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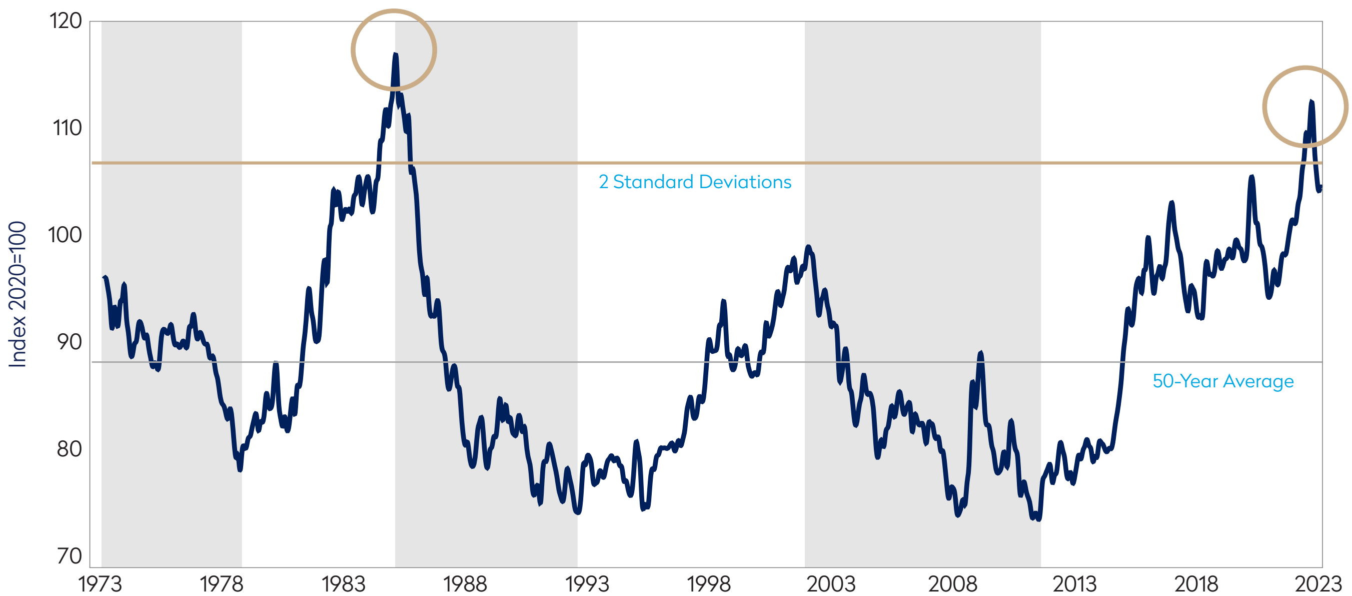
Mondrian
INVESTMENT PARTNERS

US Dollar Beginning to Fall Sharply

USD Real Effective Exchange Rate



Source: Mondrian Investment Partners, Bank for International Settlements, Haver Analytics (Data until end of March 2023)

Time Period	Decline in Real Effective Exchange Rate	Global Bonds*	Non-US Bonds*	US Bonds*
Mar 1985-Aug 1992	**-36%**	191%	273%	139%
Feb 2002-Mar 2008	**-26%**	86%	100%	39%
Oct 2022-Mar 2023	**-7%**	7.5%	10.5%	4.9%

Source: Mondrian Investment Partners, Bank for International Settlements, Haver Analytics (Data until end of March 2023), FTSE, Bloomberg
*Global Bonds represented by FTSE WGBI USD Unhedged, Non-US Bonds represented by FTSE Non-US WGBI Unhedged, US Bonds represented by Bloomberg US Aggregate Index Unhedged

- Only the second time the USD has been over 2 standard deviations overvalued (see circled points in the chart above)
- If history is any guide, the dollar could have much further to fall, boosting the return on unhedged global bonds vs US domestic bonds
- High-quality global bonds have tended to be countercyclical, offering excellent long-term diversification benefits to domestic portfolios
- As in the 2000s, Mondrian is heavily underweight to the US dollar across our fixed income portfolios

295 USD QP Q123_USD Falling Sharply

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