



Summary Details

Assets under Mgmt.	€49.8m
Inception Date	30 Nov 2004
Benchmark	MSCI EMU (EUR) Net Return Index
Number of Stocks	60

Risk Characteristics

Beta (10 Yrs)	1.00
Information Ratio (10 Yrs)	0.38
Volatility	15.49

Portfolio Statistics	Strategy	Index
Dividend Yield	3.7%	2.6%
Dividend Payout	52.3%	50.9%
Dividend Growth	4.6%	4.1%
Total Payout Yield	4.6%	1.6%
Price to Earnings (trailing)	12.9x	17.2x
Price to Book	2.5x	3.4x
Weighted Avg Mkt Cap.	\$37.1bn	\$47.6bn
ESG Score	7.7	7.4

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 Eurozone 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	Since Incep
Fund (Gross)	16.4	-15.8	-9.0	-2.1	2.2	5.6
Benchmark	17.0	-12.4	-5.5	-0.1	1.9	4.4

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 EMU Equity composite (formerly known as the EMU Equity Dividend Plus composite) is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the EMU equity market. This strategy is constructed on a segmented basis by industry (as defined by the MSCI EMU 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 EMU 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 Eurozone Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EMU Index	+/- %
<3 (small)	8.1	1.7	6.4
3-5 (mid-small)	1.6	3.6	-2.0
5-10 (mid)	25.6	13.7	11.9
10-25 (mid-large)	17.1	23.0	-5.9
>25 (large)	47.6	58.1	-10.5

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	%
Industrials	15.8	Communications	7.4
Financials	15.1	Materials	6.7
Information Technology	12.3	Utilities	6.1
Consumer Staples	11.0	Energy	4.7
Consumer Discretionary	10.8	Real Estate	1.2
Health Care	8.9		

Geographical Breakdown

Region	%
Europe	100.0

Top 10 Holdings

Stock	Country	%
Siemens AG	Germany	5.1
Unilever NV	Netherlands	4.5
KERING	France	3.5
BNP Paribas SA	France	3.5
Deutsche Post AG	Germany	3.4
Red Electrica Corp SA	Spain	3.4
Atos SE	France	3.3
UPM-Kymmene Oyj	Finland	3.2
Recordati Industria Chimica e FarmacSpA	Italy	3.2
Axa SA	France	3.2

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

Overview

Stock markets often surprise, but the rebound of recent months has shocked many. Given the scale of economic and earnings contraction ahead, it seems unsustainable. But in the wake of the Lehman collapse in September 2008, the global economy and banking system also faced meltdown. Many feared a re-run of the great depression. This view failed to reckon with the powerful tools available to policymakers. Crucially, the policy responses to the pandemic have seen these tools deployed with renewed and expanded aggression.

For example, negative official interest rates are the new normal in Europe and bond investors at every maturity out to 30 years are all but paying for the privilege of loaning money to many Eurozone governments. More generally, negative real long-term interest rates are now embedded globally.

Notwithstanding how economies behave in the months ahead, in the years ahead, the likelihood that many stocks will generate positive cash flows is high. In contrast to their bond brethren, long-term stock investors will likely be well compensated for risking their capital.

Historically low discount rates matter. While predicting the direction of the stock-market is notoriously challenging, the return of investor optimism may prove more durable than many currently fear.

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