

Mondrian Global All Countries World Equity Quarterly Update

Global Equity at a Glance

- Product Inception: 2002
- Active, value-oriented defensive strategy
- Consistent application of income-oriented valuation approach
- History of lower volatility versus the benchmark
- Portfolios contain 40-70 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

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 global benchmarks and performance of most other global managers.

Investment Process

- A value-oriented, dividend discount methodology for individual security and market analysis, designed to identify value across the world.
- Assessment of relative global equity valuations is enhanced by in-house purchasing power parity analysis.
- Consistent use of a disciplined valuation process, with emphasis on fundamental stock research and company visits.

Performance Summary (USD)

	Composite Gross %	Composite Net %	MSCI ACW Net %
Quarter 4, 2019	8.73	8.58	8.95
1 Year	26.48	25.76	26.60
3 Years (annualized)	12.55	11.91	12.44
5 Years (annualized)	8.98	8.36	8.41
Since Inception August 1, 2002 (annualized)	8.97	8.34	8.31

Cumulative Returns (USD) August 2002 = 100



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	Composite Gross Return	Composite Net Return	MSCI ACW Net Return
Quarter 4, 2019	8.73%	8.58%	8.95%

Performance Highlights and Key Attributes

Global markets end the year strongly

The Federal Reserve cut interest rates for the third time in October and signalled that it was committed to keeping rates low for the foreseeable future. The Fed's dovish pivot in 2019, and the low likelihood of an imminent recession, has helped markets to close the year at record levels. In December, markets received another boost with the breaking of the Brexit deadlock. The British electorate backed Boris Johnson's campaign promise to "Get Brexit done" and handed him the landslide result he needed to get his withdrawal agreement passed through Parliament. Global markets continued to rally over the holiday period as the US and China took meaningful steps towards a phase one trade deal. The prospect of such a deal prompted the IMF to say its officials could revise up forecasts for global growth in 2020 if the two sides could come to a lasting agreement. Mondrian's Global All Countries World net composite lagged slightly in a strong quarter that saw MSCI AC World Growth outperform MSCI AC World Value by approximately 240bps.

Country allocation was neutral in the fourth quarter

Underweight exposure to the relatively weaker Australian, Canadian, and Swiss markets was positive for returns in the period. This was counterbalanced by the overweight exposure to the UK and underweight exposure to the US.

Sector allocation boosted returns

The portfolio benefited from its overweight exposure to the health care sector and underweight exposure to the weaker energy and real estate sectors. These positive allocation effects were only partly offset by overweight exposure to the consumer staples sector.

Stock selection pulled back relative performance

Weak stock selection in US tech held back returns as Cisco released guidance that disappointed market expectations and Maximus underperformed after releasing poor results. These negative effects were partly offset by strong stock selection in industrials, where Stericycle and IMI outperformed strongly.

Currency allocation effects were positive

Overweight exposure to the UK sterling, which more than offset the UK market's weakness, and underweight exposure to the US dollar was positive for returns in the period. This was partly offset by overweight exposure to the Japanese yen.

Emerging markets outperformed developed markets

The MSCI Emerging Markets returned 11.8% in the fourth quarter. Underweight exposure to emerging markets reduced relative returns. The emerging markets portion of the portfolio outperformed the benchmark. Within emerging markets negative stock selection in India was more than offset by strong stock selection in South Africa and Taiwan.

Investment Strategy and Portfolio Positioning

The main highlights of the strategy being adopted for the account are:

- Underweight position in the US market
- Overweight positions in the UK and Japan
- Overweight positions in the health care sector and an underweight position in the financial sector

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

	Mondrian	MSCI ACW Net
Weighted Average P/E (trailing 12 months)	15.7x	19.3x
Weighted Average P/B	1.9x	2.4x
Weighted Average Dividend Yield	3.1%	2.4%
Number of Holdings	59	3,050
Weighted Average Market Cap	\$117.9 billion	\$177.1 billion
Median Market Cap	\$26.0 billion	\$8.5 billion

Sector Allocation

	Mondrian	MSCI ACW Net
	%	%
Communication Services	2.5	8.7
Consumer Discretionary	9.1	10.8
Consumer Staples	12.0	8.1
Energy	3.7	5.2
Financials	13.2	16.7
Health Care	18.4	11.8
Industrials	12.0	10.3
Information Technology	17.1	17.2
Materials	5.5	4.8
Real Estate	2.2	3.2
Utilities	3.2	3.3
Cash	1.1	—
Total	100.0	100.0

Country Allocation

	Mondrian	MSCI ACW Net
	%	%
North America	45.6	58.6
United States	45.6	55.6
Europe & Middle East	20.9	18.6
Denmark	2.0	0.5
France	5.5	3.3
Germany	1.9	2.5
Italy	0.9	0.7
United Kingdom	10.6	4.8
Pacific	21.6	10.6
Hong Kong	2.0	1.0
Japan	16.1	7.2
Singapore	3.5	0.4
Other Pacific	0.0	0.1
Emerging Markets	10.7	12.2
Cash	1.1	—
Total	100.0	100.0

Portfolio Managers

Clive Gillmore

Chief Executive Officer & Group Chief Investment Officer

Aileen Gan

Chief Investment Officer – Global Equities

Andrew Miller

Chief Investment Officer
Emerging Markets Equities

Jonathan Spread

Senior Portfolio Manager

James Francken

Portfolio Manager

Charlie Hill

Portfolio Manager

Paul Thompson

Portfolio Manager

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

See Important Notes & Disclosures on page 4.

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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.

Mondrian's Global All Countries World Equity Composite, formerly known as the All Countries World (including US) Composite, includes US dollar based discretionary fee paying portfolios, measured against the Morgan Stanley Capital International All Countries World Index, net of US withholding taxes. The portfolios are invested in equities with allowance for hedging and investment in Emerging Markets.

To receive a complete list and description of composites and/or a presentation that adheres to the GIPS standards, contact Mondrian Investment Partners Limited +44 (0)207 477 7000.
2. 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.
3. Past performance is not indicative of future results. An investment involves the risk of loss. The investment return and value of investments will fluctuate.
4. There can be no assurance that the investment objectives of the strategy will be achieved.
5. All characteristic data provided is produced using Mondrian's accounting system data.
6. 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.
7. Views expressed were current as of the date indicated, are subject to change, and may not reflect current views. Views should not be considered a recommendation to buy, hold or sell any security and should not be relied on as research or investment advice.
8. This Quarterly Update may include forward-looking statements. All statements other than statements of historical facts are forward-looking statements (including words such as "believe," "estimate," "anticipate," "may," "will," "should," "expect"). Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Various factors could cause actual results or performance to differ materially from those reflected in such forward-looking statements.
9. This introductory material is for informational purposes only and is not an offer or solicitation with respect to any securities. Any offer of securities can only be made by written offering materials, which are available solely upon request, on an exclusively private basis and only to qualified financially sophisticated investors. The information set forth herein is a summary only and does not set forth all of the risks associated with the investment strategy described herein.