

KBIGI International Developed Equity Strategy

Summary Details

Assets under Mgmt.	\$127.0m
Inception Date	01 Jul 2005
Benchmark	MSCI EAFE Net Return Index
Number of Stocks	220

Risk Characteristics

Beta (10 Yrs)	1.00
Information Ratio (10 Yrs)	-0.40
Volatility	14.45

Portfolio Statistics	Strategy	Index
Dividend Yield	3.8%	2.4%
Dividend Payout	52.6%	45.5%
Dividend Growth	7.6%	5.3%
Total Payout Yield	4.0%	2.1%
Price to Earnings (trailing)	10.2x	12.6x
Price to Book	1.6x	1.9x
Weighted Avg Mkt Cap.	\$63.5bn	\$75.4bn
ESG Score	7.4	7.1
Wtd Avg Carbon Intensity	91.1	125.7

Source: KBI Global Investors as of 09/30/21. 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 09/30/21. 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)	-0.5	10.5	27.2	5.3	6.5
Strategy (Net)	-0.7	10.1	26.5	4.6	5.9
MSCI EAFE Net Return Index	-0.4	8.3	25.7	7.6	8.8
MSCI EAFE Value Net Return Index	-1.0	9.6	30.7	3.0	6.0

Source: KBI Global Investors, Datastream, MSCI as of 09/30/21
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)	0.9	0.1	0.8
3-5 (mid-small)	2.4	0.9	1.5
5-10 (mid)	16.3	8.5	7.8
10-25 (mid-large)	22.2	20.7	1.5
>25 (large)	58.2	69.8	-11.6

Source: KBI Global Investors as of 09/30/21. 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	34yrs
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	18yrs
Jeanne Chow Collins	ESG & Engagement Analyst	21yrs
Trading		
Ultan O'Kane	Trader	16yrs

Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Financials	24.0	Materials	6.2
Industrials	13.0	Communications	5.7
Consumer Discretionary	11.8	Energy	3.7
Health Care	11.4	Real Estate	3.1
Information Technology	9.6	Utilities	2.9
Consumer Staples	8.6		

Geographical Breakdown

Region	%
Europe	61.3
Japan	22.6
Pacific Basin ex Japan	10.6
Emerging Markets	5.5

Top 10 Holdings

Stock	Country	%
Rio Tinto Plc	UK	3.5
Novo Nordisk A/S	Denmark	3.5
Roche Holding AG	Switzerland	3.1
Nestle SA	Switzerland	2.1
Nordea Bank ABP	Finland	2.0
Porsche Automobil Holding SE	Germany	1.7
Coca-Cola Europacific Partners	UK	1.7
Axa SA	France	1.6
Total Energies	France	1.6
Deutsche Post AG	Germany	1.5

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 09/30/21 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

The quarter saw an effective reversal of the reopening, reflation and rotation trend that had prevailed in equity markets since vaccines were first rolled out last November. This was driven by disruption to economic activity, as the Delta variant of Covid-19 spread and the pandemic resurged in many areas.

With cyclical recovery stalled, growth outperformed value over the quarter. Heightened inflation worries near the end of the quarter gave a boost to more rate-sensitive and value-oriented stocks in September. Should inflation or upward pressure on yields persist, that would bode well for momentum to return to the rotation trade and stocks with strong dividend growth and value characteristics should benefit.

Thanks to a decade of quantitative easing (QE), stocks whose performance is negatively correlated to yields are now trading at substantial premiums, while those with performance that is positively correlated are trading on substantial discounts. Investors would do well to avoid stocks on high valuation multiples.

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