

# Mondrian International Equity SMA

## International Equity SMA Model at a Glance

- Total Product Assets: USD 1.8 billion
- Product Inception: December 1, 2009
- Active, fundamental long-term value investment philosophy
- Consistent application of income oriented valuation approach
- Detailed, long-term fundamental company analysis
- History of outperformance versus the benchmark with lower volatility

## 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	6.22	6.07	3.48	7.44
<b>Annualized</b>				
1 Year	39.31	38.55	44.57	45.71
3 Years	4.47	3.90	6.02	1.85
5 Years	7.45	6.86	8.85	6.57
7 Years	4.90	4.32	4.80	2.19
10 Years	6.33	5.75	5.52	3.65
<b>SI Dec. 1, 2009</b>	<b>6.27</b>	<b>5.69</b>	<b>5.99</b>	<b>4.00</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

## Characteristics

	Mondrian	MSCI EAFE
Number of Holdings	38	876
Weighted Average Market Cap	\$70.5 billion	\$70.0 billion
Median Market Cap	\$37.5 billion	\$12.6 billion
Price to Earnings	23.8x	25.2x
Price-to-Book	1.3x	1.9x
Dividend Yield	3.3%	2.3%

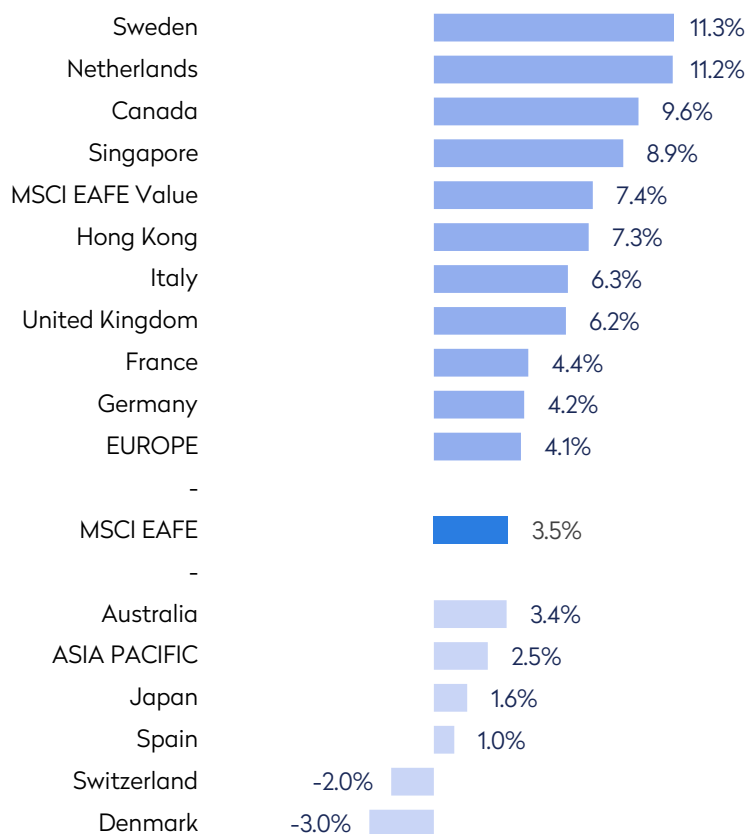
## Quarterly Update

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.

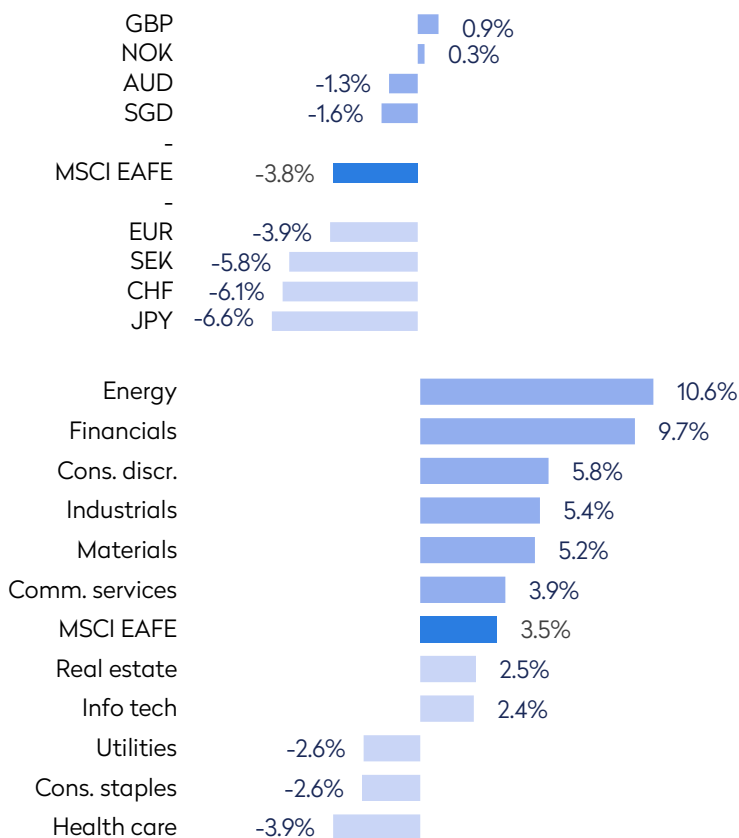
In the first quarter, portfolio returns exceeded index returns, driven predominantly by strong stock selection.

## 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	Added	Underweight Netherlands	Exposure to Taiwan Underweight Denmark
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 added to relative returns

The positive impact from the exposure to Taiwan and the underweight exposure to the weak Danish equity market was only partially 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.

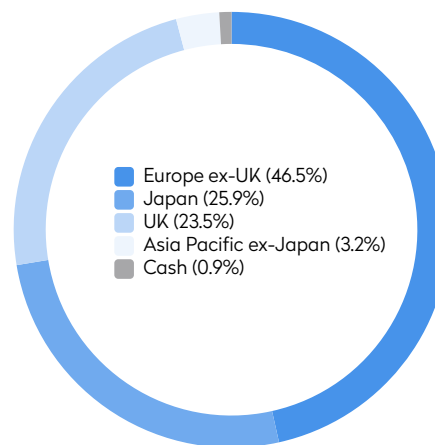
## Investment Strategy

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

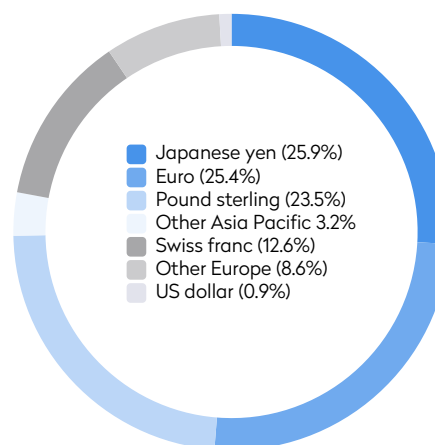
Sector Allocation	Mondrian (%)	MSCI EAFE (%)
Financials	17.6	17.3
Consumer Discretionary	13.6	12.8
Health Care	13.0	11.9
Industrials	12.8	15.5
Information Technology	9.8	9.0
Communication Services	9.5	5.2
Utilities	8.1	3.7
Energy	8.0	3.3
Consumer Staples	5.2	10.3
Materials	1.5	8.0
Real Estate	-	3.1
Cash	0.9	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Geographical Equity Exposure



Country Allocation	Mondrian (%)	MSCI EAFE (%)
<b>Pacific Asia</b>	<b>41.7</b>	<b>36.6</b>
Australia	1.3	7.0
Hong Kong	6.8	3.4
Japan	25.9	24.8
Singapore	4.5	1.1
Other Pacific	3.2	0.3
<b>Europe &amp; Middle East</b>	<b>57.4</b>	<b>63.4</b>
France	7.5	11.1
Germany	7.9	9.5
Italy	6.0	2.5
Spain	4.0	2.4
Sweden	2.9	3.6
Switzerland	5.7	9.2
United Kingdom	23.5	14.3
Other Europe	-	10.8
Cash	0.9	-
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

## Currency Exposure



## Portfolio Managers

### Elizabeth A. Desmond

Director and Chief Investment Officer – International Equities  
Founding Partner

### Nigel A. Bliss

Senior Portfolio Manager  
Partner

### Zsolt Mester

Portfolio Manager  
Partner

Mondrian utilizes a team approach to making investment decisions at the strategy level, with input from across the International Equity team. The individuals mentioned above make the final decisions for the International Equity SMA.

## 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.
2. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.
3. This Quarterly Update contains supplemental information which complements the Mondrian Focused International Equity Composite GIPS compliant presentation. Additional information is available upon request.
4. 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.
5. 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.
6. Past performance is not indicative of future results. An investment involves the risk of loss. The investment return and value of investments will fluctuate.
7. There can be no assurance that the investment objectives of the strategy will be achieved.
8. All characteristic data provided is produced using Mondrian's accounting system data.
9. 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.
10. 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.
11. 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.
12. 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.
13. For institutional investors and professional financial advisers only.
14. It should not be assumed that investments made in the future will be profitable or will equal the performance of any security referenced in this piece. Examples of securities bought or sold may not represent a complete list of all transactions in the period. Holdings are subject to change.
15. Mondrian Investment Partners Limited is authorised and regulated by the Financial Conduct Authority.