

Q2 2021 EUR

KBI Global Investors

KBI Integris Eurozone Equity Fund



Summary Details

| | |
|--------------------|---------------------------------|
| Assets under Mgmt. | €18.4m |
| Inception Date | 30 Nov 2004 |
| Benchmark | MSCI EMU (EUR) Net Return Index |
| Number of Stocks | 59 |

Risk Characteristics

| | |
|----------------------------|-------|
| Beta (10 Yrs) | 1.07 |
| Information Ratio (10 Yrs) | 0.09 |
| Volatility | 17.35 |

| Portfolio Statistics | Strategy | Index |
|------------------------------|----------|----------|
| Dividend Yield | 3.1% | 2.1% |
| Dividend Payout | 51.6% | 42.4% |
| Dividend Growth | 5.1% | 3.2% |
| Total Payout Yield | 3.3% | 1.5% |
| Price to Earnings (trailing) | 12.8x | 15.2x |
| Price to Book | 1.6x | 1.9x |
| Weighted Avg Mkt Cap. | \$62.4bn | \$87.0bn |
| ESG Score | 7.9 | 7.4 |
| Wtd Avg Carbon Intensity | 124.3 | 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 Integris 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) | 4.8 | 15.5 | 34.1 | 5.2 | 8.9 | 6.4 |
| 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 strategy is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the Eurozone equity markets as defined within the MSCI EMU benchmark. The strategy invests purely in those companies that pay an above average dividend yield relative to their industry peer group and is managed by a dedicated, specialist team of investment professionals in Dublin, Ireland. The strategy uses an ESG screen within its portfolio construction process. We established Integris as our corporate brand for our screened offerings in 2019. 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 industry 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. • Eliminate stocks with lowest ESG scores. |
| Step 3 |
| <ul style="list-style-type: none"> • Create portfolio targeting preferred financial criteria and highest ranked stocks. |

Current Eurozone Ethical Portfolio Characteristics

| Mkt. Cap \$bn | Strategy | MSCI EMU Index | +/- % |
|-------------------|----------|----------------|-------|
| <3 (small) | 0.0 | 0.0 | 0.0 |
| 3-5 (mid-small) | 2.4 | 0.2 | 2.2 |
| 5-10 (mid) | 10.5 | 4.2 | 6.3 |
| 10-25 (mid-large) | 32.0 | 19.4 | 12.6 |
| >25 (large) | 55.2 | 76.2 | -21.0 |

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. ESG |
| Style | Relative value. High quality. Multi cap. Diversified. |
| Products | Global, Emerging Markets, Eurozone |
| Screening | Fossil Fuel Reserves, CCC rated companies, Tobacco & others. |

| 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 | 31ys |
| 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 | 18.7 | Information Technology | 8.2 |
| Consumer Discretionary | 15.9 | Materials | 7.7 |
| Industrials | 13.9 | Consumer Staples | 7.2 |
| Communications | 8.7 | Health Care | 6.9 |
| Utilities | 8.7 | Real Estate | 4.1 |

| Geographical Breakdown | | | |
|------------------------|------|---------|-----|
| Region | % | Region | % |
| France | 29.4 | Italy | 7.8 |
| Germany | 25.9 | Belgium | 6.9 |
| Netherlands | 13.1 | Finland | 5.1 |
| Spain | 9.7 | Austria | 2.1 |

| Top 10 Holdings | | |
|---|---------|-----|
| Stock | Country | % |
| Deutsche Post AG | Germany | 4.1 |
| Axa SA | France | 3.6 |
| Industria de Diseno Textil SA | Spain | 3.5 |
| KERING | France | 3.4 |
| Siemens AG | Germany | 3.3 |
| Iberdrola SA | Spain | 3.3 |
| Deutsche Boerse AG | Germany | 3.2 |
| Publicis Groupe | France | 3.2 |
| Recordati Industria Chimica e FarmacSpA | Italy | 3.0 |
| Hermes International SCA | France | 3.0 |

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

| Overview |
|--|
| <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> |

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