



Summary Details

| | |
|---------------------------|---------------------------------|
| Assets under Mgmt. | €46.4m |
| Inception Date | 01 Dec 2004 |
| Benchmark | MSCI EMU (EUR) Net Return Index |
| Number of Stocks | 57 |

Risk Characteristics

| | |
|-----------------------------------|-------|
| Beta (10 Yrs) | 1.01 |
| Information Ratio (10 Yrs) | 0.37 |
| Volatility | 16.33 |

Portfolio Statistics

| | Strategy | Index |
|------------------------------------|----------|----------|
| Dividend Yield | 4.4% | 3.1% |
| Dividend Payout | 52.3% | 45.3% |
| Dividend Growth | 14.3% | 10.0% |
| Total Payout Yield | 5.0% | 3.8% |
| Price to Earnings (forward) | 10.3x | 12.4x |
| Price to Book | 1.5x | 1.8x |
| Weighted Avg Mkt Cap. | \$61.1bn | \$98.1bn |
| ESG Score | 7.9 | 7.8 |
| Wtd Avg Carbon Intensity | 68.2 | 103.3 |

Source: KBI Global Investors as of 31/12/23. 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 31/12/23. 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 Eurozone 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.

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 | Since Incep |
|---------------------|-------|------|------|------|------|-------------|
| Fund (Gross) | 6.2 | 21.4 | 21.4 | 10.9 | 9.5 | 6.9 |
| Benchmark | 7.7 | 18.8 | 18.8 | 8.3 | 9.5 | 5.5 |

Source: KBI Global Investors, Datastream, MSCI as of 31/12/23
KBI calculate both composite returns and benchmark returns. Returns are gross of fees in Euro. 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 Eurozone Equity composite is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the EMU equity market. This strategy is constructed on a segmented basis by industry (as defined by the MSCI EMU 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 EMU 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

- Create regional 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.
- Rank remaining stocks.

Step 3

- Create portfolio preferred financial criteria and highest ranked stocks.

Current Eurozone Portfolio Characteristics

| Mkt. Cap \$bn | Strategy | MSCI EMU Index | +/- % |
|-------------------|----------|----------------|-------|
| <3 (small) | 0.0 | 0.0 | 0.0 |
| 3-5 (mid-small) | 0.0 | 0.3 | -0.3 |
| 5-10 (mid) | 12.0 | 5.1 | 6.9 |
| 10-25 (mid-large) | 21.7 | 16.3 | 5.4 |
| >25 (large) | 66.2 | 78.3 | -12.1 |

Source: KBI Global Investors as of 31/12/23. 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 | 36yrs |
| 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 | 33yrs |
| Massimiliano Tondi | Senior Portfolio Manager | 20yrs |
| Jeanne Chow Collins | ESG & Engagement Analyst | 23yrs |
| Eoin Fahy | Head of Responsible Investing | 35yrs |

Contact Details

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Portfolio Positioning

Sector Breakdown

| Sector | % | Sector | % |
|------------------------|------|------------------------|-----|
| Financials | 18.8 | Consumer Staples | 6.5 |
| Industrials | 17.7 | Energy | 5.9 |
| Consumer Discretionary | 17.5 | Materials | 4.6 |
| Information Technology | 10.8 | Communication Services | 2.8 |
| Utilities | 7.3 | Real Estate | 1.5 |
| Health Care | 6.6 | | |

Geographical Breakdown

| Region | % | Region | % |
|-------------|------|---------|-----|
| France | 36.4 | Finland | 5.0 |
| Italy | 17.2 | Ireland | 2.3 |
| Spain | 14.6 | Austria | 2.2 |
| Germany | 12.8 | Sweden | 0.5 |
| Netherlands | 9.0 | | |

Top 10 Holdings

| Stock | Country | % |
|------------------------------------|-------------|-----|
| ASML Holding NV | Netherlands | 5.2 |
| Sanofi-Aventis | France | 4.9 |
| Enel SpA | Italy | 4.0 |
| Axa SA | France | 3.8 |
| Stellantis NV | Italy | 3.8 |
| BBV Argentaria SA | Spain | 3.7 |
| Saint Gobain | France | 3.6 |
| Kering SA | France | 3.4 |
| Mediobanca Banca Di Credito Finanz | Italy | 3.0 |
| ACS SA | Spain | 3.0 |

Source of all data: KBI Global Investors. Data as of 31/12/23

Overview

For equity returns, 2023 was a very strong year. Given the importance we place on dividends, cashflows and avoiding speculative exposures, aggressive bull markets aren't always an easy place to achieve outperformance.

Outside North America, however, where the dominance of growth over value has run its course, the strategy did exactly that. Since the start of the market rotation in 2021 and a recovery in value investing as an investment style, more medium-term numbers are also beginning to consolidate.

The year ended with global optimism, as fears of a severe recession eased and Breadth improved considerably. Paying a hefty premium for secular growth stocks is less appealing when growth is expected more broadly, and value and smaller stocks are considered more economically sensitive. This broader cyclical exposure means they're more likely to benefit from a stronger economic environment. They are also the most heavily discounted, in our view.

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