

Mondrian International Equity DPIX

Worth a look.

Morningstar's Take DPIX

Morningstar Rating ★★★★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process	+	Positive
Performance	+	Positive
People	+	Positive
Parent	+	Positive
Price	+	Positive

Role In Portfolio

Core

Fund Performance DPIX

Year	Total Return (%)	+/- Category
YTD	-1.53	0.19
2017	21.42	-0.65
2016	4.02	0.68
2015	-3.93	-0.83
2014	-2.83	3.48

Data through 3-31-18

2-20-18 | by Gregg Wolper

Mondrian International Equity has a solid strategy, experienced managers and analysts, and a committed parent. It receives a Morningstar Analyst Rating of Bronze.

This is the only publicly available mutual fund offered by Mondrian Investment Partners, a boutique firm in London. Founded in the early 1990s, Mondrian is still led by its founders, and relies on the dividend-focused, patient value strategy that they brought to the firm. Lead manager Elizabeth Desmond has been with the firm since the beginning, and thus is well versed in its approach. She works closely with comanagers Nigel Bliss and Melissa Platt, who have been with the firm since 1995 and 2004, respectively. Indeed, they usually make decisions unanimously. Several of the analysts on the compact team supporting this fund also have long tenures at the firm.

Experience wouldn't be a selling point without the consistent application of a solid method and performance to demonstrate its value, and this fund has both. The approach uses top-down factors to help make country allocations, but more weight is placed on fundamental research of individual companies. In estimating the value of a company the team attempts to look out as long as possible, which they think gives them an advantage over rivals with shorter time horizons. Their patience and long-term focus shows in the fund's annual turnover rate, which is consistently lower than 30%. The performance has been impressive over the long term. The fund has beaten roughly 60% of its foreign large-value Morningstar Category rivals over the trailing 10-year period through Jan. 31, 2018, and nearly matched the MSCI ACWI ex-USA Index. With the fund's defensive traits paying off, the fund's risk-adjusted returns over that time frame top those benchmarks and also beat the MSCI EAFE Index, which the fund slightly trailed in total returns.

The managers concede that they won't keep up in most rallies, but are content to capture a good portion of the gains, as they did in 2017 with a 21.4% return that lagged the category and indexes, while making up the ground by cushioning losses in downturns. This is a solid fund.

Process Pillar + Positive | Gregg Wolper 02/20/2018

This fund uses an income-focused value strategy, an approach brought in by Clive Gillmore and David Tilles when they founded Mondrian Investment Partners in the early 1990s. The managers and analysts establish values for companies based on a dividend discount model and look out longer than most rivals, even decades if possible. Unlike most other foreign stock funds, this one states candidly states that a large amount of its analysis--40% by its estimate--is devoted to top-down factors. The teams does not rank countries and currencies based on political or macroeconomic forecasting; rather, they base their opinions on quantitative figures for

inflation, interest rates and currency levels applied to the top names in the countries' indexes. The other 60% of the analysis relies on fundamental research into individual companies, getting down to an approved core list of about 80 stocks.

When deciding the proper valuations for stocks, they tend to rely more on price/cash flow than price/earnings or price/book value, saying the former is more consistent and reliable. They keep weightings relatively low, with top holdings getting a bit over 3% of assets. They use currency hedging on occasion when they see the value of a currency lies more than two standard deviations outside its usual range as measured by purchasing power parity. Owing to their long-range outlooks, turnover rates tend to be low, between 20% and 30% per year.

This fund's most recent portfolio, from year-end 2017, lands squarely in the large-value portion of the Morningstar Style Box, which is par for the course for this income-oriented value fund that typically loads up on big companies. When it comes to individual stocks, it spreads its bets around in one sense: Top holdings get roughly equal percentages of assets rather than one or two gaining a major focus. But the managers don't shy away from making commitments. The portfolio typically holds just 50 to 60 stocks, and top holdings get between 3% and 4% of assets. In the most recent portfolio from year-end 2017, Honda Motor, Tesco, Royal Dutch Shell, and United Overseas Bank of Singapore land in that range. The managers' patience also shows through in the top 10: Half have been in the portfolio since at least 2010, and only two were bought as recently as 2016.

The fund also differs from peers in broader terms. The portfolio has a much lower weighting in the financials sector than the foreign large-value Morningstar Category average, but has a higher weighting in the utilities and communications services sectors--not surprising for a fund with a dividend-oriented strategy. Emerging markets get

very little exposure in the portfolio, though the fund does have some holdings in Singapore and Hong Kong (which are considered developed markets by MSCI) as well as a single holding in Taiwan.

Performance Pillar + Positive | Gregg Wolper
02/20/2018

This fund has racked up solid performance over the long term as well as shorter periods, whether measured by conventional total returns or risk-adjusted measures. As a result, the fund receives a Positive rating for Performance.

Lead manager Elizabeth Desmond has been a manager on this fund since 1999 and CIO for international equities since January 2008, and the other comanagers have been analysts or managers for the fund for more than 10 years. Thus, even though other managers have been listed on the fund in the past, including Mondrian founders Clive Gillmore and David Tilles, the performance is a reasonable reflection on the current team and strategy, which hasn't changed. The fund has beaten roughly 60% of its foreign large-value Morningstar Category rivals over the trailing 10-year period through Jan. 31, 2018, and nearly matched the MSCI ACWI ex-USA Index. With the fund's defensive traits paying off, the fund's risk-adjusted returns over that time frame top those benchmarks and also beat the MSCI EAFE Index, which the fund slightly trailed in straight total returns. (In 2011, the fund lost just 3.7%, compared with losses of 12% to 14% for the category average and both indexes.) In 2017's strong rally, the fund lagged, but it still gained 21.4%, less than a percentage point behind the category norm, though much further behind the MSCI ACWI Ex US, which benefited from a larger exposure to emerging markets and growth stocks.

People Pillar + Positive | Gregg Wolper
02/20/2018

The experience and consistency of this management team and their analysts earns it a Positive rating for the People Pillar. The lead manager, Elizabeth Desmond, has been at Mondrian since the early 1990s, and has been a named manager on this fund since 1999. In January 2005 she was named joint CIO for developed markets and in January 2008 became sole CIO for all international equities, and head of the international strategy committee. Desmond works with two other named managers on this fund:

Melissa Platt, who joined Mondrian in 2004 after stints at KPMG and FundSource Research and was named a manager on this fund in February 2012, and Nigel Bliss, who has been with Mondrian since 1995 and was listed as a manager on this fund in November 2014. The managers also serve as analysts, with their own areas of specialty. Platt, for example, focuses on companies in Spain, Italy, and Switzerland, and the general consumer sector. The managers usually all have to agree on portfolio decisions, but if there is disagreement, Desmond has the final call. Including these managers, there are about 10 members of the international-equity group, most of whom have been at Mondrian for at least a decade. (The only departures from this team over the past 10 years are one analyst who left the investment field in mid-2017 and another who shifted to business role at Mondrian in 2014.) All are based in London, along with the rest of Mondrian's investment personnel.

Parent Pillar + Positive | Gregg Wolper
01/26/2018

Mondrian Investment Partners, a London-based boutique that focuses mainly on institutional accounts, is an admirable parent. It was founded in the early 1990s by investors who believed strongly in the value strategy they had developed and who did not want to expand into other areas then popular in the market, as they felt their employers were pressuring them to do. The co-founders are still leading the firm, which offers just one mutual fund in the United States, Mondrian International Equity DPIX. That fund has less than \$1 billion in assets, but the firm has approximately \$60 billion under management, with most of that amount coming from institutional clients in the U.S. The firm offers other strategies, including emerging-markets stocks and global fixed income, but all use a variation of the firm's value approach. Manager and analyst retention is good, helped by a policy of spreading equity ownership widely throughout the firm; roughly half of the firm's staff own equity or the equivalent. Mondrian International Equity's solid record is built on relatively impressive showings when markets decline, which is the pattern that the firm's defensively oriented strategy aims to provide.

Mondrian Investment Partners' CEO and co-founder Clive Gillmore says he expects to stay in charge for another decade or so, and that his successors also

will have to be experienced investors who have spent plenty of time personally managing money.

Price Pillar + Positive | Gregg Wolper
02/20/2018

This fund offers just one share class, an institutional class. Its expense ratio has been falling in recent years, and in the most recent prospectus from March 2017 as well as the annual report from October 2017, the expense ratio was 0.79%. That lands in the second-cheapest quintile for institutional shares of foreign large-cap funds, earning the fund a Positive Price rating.

Mondrian International Equity Fund

This article reprint, originally published by Morningstar on February 20, 2018, is considered sales literature only for the Mondrian International Equity Fund. Please note that Morningstar is an independent publication and the performance and ratings cited in the article do not represent the experience of any individual investor. For the period ending March 31, 2018, the Mondrian International Equity Fund (the "Fund") returned the following:

	Annualized Returns					
	Quarter	1 Year	3 Years	5 Years	10 Years	Since Inception
Mondrian Fund	-1.53%	11.32%	4.27%	6.54%	2.53%	7.55%
MSCI EAFE	-1.53%	14.80%	5.55%	6.50%	2.74%	5.64%
MSCI EAFE Value	-2.03%	12.19%	4.30%	5.78%	1.97%	6.48%

Returns are annualized for periods more than 1 year. Fund Inception February 04, 1992

The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost and current performance may be lower or higher than performance quoted. For performance data current to the most recent month end, please call 888-832-4386. NAV returns since inception of February 4, 1992 when the Fund was the Delaware Pooled Trust International Equity Fund. The Fund was reorganized into the Mondrian International Equity Fund on March 14, 2016. It continues to be managed in the same way.

Gross expense ratio: 0.88%, net expense ratio: 0.79%. Mondrian Investment Partners Limited (the Adviser) has contractually agreed to waive fees and reimburse expenses to the extent necessary to keep Total Annual Fund Operating Expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses and non-routine expenses from exceeding 0.79% of the Funds average daily net assets until February 28, 2019.

Analyst Rating is the summary expression of Morningstar's forward-looking analysis of a fund. Morningstar analysts assign the ratings on a five-tier scale with three positive ratings of Gold, Silver, and Bronze, a Neutral rating, and a Negative rating. The Analyst Rating is based on the analyst's conviction in the fund's ability to outperform its peer group and/or relevant benchmark on a risk-adjusted basis over the long term. If a fund receives a positive rating of Gold, Silver, or Bronze, it means Morningstar analysts think highly of the fund and expect it to outperform over a full market cycle of at least five years. The Analyst Rating is not a market call, and it is not meant to replace investors' due-diligence process. It cannot assess whether a fund is the right fit for a particular portfolio and risk tolerance. Morningstar evaluates funds based on five key pillars-Process, Performance, People, Parent, and Price. Analysts assign a rating of Positive, Neutral, or Negative to each pillar. Analyst Rating Scale - Gold: Best-of-breed fund that distinguishes itself across the five pillars and has garnered the analysts' highest level of conviction. Silver: Fund with advantages that outweigh the disadvantages across the five pillars and with sufficient level of analyst conviction to warrant a positive rating. Bronze: Fund with notable advantages across several, but perhaps not all, of the five pillars.

The Mondrian International Equity Fund is overall rated 4 stars for the period ending March 31, 2018 out of 265 US OE Foreign Large Value Funds. Morningstar rankings are based on risk adjusted returns, and the overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-year, five-year and ten-year (if applicable) Morningstar Ratings metrics. For each fund with at least a three year history, Morningstar calculates a Morningstar Rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receives 2 stars and the bottom 10% receive 1 star. The Mondrian International Equity Fund was rated against the following numbers of U.S.-domiciled Foreign Large value funds over the following time periods: 265 funds in the last three years, 216 funds in the last five years and 140 funds in the last ten years. With respect to these Foreign Large Value funds, the Mondrian International Equity Fund received a Morningstar Rating of 3 stars, 4 stars and 4 stars for the three, five and ten-year periods, respectively. Past performance is no guarantee of future results.

This information should not be relied upon as research or investment advice regarding any particular security. This is intended to provide insight into the manager's investment process and strategy.

To determine if the Fund is an appropriate investment for you, carefully consider the fund's investment objectives, risk, and charges and expenses. This and other information can be found in the funds full and summary prospectus which can be obtained by calling 888-832-4386 or by visiting www.mondrian.com/mutualfunds. Please read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors, as well as increased volatility and lower trading volume. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses.

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