

KBIGI International Developed Equity Strategy

Summary Details

Assets under Mgmt.	\$127.6m
Inception Date	01 Jul 2005
Benchmark	MSCI EAFE Net Return Index
Number of Stocks	225

Risk Characteristics

Beta (10 Yrs)	0.99
Information Ratio (10 Yrs)	-0.35
Volatility	15.03

Portfolio Statistics	Strategy	Index
Dividend Yield	3.4%	2.3%
Dividend Payout	54.0%	46.3%
Dividend Growth	8.0%	4.6%
Total Payout Yield	3.5%	2.0%
Price to Earnings (trailing)	12.6x	15.6x
Price to Book	1.7x	2.0x
Weighted Avg Mkt Cap.	\$65.7bn	\$76.8bn
ESG Score	7.3	7.1
Wtd Avg Carbon Intensity	95.2	128.8

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 International Developed 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)	5.1	11.1	31.0	5.6	8.1
Strategy (Net)	4.9	10.8	30.4	4.9	7.5
MSCI EAFE Net Return Index	5.2	8.8	32.4	8.3	10.3
MSCI EAFE Value Net Return Index	3.0	10.7	33.5	3.8	7.8

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 EAFE strategy is a well diversified, all cap, strategy that invests across all 24 industry sub classifications and the three major geographic global (ex US) regions (Europe, Japan and Pacific Basin ex Japan) of the global developed equity market. The firm has discretion to make an allocation to emerging markets if it so desires. 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 EAFE 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 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 EAFE Developed Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EAFE Index	+/- %
<3 (small)	0.3	0.0	0.3
3-5 (mid-small)	3.2	0.9	2.3
5-10 (mid)	10.1	8.0	2.1
10-25 (mid-large)	26.9	21.5	5.4
>25 (large)	59.6	69.5	-9.9

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	%
Financials	24.4	Materials	7.0
Industrials	12.7	Communications	5.9
Health Care	11.6	Real Estate	3.7
Consumer Discretionary	10.3	Utilities	3.5
Consumer Staples	8.9	Energy	3.2
Information Technology	8.8		

Geographical Breakdown

Region	%
Europe	60.9
Japan	22.1
Pacific Basin ex Japan	11.1
Emerging Markets	5.9

Top 10 Holdings

Stock	Country	%
Novo Nordisk A/S	Denmark	3.2
Roche Holding AG	Switzerland	3.1
Rio Tinto Plc	UK	2.6
Nestle SA	Switzerland	2.3
Iberdrola SA	Spain	2.0
Porsche Automobil Holding SE	Germany	1.8
Coca-Cola Europacific Partners	UK	1.7
Deutsche Post AG	Germany	1.6
Unilever Plc	UK	1.6
Nordea Bank ABP	Finland	1.4

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. 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