



### Summary Details

Assets under Mgmt.	\$846.4m
Inception Date	01 Jul 2015
Benchmark	MSCI World Small Cap Net Return Index
Number of Stocks	268

### Risk Characteristics

Beta (3 Yrs)	0.90
Information Ratio (3 Yrs)	-0.61
Volatility	12.12

### Portfolio Statistics

	Strategy	Index
Dividend Yield	3.2%	2.0%
Dividend Payout	47.3%	38.1%
Dividend Growth	11.1%	5.4%
Total Payout Yield	3.6%	-1.2%
Price to Earnings (trailing)	13.3x	24.3x
Price to Book	2.6x	3.2x
Weighted Avg Mkt Cap.	\$3.2bn	\$3.4bn

Source: KBI Global Investors as of 12/31/19. The risk characteristics are calculated using monthly gross returns over a 3 year period relative to the Index as at the 12/31/19. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Global Small Cap AUM. This is the combined AUM of KBI Global Investors Ltd and KBI Global Investors (North America) Ltd. Weighted Avg. Mkt. Cap figures are in US Dollars.

### Strategy Overview

<b>Objective</b>	Consistency. Downside protection. Lower risk.
<b>Style</b>	Relative value. High quality. Multi cap. Diversified.
<b>Products</b>	Global, EAFE, Emerging Markets, North America, ACWI, Eurozone.

### Investment Philosophy

We are "total return" investors.

Our conviction is that companies with the financial strength and discipline to maintain and grow their dividend commitments outperform.

Uniquely, we find such companies across all capitalisations, and in every sector and every region, even ones where dividends are low and not typically used as a method of analysis. By "looking where others don't look" we consistently find and exploit mispriced stocks.

The main reasons for outperformance are:

- Quality of information
- Better governance
- Plentiful positive earnings surprises
- Capital efficiency and financial discipline
- Lower volatility
- Better valuations

### Annualised Performance (\$)

	3Mths	YTD	1Yr	Since Incep
Strategy (Gross)	8.0	22.9	22.9	7.6
Strategy (Net)	7.7	21.9	21.9	6.6
Benchmark	9.8	26.2	26.2	8.0

Source: KBI Global Investors, Datastream, MSCI as of 12/31/19. Returns are gross of fees in USD. Our firm claims GIPS compliance and is annually verified by an independent verification firm to be so. The verification report from our verifier and our GIPS composite presentation are available upon request. The performance record disclosed here is that of the firm's composite for this strategy. The Global Small Cap Equity composite is a well diversified strategy that invests across all 24 industry sub classifications and the four major geographic global regions (North America, Europe, Japan and Pacific Basin ex Japan) of the global developed small cap equity market. This strategy is constructed on a segmented basis by industry and region (as defined by the MSCI World Small Cap Index) and no active currency management is undertaken. The strategy invests purely in those companies that pay above average dividends relative to their industry peer group and is managed by a dedicated, specialist team of investment professionals in Dublin, Ireland. The benchmark is the MSCI World Small Cap index, inclusive of net income. The benchmark is designed to measure the small cap equity market performance of developed market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may be different between the composite and the benchmark, but not materially so. See disclaimers for further information.

### Investment Process

We summarise our process into three steps

#### Step 1

- Create regional group segments from MSCI Index.
- Eliminate stocks below segment average yield.
- Lower yield stocks, countries, industries will qualify.

#### Step 2

- Eliminate stocks and segments that fail sustainability, quality and growth criteria.
- Rank remaining stocks.

#### Step 3

- Create portfolio preferred financial criteria and highest ranked stocks.

### Current Global Small Cap Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI World Small Cap Index	+/- %
<3 (small)	51.6	49.8	1.8
3-5 (mid-small)	30.5	27.7	2.8
5-10 (mid)	17.9	22.2	-4.3
10-25 (mid-large)	0.0	0.3	-0.3

Source: KBI Global Investors as of 12/31/19. Market Cap figures are based on a representative account relative to the Index. Market Cap figures are in US Dollars.

## Investment Team

Key People	Title	Investment Experience
<b>CIO</b>		
Noel O'Halloran	Chief Investment Officer	32yrs
<b>Portfolio Management Team</b>		
Gareth Maher	Head of Portfolio Management	32yrs
David Hogarty	Head of Strategy Development	28yrs
Ian Madden	Senior Portfolio Manager	19yrs
James Collery	Senior Portfolio Manager	19yrs
John Looby	Senior Portfolio Manager	29yrs
Massimiliano Tondi	Senior Portfolio Manager	16yrs
Jeanne Chow Collins	ESG & Engagement Analyst	19yrs
<b>Trading</b>		
Ultan O'Kane	Trader	14yrs

## Contact Details

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## Portfolio Positioning

### Sector Breakdown

Sector	%	Sector	%
Industrials	19.1	Materials	7.9
Financials	15.6	Communications	2.8
Consumer Discretionary	14.5	Energy	2.6
Information Technology	12.8	Utilities	2.3
Real Estate	11.1	Consumer Staples	2.2
Health Care	9.1		

### Geographical Breakdown

Region	%
North America	59.7
Europe	23.1
Japan	12.4
Pacific Basin ex Japan	4.8

### Top 10 Holdings

Stock	Country	%
Bruker Corporation	US	2.0
Maximus Inc	US	1.8
Bio-Techne Corp	US	1.7
Oshkosh Corp	US	1.6
Apple Hospitality REIT Inc	US	1.6
KB Home	US	1.4
Hill-Rom Holdings Inc	US	1.4
Dunkin' Brands Group Inc	US	1.3
Cathay General Bancorp	US	1.2
Valvoline Inc	US	1.2

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 12/31/19 based on the aggregate USD value. Each quarter KBI Global Investors uses this same objective, non-performance based criteria to select the ten largest holdings. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

## Overview

Following muted returns in the third quarter, global markets once again rose sharply in Quarter 4. The main catalyst driving market sentiment in Q4 was the massive re-expansion of liquidity in the monetary system, most notably in the US.

2019 proved to be a record-breaking year for global stock markets, as they posted their best year for returns since the aftermath of the GFC. While of course welcoming such large returns its only prudent to recognise that this performance went hand in hand with declining profits and deteriorating economic sentiment (falling PMI's and economic growth downgrades).

All the return came from multiple expansion and the decade ended with the MSCI World small cap Index trading at close to its highest forward valuation outside of the tech bubble.

In light of such aggressive absolute returns it is not a surprise to us that our relative performance was a challenge given the conservative and defensive nature of our dividend orientation. The magnitude of the variance in style over the year was the dominant contributor to our relative under performance over the twelve months to end December 2019.

From an investment style perspective Growth again outperformed Value by more than 10%. Growth is now 2.0 standard deviations above its long-term average at 25 times forward earnings.

## Disclaimer

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The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJJ by our previous parent firm KBC Asset Management NV, and on 1 October 2016 to reflect the firm's sale to Amundi Asset Management. No change in investment process arose as a result of these sales. To receive a copy of the compliant presentation and/or a list of composite descriptions, please contact sales@kbigi.com. Gross results shown do not show the deduction of Adviser's fees. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. See Part 2 of Adviser's Form ADV for a complete description of the investment advisory fees customarily charged by Adviser. 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