

Focused All Countries World Ex-US Equity Quarterly Update

Focused All Countries World Ex-US Equity at a Glance

- Total Product Assets: \$1.9 billion
- Product Inception: May 2006
- Active value-oriented defensive strategy
- Consistent application of income oriented valuation approach
- History of lower volatility versus the benchmark
- Portfolios contain 30-40 developed market equity securities and approximately 50 emerging market equity securities

Our Organization

- Founded in 1990, with almost 30 years of stable, consistent leadership
- Firmwide Assets: Approximately \$55 billion
- Mondrian is employee owned; approximately half of employees are partners today
- Consistent, income-oriented value discipline has been applied to all products since the firm's inception
- Highly experienced team of 54 investment professionals in London

Performance Summary (USD)

	Composite (Gross) %	Composite (Net) %	MSCI ACW Ex-US %
Cumulative Periods			
Quarter 4, 2019	9.69	9.54	8.92
Annualized Periods			
1 Year	20.23	19.57	21.51
3 Years	9.35	8.75	9.87
5 Years	5.53	4.95	5.51
7 Years	6.15	5.57	5.44
10 Years	5.21	4.63	4.97
Since Inception (May 1, 2006)	4.07	3.50	3.52

Philosophy

We invest in stocks where rigorous dividend discount analysis isolates value in terms of the long-term flow of dividends. Dividend yield and future real growth play a central role in our decision making process and over time the dividend component is expected to be a meaningful portion of expected total return.

Benefits of Our Approach

Mondrian's approach focuses on providing a rate of return meaningfully greater than the client's domestic rate of inflation. Our portfolios seek to preserve capital during protracted global market declines. Additionally, our portfolio performance has historically been less volatile than the international equity benchmarks and most other international equity managers.

Investment Process

- A value oriented dividend discount analysis at both the individual security and market level isolates value across geographic and industrial borders in a unified manner.
- A long term purchasing power parity approach, supplemented by shorter-term probability assessment.
- Fundamental research is strongly emphasized. An extensive program of company and market visits enhances initial qualitative and quantitative desk research, both prior to the purchase of a stock and after its inclusion in the portfolio.

Characteristics (All information is as of December 31, 2019)

	Mondrian	MSCI ACW Ex-US
Weighted Average P/E	13.4x	15.9x
Weighted Average P/B	1.3x	1.7x
Weighted Average Dividend Yield	4.1%	3.0%
Number of Holdings	81	2,412
Weighted Average Market Cap	\$61.1 billion	\$73.3 billion

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Quarterly Update

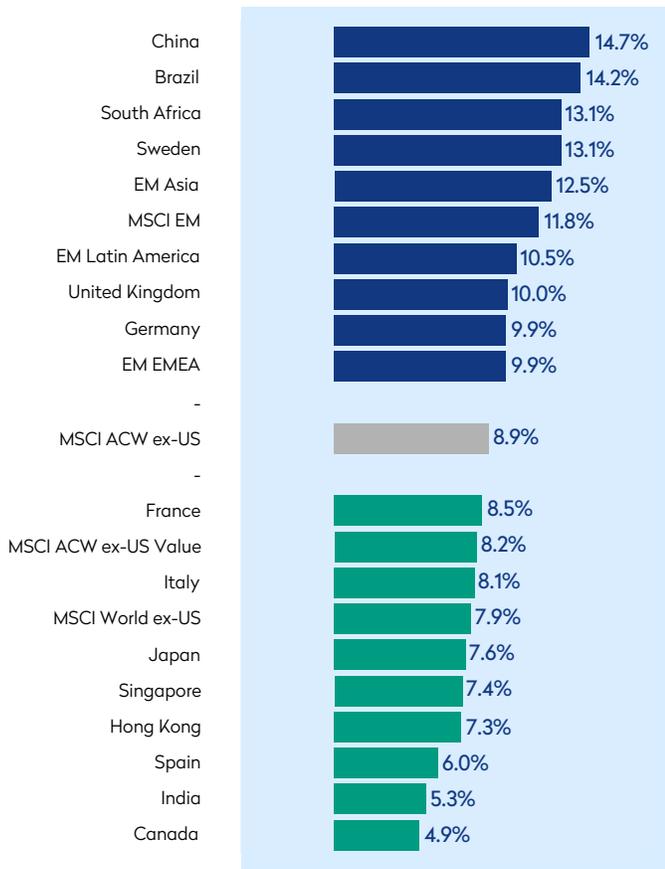
Markets continued to rise strongly during the fourth quarter, driven by geopolitical developments and currency tailwinds. Returns were mostly led by cyclical sectors in response to renewed optimism over the potential first phase of a US-China trade deal. The British pound strengthened as Prime Minister Boris Johnson secured a significant majority in the UK parliamentary elections, ensuring the ratification of the Withdrawal Agreement with the European Union by the end of January. Developed markets lagged emerging markets and local currency appreciation supported returns in US dollar terms.

Against the positive market backdrop, the net Composite produced strong absolute returns and exceeded the returns of the MSCI ACW ex-US index; these returns were driven predominantly by the portfolio's exposure to the British pound and domestically-oriented companies in the UK.

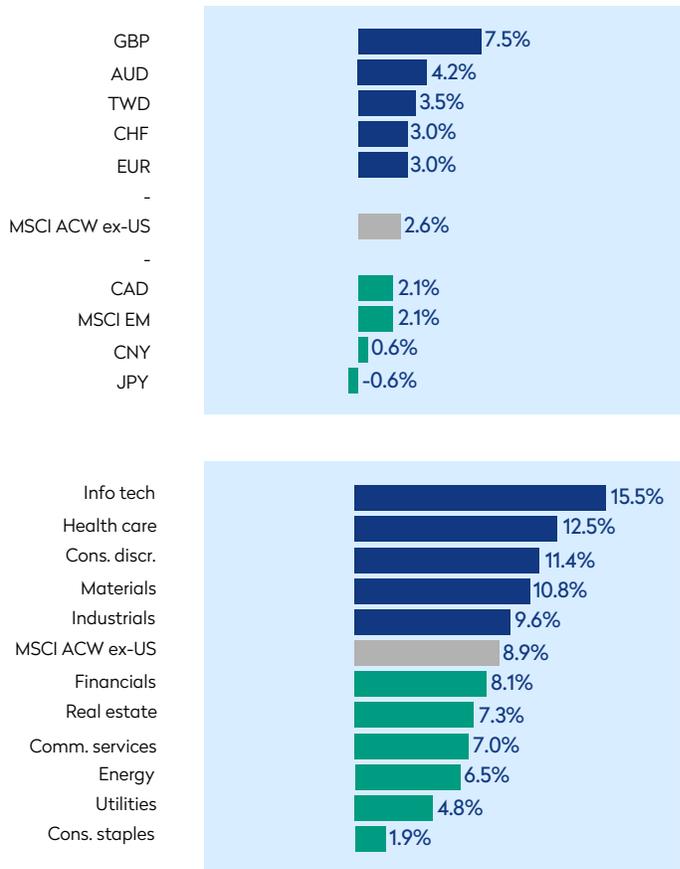
Market Background: MSCI AC World Ex-US Index (USD)

Q4, 2019

Selected Equity Market Returns



Selected Currency and Sector Returns



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Performance Attribution

	Relative Effects	Negative Contributors	Positive Contributors
Country Allocation	Slightly added		Underweight Australia
Stock Selection	Added	Sweden Germany	UK Japan
Significant Stock Contributors		Telia Continental Eni	SSE Lloyds ABB
Currency Allocation	Slightly added	Overweight Japanese yen	Overweight British pound

- **Country allocation slightly added to relative returns, driven by the portfolio's exposures in Asia Pacific**

The portfolio's underweight position in Australia added to relative returns. The Australian market was held back by bank stocks which struggled on the back of tightening regulation, increasing conduct-related costs, a challenging macroeconomic environment and the prospect of further interest rate cuts by the Reserve Bank of Australia. The portfolio has no exposure to Australian banks.

- **Strong performance of portfolio holdings in the UK and in Japan added to relative returns**

During the quarter Prime Minister Boris Johnson agreed the terms of a withdrawal agreement with the European Union, reducing the short-term probability of a 'no deal' Brexit. He subsequently failed to secure sufficient support for the agreement in parliament, leading to new elections in December where the Conservative Party obtained a substantial parliamentary majority, which should ensure the ratification of the Withdrawal Agreement by the end of January. The greater short-term visibility around Brexit and the easing of fears around a potential left-wing government led by Labour leader Jeremy Corbyn drove a strong recovery in domestically-focused UK stocks and the British pound. The portfolio's significant exposure to domestically-oriented stocks was supportive for returns. In particular SSE, the integrated utility, and Lloyds, the retail bank, were significant UK contributors to positive portfolio returns. Stock selection in Japan also added to relative returns, supported by strong returns from Takeda Pharmaceutical, the health care company. This was only partly offset by stock selection in Sweden where Telia, the telecommunication services provider, lagged due to ongoing competitive pressures and disappointing progress on its cost saving program.

- **Sector allocation was broadly neutral for relative returns**

Cyclical sectors mostly led returns during the fourth quarter driven by a tentative truce in the US-China trade war and progress around the first phase of a potential trade deal. Meanwhile, traditionally defensive sectors, such as consumer staples, utilities and communication services, lagged. The energy sector also lagged, despite a recovery in the oil price. The portfolio's underweight position in the consumer staples sector added to relative returns, and was only partially offset by the overweight position in the utilities sector. Stock selection within sectors added to relative returns, driven by positive stock selection in the consumer staples and utilities sectors.

- **Currency allocation slightly added to relative returns, supported by the overweight position in the British pound**

With the exception of the Japanese yen, all major developed market currencies appreciated against the US dollar in the fourth quarter as the US Federal Reserve cut interest rates again in response to a sluggish global macroeconomic environment. In particular, the British pound strengthened 7.5% following a withdrawal deal being agreed and the decisive election result reducing Brexit-related uncertainty. The portfolio's overweight position in the British pound slightly added to relative returns.

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Investment Strategy

Mondrian's bottom-up fundamental research process utilizes a long-term dividend discount model to isolate value at the individual security level, in an approach that makes valuations comparable across differing markets and sectors. The following positioning is a consequence of this investment philosophy:

	Overweight Positions	Underweight Positions
Country Positioning	Select European markets Singapore	Australia Canada
Sector Positioning	Communication services Utilities Health care	Materials Consumer staples

Sector Allocation

	Mondrian %	MSCI ACW Ex-US %
Communication Services	9.5	6.7
Consumer Discretionary	11.0	11.8
Consumer Staples	4.7	9.4
Energy	8.5	6.5
Financials	23.0	21.4
Health Care	11.4	8.9
Industrials	11.0	11.9
Information Technology	10.0	9.4
Materials	2.8	7.4
Real Estate	0.9	3.2
Utilities	5.8	3.4
Cash	1.3	-
Total	100.0	100.0

Country Allocation

	Mondrian %	MSCI ACW Ex-US %
North America	-	6.7
Canada	-	6.7
Developed Pacific	25.7	23.9
Australia	1.3	4.5
Hong Kong	2.7	2.3
Japan	17.8	16.1
Singapore	3.9	0.8
Dev Europe & Middle East	47.5	41.9
France	5.0	7.5
Germany	7.6	5.7
Italy	4.4	1.5
Netherlands	0.3	2.6
Spain	2.4	1.9
Sweden	2.3	1.8
Switzerland	5.5	6.1
United Kingdom	20.1	10.8
Other Europe	-	3.9
Emerging Markets	25.5	27.5
Cash	1.3	-
Total	100.0	100.0

Portfolio Managers

Elizabeth A. Desmond

Director and Chief Investment Officer International Equities

Andrew Miller

Chief Investment Officer Emerging Markets Equities

Clive A. Gillmore

Chief Executive Officer and Group Chief Investment Officer

Nigel A. Bliss

Senior Portfolio Manager

Mondrian utilizes a team approach to making investment decisions. The individuals listed above represent several key members of the team.

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Important Notes & Disclosures

1. Mondrian claims compliance with the Global Investment Performance Standards (GIPS®). Mondrian is a value-oriented defensive manager seeking to achieve high real returns for its clients. All products utilize an income-oriented value discipline. Mondrian's methodology is applied consistently to markets and individual securities, both bonds and equities. The Focused All Countries World Ex-US Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the MSCI ACW EX-US Index net of US withholding taxes. The portfolios are invested in non-US based equities with the allowance for hedging. The MSCI ACW EX-US Index assumes the reinvestment of dividends after the deduction of withholding tax and approximates the minimum possible dividend re-investment. To receive a complete list and description of composites and/or a presentation that adheres to the GIPS standards, contact Mondrian Investment Partners (U.S.), Inc at 215-825-4500.

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2. This quarterly update contains supplemental information which complements the Focused All Countries World Ex-US Equity Composite GIPS compliant presentation. Additional information is available upon request.
3. Total Product Assets may consist of multiple composites. Performance for the main composite for the product is shown. Accounts may not be included in the main composite for reasons such as client domicile or client specific investment restrictions.
4. Calculations for P/E, P/B, dividend yield, sector country allocations and market caps are based on generally accepted industry standards. All characteristics are based on a representative account and derived by first calculating the characteristics for each security, and then calculating the weighted-average of these values. The details of exact calculations can be provided upon request.
5. Past performance is not indicative of future results. An investment involves the risk of loss. The investment return and value of investments will fluctuate.
6. There can be no assurance that the investment objectives of the strategy will be achieved.
7. All characteristic data provided is produced using Mondrian's accounting system data.
8. Performance results marked "Gross" do not reflect deduction of investment advisory fees but are net of transaction costs and withholding tax. Investment returns will be reduced accordingly. Performance returns marked "Net" reflect deduction of investment advisory fees and are calculated by deducting a quarterly indicative fee from the quarterly composite return. The indicative fee is defined as being the effective fee rate (or average weighted fee) at the composite's minimum account size. Actual net composite performance would be higher than the indicative net performance shown because some accounts have sliding fee scales and therefore lower effective fee rates.
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