

Q1 2023 EUR

KBI Global Investors

KBIGI North America Equity Strategy (EUR)



Summary Details

Assets under Mgmt.	€31.2m
Inception Date	01 Nov 2013
Benchmark	MSCI North America Net Return Index
Number of Stocks	69

Risk Characteristics

Beta (5 Yrs)	0.96
Information Ratio (5 Yrs)	-0.51
Volatility	17.89

Portfolio Statistics	Strategy	Index
Dividend Yield	3.0%	1.6%
Dividend Payout	39.7%	29.7%
Dividend Growth	13.5%	7.7%
Total Payout Yield	6.2%	2.8%
Price to Earnings (forward)	11.7x	17.6x
Price to Book	2.7x	3.9x
Weighted Avg Mkt Cap.	\$143.9bn	\$470.9bn
ESG Score	7.8	6.7
Wtd Avg Carbon Intensity	78.0	134.8

Source: KBI Global Investors as of 31/03/23. 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 31/03/23. 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 North America AUM excluding Assets under Advisement 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.

Prior to 1/4/20 the North America AUM figure was inclusive of the North America equity component of a Global Equity Mandate.

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
Fund (Gross)	1.0	1.0	-1.8	19.1	9.4
Benchmark	5.5	5.5	-6.9	18.4	13.1

Source: KBI Global Investors, Datastream, MSCI as of 31/03/23

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in EUR. 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 North American Equity composite is a well diversified all cap strategy that invests across all 24 industry sub classifications of the North American equity markets as defined within the MSCI North America benchmark. 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 North America 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 North America Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI NAM Index	+/- %
<3 (small)	0.0	0.0	0.0
3-5 (mid-small)	0.0	0.1	-0.1
5-10 (mid)	4.9	1.7	3.2
10-25 (mid-large)	33.1	10.5	22.6
>25 (large)	62.0	87.6	-25.6

Source: KBI Global Investors as of 31/03/23. 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	36yrs
David Hogarty	Head of Strategy Development	32yrs
Ian Madden	Senior Portfolio Manager	22yrs
James Collery	Senior Portfolio Manager	22yrs
John Looby	Senior Portfolio Manager	33ys
Massimiliano Tondi	Senior Portfolio Manager	19yrs
Jeanne Chow Collins	ESG & Engagement Analyst	22yrs
Trading		
Ultan O'Kane	Trader	17yrs

Contact Details

Address:

KBI Global Investors Ltd.
3rd Floor, 2 Harbourmaster Place
IFSC
Dublin 1
Ireland

Phone:

+353 1 438 4400

Email:

info@kbigi.com

Web:

www.kbiglobalinvestors.com

Portfolio Positioning			
Sector Breakdown			
Sector	%	Sector	%
Information Technology	24.5	Energy	6.1
Financials	13.1	Consumer Staples	6.0
Industrials	12.9	Materials	3.7
Health Care	12.2	Real Estate	2.6
Consumer Discretionary	8.7	Utilities	2.4
Communication Services	7.8		

Geographical Breakdown	
Region	%
USA	90.0
Canada	10.0

Top 10 Holdings		
Stock	Country	%
Microsoft Corporation	US	3.8
Texas Instruments Inc	US	3.0
Merck & Co Inc	US	3.0
Automatic Data Processing Inc	US	3.0
Marathon Petroleum Corp	US	3.0
Omnicom Group Inc	US	2.8
Interpublic Group Of Companies Inc	US	2.8
Lam Research Corporation	US	2.7
T Rowe Price Group Inc	US	2.7
Gilead Sciences Inc	US	2.7

Source of all data: KBI Global Investors. Data as of 31/03/23

Overview

Perhaps surprisingly, given turmoil in the banking sector and a hardening of recession expectations, equity markets returns were strongly positive for the quarter. While institutional investors remained on the side lines, those investors that did participate in markets demonstrated very high levels of speculation, in a very concentrated way.

Initially on hard recession fears, and then in response to the banking crisis, the mentality of the “everything rally” returned on the assumption that the Covid playbook would be repeated. That is - in response to a shock in the real economy, and the politically unpalatable bursting of financial bubbles, interest rates will be cut and QE will return. The market reacted to bad news as if it is good news in the belief that it will force a monetary policy pivot from contraction to loosening.

As a result of this dominant narrative, Growth dramatically outperformed Value (March was the best month for Growth stocks in over two decades), but ultimately both the performance of equity indices and the relative outperformance of growth was driven by dramatic increases in the valuations of a very small number of huge technology stocks.

This we believe will prove to be temporary. We expect markets will rotate again as economic fundamentals once again reassert themselves over coming quarters.

Disclaimer

KBI Global Investors Ltd. is regulated by the Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority in the UK. Details about the extent of our regulation by the Financial Conduct Authority are available from us on request. KBI Global Investors claims compliance with the Global Investment Performance Standards (GIPS®). Gross results shown do not show the deduction of investment management fees. A client's actual return will be reduced by the management fees and any other expenses which may be incurred in the management of an investment account. For example, a €1,000,000 investment with an assumed annual return of 5% with a management fee of 0.85% would accumulate €8,925 in fees during the first year, €48,444 in fees over five years and €107,690 in fees over ten years. Under MiFID II this is deemed marketing material and should not be regarded as investment research. The firm is defined as the institutional business of KBI Global Investors Ltd., and its subsidiary, KBI Global Investors (North America). The term 'institutional business' shall have the meaning of all pensions, charity and corporate asset management strategies of the firm as they pertain to client funds. Unitised clients are specifically excluded from composite assignment given that their underlying unit holdings are already assigned to composites and such strategies are therefore accounted for in composite values and returns. The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJL 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 IMPORTANT RISK DISCLOSURE STATEMENT: This material is provided for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to purchase any security, product or service including any group trust or fund managed by KBI Global Investors Ltd., or any of its affiliates (collectively, "KBI Global Investors"). The information contained herein does not set forth all of the risks associated with this strategy, and is qualified in its entirety by, and subject to, the information contained in other applicable disclosure documents relating to such a strategy. KBI Global Investors Ltd's investment products, like all investments, involve the risk of loss and may not be suitable for all investors, especially those who are unable to sustain a loss of their investment. The views expressed in this document are expressions of opinion only and should not be construed as investment advice. Past performance may not be a reliable guide to future performance and the value of investments may fall as well as rise. Investments denominated in foreign currencies are subject to changes in exchange rates that may have an adverse effect on the value, price or income of the product. Income generated from an investment may fluctuate in accordance with market conditions and taxation arrangements. Performance for periods of more than 1 year is annualized. All MSCI data is provided "as is". In no event shall MSCI, its affiliates, or any MSCI data provider have any liability of any kind in connection with the MSCI data. No further distribution or dissemination of the MSCI data is permitted without MSCI's prior express written consent. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The products mentioned in this Document may not be eligible for sale in some states or countries, nor suitable for all types of investors. In some tables and charts, due to rounding, the sum of the individual components may not appear to be equal to the stated total(s).