

Summary Details

Assets under Mgmt.	€49.1m
Inception Date	30 Nov 2004
Benchmark	MSCI EMU (EUR) Net Return Index
Number of Stocks	61

Risk Characteristics

Beta (10 Yrs)	1.02
Information Ratio (10 Yrs)	0.36
Volatility	16.47

Portfolio Statistics	Strategy	Index
Dividend Yield	3.1%	2.1%
Dividend Payout	47.9%	42.4%
Dividend Growth	4.4%	3.2%
Total Payout Yield	3.0%	1.5%
Price to Earnings (trailing)	12.6x	15.2x
Price to Book	1.7x	1.9x
Weighted Avg Mkt Cap.	\$70.3bn	\$87.0bn
ESG Score	7.8	7.4
Wtd Avg Carbon Intensity	122.4	163.8

Source: KBI Global Investors as of 30/06/21. 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 30/06/21. 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 Eurozone 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 (€)

	3Mths	YTD	1Yr	3Yrs	5Yrs	Since Incep
Fund (Gross)	5.9	18.0	33.0	6.3	10.1	7.0
Benchmark	5.8	15.3	30.2	7.9	10.1	5.8

Source: KBI Global Investors, Datastream, MSCI as of 30/06/21
KBI calculate both composite 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 Eurozone Equity composite is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the EMU equity market. This strategy is constructed on a segmented basis by industry (as defined by the MSCI EMU 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 EMU 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 Eurozone Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EMU Index	+/- %
<3 (small)	0.0	0.0	0.0
3-5 (mid-small)	2.7	0.2	2.5
5-10 (mid)	5.4	4.2	1.2
10-25 (mid-large)	30.9	19.4	11.5
>25 (large)	61.0	76.2	-15.2

Source: KBI Global Investors as of 30/06/21. 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	%
Financials	16.0	Materials	7.1
Industrials	15.8	Consumer Staples	6.8
Consumer Discretionary	15.2	Communications	6.1
Information Technology	10.8	Energy	4.8
Health Care	7.7	Real Estate	2.4
Utilities	7.3		

Geographical Breakdown

Region	%	Region	%
France	32.6	Belgium	4.7
Germany	28.8	Finland	3.5
Netherlands	11.6	Austria	1.1
Spain	8.8	Portugal	0.8
Italy	8.1		

Top 10 Holdings

Stock	Country	%
ASML Holding NV	Netherlands	4.2
Sanofi-Aventis	France	4.0
KERING	France	4.0
Axa SA	France	3.7
SAP SE	Germany	3.6
Deutsche Post AG	Germany	3.0
Industria de Diseno Textil SA	Spain	2.9
Red Electrica Corporacion SA	Spain	2.9
UPM-Kymmene Oyj	Finland	2.8
Deutsche Boerse AG	Germany	2.8

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

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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