

Q2 2021 USD

KBI Global Investors

KBIGI ACWI Equity Strategy



Summary Details

Assets under Mgmt.	\$110.0m
Inception Date	01 Aug 2011
Benchmark	MSCI ACWI Net Return Index
Number of Stocks	297

Risk Characteristics

Beta (5 Yrs)	1.03
Information Ratio (5 Yrs)	-0.83
Volatility	15.33

Portfolio Statistics

	Strategy	Index
Dividend Yield	3.0%	1.7%
Dividend Payout	49.1%	35.0%
Dividend Growth	11.4%	7.5%
Total Payout Yield	3.4%	1.1%
Price to Earnings (trailing)	13.5x	19.1x
Price to Book	2.4x	3.0x
Weighted Avg Mkt Cap.	\$158.6bn	\$317.8bn
ESG Score	7.1	6.0
Wtd Avg Carbon Intensity	89.3	151.6

Source: KBI Global Investors as of 06/30/21. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 5 year period relative to the Index as at the 06/30/21. 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 All World Equity 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) quarterly. 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
Strategy (Gross)	5.9	16.6	38.7	9.7	10.9
Strategy (Net)	5.7	16.3	38.1	9.0	10.2
Benchmark	7.4	12.3	39.3	14.6	14.6

Source: KBI Global Investors, Datastream, MSCI as of 06/30/21
KBI calculate both composite returns and benchmark returns. Returns are gross of fees in USD. 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 AC World Equity composite is a well-diversified, all cap, strategy that invests across all 24 industry sub-classifications within the developed and emerging equity markets. 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 material risks associated with the composite include market risk and stock-specific event risk. Share prices can decline and there is a risk that the composite may under-perform its benchmark. The benchmark is the MSCI AC 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 and emerging 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. 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 ACWI Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI ACWI Index	+/- %
<3 (small)	3.0	0.3	2.7
3-5 (mid-small)	2.5	1.0	1.5
5-10 (mid)	7.7	4.5	3.2
10-25 (mid-large)	23.5	14.8	8.7
>25 (large)	63.4	79.4	-16.0

Source: KBI Global Investors as of 06/30/21. 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	34yrs
David Hogarty	Head of Strategy Development	30yrs
Ian Madden	Senior Portfolio Manager	21yrs
James Collery	Senior Portfolio Manager	21yrs
John Looby	Senior Portfolio Manager	31yrs
Massimiliano Tondi	Senior Portfolio Manager	17yrs
Jeanne Chow Collins	ESG & Engagement Analyst	21yrs
Trading		
Ultan O'Kane	Trader	15yrs

Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	22.3	Consumer Staples	6.0
Financials	17.1	Materials	5.1
Health Care	11.2	Real Estate	3.5
Consumer Discretionary	10.0	Energy	3.5
Communications	9.6	Utilities	2.2
Industrials	9.5		

Geographical Breakdown

Region	%
North America	60.9
Europe	19.7
Emerging Markets	10.1
Japan	6.2
Pacific Basin ex Japan	3.1

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	4.3
Texas Instruments Inc	US	2.0
Cisco Systems Inc	US	1.8
Automatic Data Processing Inc	US	1.8
Best Buy Company Inc	US	1.8
Canadian Imperial Bank of Commerce	Canada	1.7
Interpublic Group of Companies Inc	US	1.7
Omnicom Group Inc	US	1.6
Newmont Corporation	US	1.6
Gilead Sciences Inc	US	1.5

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 06/30/21 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

US inflation surged to a 13-year high in May with consumer prices 5% higher than a year ago. In the Eurozone meanwhile, annual inflation rose to the ECB target of 2% for the first time since late 2018. For now, investor confidence that low inflation is securely anchored remains strong.

While this confidence may continue to prove well founded, its current strength suggests the risk of disappointment represents an increasingly asymmetric risk for investors. Although many stocks remain attractively priced relative to competing investment choices such as government bonds or bank deposits, any jolt to the consensus of securely anchored inflation would likely have a significant impact on style preferences within the stock market.

More particularly, the highly valued, growth-oriented names which have been increasing beneficiaries of low rates would likely suffer relative to their less expensive, largely out-of-favour counterparts.

While investing in a portfolio of sensibly diversified and conservatively valued companies continues to look attractive, it seems timely to note the possibility that the current consensus about the inflation outlook may prove complacent. For stock investors, the risk of a significant change in style preferences within the stock market is mispriced.

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The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJI by our previous parent firm KBC Asset Management NV, and on 1 October 2016 to reflect the firm's sale to Amundi Asset Management. No change in investment process arose as a result of these sales. To receive a copy of the compliant presentation and/or a list of composite descriptions, please contact sales@kbigi.com. 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. Under MiFID II this is deemed marketing material and should not be regarded as investment research. 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. Net results shown are net of all fees and expenses and include the reinvestment of all dividends and capital gains. 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