

Summary Details

Assets under Mgmt.	C\$11.2bn
Inception Date	01 Aug 2004
Benchmark	MSCI World Net Return Index
Number of Stocks	190

Risk Characteristics

Beta (10 Yrs)	0.96
Information Ratio (10 Yrs)	-0.28
Volatility	10.70

Portfolio Statistics	Strategy	Index
Dividend Yield	3.0%	1.6%
Dividend Payout	49.2%	35.2%
Dividend Growth	10.7%	6.5%
Total Payout Yield	3.5%	1.3%
Price to Earnings (trailing)	13.8x	19.9x
Price to Book	2.6x	3.3x
Weighted Avg Mkt Cap.	\$168.0bn	\$341.4bn
ESG Score	7.2	6.2
Wtd Avg Carbon Intensity	80.7	132.2

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 10 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 Global 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) 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 (C\$)

	3Mths	YTD	1Yr	3Yrs	5Yrs	10Yrs
Fund (Gross)	4.6	14.3	26.5	8.1	10.6	12.3
MSCI World Net Return Index	6.2	9.9	26.4	12.7	13.7	13.4
MSCI Value Net Return Index	3.2	11.5	25.4	6.3	8.8	10.3

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 CAD. 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 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 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 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. See disclaimer 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)	0.0	0.0	0.0
3-5 (mid-small)	1.2	0.3	0.9
5-10 (mid)	6.3	3.2	3.1
10-25 (mid-large)	24.2	13.9	10.3
>25 (large)	68.3	82.6	-14.3

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

Contact Details

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Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	22.4	Consumer Staples	6.2
Financials	16.8	Materials	4.8
Health Care	11.9	Real Estate	3.6
Industrials	10.0	Energy	3.4
Communications	9.4	Utilities	2.2
Consumer Discretionary	9.3		

Geographical Breakdown

Region	%
North America	69.8
Europe	19.5
Japan	7.1
Pacific Basin ex Japan	3.6

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	5.0
Texas Instruments Inc	US	2.3
Cisco Systems Inc	US	2.1
Automatic Data Processing Inc	US	2.1
Best Buy Company Inc	US	2.1
Canadian Imperial Bank of Commerce	Canada	1.9
Interpublic Group of Companies Inc	US	1.9
Omnicom Group Inc	US	1.9
Newmont Corporation	US	1.8
Gilead Sciences Inc	US	1.7

Source of all data: KBI Global Investors. Data as of 06/30/21

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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