

Summary Details

Assets under Mgmt.	€6.5bn
Inception Date	01 Aug 2004
Benchmark	MSCI World Net Return Index
Number of Stocks	191

Risk Characteristics

Beta (10 Yrs)	0.99
Information Ratio (10 Yrs)	-0.35
Volatility	12.55

Portfolio Statistics	Strategy	Index
Dividend Yield	3.2%	1.8%
Dividend Payout	64.3%	44.2%
Dividend Growth	8.9%	5.7%
Total Payout Yield	3.6%	0.0%
Price to Earnings (trailing)	23.8x	28.4x
Price to Book	5.3x	7.0x
Weighted Avg Mkt Cap.	\$157.5bn	\$295.5bn
ESG Score	7.1	6.1
Wtg Avg Carbon Intensity	81.3	139.3

Source: KBI Global Investors as of 31/12/20. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of a representative account managed to the same strategy over a 10 year period relative to the Index as at the 31/12/20. Portfolio and Benchmark Statistics are from a representative account managed to the same strategy and the benchmark respectively. KBI Global Investors independently estimate these statistics for both the portfolio and the benchmark. The AUM listed above is Global Equity International Developed AUM. Weighted Avg. Mkt. Cap figures are in US Dollars. KBI calculate the Weighted Average Carbon Intensity figure for the portfolio (representative account managed to the same strategy) bi-annually June and December. Index carbon intensity data is sourced from MSCI ESG Research. KBI calculate the ESG scores for the portfolio (representative account managed to the same strategy) quarterly. Index ESG ratings are sourced from MSCI ESG Research.

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)	9.0	-4.2	-4.2	3.3	6.0	9.7
MSCI World Net Return Index	9.2	6.3	6.3	9.9	9.6	10.9
MSCI World Value Net Return Index	10.9	-9.3	-9.3	1.8	4.6	7.7

Source: KBI Global Investors, Datastream, MSCI as of 31/12/20

KBI calculate both NAV returns and benchmark returns. 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)	1.0	0.3	0.7
3-5 (mid-small)	1.4	1.4	0.0
5-10 (mid)	11.8	5.4	6.4
10-25 (mid-large)	27.7	15.5	12.2
>25 (large)	58.1	77.4	-19.3

Source: KBI Global Investors as of 31/12/20. Market Cap figures are based on a representative account relative to the Index. Market 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 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

Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	23.6	Consumer Staples	7.0
Financials	15.2	Materials	4.0
Health Care	12.8	Real Estate	3.4
Industrials	11.0	Utilities	2.5
Consumer Discretionary	9.3	Energy	2.3
Communications	8.9		

Geographical Breakdown

Region	%
North America	68.7
Europe	19.6
Japan	8.0
Pacific Basin ex Japan	3.7

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	4.9
Texas Instruments Inc	US	2.2
AbbVie Inc	US	2.1
Automatic Data Processing Inc	US	2.1
Expeditors International of Washington	US	2.1
Gilead Sciences Inc	US	1.9
Omnicom Group Inc	US	1.9
Home Depot Inc	US	1.9
Cummins Inc	US	1.9
Best Buy Company Inc	US	1.9

Source of all data: KBI Global Investors. Data as of 31/12/20

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Overview

Absolute returns for the quarter were stunning as global equity markets continued the ferociously bullish behaviour that started back in March. The highest risk pockets of the market were most in demand and sentiment moved from unbridled optimism to outright euphoria. The dislocation between share prices and underlying fundamentals has continued to widen. In the US, the Fed is still pumping some \$120 billion in newly created dollars into financial markets each month and real interest rates remain negative. With a seemingly unlimited supply of free money, investors believe that valuations simply don't matter and that investment risk is essentially being underwritten by gov't policy. As a result, investors moved further and further out the risk curve, with the riskiest opportunities being most favoured.

While there were some mixed signals the quarter did bring about an improvement in value metrics, albeit concentrated in oversold, deep value names many of which are not profitable. This is familiar territory in that we saw similar trends in market rebound immediately after previous significant market downturns over the past 50 years. Intuitively, it is not sustainable that unprofitable companies outperform profitable ones, nor has it proved historically and as this recovery evolves, we would expect to see leadership coming through from higher quality more profitable names across a broader range of industry groups.

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