



Summary Details

Assets under Mgmt.	€5.7bn
Inception Date	01 Aug 2004
Benchmark	MSCI World Net Return Index
Number of Stocks	191

Risk Characteristics

Beta (10 Yrs)	1.00
Information Ratio (10 Yrs)	-0.29
Volatility	12.22

Portfolio Statistics

	Strategy	Index
Dividend Yield	3.6%	2.2%
Dividend Payout	57.1%	47.5%
Dividend Growth	9.4%	6.7%
Total Payout Yield	3.8%	1.4%
Price to Earnings (trailing)	15.3x	20.6x
Price to Book	3.5x	5.5x
Weighted Avg Mkt Cap.	\$149.2bn	\$234.2bn
ESG Score	7.2	6.2

Source: KBI Global Investors as of 30/06/20. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 30/06/20. Portfolio Statistics are of a representative account and are calculated relative to the Index. The AUM listed above is Global Equity Global Developed AUM. Weighted Avg. Mkt. Cap figures are in US Dollars.

Strategy Overview

Objective	Consistency. Downside protection. Lower risk.
Style	Relative value. High quality. Multi cap. Diversified.
Products	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	3Yrs	5Yrs	10Yrs
Fund (Gross)	15.6	-12.1	-3.0	2.5	4.1	9.9
MSCI World Net Return Index	16.6	-5.8	4.3	7.2	6.7	10.9
MSCI World Value Net Return Index	10.0	-17.8	-10.1	-0.3	2.0	7.8

Source: KBI Global Investors, Datastream, MSCI as of 30/06/20
Returns are gross of fees in Euro. 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 Developed Equity composite (formerly known as the Global Developed Equity Dividend Plus composite) is a well diversified, all cap, 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 equity market. This strategy is constructed on a segmented basis by industry and region (as defined by the MSCI World 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 Index, inclusive of net income. The Net index provides a better comparator for potential investors and representation of the investment strategy of the composite. The benchmark is designed to measure the 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. MSCI benchmark returns assume the reinvestment of dividends after the deduction of withholding taxes. See disclaimers for further information.

Investment Process

We summarise our process into three steps

Step 1
<ul style="list-style-type: none"> • Create regional group segments from MSCI Index. • Eliminate stocks below segment average yield. • Lower yield stocks, countries, industries will qualify.
Step 2
<ul style="list-style-type: none"> • Eliminate stocks and segments that fail sustainability, quality and growth criteria. • Rank remaining stocks.
Step 3
<ul style="list-style-type: none"> • Create portfolio preferred financial criteria and highest ranked stocks.

Current Developed Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI World Index	+/- %
<3 (small)	0.9	0.8	0.1
3-5 (mid-small)	2.1	2.1	0.0
5-10 (mid)	11.0	7.5	3.5
10-25 (mid-large)	33.1	17.1	16.0
>25 (large)	52.9	72.5	-19.6

Source: KBI Global Investors as of 30/06/20. 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
CIO		
Noel O'Halloran	Chief Investment Officer	32yrs
Portfolio Management Team		
Gareth Maher	Head of Portfolio Management	33yrs
David Hogarty	Head of Strategy Development	29yrs
Ian Madden	Senior Portfolio Manager	20yrs
James Collery	Senior Portfolio Manager	20yrs
John Looby	Senior Portfolio Manager	30yrs
Massimiliano Tondi	Senior Portfolio Manager	16yrs
Jeanne Chow Collins	ESG & Engagement Analyst	20yrs
Trading		
Ultan O'Kane	Trader	14yrs

Contact Details

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Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	21.3	Consumer Staples	8.5
Health Care	16.1	Materials	4.2
Financials	13.3	Utilities	3.0
Industrials	10.1	Energy	2.8
Communications	9.7	Real Estate	2.3
Consumer Discretionary	8.7		

Geographical Breakdown

Region	%
North America	68.3
Europe	19.7
Japan	8.2
Pacific Basin ex Japan	3.8

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	5.6
AbbVie Inc	US	2.4
Best Buy Company Inc	US	2.2
Cummins Inc	US	2.1
Home Depot Inc	US	2.0
Gilead Sciences Inc	US	2.0
AmerisourceBergen Corporation	US	2.0
Canadian Imperial Bank of Commerce	Canada	1.8
Omnicom Group Inc	US	1.6
Western Union Company	US	1.6

Source of all data: KBI Global Investors. Data as of 30/06/20

Overview

We continued to ensure that the dividend flow on offer from the strategy was sustainable. There are many companies that are displaying very high dividend yields, but we would have concerns over the sustainability of such dividends given the uncertain economic outlook. In response, we lowered our dividend tilt slightly as we focused on safe and secure dividends. The dividend yield on the portfolio was 3.6% as at the end of the quarter which is still a healthy premium over the index.

What is clear is that although there has been a significant reduction and, in some cases, elimination of dividend payments in companies across the globe, there are still a high number of stocks with strong dividend resilience. Interestingly most of the significant dividend cutting has occurred in the European region, whereas in Japan, dividends are virtually untouched, and we are seeing significant growth in the dividend being distributed to shareholders. Looking at the regions combined, dividend growth over 1 year is still positive but is in low single digits. Our tilt towards dividend growth increased over the quarter as we continued our search for companies that have secure and growing dividends. If you want more information on this state of dividend payments on a global basis, please consult our paper on this topic which was circulated to clients prior to the quarter end.

As stated previously, our primary focus in response to the pandemic was to analyse balance sheets in terms of having significant cash reserves and low debt obligations. This continued into Q2 as we maintained our emphasis on higher quality metrics across the portfolio, while also reducing our exposure to net debt to equity. Importantly, we were able to do this without sacrificing our commitment to value. Indeed, we managed to increase our value tilt marginally across various metrics.

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