



Summary Details

Assets under Mgmt.	€48.7m	
Inception Date	30 Nov 2004	
Benchmark	MSCI EMU (EUR) Net Return Index	
Number of Stocks	57	
Risk Characteristics		
Beta (10 Yrs)	1.00	
Information Ratio (10 Yrs)	0.32	
Volatility	15.36	
Portfolio Statistics		
	Strategy	Index
Dividend Yield	3.7%	2.6%
Dividend Payout	52.7%	48.1%
Dividend Growth	5.0%	3.9%
Total Payout Yield	4.1%	1.4%
Price to Earnings (trailing)	15.6x	21.7x
Price to Book	2.7x	3.7x
Weighted Avg Mkt Cap.	\$41.1bn	\$49.2bn
ESG Score	7.6	7.5

Source: KBI Global Investors as of 30/09/20. The risk characteristics are calculated using monthly gross returns over a 10 year period relative to the Index as at the 30/09/20. 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)	-1.3	-16.8	-11.8	-3.8	3.5	5.4
Benchmark	0.2	-12.2	-7.8	-1.5	3.7	4.4

Source: KBI Global Investors, Datastream, MSCI as of 30/09/20
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)	5.9	1.4	4.5
3-5 (mid-small)	2.0	3.0	-1.0
5-10 (mid)	22.4	12.8	9.6
10-25 (mid-large)	18.9	24.0	-5.1
>25 (large)	50.7	58.8	-8.1

Source: KBI Global Investors as of 30/09/20. 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	33yrs
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	17yrs
Jeanne Chow Collins	ESG & Engagement Analyst	20yrs
Trading		
Ultan O'Kane	Trader	15yrs

Contact Details

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Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Consumer Discretionary	13.8	Materials	7.4
Financials	13.7	Utilities	6.1
Industrials	13.5	Communications	6.0
Consumer Staples	13.3	Energy	4.0
Information Technology	12.1	Real Estate	0.6
Health Care	9.5		

Geographical Breakdown

Region	%
Europe	100.0

Top 10 Holdings

Stock	Country	%
Unilever NV	Netherlands	5.1
Siemens AG	Germany	5.0
KERING	France	3.9
Industria de Diseno Textil SA	Spain	3.6
Deutsche Post AG	Germany	3.4
UPM-Kymmene Oyj	Finland	3.3
Total SA	France	3.1
Red Electrica Corp SA	Spain	3.0
Recordati Industria Chimica e FarmacSpA	Italy	2.9
Axa SA	France	2.9

Source of all data: KBI Global Investors. Data as of 30/09/20

Overview

Global stock markets continued to rally in Q3 with the MSCI EMU Index finishing the quarter 0.2% higher.

The dramatic story of market recovery since the lows of March masks the more significant story of the dominant driver - the extraordinary rally of a relatively small group of widely loved secular growth stocks.

For those exposed directly or via passive strategies which now have a significant exposure to these stocks, it is time to consider leaving the over-loved comfort of these widely known names. Any hiccup to the rosy future currently discounted in their stock prices could prove very expensive.

Growth outperformed valued by 5.4% during the third quarter. High yield performed in line with the benchmark while small cap stocks were the best performers on a relative basis whereas large cap stocks struggled. The strategy registered a decline of 1.3% thus underperforming the benchmark by 1.5%.

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