

## Mondrian Focused International Equity Quarterly Update

### Focused International Equity at a Glance

- Total Product Assets: \$4.7 billion
- Product Inception: October 2000
- Active value-oriented defensive strategy
- Consistent application of income oriented valuation approach
- History of outperformance versus the benchmark, with lower volatility
- Portfolios contain 30-40 securities
- Annual turnover is generally 10-20%

### Our Organization

- Founded in 1990, with 30 years of stable, consistent leadership
- Firmwide Assets: approximately \$50 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 57 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 international equity benchmarks and most other international equity managers.

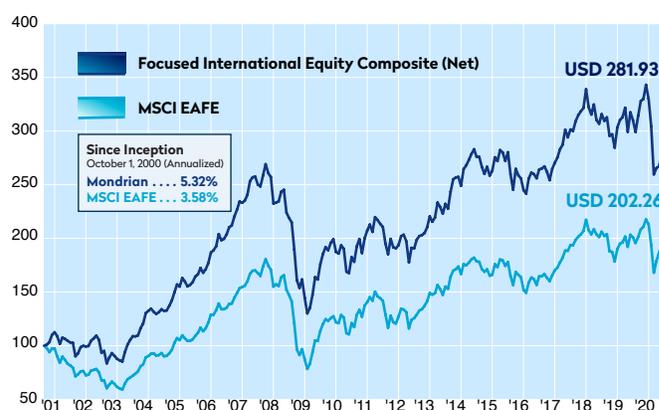
### Investment Process

- 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.

### Performance Summary (USD)

	Composite (Gross) %	Composite (Net) %	MSCI EAFE %	MSCI EAFE Value %
<b>Cumulative Periods</b>				
Quarter 3, 2020	1.97	1.80	4.80	1.19
<b>Annualized Periods</b>				
1 Year	-7.96	-8.56	0.49	-11.93
3 Years	-1.85	-2.49	0.62	-5.86
5 Years	3.80	3.13	5.26	1.14
7 Years	2.97	2.31	3.01	-0.33
10 Years	4.66	3.98	4.62	2.10
<b>Since Inception (October 1, 2000)</b>	<b>6.00</b>	<b>5.32</b>	<b>3.58</b>	<b>2.98</b>

### Cumulative Returns (USD) October 2000 = 100



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## Quarterly Update

Quarter 3, 2020

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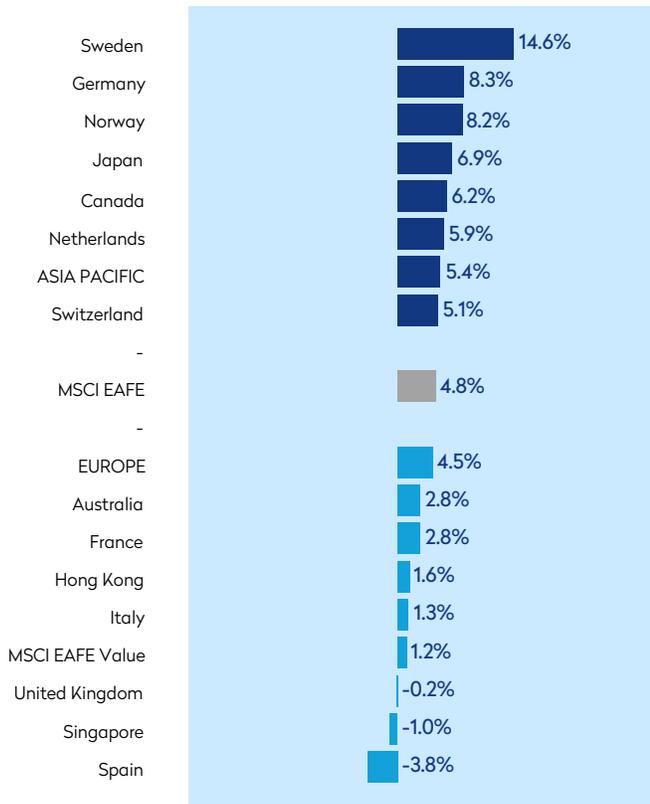
International equities continued to recover in the third quarter. Despite rising COVID-19 cases globally and ongoing geopolitical tensions, equities were supported by better-than-feared corporate earnings and economic data, promising progress on potential vaccines, M&A, and further economic stimulus. Asia Pacific markets led as the region continued to lead the way in controlling the spread of COVID-19; in contrast, some European countries have begun to suffer from a second wave. Fears of potential further lockdowns weighed particularly on the energy and financials sectors but other cyclical sectors posted gains. All major developed market international currencies appreciated against the US dollar.

In a strong quarter for markets and another tough quarter for value investors, Net Composite returns lagged the MSCI EAFE index, but exceeded the value sub-index. Returns from MSCI EAFE Growth have now exceeded MSCI EAFE Value by 28% year-to-date and by 8% annualized over the last five years.

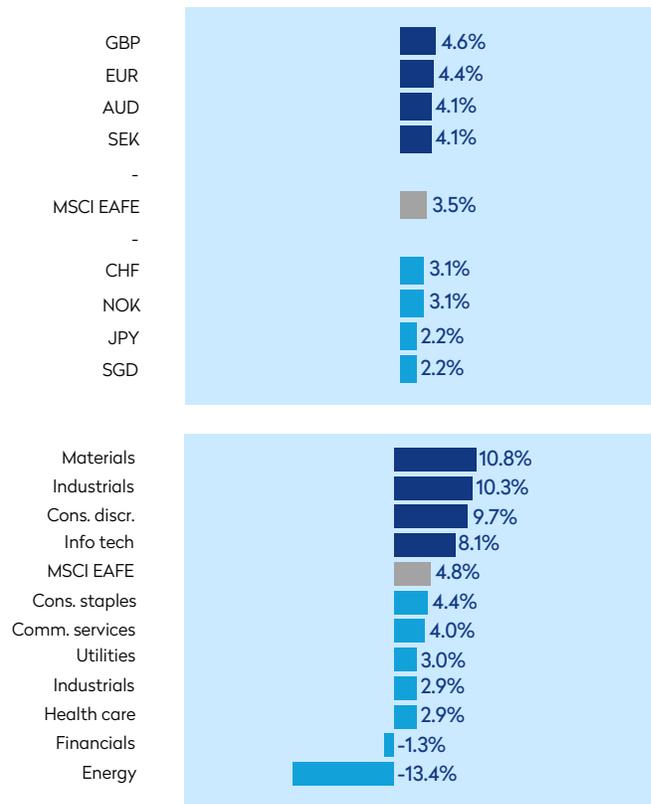
### Market Background: MSCI EAFE Index (USD)

Q3, 2020

Selected Equity Market Returns



Selected Currency and Sector Returns



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### Performance Attribution

	Relative Effects	Negative Contributors	Positive Contributors
Country Allocation	Added	Overweight UK	Exposure to Taiwan Underweight Australia
Stock Selection	Held back	Japan UK	France
Significant Stock Contributors		Banco Santander Royal Dutch Shell BP	TSMC Kingfisher Saint Gobain
Currency Allocation	Held back	Overweight Hong Kong dollar	Overweight British pound

#### ● Country allocation added to relative returns, driven by exposure to Taiwan

The positive impact of exposure to Taiwan and the underweight position in the relatively weak Australian equity market more than offset the overweight position in the weak UK equity market.

Uncertainty about ongoing Brexit negotiations, a resurgence in COVID-19 cases, and the high weighting to the weak energy sector weighed on the UK market.

#### ● Stock selection in Japan and the UK weighed on relative returns

Stock selection in Japan and the UK held back relative returns. Honda, the Japanese automotive and motorcycle manufacturer, declined as conservative earnings guidance disappointed investors. UK portfolio holdings in the energy sector weighed on relative returns. BP and Royal Dutch Shell fell as oil prices remained low amid fears of potential further lockdowns impacting demand.

In contrast, Kingfisher and Saint Gobain continued to rise, up over 70% in the last six months; both stocks were supported by the ongoing recovery in construction and DIY demand. TSMC, the Taiwanese semiconductor manufacturer, gained a further 42%, boosted by Intel looking to outsource production and continued strong results and guidance.

#### ● Relative returns were held back by the overweight position in the energy sector

The positive impact of the overweight position in the consumer discretionary sector was more than offset by the overweight position in the weak energy sector. Although near-term uncertainty remains, at today's depressed share prices the skew of outcomes for the oil majors over the long term looks attractive.

Stock selection within sectors also held back relative returns. Although the portfolio benefitted from strong stock selection in the IT and consumer discretionary sectors, this was more than offset by stock selection in the financials and communication services sectors.

#### ● Currency allocation detracted from relative returns

All international currencies appreciated against the US dollar. The positive impact of the overweight position in the strong British pound was more than offset by the overweight exposure to the pegged Hong Kong dollar.

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

### Sector Allocation

	Mondrian %	MSCI EAFE %
Communication Services	11.7	5.5
Consumer Discretionary	14.5	11.9
Consumer Staples	5.8	11.9
Energy	5.8	2.8
Financials	14.6	15.1
Health Care	12.6	14.4
Industrials	14.3	15.2
Information Technology	10.9	8.6
Materials	—	7.6
Real Estate	—	3.1
Utilities	7.8	4.0
Cash	2.0	—
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Country Allocation

	Mondrian %	MSCI EAFE %
<b>Pacific</b>	<b>43.9</b>	<b>37.1</b>
Australia	1.3	6.6
Hong Kong	5.7	3.3
Japan	26.1	25.8
Singapore	4.2	1.0
Other Pacific	6.6	0.3
<b>Europe &amp; Middle East</b>	<b>54.1</b>	<b>62.9</b>
France	7.8	10.7
Germany	7.1	9.6
Italy	5.3	2.2
Spain	3.1	2.2
Sweden	3.3	3.3
Switzerland	6.8	10.4
United Kingdom	20.8	13.3
<b>Cash</b>	<b>2.0</b>	<b>—</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

### Portfolio Managers

**Elizabeth A. Desmond**

Director and Chief Investment Officer  
International Equities

**Nigel A. Bliss**

Senior Portfolio Manager

**Andrew R. Porter**

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.

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## Important Notes & Disclosures

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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 International Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the MSCI EAFE Index net of US withholding taxes. The portfolios are invested in non-US based equities with the allowance for hedging. The MSCI EAFE 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 Mondrian Focused International 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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