

Q3 2021 USD

KBI Global Investors



KBIGI Integris Emerging Markets Equity Strategy

Summary Details

Assets under Mgmt.	\$20.9m
Inception Date	01 Jan 2015
Benchmark	MSCI Emerging Markets Net Return Index
Number of Stocks	91

Risk Characteristics

Beta (5 Yrs)	0.96
Information Ratio (5 Yrs)	-0.11
Volatility	16.47

Portfolio Statistics

	Strategy	Index
Dividend Yield	3.8%	2.2%
Dividend Payout	45.6%	34.8%
Dividend Growth	17.2%	13.5%
Total Payout Yield	3.1%	0.7%
Price to Earnings (trailing)	8.8x	13.3x
Price to Book	1.5x	2.0x
Weighted Avg Mkt Cap.	\$87.2bn	\$125.7bn
ESG Score	6.2	5.0
Wtd Avg Carbon Intensity	110.6	322.9

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 5 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 Integris Emerging Markets 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)	-6.7	1.8	21.2	8.2	8.7
Strategy (Net)	-6.9	1.2	20.4	7.3	7.8
Benchmark	-8.1	-1.2	18.2	8.6	9.2

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 performance record disclosed here is that of the firm's composite for this strategy. The Integris Emerging Markets Equity composite is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the global emerging markets as defined within the MSCI Emerging Markets benchmark. 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 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 Emerging Markets Index, inclusive of net income. The net index provides a better comparator for potential investors given the tax treatment on dividend income. The benchmark is designed to measure the equity market performance of emerging market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may differ 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

- Create regional industry group segments from MSCI Index.
- Eliminate stocks below segment average yield.
- Lower yield stocks, countries, industries will qualify.

Step 2

- Eliminate stocks and segments that fail sustainability, quality and growth criteria.
- Eliminate stocks with lowest ESG score.
- Rank remaining stocks.

Step 3

- Create portfolio targeting preferred financial criteria, ESG criteria and highest ranked stocks.

Current Emerging Markets ESG Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI EM Index	+/- %
<3 (small)	11.0	2.8	8.2
3-5 (mid-small)	16.7	5.6	11.1
5-10 (mid)	18.9	14.0	4.9
10-25 (mid-large)	17.4	21.2	-3.8
>25 (large)	36.0	56.4	-20.4

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. 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	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	27.6	Health Care	4.3
Information Technology	25.6	Real Estate	3.9
Consumer Discretionary	11.9	Energy	3.0
Communications	9.5	Consumer Staples	2.3
Materials	6.0	Utilities	0.2
Industrials	5.7		

Geographical Breakdown

Region	%
Emerging Asia	78.7
Emerging EMEA	13.6
Emerging Latin America	7.7

Top 10 Holdings

Stock	Country	%
Taiwan Semiconductor Manufacturing	Taiwan	8.0
Samsung Electronics Company Limited	South Korea	5.8
NetEase Inc ADR	China	2.7
Fubon Financial Holding Company Limited	Taiwan	2.4
Sberbank of Russia PJSC	Russia	2.2
Home Product Center PCL	Thailand	2.2
China Construction Bank	China	2.1
Ultrapar Participacoes SA	Brazil	2.1
Tata Consultancy Services Ltd	India	2.0
SK Telecom (Local)	South Korea	2.0

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

Emerging market equity investors experienced a difficult quarter, with the imposition of additional regulatory tightening measures in China and Korea, and the continued interest rate hiking spree. Korea, Brazil, Chile, Mexico, Peru, the Czech Republic and Hungary all raised rates to contain inflationary pressures. Should inflation or upward pressure on yields persist, that would bode well for a continuation of 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. Should inflation persist, investors would do well to avoid stocks on high valuation multiples.

This more volatile and negative environment is a more favourable backdrop for the relative performance of our Emerging Market Equity strategy. It delivered a positive relative performance during the quarter, meaning the strategy continues to out-perform over the year to date.

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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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