

Summary Details

Assets under Mgmt.	C\$10.6bn
Inception Date	01 Aug 2004
Benchmark	MSCI World Net Return Index
Number of Stocks	182

Risk Characteristics

Beta (10 Yrs)	0.95
Information Ratio (10 Yrs)	-0.15
Volatility	11.68

Portfolio Statistics	Strategy	Index
Dividend Yield	3.6%	2.1%
Dividend Payout	42.2%	34.0%
Dividend Growth	12.8%	8.1%
Total Payout Yield	5.8%	2.6%
Price to Earnings (trailing)	9.5x	15.1x
Price to Book	2.1x	2.7x
Weighted Avg Mkt Cap.	\$112.2bn	\$279.1bn
ESG Score	7.9	7.0
Wtd Avg Carbon Intensity	78.1	141.1

Source: KBI Global Investors as of 12/31/22. 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 12/31/22. 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 (C\$)

	3Mths	YTD	1Yr	3Yrs	5Yrs	10Yrs
Fund (Gross)	14.1	-3.7	-3.7	6.7	6.2	11.6
MSCI World Net Return Index	8.2	-12.2	-12.2	6.5	7.8	12.3
MSCI Value Net Return Index	13.1	0.3	0.3	5.6	5.8	10.6

Source: KBI Global Investors, Datastream, MSCI as of 12/31/22

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in CAD. 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. See disclaimer 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	0.0	0.0
3-5 (mid-small)	1.3	0.7	0.6
5-10 (mid)	9.4	4.3	5.1
10-25 (mid-large)	34.7	14.1	20.6
>25 (large)	54.6	80.8	-26.2

Source: KBI Global Investors as of 12/31/22. 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	35yrs
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	19yrs
Jeanne Chow Collins	ESG & Engagement Analyst	22yrs
Trading		
Ultan O'Kane	Trader	17yrs

Contact Details

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Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Information Technology	20.0	Communication Services	6.7
Health Care	14.6	Energy	5.6
Financials	14.5	Materials	4.7
Industrials	11.5	Utilities	2.7
Consumer Discretionary	10.5	Real Estate	2.4
Consumer Staples	6.8		

Geographical Breakdown

Region	%
North America	71.7
Europe	18.5
Japan	6.2
Pacific Basin ex Japan	3.6

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	2.8
Merck & Co Inc	US	2.5
Marathon Petroleum Corp	US	2.2
Gilead Sciences Inc	US	2.1
Omnicom Group Inc	US	2.0
Cigna Corp	US	2.0
Interpublic Group Of Companies Inc	US	2.0
Automatic Data Processing Inc	US	2.0
Hewlett-Packard Enterprise Co	US	2.0
Texas Instruments Inc	US	2.0

Source of all data: KBI Global Investors. Data as of 12/31/22

Overview

While much of the narrative at year end is around recession fears and impending disappointing earnings, we feel there may well be more opportunities to generate good returns than many realise.

The percentage of stock passing our quality hurdles is high, and payout ratios are near all time lows. This means the buffer around existing dividend behavior is high. Even if earnings disappoint (we feel the portfolio is good shape on this front) current levels of yield and dividend growth can be maintained by allowing payout ratios to return to more normal long term levels. Dividends and dividend growth become highly valuable sources of return when share price increases are scarce.

The rally in value and high yield stocks in the fourth quarter suggests that investors have begun to pick up on this opportunity. While the shine may have gone off tech stocks investors have started to look elsewhere. The good news is that they like what they see. The surprisingly strong fundamentals and cheap valuations of companies that exist across the market capitalisations are starting to get noticed.

Up until quarter four, all of the relative outperformance of value over growth stocks since last year had come in down markets. Value stocks were seen as attractive for the defensive qualities they bring and their lower sensitivity to rising rates. However, in quarter four, value stocks led the rally. The fact that they did so as long bond yields fell suggest something is now seriously different.

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