reversed in June amid the Fed's hawkish interest rate hike and concerns of global growth. Manufacturing PMI weakened for the sixth consecutive month to 49.8 in June, recording the lowest reading since June 2020 and reflecting the uncertainty in external demand.

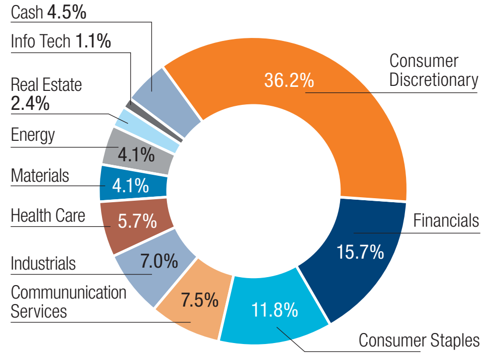
After a strong first quarter, ASEAN markets corrected in the second quarter, with Indonesia, Thailand, and Malaysia falling 8.8%, 10.6%, and 12.8%, respectively. Foreign outflows increased across the region in June as investors became concerned about markets with high exposure to energy imports. In Thailand, foreign investors turned into net sellers (-$802 million) for the first time since November 2021, while Indonesia recorded its largest net monthly equity foreign outflows (-$501 million) in June.

[1]Source: MSCI. EM represented by the MSCI Emerging Markets Index. DM represented by the MSCI World Index. In the second quarter ending June 30, 2022, the MSCI World Index returned -16.05%.

After a robust first three months of the year, Latin America declined 21.7% in the second quarter. The EEMEA (Eastern Europe, Middle East, and Africa) region fell 17.0% over the quarter, dragged down by Eastern Europe. The Czech Republic, Kuwait, and Qatar performed the best across EM outside of Asia, while Peru, Colombia, and Poland performed the worst. Kuwait and Qatar showed relative resilience due to their USD peg, higher oil prices, and banks benefitting from higher interest rates. The Czech Republic benefitted from one energy company representing roughly 68% of its concentrated benchmark. On the negative side, Peru suffered from calls for President Castillo to step down, and increasing expectations of global recessions putting pressure on copper prices. Colombia deteriorated with the election of President-elect Gustavo Petro, a former member of the guerrilla 19th of April movement, who ran on pillars based on higher taxes and wealth redistribution. Poland's weakness stemmed from regional geopolitical tension, inflation pressure, higher interest rates, slower growth, and uncertain regulation in the banking sector.

Sector Holdings

(AS OF JUNE 30, 2022*)



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

Fund Review

Mirae Asset's Emerging Markets Great Consumer Fund (MICGX) outperformed its benchmark by 3.48% in the quarter ending June 30, 2022. The MSCI Emerging Markets Index fell 11.45%, while the Fund declined 7.97% during the period.

Key Contributors to Performance

- On a country basis, the largest positive contribution to Fund performance came from our positioning and stock selection in China. The Fund's 33.95% exposure to the country was up 15.12% over the period and added 374 bps to performance.
- From a sector perspective, the Fund's overweight in Consumer Discretionary contributed the most to performance. The Fund's positions in the sector rose 12.23% while the sector was only up 6.29%. This added 435 bps to performance.
- The largest single name contribution to relative performance came from the Fund's position in electric vehicle producer BYD Company, which was up 40.84% over the period.

Key Detractors from Performance

- Geographically, South Korea detracted the most from relative performance primarily due to stock selection over the three-month period. Korean equities fell 20.86%, and though the Fund was underweight, its holdings fell more than the benchmark, leading to a detraction of 102 bps from performance.
- From a sector perspective, the Fund's stock selections in Communication Services led to the largest detraction, taking away 186 bps from performance. Most of this came from our holding in Naver Corp, a Korean internet platform that was down 33.9% over the period.

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.

Performance

(AS OF JUNE 30, 2022)

	EMERGING MARKETS GREAT CONSUMER CLASS I (%)	MSCI EMERGING MARKETS NR INDEX (%)
2Q2022	-7.97	-11.45
1 Year	-36.08	-25.28
3 Year (annualized)	-2.52	0.57
5 Year (annualized)	2.80	2.18
10 Year (annualized)	3.78	3.06
Since Inception† (annualized)	3.58	1.96

†9/24/10

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

Top Ten Holdings

COMPANY	WEIGHTING (%)
Li Ning Company	7.38
BYD Company	7.21
Alibaba Group	5.72
China Tourism Group	3.78
XPeng, Inc.	3.54
Reliance Industries	3.23
Meituan	2.91
Shanghai International Airport	2.86
Tencent Holdings	2.78
Apollo Hospitals Enterprise	2.78
Total	**42.19**

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 detractors to the Fund's relative performance in the quarter came from Internet companies Kakao and Naver. Internet platforms from financial technology to search to e-commerce all struggled over the period as global interest rates rose and analysts discounted these high-growth stories with higher costs of capital.

Notable Trades

Consumer Discretionary

Nio—China: Nio, a pioneer in China's premium electric vehicle (EV) market, was added as the company is expected to benefit from rising EV penetration. Nio saw a strong upbeat in sales in June and we expect its volume trajectory to continue into the second half of 2022, aided by a strong product pipeline.

Meituan—China: Meituan is a leading Chinese internet platform company and the world's largest on-demand food delivery platform. We believe the company is a leader in China's local consumption market and should benefit from the post-lockdown consumption recovery in the last half of the year. Despite the impact of the Omicron outbreak in March, the company delivered first quarter results that exceeded market consensus, with better core margins and narrowing losses from new initiatives.

Financials

China Merchants Bank—China: We initially trimmed our position in China Merchants Bank in early April due to concerns of macro weakness driven by China's Covid lockdowns. Later in the month we exited the position entirely as news circulated that its president was under investigation.

Information Technology

Taiwan Semiconductor—Taiwan: We sold out of Taiwan Semiconductor to add to names that we believe exhibited more favorable risk-return profiles and growth potential amid the current macro environment and re-opening trend.

Outlook

Looking into the remainder of 2022, there are three key areas that we believe will likely affect performance in emerging markets:

1. Interest Rates and the US Dollar: The recent inflation spike has led the Fed to pivot into a rate hiking cycle that has led to market uncertainty. Higher US interest rates create two challenges for EM equities. First, overall EM equities offer a structural story based on promises of high growth and maturation over a multi-year period. This means high duration. When interest rates move up, investors must revisit their models with higher costs of capital — meaning they are discounting their future cash flows at higher rates, leading to lower valuations. Second, higher US rates tend to attract flows, which creates a stronger USD environment. Historically, EM equities have displayed an inverse relationship with the USD. This correlation is due to the inverse relationship between the USD and commodity prices, and EM countries and the companies within them having historically funded their growth prospects with USD debt. Though the USD has strengthened, we've seen that it is normal for the currency to appreciate in the months leading up to the start of a Fed hiking cycle, but weaken in the months after. Prospects of a weaker USD could signal healthier balance sheets, lower interest expenses, and higher earnings revisions — all positives for EM equities and similar to what we have seen in past cycles. In fact, looking back at data between 1999 and 2022, EM equities have outperformed, on average, by 11% and 10%, respectively, the following 6 and 12 months after initial Fed rate hikes.[2]

2. China: The majority of the recent pullback was self-inflicted, and we believe the pendulum has swung too far. While the rest of the world is tightening monetary policy and easing fiscal stimulus, China is the only major central bank in the world cutting interest rates. The Chinese government is also extending credit, picking up spending, and reducing regulatory rhetoric. This is creating a significant amount of pent-up demand and the coil has continued to tighten as China pushes its zero-COVID policy. The question regarding a rebound is not if, but when. At some point, China will likely fully reopen based on a combination of successful new vaccines, testing measures, and the eventual move to endemic status. This rebound in China would create a significant opportunity for EM assets.

3. Eastern Europe: The Ukraine/Russia situation has been a boost to commodity-producing countries and traditional value-oriented sectors. On the other hand, we believe countries sensitive to the geopolitical risk premium, like Turkey, Greece, Egypt, and Poland, are poised for a strong rebound if we see any sort of ceasefire or peace agreement.

[2]Source: Bloomberg. Date of first hike: 6/30/99, 6/30/04, 12/16/15, 3/16/22. Average return for 6 month After and 12 months After excludes 3/16/22.

China has undergone a difficult first half of the year, but the recent easing, reopening, and relative macro resilience have improved expectations of growth acceleration in the second half of 2022. From an allocation perspective, China is becoming increasingly attractive given its expansionary stance amid the global slowdown. Chinese equities (the onshore A-share market in particular) have shown low correlations with global equity markets, suggesting potentially lower spill-over impacts during a global downturn. Within the portfolio, we've increased the weight of our holdings in Chinese e-commerce, local services, and travel-related names that should benefit from a re-opening. We also continue to maintain an overweight position in Chinese sportswear names. Though second quarter earnings results and the COVID situation in China may increase market volatility in the next couple of months, we expect to see better-than-feared second quarter results as expectations are already low.

Despite recent market corrections in India, we remain optimistic about the country's longer-term structural growth. The near-term risk to India's growth story is a further spike in oil prices to $150 or $175 per barrel due to dwindling Russian supply. Every $10 increase per barrel of oil is estimated to increase India's current account deficit by about 0.4% of GDP.[3] Over the medium term, however, higher oil prices should lead to a cool-down in demand and help alleviate inflationary pressures. We also expect to see an accelerated scale-up of alternative energy sources such as renewables. Overall, we maintain a long-term positive view on high-quality Indian companies in under-penetrated sectors, such as fast-moving consumer goods, health care, financials, and digital services.

We reduced our exposure to Korea, as the market is closely tied to global growth. Given the slowdown in external demand, the Fund will continue to focus on markets and companies that we believe will benefit from a recovery in domestic demand as well as the re-opening trend in Emerging Asia, including ASEAN and China.

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 regions. We see particularly attractive opportunities in Greece, Saudi Arabia, and in overlooked domestic cyclical names in Brazil.

Mirae Asset's Emerging Markets Great Consumer Fund focuses on identifying companies with high-quality management teams and business models that we believe 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. We look for companies that can consistently earn and compound returns above their costs of capital.

Portfolio Managers

JOOHEE AN
W. MALCOLM DORSON
SOL AHN, CFA

Mirae Asset Global Investments (USA) LLC
1212 Avenue of the Americas, 10th Floor
New York, NY 10036
(888) 335-3417
investments.miraeasset.us

[3] JPMorgan, as of 6/13/22

All index returns are sourced from MSCI and are gross 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.

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.

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 ACWI Index captures large and mid-cap representation across 23 developed markets and 24 emerging market countries.

MSCI China Index captures large and mid-cap representation across China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs) of Chinese stocks. China A shares will be partially included in this index.

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

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

MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries.

Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing sector. The PMI Index is based on five major indicators: new orders, inventory levels, production, supplier deliveries, and the employment environment.

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.

Return on Equity (ROE) is a measure of profitability that calculates how many dollars of profit a company generates with each dollar of shareholders' equity.

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 careful1ly 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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