

KBIGI North America Equity Strategy (USD)

Summary Details

Assets under Mgmt.	\$73.2m
Inception Date	31 May 2003
Benchmark	MSCI North America Net Return Index
Number of Stocks	67

Risk Characteristics

Beta (10 Yrs)	1.03
Information Ratio (10 Yrs)	-0.29
Volatility	14.63

Portfolio Statistics	Strategy	Index
Dividend Yield	3.3%	1.9%
Dividend Payout	58.0%	43.3%
Dividend Growth	10.5%	7.3%
Total Payout Yield	3.3%	0.8%
Price to Earnings (trailing)	15.2x	23.9x
Price to Book	3.8x	6.4x
Weighted Avg Mkt Cap.	\$200.4bn	\$317.0bn
ESG Score	7.1	5.9

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 North America 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 North America AUM figure was inclusive of the North America equity 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	10Yrs
Strategy (Gross)	20.1	-11.7	-4.5	3.6	6.0	11.2
Strategy (Net)	19.9	-12.1	-5.2	3.0	5.4	10.5
Benchmark	21.5	-3.0	6.9	9.9	9.6	12.6

Source: KBI Global Investors, Datastream, MSCI as of 06/30/20

Returns are in USD. Returns from 11/01/13 are actual returns from the KBIGI North America Strategy. Returns since inception to 10/31/13 are based on the KBIGI, North America Developed Equity component of a segregated account (KBIGI Developed Equity Strategy) managed by KBIGI to an identical process applied to all KBIGI, Global Equity Strategies. KBIGI Developed Equity Strategy Performance: Returns from 06/01/03 to 07/31/2004 are based on a Belgian Fund which followed the Developed Equity Strategy and was managed by KBIGI. Returns from 01/08/2004 are actual returns from the KBIGI Developed Equity Strategy. 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. For example, a \$1,000,000 investment with an assumed annual return of 5% with an advisory fee of 0.85% would accumulate \$8,925 in fees during the first year, \$48,444 in fees over five years and \$107,690 in fees over ten years. The performance results are that of a representative strategy which has been managed on a discretionary basis since its inception. Performance returns for individual investors may differ due to the timing of investments, subsequent subscriptions/redemptions, share classes, fees and expenses. Performance for periods of more than 1 year is annualized. Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategy's holdings may differ substantially from the securities that comprise the indices shown. Investments denominated in foreign currencies are subject to changes in exchange rates that may have an adverse effect on the value, price and income of the product. Income generated from an investment may fluctuate in accordance with market conditions and taxation arrangement. PAST PERFORMANCE IS NOT A RELIABLE GUIDE TO FUTURE PERFORMANCE AND THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. A composite presentation is available upon request. Net results shown are net of all fees and expenses and include the reinvestment of all dividends and capital gains. In order to present meaningful performance results, the performance results reflected above were calculated by adjusting the gross performance by the highest fee available at the time to U.S. clients. See disclaimers for description of Index 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 North America Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI NAM Index	+/- %
<3 (small)	0.4	0.1	0.3
3-5 (mid-small)	0.5	0.6	-0.1
5-10 (mid)	7.9	4.3	3.6
10-25 (mid-large)	33.8	14.1	19.7
>25 (large)	57.4	80.9	-23.5

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

Portfolio Positioning Sector Breakdown

Sector	%	Sector	%
Information Technology	27.9	Consumer Staples	6.7
Health Care	16.5	Materials	3.1
Financials	11.3	Energy	2.3
Communications	11.0	Utilities	2.2
Consumer Discretionary	9.0	Real Estate	1.7
Industrials	8.3		

Geographical Breakdown

Region	%
USA	93.2
Canada	6.8

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	8.0
AbbVie Inc	US	3.4
Best Buy Company Inc	US	3.1
Cummins Inc	US	3.0
Home Depot Inc	US	2.9
Gilead Sciences Inc	US	2.9
AmerisourceBergen Corporation	US	2.9
Canadian Imperial Bank of Commerce	Canada	2.5
Omnicom Group Inc	US	2.3
Western Union Company	US	2.2

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.

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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 3.3% 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. In North America, 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 most metrics.

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Style descriptions, market movements over time and similar items are meant to be illustrative, and may not represent all market information over the period discussed. All MSCI data is provided "as is". In no event shall MSCI, its affiliates, or any MSCI data provider have any liability of any kind in connection with the MSCI data. No further distribution or dissemination of the MSCI data is permitted without MSCI's prior express written consent. MSCI World: The MSCI World Index covers more than 1,600 securities across large and mid-cap size segments and across style and sector segments in 23 developed markets. MSCI ACWI: The MSCI ACWI Index covers more than 2,400 securities across large and mid-cap size segments and across style and sector segments in 46 developed and emerging markets. MSCI EM: The MSCI Emerging Markets Index covers more than 800 securities across large and mid-cap segments and across style and sector segments in 23 emerging markets. MSCI EAFE: The MSCI EAFE Index covers more than 900 securities across large and mid-cap stocks and across style and sector segments in 21 developed markets. MSCI EMU: The MSCI EMU Index covers more than 200 securities across large and mid-cap stocks and across style and sector segments in the 10 developed market countries in the EMU. MSCI North America: The MSCI North America Index covers more than 700 securities across large and mid-cap stocks and across style and sector segments in the USA and Canada markets. MSCI Europe: The MSCI Europe Index covers more than 400 securities across large and mid-cap stocks and across style and sector segments in 15 developed markets in Europe. MSCI World Small Cap: The MSCI World Small Cap Index covers more than 4,000 securities across small-cap stocks and across style and sector segments in 23 developed markets. MSCI World Value: The MSCI World Value Index covers more than 800 securities across large and mid-cap stocks exhibiting overall value style characteristics in 23 developed markets. MSCI EAFE Value: The MSCI EAFE Value Index covers more than 500 securities across large and mid-cap stocks exhibiting overall value style characteristics in 21 developed markets around the world, excluding the US and Canada. MSCI ACWI Value: The MSCI ACWI Value Index covers more than 1,300 securities across large and mid-cap stocks exhibiting overall value style characteristics in 46 developed and emerging markets. MSCI EM Value: The MSCI Emerging Markets Value Index covers more than 500 securities across large and mid-cap stocks exhibiting overall value style characteristics in 23 emerging markets. Dax Global Agribusiness: The Dax Global Agribusiness Index represents the performance of global companies generating more than 50% of overall turnover from the agricultural economy. S-Network Global Water Index: The S-Network Global Water Index covers 60 global companies that derive 30% or more of annual revenues from participation in the water sector. The S&P Global Natural Resources Index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining. The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index provider includes three distinct infrastructure clusters: energy, transportation and utilities.