

KBIGI International Developed Equity Strategy

Summary Details

Assets under Mgmt.	\$160.2m
Inception Date	01 Jul 2005
Benchmark	MSCI EAFE Net Return Index
Number of Stocks	123

Risk Characteristics

Beta (10 Yrs)	1.00
Information Ratio (10 Yrs)	-0.45
Volatility	15.19

Portfolio Statistics

	Strategy	Index
Dividend Yield	4.0%	2.9%
Dividend Payout	54.0%	56.8%
Dividend Growth	7.0%	5.4%
Total Payout Yield	4.7%	2.8%
Price to Earnings (trailing)	12.8x	17.2x
Price to Book	2.9x	3.7x
Weighted Avg Mkt Cap.	\$40.1bn	\$52.7bn
ESG Score	7.4	6.9

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

Prior to 1/4/20 the EAFE AUM figure was inclusive of the EAFE component of a Global equity mandate.

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
Strategy (Gross)	14.5	-14.1	-6.7	-2.6	-0.2
Strategy (Net)	14.3	-14.5	-7.4	-3.2	-0.9
MSCI EAFE Net Return Index	14.9	-11.3	-5.1	0.8	2.1
MSCI EAFE Value Net Return Index	12.4	-19.3	-14.5	-4.4	-1.6

Source: KBI Global Investors, Datastream, MSCI as of 06/30/20
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 EAFE Developed Equity composite (formerly known as the EAFE Developed Equity Dividend Plus composite) is a well diversified, all cap, strategy that invests across all 24 industry sub classifications and the three major geographic global regions (Europe, Japan and Pacific Basin ex Japan) of the global developed equity market (ex North America). Investment is restricted to developed markets as defined by inclusion in the MSCI EAFE benchmark. 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 EAFE 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. 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 EAFE Developed Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EAFE Index	+/- %
<3 (small)	1.9	2.4	-0.5
3-5 (mid-small)	5.8	5.3	0.5
5-10 (mid)	17.6	14.6	3.0
10-25 (mid-large)	31.6	23.6	8.0
>25 (large)	43.1	54.2	-11.1

Source: KBI Global Investors as of 06/30/20. 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	%
Financials	17.5	Communications	6.9
Health Care	15.6	Materials	6.4
Industrials	13.8	Utilities	4.7
Consumer Staples	12.4	Energy	3.7
Consumer Discretionary	8.4	Real Estate	3.6
Information Technology	7.0		

Geographical Breakdown

Region	%
Europe	62.5
Japan	25.9
Pacific Basin ex Japan	11.6

Top 10 Holdings

Stock	Country	%
Novo Nordisk A/S	Denmark	4.4
Roche Holding AG	Switzerland	4.1
UBS GROUP AG	Switzerland	2.7
Skand Enskilda Banken	Sweden	2.5
Swisscom AG	Switzerland	2.4
Iberdrola SA	Spain	2.4
Assicurazioni Generali SpA	Italy	2.3
Swedish Match AB	Sweden	2.3
Siemens AG	Germany	2.0
British American Tobacco Plc	UK	2.0

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 06/30/20 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

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 4.0% 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. Dividend growth over 1 year in EAFE has turned negative mainly due to the European region. 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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The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJI 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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