

Q3 2023 USD

KBI Global Investors

KBIGI North America Equity Strategy (USD)



Summary Details

Assets under Mgmt.	\$31.5m
Inception Date	01 Nov 2013
Benchmark	MSCI North America Net Return Index
Number of Stocks	70

Risk Characteristics

Beta (5 Yrs)	0.98
Information Ratio (5 Yrs)	-0.55
Volatility	19.76

Portfolio Statistics	Strategy	Index
Dividend Yield	2.9%	1.5%
Dividend Payout	39.6%	28.6%
Dividend Growth	15.6%	7.7%
Total Payout Yield	4.5%	2.3%
Price to Earnings (forward)	12.0x	19.0x
Price to Book	2.6x	4.0x
Weighted Avg Mkt Cap.	\$150.7bn	\$542.3bn
ESG Score	7.7	6.6
Wtd Avg Carbon Intensity	70.0	117.9

Source: KBI Global Investors as of 09/30/23. 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 09/30/23. 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. This is the combined AUM of KBI Global Investors Ltd and KBI Global Investors (North America) Ltd 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
Strategy (Gross)	-4.0	2.9	17.4	9.9	5.3
Strategy (Net)	-4.2	2.4	16.6	9.2	4.6
Benchmark	-3.2	12.7	20.6	9.0	9.1

Source: KBI Global Investors, Datastream, MSCI as of 09/30/23

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in USD and we use a model fee, 0.65% pa to calculate the net return. We divide the gross return by the period fee rate in decimal form to calculate the period net return. 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. 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)	1.0	0.0	1.0
3-5 (mid-small)	0.4	0.1	0.3
5-10 (mid)	2.2	1.7	0.5
10-25 (mid-large)	34.9	10.4	24.5
>25 (large)	61.4	87.8	-26.4

Source: KBI Global Investors as of 09/30/23. 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	Industry Experience
CIO		
Noel O'Halloran	Chief Investment Officer	35yrs
Portfolio Management Team		
Gareth Maher	Head of Portfolio Management GES Team	36yrs
David Hogarty	Head of Strategy Development	32yrs
Ian Madden	Senior Portfolio Manager	23yrs
James Collery	Senior Portfolio Manager	23yrs
John Looby	Senior Portfolio Manager	33ys
Massimiliano Tondi	Senior Portfolio Manager	19yrs
Jeanne Chow Collins	ESG & Engagement Analyst	23yrs
Eoin Fahy	Head of Responsible Investing	35yrs

Portfolio Positioning			
Sector Breakdown			
Sector	%	Sector	%
Information Technology	25.5	Energy	6.3
Financials	15.6	Consumer Staples	4.4
Health Care	13.5	Materials	2.3
Industrials	11.1	Real Estate	2.3
Consumer Discretionary	9.7	Utilities	1.6
Communication Services	7.7		

Geographical Breakdown	
Region	%
USA	91.5
Canada	8.5

Top 10 Holdings		
Stock	Country	%
Microsoft Corporation	US	3.5
Cigna Group	US	3.1
Marathon Petroleum Corp	US	3.0
Merck & Co Inc	US	2.9
Accenture Plc	US	2.9
Cisco Systems Inc	US	2.8
Texas Instruments Inc	US	2.8
Owens Corning	US	2.7
Lam Research Corporation	US	2.7
Gilead Sciences Inc	US	2.7

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 09/30/23 based on the aggregate US\$ value. Each quarter KBI Global Investors uses this same objective, non-performance based criteria to select the ten largest holdings. The specific securities identified anc 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
<p>Yield trends matter – big tech stocks need declining yields to support their ultra-long duration earnings profile.</p> <p>Macro events kept the focus on higher yields and interest rates with a growing acceptance of a higher-than-expected plateau across all durations of the yield curve. This points to a growing acceptance of the regime change thesis. The monetary transformation that began at the end of 2021 continued to gain traction, particularly in bond markets, as the AI wildcard that prevailed in H1 faded somewhat into the background.</p> <p>The rise in real yields is crucial as it reflects ongoing changes in beliefs about inflation and growth well into the future. Inflation expectations remain well anchored, while growth expectations have improved. The era of deflation and historically low yields that have supported growth stocks for so long is now over. That’s a strong signal for regime change and style rotation within equity markets.</p> <p>Yields on long dated treasuries are on track for their most significant quarterly jump since 2009. In fact, the annual global real yields of the largest emerging markets (EM) and developed markets (DM) are the highest since 1969. This marks a move to the new normal for yields, or rather, a return to the old normal – the world that prevailed before the era of easy central bank money distorted markets with trillions of dollars of bond buying.</p>

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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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