

Q4 2020 USD

KBI Global Investors



KBIGI North America Equity Strategy (USD)

Summary Details		
Assets under Mgmt.	\$61.2m	
Inception Date	31 May 2003	
Benchmark	MSCI North America Net Return Index	
Number of Stocks	69	
Risk Characteristics		
Beta (10 Yrs)	1.00	
Information Ratio (10 Yrs)	-0.37	
Volatility	14.54	
Portfolio Statistics	Strategy	Index
Dividend Yield	3.2%	1.5%
Dividend Payout	66.2%	41.3%
Dividend Growth	10.1%	6.3%
Total Payout Yield	3.5%	-0.8%
Price to Earnings (trailing)	24.2x	31.6x
Price to Book	6.2x	8.3x
Weighted Avg Mkt Cap.	\$204.7bn	\$400.6bn
ESG Score	7.0	5.7
Wtd Avg Carbon Intensity	73.2	141.4

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

Prior to 1/4/20 the North America AUM figure was inclusive of the North America equity component of a Global Equity Mandate.

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)	12.9	4.4	4.4	5.0	9.7	10.7
Strategy (Net)	12.7	3.7	3.7	4.4	9.1	10.1
Benchmark	13.1	19.9	19.9	13.9	14.8	12.6

Source: KBI Global Investors, Datastream, MSCI as of 12/31/20
 KBI calculate both NAV returns and benchmark returns. 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
<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.

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

Current North America Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI NAM Index	+/- %
<3 (small)	0.9	0.0	0.9
3-5 (mid-small)	0.0	0.2	-0.2
5-10 (mid)	11.3	2.6	8.7
10-25 (mid-large)	25.5	12.3	13.2
>25 (large)	62.3	84.9	-22.6

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

Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	30.3	Consumer Staples	5.2
Financials	13.9	Real Estate	3.2
Health Care	12.7	Materials	2.2
Communications	10.7	Utilities	2.0
Industrials	9.4	Energy	1.6
Consumer Discretionary	8.8		

Geographical Breakdown

Region	%
USA	91.4
Canada	8.6

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	7.2
Texas Instruments Inc	US	3.2
AbbVie Inc	US	3.1
Automatic Data Processing Inc	US	3.1
Expeditors International of Washington	US	3.0
Gilead Sciences Inc	US	2.8
Omnicom Group Inc	US	2.8
Home Depot Inc	US	2.8
Cummins Inc	US	2.7
Canadian Imperial Bank of Commerce	Canada	2.7

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 12/31/20 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

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 govt 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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To create diversified exposure, the index provider includes three distinct infrastructure clusters: energy, transportation and utilities.