

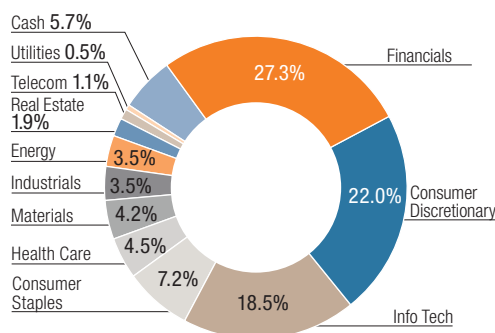
# Emerging Markets Fund

1Q2018 Commentary

**MIRAE ASSET**  
Global Investments

A: MALGX C: MCLGX I: MILGX

## Sector Holdings (AS OF MARCH 31, 2018\*)



\*These will change and should not be considered recommendations.

## Performance (AS OF MARCH 31, 2018)

	EMERGING MARKETS CLASS I (%)	MSCI EMERGING MARKETS NR INDEX (%)
1Q2018	0.82	1.28
1 Year	28.27	23.05
3 Year (annualized)	10.80	9.38
5 Year (annualized)	7.54	4.96
7 Year (annualized)	4.47	2.80
Since Inception <sup>†</sup> (annualized)	5.01	3.81

<sup>†</sup>9/24/10

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

*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 1.25% (for Class I Shares) of average daily net assets through August 31, 2018. Total annual fund operating expenses for Class I shares: 3.43%. 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.*

## Market Review

Emerging market (EM) equities, as represented by the MSCI Emerging Markets Index, started the year on a positive note, rising more than 8% in January, before global rhetoric on protectionism and trade wars began to weigh on stocks. EM equities ended the first quarter of 2018 with a gain of 1.47%. The quarter's performance was a strong signal for the asset class, after a 37.75% rise in 2017. EM equities continued to outperform global stocks, as the MSCI World Index declined 1.15% for the quarter.

Emerging Asia ended the quarter with a slight gain of 0.87%. The US-China trade dispute dominated headlines for most of the quarter and affected investor sentiment. The Trump administration is planning to impose new tariffs on US\$50-60 billion worth of Chinese imports. In response, China has announced a proposed list of over 100 US products upon which it will levy an additional 25% import tariff, collectively worth around US\$50 billion.

However, there was no implementation date set, which leaves room for negotiation between the two parties in the coming weeks.

Latin America outpaced the rest of EM and grew 8.11% for the quarter. Brazil and Egypt were the two best performers in EM ex-Asia. Brazil rallied on the combination of lower-than-expected inflation leading to continued central bank easing, resilient commodity prices, and marginally positive news flow regarding the 2018 presidential election. Egypt moved on the back of dramatically improved inflation figures leading the central bank to pivot from an interest rate hiking cycle to a cutting cycle. On the negative side, Poland and Greece were the worst performers in the region. Poland saw a correction after a strong 2017. Greece fell on concerns regarding stress tests for the financial system along with the economy's perceived attachment to global trade.

## Fund Review

Mirae Asset's Emerging Markets Fund (MILGX) closed up 0.82% whereas the MSCI Emerging Markets Index posted a net total return of 1.28% for the quarter ending March 31, 2018.

### Key Contributors to Performance

- On a sector basis, Health Care contributed the most to the Fund's relative performance due to stock selection and an overweight allocation. Information Technology also had a positive impact mainly due to stock selection.
- With regards to geography, the top contributors to relative performance were China and South Africa as a result of strong stock selection. 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 Sunny Optical Technology, CSPC Pharmaceutical Group, and Banco do Brasil.

### Key Detractors from Performance

- On a sector basis, the largest detractor from relative performance was Consumer Discretionary mainly due to allocation effects. Stock selection in Consumer Staples also had a negative impact on performance.
- Relating to geography, South Korea and India detracted the most from performance due to both stock selection and allocation effects.
- On the stock level, the biggest detractors were Mando Corp., Idea Cellular, and Brilliance China Automotive Holdings.

## Outlook

We continue to have a positive long term outlook for EM equities on the back of a global synchronized recovery, a strong structural growth story, and an attractive technical opportunity. EM equities look attractive relative to developed counterparts based on a combination of discounted valuations, higher growth rates, and attractive positioning. EM corporate earnings have also been expanding, after hitting a trough in 2016. Other factors underpinning the positive outlook for emerging markets include improved current account balances, progress on political and economic reform, and declining inflation in select economies.

A trade war between US and China would have significant and undesirable effects globally. However, we do not anticipate a full blown trade war at this time. The Chinese market will likely remain more volatile in the near term as the trade dispute continues, though we believe the fundamental impact should be limited. Importantly, the global macro backdrop remains favorable, and as such, underlying demand for exports should remain supported as long as the trade situation does not escalate further.

In Brazil, we remain optimistic that the country will remain on a path toward long-term structural changes centered on pension reform. We also maintain a constructive out-

look for Russia as we expect the rate cutting cycle to continue in 2018, supporting growth and the macroeconomic recovery.

While we believe that select macro concerns have abated and the current environment provides support for EM equities, we continue to focus on more predictable and enduring investment drivers, such as structural stories, proven business models, and strong management teams. Our Emerging Markets investment strategy continues to be driven by fundamental, bottom-up stock selection. It seeks 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 fundamentals.

All index returns are sourced from MSCI and are gross total returns unless otherwise noted.

**MSCI Emerging Markets Index** captures large and mid cap representation across 24 Emerging Market countries. Investing in an index is not possible.

**The MSCI World Index** captures large and mid cap representation across 24 Developed Markets countries.

**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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