

# Mondrian Focused International Equity

## Focused International Equity at a Glance

- Total Product Assets: \$5.6 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
- Approximately USD 60 billion under management and advisement
- 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 58 investment professionals in London

## Performance Summary (USD)

Composite	Composite Gross (%)	Composite Net (%)	MSCI EAFE (%)	MSCI EAFE Value (%)
<b>Cumulative</b>				
Q121	6.62	6.45	3.48	7.44
<b>Annualized</b>				
1 Year	39.11	38.21	44.57	45.71
3 Years	4.99	4.31	6.02	1.85
5 Years	7.60	6.90	8.85	6.57
7 Years	4.84	4.16	4.80	2.19
10 Years	6.29	5.61	5.52	3.65
<b>SI Oct 1, 2000 (Ann)</b>	<b>7.02</b>	<b>6.33</b>	<b>4.42</b>	<b>4.15</b>

## 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.

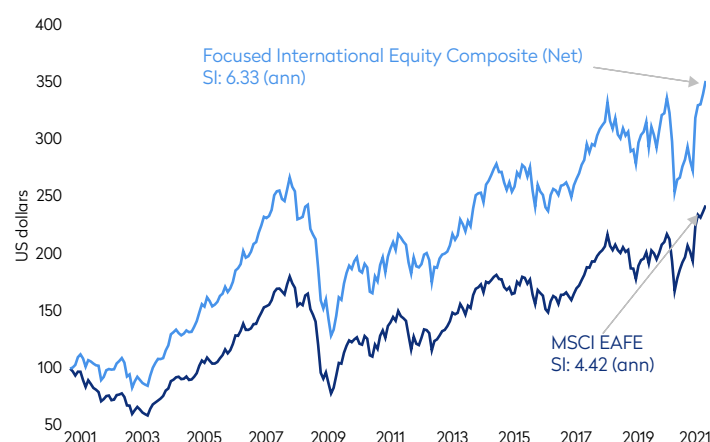
## Benefits of Our Approach

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 2000 = 100



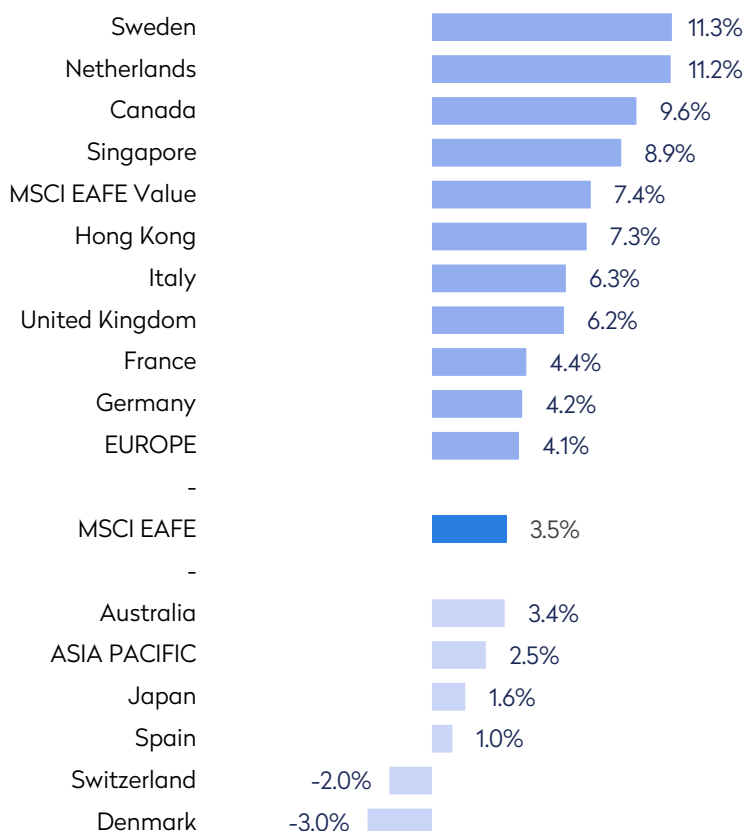
## Quarterly Update

International equities continued to rise in the first quarter, supported by an acceleration in the global vaccine rollout, strong corporate earnings, further US fiscal stimulus, and improving macroeconomic data. Value and cyclical stocks perceived to benefit most from a normalization of economic activity led returns. Long-dated bond yields also rose sharply amid a rise in inflation expectations. European markets led Asia Pacific, helped by the vaccine rollout, particularly in the UK. Depreciation of most major international currencies held back US dollar returns for international equities.

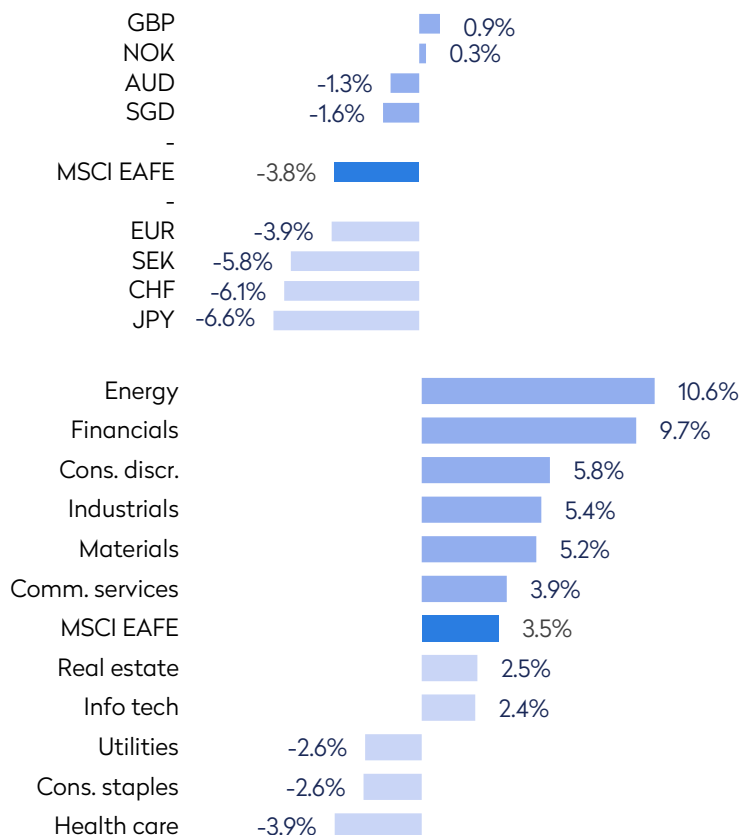
In the first quarter, net composite returns exceeded index returns, driven predominantly by strong stock selection.

## Market Background: MSCI EAFE Index (USD)

Selected Equity Market Returns



Selected Currency and Sector Returns



## Performance Attribution

	Relative Effects	Negative Contributors	Positive Contributors
Country Allocation	Broadly neutral	Underweight Netherlands	Exposure to Taiwan
Stock Selection	Added	Germany	Japan France UK
Significant Stock Contributors		Continental WH Group Tokio Marine	Saint Gobain Lloyds Bank Kingfisher
Currency Allocation	Added	Underweight Australian dollar	Overweight British pound Overweight Hong Kong dollar

### Country allocation was broadly neutral for relative returns

The positive impact from the exposure to Taiwan was broadly offset by the underweight position in the strong Dutch equity market. Most markets rose, led by those with high exposure to the strong energy and financials sectors. In contrast, the Swiss market, which has a high weighting to the defensive consumer staples and health care sectors, generated one of the lower returns.

### Stock selection in Japan, France and the UK added to relative returns

The portfolio benefitted from strong stock selection in Japan, France and the UK. Saint Gobain, the French building materials company, performed particularly well on the back of a record second half operating profit margin and an improvement in the outlook for renovation and construction as economies re-opened. In the UK, Lloyds Bank benefitted from higher interest rates and the prospect of a strong economic recovery in the latter part of this year.

This was only partially offset by returns from stocks in Germany. After strong Q4 returns, Continental, the German auto parts and tires maker, unveiled weaker than expected 2021 guidance with higher near-term costs from the semiconductor shortage and additional R&D expenditure for autonomous driving technologies.

### Relative returns benefitted from the underweight position in the weak consumer staples sector

Economically sensitive sectors led returns. The underweight position in the weak consumer staples sector and the overweight position in the strong energy sector more than offset the overweight position in the weak utilities sector. The energy sector led returns, gaining 11% as oil prices continued to rise on expectations that vaccinations would support a recovery in oil and gas demand, coupled with continued supply discipline from OPEC+.

Stock selection within sectors also added to relative returns, driven by stock selection in the industrials and IT sectors.

### Currency allocation added to relative returns, driven by the British pound

Most international currencies depreciated against the US dollar. The British pound was one of the few currencies to appreciate against the US dollar, supported by a successful vaccine rollout, an increase in fiscal stimulus, and reduced uncertainty following the Brexit deal reached at the end of 2020. The positive impact of the overweight positions in the strong British pound and the pegged Hong Kong dollar added to relative returns.

## 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 United Kingdom	Australia France
Sector Positioning	Communication services Utilities Energy	Materials Consumer staples Real estate

Sector Allocation	Mondrian (%)	MSCI EAFE (%)	Country Allocation	Mondrian (%)	MSCI EAFE (%)
Communication Services	11.2	5.2	<b>Pacific</b>	<b>43.0</b>	<b>36.6</b>
Consumer Discretionary	13.8	12.8	Australia	1.0	7.0
Consumer Staples	5.2	10.3	Hong Kong	6.2	3.4
Energy	7.8	3.3	Japan	25.8	24.8
Financials	16.5	17.3	Singapore	4.5	1.1
Health Care	11.9	12.0	Other Pacific	5.4	0.3
Industrials	12.1	15.5	<b>Europe &amp; Middle East</b>	<b>55.1</b>	<b>63.4</b>
Information Technology	9.7	9.0	France	6.9	11.1
Materials	1.3	8.0	Germany	7.3	9.5
Real Estate	—	3.1	Italy	6.1	2.5
Utilities	8.6	3.7	Spain	4.4	2.4
Cash	1.9	—	Sweden	2.7	3.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	Switzerland	4.9	9.2
			United Kingdom	22.8	14.3
			<b>Cash</b>	<b>1.9</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  
Founding Partner

### Nigel A. Bliss

Senior Portfolio Manager  
Partner

### Andrew R. Porter

Senior Portfolio Manager  
Partner

### Alex D. Simcox

Senior Portfolio Manager  
Partner

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 and 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 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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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.
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