

Mondrian International Small Cap Equity

International Small Cap at a Glance

- Total Product Assets: USD 6.1 billion
- Product Inception: January 1998
- Active value-oriented defensive strategy
- Consistent application of income oriented valuation approach
- History of outperformance versus the benchmark, with lower volatility
- Dedicated small cap team
- Universe: Securities that have a maximum market capitalization of approximately USD 3.5bn at time of purchase
- Portfolios contain 70-120 securities
- Annual turnover is generally 20-40%

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 World ex-US Small Cap (%)
Cumulative			
Q121	3.39	3.19	4.88
Annualized			
1 Year	59.26	58.03	65.17
3 Years	8.10	7.27	6.89
5 Years	10.29	9.44	10.55
10 Years	8.22	7.39	7.14
15 Years	9.00	8.17	5.52
SI Jan 1, 1998	10.75	9.89	8.04

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.

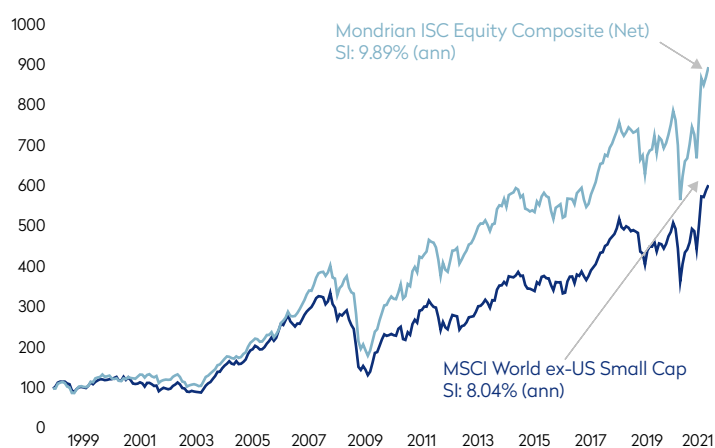
Benefits of Our Approach

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 small cap benchmarks and performance of most other international small cap 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) January 1998 = 100



Return Summary

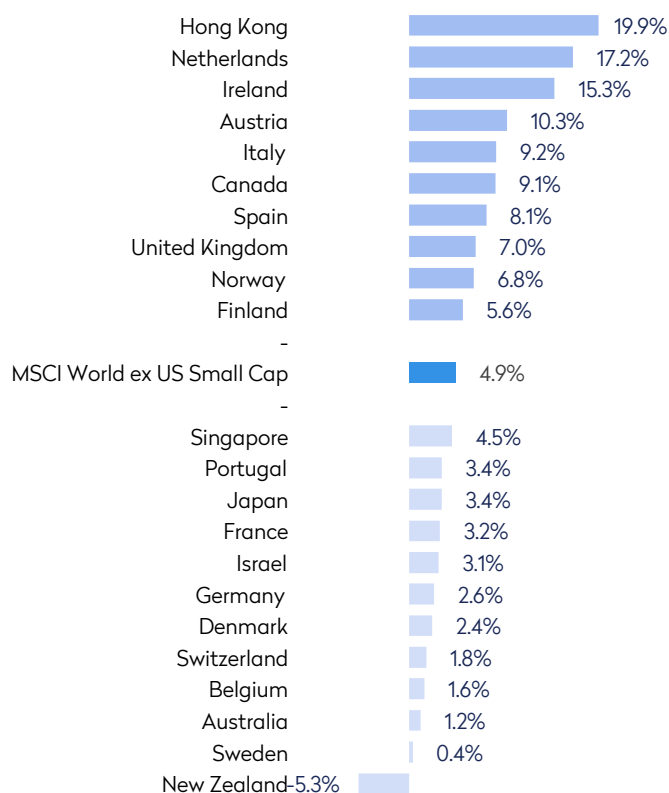
	Composite Gross Return	Composite Net Return	MSCI World ex-US Small Cap
Quarter 1, 2021	3.39%	3.19%	4.88%

International small cap equity markets rose during the first quarter after a hesitant start to the year. Investor optimism from the end of 2020 faltered in January with the emergence of more transmissible strains of coronavirus, which dampened hopes of a smooth path to reopening the global economy. However, a combination of an acceleration of the global vaccine rollout, stronger than expected corporate earnings announcements, and further fiscal stimulus (led by the US), bolstered international small cap equity markets in February and March. Cyclically sensitive stocks perceived to benefit most from a normalization of economic activities were among the best performers.

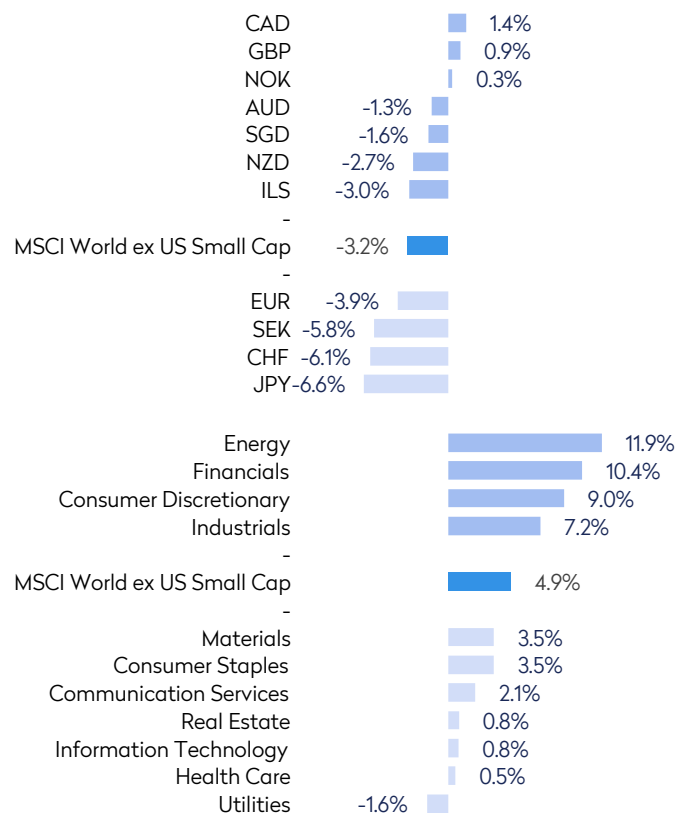
European and Canadian small cap markets led returns, helped by their respective vaccine rollouts, while the Asia Pacific region generally lagged the benchmark. The Hong Kong small cap market is a notable exception and the strongest performer of the quarter, thanks to a very strong local industrials sector. New Zealand was the only small cap market in the index to decline during the quarter, held back by the weak local utilities market.

Market Background

Selected Equity Market Returns



Selected Currency and Sector Returns



Performance Attribution

	Positive	Negative
Stock Contribution	Japan BayCurrent Consulting Kyudenko Invincible Canada Spin Master	Canada Innergex Renewable Energy Boralex Norway Fjordkraft France Gaztransport and Technigaz
Currency Contribution	Underweight Japanese yen Overweight Hong Kong dollar	Overweight euro
Market Contribution	Overweight Hong Kong/China Overweight Netherlands	Underweight Japan Overweight Australia

Performance attribution for the first quarter

The composite portfolio (net of fees) rose 3.2% in the first quarter, underperforming the benchmark by 1.6%. The key drivers of underperformance were negative stock selection in Canada, where a few stocks, in particular the renewable energy providers, were weak having registered very strong share price performance during 2020, as well as stock selection in Hong Kong and France. The portfolio's exposure to Japan contributed positively overall, thanks to both strong stock selection and an underweight exposure to the relatively weak Japanese yen, partially offset by the underweight position in the relatively strong local market. Currency effects and market allocation, largely due to the portfolio's overweight exposure to the strong Hong Kong market, contributed positively to relative returns.

Investment Strategy

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

- A diversified and balanced strategy ensuring that the portfolio is defensively positioned with a focus on well managed, attractively valued companies backed by structural growth prospects, sustainable cash flow generation and robust balance sheets.
- Exposure to fiscally strong economies, which are able to undertake counter-cyclical fiscal policies to boost domestic growth, through bottom-up stock selection.

Sector Allocation	Mondrian (%)	MSCI World ex-US Small Cap	Country Allocation	Mondrian (%)	MSCI World Ex-US Small Cap
Communication Services	2.9	4.2	North America	6.7	8.4
			Canada	6.7	8.4
Consumer Discretionary	14.6	12.9	Asia Pacific	40.2	38.3
Consumer Staples	8.2	5.6	Australia	9.8	8.0
Energy	2.3	2.5	Hong Kong/China	6.1	2.0
Financials	2.1	10.7	Japan	18.5	25.8
Health Care	2.8	6.7	Singapore	5.8	1.7
Industrials	27.2	22.9	Other Asia Pacific	—	0.9
Information Technology	12.6	9.7	Europe & Middle East	51.5	53.2
Materials	6.2	10.5	Belgium	0.9	1.4
Real Estate	11.5	11.2	France	7.6	3.0
Utilities	8.1	3.1	Germany	7.9	4.9
Cash	1.6	—	Ireland	1.5	0.5
			Italy	1.7	2.7
Total	100.0	100.0	Netherlands	4.0	2.3
			Norway	2.2	2.2
			Sweden	3.7	6.7
			Switzerland	1.6	4.7
			United Kingdom	20.4	16.6
			Other Europe	—	8.3
			Cash	1.6	—
			Total	100.0	100.0

Portfolio Managers

Ormala Krishnan

Chief Investment Officer — Small Cap Equities
Managing Partner

Aidan Nicholson

Senior Portfolio Manager
Partner

Bhavin Manek

Senior Portfolio Manager
Partner

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 International Small Cap Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the MSCI World Ex-US Small Cap Index net of US withholding taxes. The portfolios are invested in non-US based small capitalisation equities with the allowance for hedging. The MSCI World Ex-US Small Cap 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 International Small Cap 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 second 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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