Second Quarter 2020

Mondrian International Equity
Quarterly Update

International Equity at a Glance

- Total Product Assets: $13.2 billion
- Product Inception: October 1991
- Active value-oriented defensive strategy
- Consistent application of income oriented valuation approach
- History of outperformance versus the benchmark, with lower volatility
- Portfolios contain 35-55 securities
- Annual turnover is generally 10-20%
- Product closed to new separate accounts

Our Organization

- Founded in 1990, with 30 years of stable, consistent leadership
- Firmwide Assets: Over $49 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 56 investment professionals in London

Performance Summary (USD)

	Composite (Gross) %	Composite (Net) %	MSCI EAFE %	MSCI EAFE Value %
Cumulative Periods				
Quarter 2, 2020	8.93	8.78	14.88	12.43
Annualized Periods				
1 Year	-12.98	-13.46	-5.13	-14.48
3 Years	-2.28	-2.81	0.81	-4.43
5 Years	0.20	-0.35	2.05	-1.59
7 Years	2.94	2.38	3.93	1.21
10 Years	5.17	4.59	5.73	3.53
Since Inception (October 1, 1991)	**7.36**	**6.77**	**4.91**	**N/A**

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.

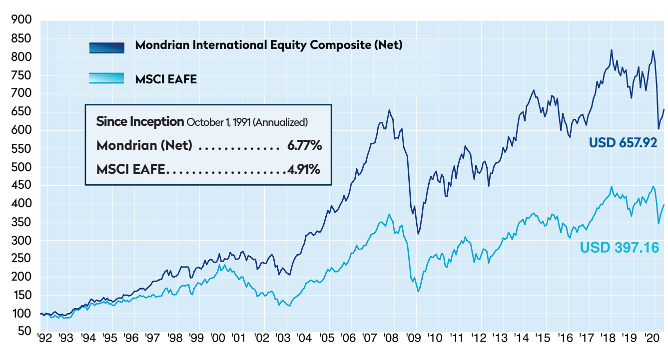
Benefits of Our Approach

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.

Cumulative Returns (USD) October 1991 = 100



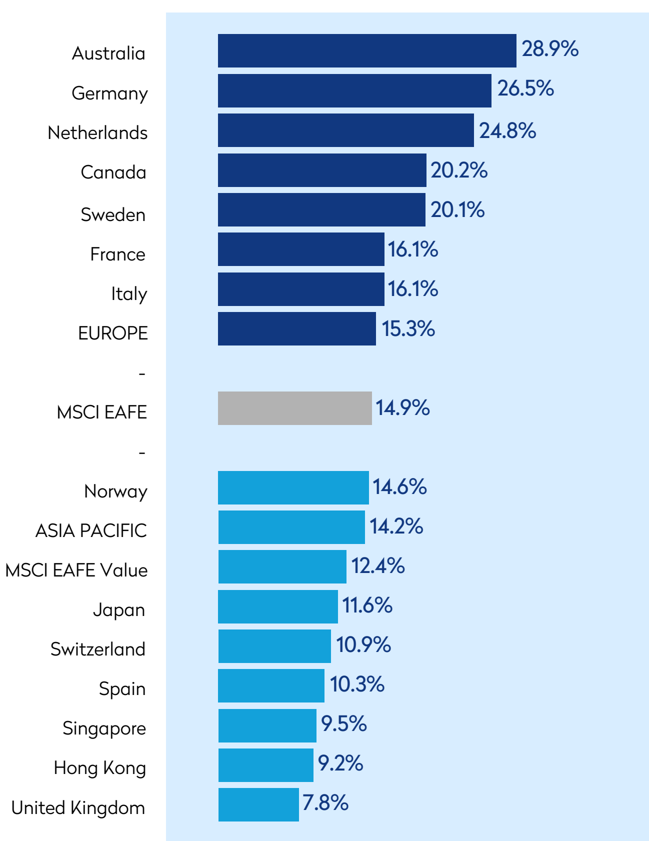
Quarterly Update

International equities recovered some ground in the second quarter, helped by the tentative re-opening of certain economies and further stimulus adding to already substantial central bank liquidity. European markets led Asia Pacific, supported by hopes of a comprehensive EU support package and falling COVID-19 cases. Cyclical sectors mostly led returns, but the energy sector continued to lag despite a significant rebound in oil prices. Geopolitical tensions resurfaced, including the US-China trade war, Hong Kong, and the ongoing Brexit negotiations. International currency appreciation added to US dollar returns.

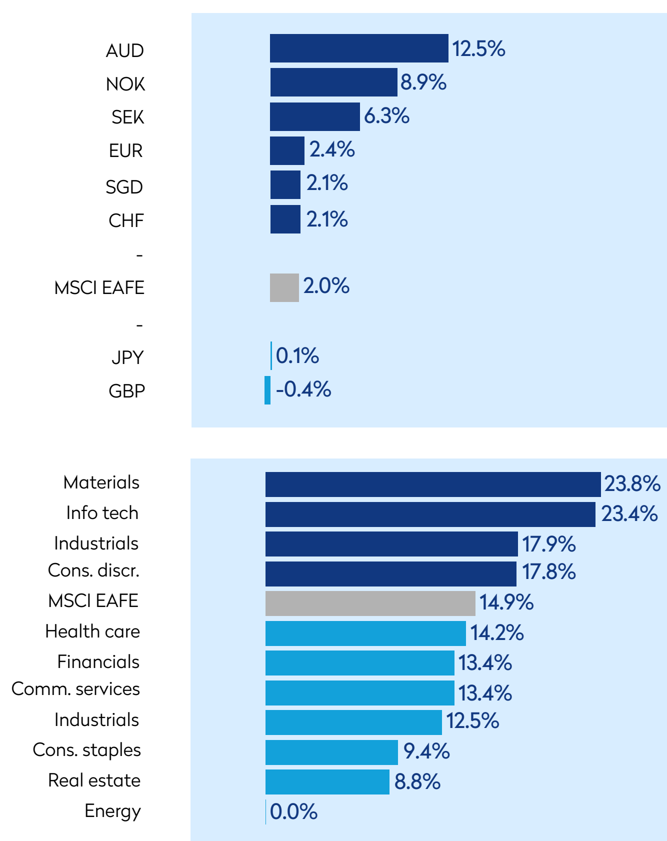
In a strong quarter for markets and another tough quarter for value investors, net Composite returns lagged the MSCI EAFE index. Returns from MSCI EAFE Value have now lagged MSCI EAFE Growth by c.20% over one year and by more than 7% annualized over the last five years. While this has been an unprecedented and prolonged challenging environment for value investors, looking forward we believe that the skew of outcomes for the unloved value space relative to the growth sub-index is even more attractive.

Market Background: MSCI EAFE Index (USD) Q2 2020

Selected Equity Market Returns



Selected Currency and Sector Returns



Performance Attribution

	Relative Effects	Negative Contributors	Positive Contributors
Country Allocation	Held back	Underweight Netherlands Overweight UK Overweight Hong Kong	Underweight Switzerland Overweight Germany
Stock Selection	Held back	Japan Hong Kong	France Germany
Significant Stock Contributors		Fujifilm Kyocera China Mobile	Saint Gobain Kingfisher Continental
Currency Allocation	Broadly neutral	Underweight Australian dollar Overweight British pound	

- **Country allocation held back relative returns, driven by the overweight positions in Hong Kong and the UK**

  While the portfolio benefitted from the underweight position in the Swiss equity market, this was more than offset by the impact of the overweight positions in the UK and Hong Kong which lagged the broader index. Uncertainty about ongoing Brexit negotiations and the high weighting to the weak energy sector weighed on the UK market. The Hong Kong equity market lagged after China imposed a new security law and the US began to take measures to partially remove the territory's special economic status. All of the portfolio's holdings listed in Hong Kong generate most of their revenues and profits outside of domestic Hong Kong.

- **Stock selection in Asia Pacific weighed on relative returns**

  Stock selection in Japan held back relative returns; stocks in the portfolio which had held up well in the weak first quarter consequently did not keep up with the market rebound. Fujifilm, the Japanese diversified imaging and healthcare company, declined as market excitement around the potential for its Avigan antiviral drug to treat COVID-19 abated as the Japanese government delayed regulatory approval. Avigan is not material to our investment case and the company continues to generate strong free cash flow. We had taken some profits earlier in the quarter and the holding has still contributed positively to portfolio relative performance year-to-date and since added. Kyocera, the Japanese electronic component and equipment manufacturer, also fell back. The company's guidance for this year's dividend to decrease by c.25% in line with profits was disappointing given its exceptionally strong net cash balance sheet but Kyocera still appears well-placed to grow earnings and shareholder returns in the long-term. In Hong Kong, China Mobile lagged given its more defensive qualities.

  In Europe, the portfolio benefitted from exposure to attractively valued and oversold cyclicals which should benefit from the gradual reopening of economies. These included Saint Gobain and Kingfisher, which both rose c.50% in the quarter supported by signs of recovery in construction and DIY demand. Saint Gobain's energy saving products are also well placed to benefit from the Next Generation EU recovery fund. Continental, the German auto and tire parts maker, also rose strongly, helped by German government incentives for auto purchases and a faster-than-expected recovery in global auto demand and miles driven, with the important Chinese auto market seeing growth in year-on-year sales.

- **Relative returns were held back by the overweight position in the energy sector**

  The positive impact of the underweight positions in the relatively weak consumer staples and real estate sectors was more than offset by the overweight position in the weak energy sector and the underweight position in the strong materials sector. The energy sector continued to lag despite oil prices rising by more than 60% following an OPEC+ agreement to reduce production as dividend cuts and impairments weighed. In contrast, investor optimism over fiscal spending and a recovery in activity in China and ongoing supply disruption in iron ore and copper helped the materials sector to lead returns.

  Stock selection within sectors held back relative returns. Although the portfolio benefitted from strong stock selection in the consumer discretionary sector, this was more than offset by stock selection in the IT sector, mostly dominated by the portfolio's holdings in Japan.

- **Currency allocation detracted from relative returns**

  Most international currencies appreciated against the US dollar. The underweight position in the strong Australian dollar held back relative returns.

See Important Notes & Disclosures on page 5.

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	Asia Pacific Select European markets	Australia Switzerland
Sector Positioning	Communication services Energy Utilities	Materials Consumer staples Real estate

Sector Allocation

(All information is as of June 30, 2020)

	Mondrian %	MSCI EAFE %
Communication Services	10.3	5.4
Consumer Discretionary	13.9	11.3
Consumer Staples	7.6	12.0
Energy	6.8	3.4
Financials	14.8	16.1
Health Care	13.7	14.5
Industrials	14.3	14.5
Information Technology	9.1	8.3
Materials	1.9	7.3
Real Estate	–	3.2
Utilities	6.3	4.0
Cash	1.5	–
Total	**100.0**	**100.0**

Country Allocation

	Mondrian %	MSCI EAFE %
Pacific	**43.2**	**37.0**
Australia	1.0	6.7
Hong Kong	6.4	3.4
Japan	27.8	25.4
Singapore	4.0	1.1
Other Pacific	4.1	0.3
Europe & Middle East	**55.4**	**63.0**
Denmark	1.2	2.3
France	8.2	10.9
Germany	9.2	9.3
Italy	4.8	2.3
Netherlands	0.8	4.3
Spain	2.1	2.4
Sweden	2.7	3.1
Switzerland	5.6	10.3
United Kingdom	20.6	14.1
Cash	**1.5**	**–**
Total	**100.0**	**100.0**

Portfolio Managers

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Director and Chief Investment Officer
International Equities

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Senior Portfolio Manager

Alex D. Simcox
Senior 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 5.

Important Notes & Disclosures

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