

Mondrian International Value Equity MPIX

A solid choice.

Morningstar's Take MPIX

Morningstar Rating ★★★★★

Morningstar Analyst Rating Silver

Morningstar Pillars

Process	● Above Average
Performance	—
People	● Above Average
Parent	● Above Average
Price	—

Role In Portfolio

Core

Fund Performance

Year	Total Return (%)	+/- Category
YTD	17.97	0.17
2018	-11.74	3.70
2017	21.42	-0.65
2016	4.02	0.68
2015	-3.93	-0.83

Data through 12-31-19

1-17-20 | by Gregg Wolper

Mondrian International Equity has a consistent, reasonable approach that typically holds up better than most in downturns, and an experienced team with the depth to ably weather a 2019 comanager departure. The fund receives a Morningstar Analyst Rating of Silver.

Founded in the early 1990s, Mondrian--a boutique based in London--is still led by its founders and still relies on the patient, dividend-focused value strategy that they brought to the firm. Former comanager Melissa Platt recently left the fund and the firm to return to her native New Zealand, but lead manager and CIO for international equities Elizabeth Desmond, who has been with Mondrian since the beginning, remains in place. So does comanager Nigel Bliss, who joined the firm in 1995. Several other analysts and managers on the global/international team also have long tenures at Mondrian. Zsolt Mester, who has been on

Mondrian's international team since 2014, replaced Platt as comanager on the fund.

The managers combine in-depth research of individual companies with top-down evaluations of country factors and currency levels. Currency levels are primarily used to inform company evaluations; active currency hedging is rare. The team's long-term focus shows in the fund's annual turnover rate, which is consistently lower than 30%. By putting an emphasis on companies that are healthy and well-positioned enough to consistently pay decent dividends, the managers aim to build a portfolio that can withstand market turmoil better than most competitors and indexes do. The fund has typically lost less than its average peer and relevant indexes in market declines, as shown by its downside-capture ratios for the five- and 10-year periods through Oct. 31, 2019. (True to form, it lost less than the foreign large-value Morningstar Category average in the fourth quarter of 2018.) Although it tends to lag in in strong rallies, it should continue to outperform overall, especially versus the category and value indexes.

Process Pillar ● Above Average | Gregg Wolper 12/02/2019

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. It earns an Above Average Process rating. The managers and analysts establish values for companies based on a dividend discount model and have a long time horizon. Unlike most other foreign-stock funds, this one states candidly that a large amount of its analysis--40% by its estimate--is devoted to top-down factors. The teams do not rank countries and currencies based on political or macroeconomic forecasting; rather, they base their judgments on 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, leading to an approved list of about 80 stocks.

When deciding on proper valuations, they tend to rely more on price/cash flow than price/earnings or price/book value, saying the former is more consistent and reliable. Top holdings typically get a bit over 3% of assets. They use currency hedging on occasion when they--working with Mondrian's fixed-income/currency team--see the value of a currency lies more than 2 standard deviations outside its usual range as measured by purchasing power parity. Turnover rates are low, consistently 20%-30% per year.

With a fairly low turnover rate, this portfolio doesn't show dramatic changes from one quarter to the next, or even over a year. As usual, the metrics from its September 2019 portfolio land squarely in the upper part of the large-value portion of the Morningstar Style Box. That befits its profile as an income-oriented value fund that typically focuses on big companies. For individual stocks, the managers spread their bets around in one sense: Top holdings get roughly equal percentages of assets rather than one or two dominating. But the managers don't shy away from making commitments. The portfolio typically holds 50-60 stocks, and top holdings get 3%-4% of assets. In the most recent portfolio, six companies get 2.8% of assets or more; the top holding, United Overseas Bank, was a 3.1% stake. Continuity is evident: A year earlier, three big pharmaceutical companies--Sanofi, GlaxoSmithKline GSK, and Japan's Takeda Pharmaceutical--were in the portfolio's top 15, and they remain there. The fund is significantly overweight in the healthcare sector versus the MSCI EAFE Value Index but underweight in financials. One change has been a substantial increase in the fund's Japan weighting; comanager Nigel Bliss says despite some macro headwinds, many more Japanese companies have taken shareholder-friendly actions in addition to having strong balance sheets.

Performance Pillar | Gregg Wolper 12/02/2019

This fund has racked up solid performance over the long term, especially when judged against its foreign large-value category rivals and value indexes and in risk-adjusted terms.

Lead manager Elizabeth Desmond has been a manager on this fund since 1999 and CIO for international equities since January 2008, many other members of the team behind this fund are also long-tenured, and the strategy--first installed by Mondrian's founders decades ago--has remained intact. Thus, the long-range performance is a suitable reflection of the fund. Over the trailing 15-year period through Oct. 31, 2019, the fund--which consistently lands in the large-value portion of the style box--has topped both the category average and the MSCI EAFE Value Index by nearly a percentage point on an annualized basis. It has nearly matched the core MSCI EAFE Index over that span, even though value has lagged substantially for years. The results look nearly the same over the 10-year period. It is the fund's defensive traits that have allowed it to post this strong record. For example, in 2011, the fund lost just 3.7%, compared with a 12.8% plunge in the category average. And in 2018's dismal fourth quarter, the fund lost 9.9%, while the category average dropped 12.3% and the MSCI EAFE Value and MSCI EAFE indexes declined 11.7% and 12.5%, respectively.

People Pillar ● Above Average | Gregg

Wolper 12/02/2019

The experience and record of this management and analyst team earn it an Above Average People rating. 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: Nigel Bliss, who has been with Mondrian since 1995 and was listed as a manager on this fund in November 2014, and Zsolt Mester, who was listed on the fund in March 2019 and has been on the team since 2014. Melissa Platt, who was named a manager on this fund in February 2012, left Mondrian in 2019 to return to her native New

Zealand. The managers also serve as analysts, with their own areas of specialty. 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 18 members of the international/global-equity group, most of whom have been at Mondrian for at least a decade. (Before Platt, the only departures from this team over the past 10 years were one analyst who left the investment field in mid-2017 and another who shifted to a business role at Mondrian in 2014.) All of Mondrian's investment personnel are based in London.

Parent Pillar ● Above Average | Gregg

Wolper 01/17/2020

Mondrian Investment Partners, a London-based boutique that focuses mainly on institutional accounts, earns an Above Average Parent rating. It was founded in the early 1990s by investors dedicated to 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. One of them, Clive Gillmore, is CEO. He plans to stay in that position five more years at a minimum (and to become chairman after that), and deputy CEO/international-equity CIO Liz Desmond

plans to stay at least five years. It's admirable that Gillmore and colleagues already have established a sound and detailed succession plan for the time that it would be necessary. With specific individuals in mind, Gillmore says the successor would very likely come from the firm's investment side. The firm has approximately USD 55 billion under management. Manager and analyst retention is strong, helped by a policy of spreading equity ownership widely throughout the firm; about half of employees are partners. One vulnerability for the firm is its relative lack of asset-class diversification: More than 90% of its assets are in equity accounts, including international developed markets (nearly half of firm assets), global markets, and emerging-markets portfolios; less than 10% of assets are in fixed-income vehicles.

Price Pillar | Gregg Wolper 12/02/2019

It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.

Mondrian International Value Equity Fund

This article reprint, originally published by Morningstar on January 22, 2020, is considered sales literature only for the Mondrian International Value Equity Fund. Please note that Morningstar is an independent publication and the performance and ratings cited do not represent the experience of any individual investor. For the period ending December 31, 2019, the Mondrian International Value Equity Fund (the "Fund") returned the following:

	Quarter	1 Year	Annualized Returns			
			3 Years	5 Years	10 Years	Since Inception
Mondrian Fund	10.04%	17.97%	8.13%	4.79%	4.95%	7.27%
MSCI EAFE	8.17%	22.01%	9.56%	5.67%	5.50%	5.53%
EAFE Value	7.82%	16.09%	6.31%	3.54%	3.98%	N/A

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.

The returns prior to the inception date of the MSCI EAFE Value Index (December 8, 1997) cannot be provided as data is back-tested data (i.e. calculations of how the index might have performed over that time period had the index existed).

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, 2021.

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The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. For active funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that an active fund will be able to deliver positive alpha net of fees relative to the standard benchmark index assigned to the Morningstar category. The level of the rating relates to the level of expected positive net alpha relative to Morningstar category peers for active funds. For passive funds, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will be able to deliver a higher alpha net of fees than the lesser of the relevant Morningstar category median or 0. The level of the rating relates to the level of expected net alpha relative to Morningstar category peers for passive funds. For certain peer groups where standard benchmarking is not applicable, primarily peer groups of funds using alternative investment strategies, a Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's expectation that a fund will deliver a weighted pillar score above a predetermined threshold within its peer group. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months.

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The Mondrian International Value Equity Fund is overall rated 4 stars for the period ending December 31, 2019 out of 302 US OE Foreign Large Value Funds. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable)

Mondrian International Value Equity Fund

Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

The Mondrian International Value Equity Fund was rated against the following numbers of U.S.-domiciled Foreign Large value funds over the following time periods: 304 funds in the last three years, 253 funds in the last five years and 165 funds in the last ten years. With respect to these Foreign Large Value funds, the Mondrian International Value Equity Fund received a Morningstar Rating of 4 stars, 4 stars and 4 stars for the three, five and ten-year periods, respectively. Past performance is no guarantee of future results.

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.

Indices are unmanaged and do not include the effect of fees. One cannot invest directly in an index. 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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