

Summary Details

Assets under Mgmt.	£6.5bn
Inception Date	01 Aug 2004
Benchmark	MSCI World Net Return Index
Number of Stocks	185

Risk Characteristics

Beta (10 Yrs)	0.97
Information Ratio (10 Yrs)	-0.24
Volatility	11.66

Portfolio Statistics	Strategy	Index
Dividend Yield	3.8%	2.1%
Dividend Payout	41.2%	33.1%
Dividend Growth	13.1%	7.8%
Total Payout Yield	5.4%	2.4%
Price to Earnings (trailing)	9.5x	14.5x
Price to Book	2.1x	2.7x
Weighted Avg Mkt Cap.	\$126.4bn	\$316.3bn
ESG Score	7.5	6.7
Wtd Avg Carbon Intensity	84.0	148.9

Source: KBI Global Investors as of 30/06/22. 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 30/06/22. 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 Global Developed AUM excluding AUA from Q1 2022. 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	10Yrs
Fund (Gross)	-5.5	-6.9	0.5	7.4	6.9	11.3
MSCI World Net Return Index	-9.1	-11.3	-2.6	8.7	9.1	12.3
MSCI World Value Net Return Index	-4.1	-2.0	6.2	6.2	6.1	10.4

Source: KBI Global Investors, Datastream, MSCI as of 30/06/22

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in GBP. 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 Global Developed Equity composite is a well-diversified, all cap, strategy that invests across all 24 industry sub classifications and the four major geographic global regions (North America, Europe, Japan and Pacific Basin ex Japan) of the global developed equity market. This strategy is constructed on a segmented basis by industry and region (as defined by the MSCI World 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 World 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 Developed Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI World Index	+/- %
<3 (small)	0.0	0.1	-0.1
3-5 (mid-small)	1.7	0.6	1.1
5-10 (mid)	8.6	4.6	4.0
10-25 (mid-large)	29.2	14.9	14.3
>25 (large)	60.6	79.8	-19.2

Source: KBI Global Investors as of 30/06/22. 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	35yrs
David Hogarty	Head of Strategy Development	31yrs
Ian Madden	Senior Portfolio Manager	22yrs
James Collery	Senior Portfolio Manager	22yrs
John Looby	Senior Portfolio Manager	32yrs
Massimiliano Tondi	Senior Portfolio Manager	18yrs
Jeanne Chow Collins	ESG & Engagement Analyst	22yrs
Trading		
Ultan O'Kane	Trader	16yrs

Contact Details

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Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	22.1	Consumer Staples	5.7
Financials	14.9	Energy	4.9
Health Care	12.3	Materials	4.4
Consumer Discretionary	11.2	Real Estate	3.3
Industrials	11.1	Utilities	2.4
Communication Services	7.7		

Geographical Breakdown

Region	%
North America	72.2
Europe	17.8
Japan	6.4
Pacific Basin ex Japan	3.6

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	3.4
Merck & Co Inc	US	2.5
Cigna Corp	US	2.2
Automatic Data Processing Inc	US	2.2
Gilead Sciences Inc	US	2.2
Texas Instruments Inc	US	2.1
T Rowe Price Group Inc	US	2.0
Iron Mountain Inc	US	1.9
Newmont Corporation	US	1.8
Bk.Of Nova Scotia	Canada	1.8

Source of all data: KBI Global Investors. Data as of 30/06/22

Overview

So far equity market declines can be fully explained by rising bond yields in response to higher inflation.

Growth stocks have been worst affected. Unless inflation is stopped the trends of H1 will continue.

Unchanged earnings expectations seem out of line with growing economic worries. Again, growth stocks seem more exposed.

Uncertainty, and therefore risk, is at very high levels. Stocks with cash-based earnings and well covered dividends offer the most predictability. Now is not the time for speculative growth or long duration strategies.

Low quality stocks will face challenges as the cost of inputs, and the cost of debt rises. High margins of safety should be preferred.

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