

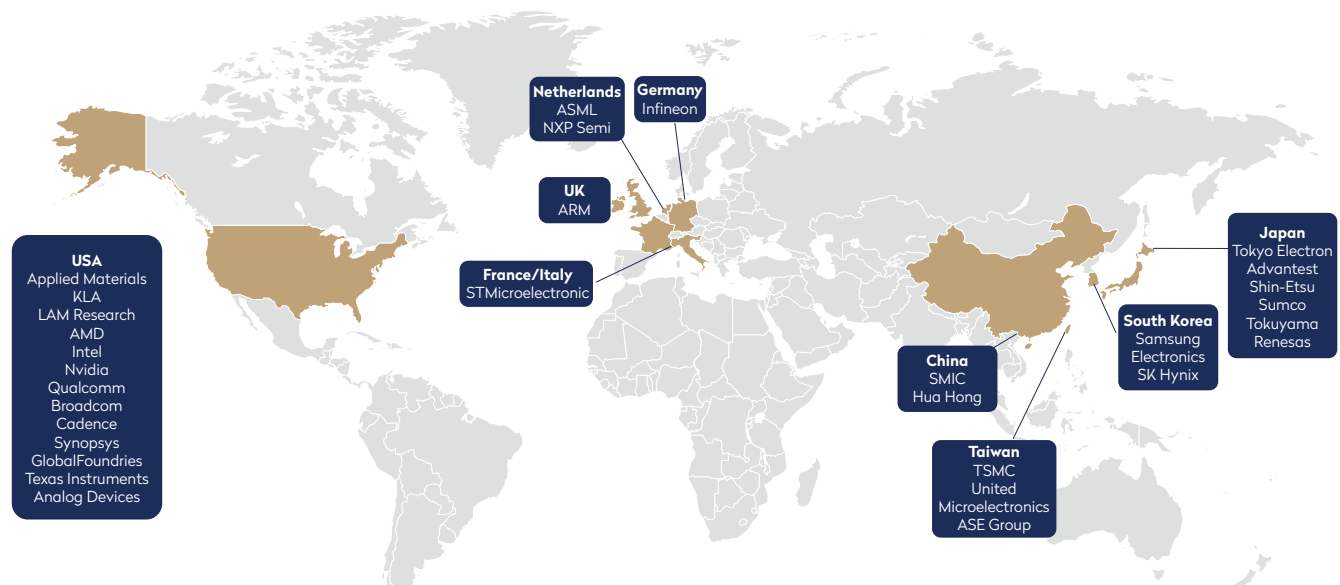
## A Global Perspective: Mondrian’s approach to identifying value in the US

When building a portfolio of US Large Cap companies, it is critical to have a global perspective. Over 30% of the revenue for the Fortune 100 is derived from outside the US. Additionally, many US multinational companies’ largest direct competitors are based in a different country. For instance, Intel’s main competitor is TSMC (Taiwan), Micron’s is Samsung (South Korea) and L3Harris competes with Thales (France).

Having a deep understanding of global supply chains helps Mondrian identify world-leading companies with strong franchises at attractive prices. Our London-based Global Equity investment team manages over \$5B in US and Global equities, analyzing markets and understanding what causes some companies to succeed more than others. The below case study illustrates our current assessment of the semiconductor industry.

### Case Study: Semiconductors

The semiconductor industry originated in the US but has evolved to become globally integrated, as illustrated below. Geopolitical tensions and supply chain disruptions are currently threatening the status quo.



In our analysis, we considered multiple factors including shifting government policy, international technology competition and market share dynamics. We have performed detailed work on many different companies in various parts of the value chain, including:

#### Key Memory Players

#### Key Logic Players

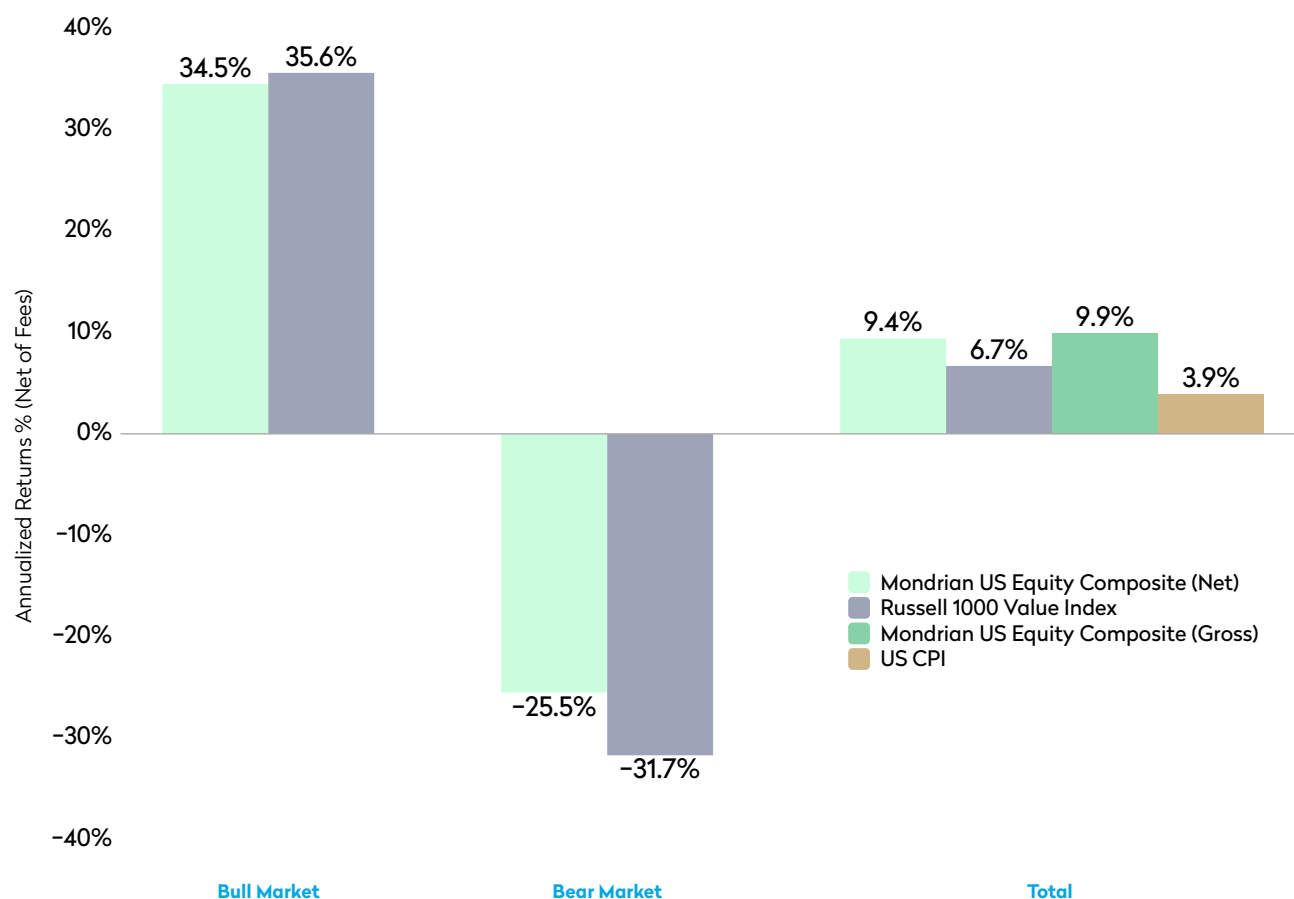
	Micron (US)	SK Hynix (S. Korea)	Samsung (S. Korea)	Intel (US)	TSMC (Taiwan)	AMD (US)
Market Share Dynamics	✓	✓	✓	✗	✓	✓
Capital Intensity	✗	✗	✗	✗	✗	✓
Government Subsidies	✓	✓	✓	✓	✓	✗
Geopolitical Risk	✓	✗	✗	✓	✗	✗
Balance sheet Risk	✓	✓	✓	✗	✓	✓
Valuation Attractive	✓	✓	✓	✓	✓	✗

Our global perspective led us to invest in Micron over Intel because of our assessment of its market position relative to global peers. Competition in the memory industry appears to have rationalized over time, unlike the logic market where competition appears to be increasing. We believe short-term concerns around memory prices have created a very attractive opportunity to buy Micron shares at a discounted price.

This is just one example of how the Mondrian global research team uses experience to look across industries with a global perspective. In doing this, we have been able to build a US Large Cap portfolio with strong absolute returns from stock selection, while also providing defensive characteristics in challenging markets.

## Defensive Characteristics

5 years to December 31, 2022



A Bull Market quarter is defined as one in which the benchmark showed a positive return, and a Bear Market quarter when the benchmark showed a negative return

Risk Statistics*	Mondrian	Russell 1000 Value	Percentile Rank**	Mondrian USLC Composite	Composite Gross (%)	Composite Net (%)	Russell 1000 Value (%)	Net Relative to Russell 1000 Value (%)
				Annualized				
Information Ratio	0.7	—	18	1 Year	-4.50	-4.93	-7.54	2.82
Beta	0.9	1.0	88	3 Years	8.61	8.12	5.96	2.04
Treynor Ratio	10.1	5.4	9	5 Years	9.87	9.38	6.67	2.54
Standard Deviation	16.6	18.7	10	10 Years	12.22	11.72	10.29	1.29
Sharpe Ratio	0.5	0.3	7	SI Jan 1, 2006	8.99	8.50	7.37	1.06

\*5 Year statistics vs the Russell 1000 Value Index & the FTSE 3-month T-Bill

\*\*Ranked against the eVestment US Large Cap Value Equity Universe (323 observations). Data as of January 17, 2022.

Composite performance data is as of December 31, 2022

## Team

**Aileen Gan**, CIO Global Equities (2005)

**Paul Thompson**, Sr. Portfolio Manager (2006)

**Jonathan Spread**, Head of US Research (2005)

**Harry Hewitt**, Portfolio Manager (2014)

**Clive Gillmore**, CEO & Group CIO (1990)

**Charlie Hill**, Portfolio Manager (2016)

**James Franken**, Sr. Portfolio Manager (2009)

**Akhil Hindocha**, Assistant Portfolio Manager (2021)

Years listed represent the year the team member joined Mondrian

## Important Notes and Disclosures

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Past performance is not indicative of future results. An investment involves the risk of loss. The investment return and value of investments will fluctuate.

Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. All information is subject to change without notice.

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