Quarterly Update

Quarter 2, 2021

Mondrian INVESTMENT PARTNERS

CELEBRATING 30 Years

Mondrian Emerging Markets Equity ADR

Emerging Markets at a glance

- Total Emerging Markets Assets: USD 8.2 billion
- Total Product Assets: USD 9.2 million
- Product Inception: September 2019
- Active value-oriented defensive strategy
- Portfolios contain circa 30-40 stocks
- Annual turnover is generally 30-50%

Our Organization

- Founded in 1990, with 30 years of stable, consistent leadership
- Emerging Markets Equity strategy started in 1996
- Over USD 60 billion under management and advisement
- Mondrian is an independent, employee-owned asset manager; approximately half of employees are partners today
- Consistent, valuation discipline has been applied to all products since the firm's inception
- Highly experienced team of 58 investment professionals in London
- Dedicated Emerging Markets Equity team of eight

Philosophy

Mondrian adopts a high conviction, long term, defensive investment approach with a clear valuation discipline.

We emphasise companies with sustainable free cash flow generation, strong balance sheets, and value accretive capital allocation. The strategy is driven by in depth proprietary research with regular company meetings.

Benefits of Our Approach

Mondrian uses a consistent long-term valuation discipline ensuring we avoid the irrationality that can exist in a volatile space such as Emerging Markets.

In a more challenging market environment, particularly when markets are falling, Mondrian would expect to protect portfolios better given the resilience and strength of our companies, while not sacrificing long-term upside capture.

Investment Process

Mondrian uses a Dividend Discount Methodology to value securities, focusing on attractive long-term fundamentals and future real growth in earnings, cash flow and dividends.

We look for companies with strong competitive advantages or sustainable moats at low risk of technological disruption or ESG risks. This investment process has been implemented since 1996.

Performance Summary (USD)

EM ADR Strategy	Composite Gross (%)	Composite Net (%)	MSCI EM Index (%)	MSCI EM Value Index (%)
Cumulative				
Year to Date	6.91	6.43	7.45	10.01
Q221	2.60	2.37	5.05	5.67
Annualized				
1 Year	41.76	40.50	40.90	41.59
SI (Sept. 1, 2019)	**20.84**	**19.76**	**22.41**	**15.58**

EM Strategy	Composite Gross (%)	Composite Net (%)	MSCI EM Index (%)	MSCI EM Value Index (%)
Cumulative				
Year to Date	7.45	6.97	7.45	10.01
Q221	3.09	2.86	5.05	5.67
Annualized				
1 Year	45.73	**44.43**	40.90	41.59
3 Years	12.35	**11.35**	11.27	7.81
5 Years	10.67	**9.68**	13.03	9.70
7 Years	4.97	**4.03**	6.35	3.30
10 Years	4.53	**3.60**	4.28	1.80
SI (Aug 1, 1996)	**9.26**	**8.29**	**6.90**	**–**

See Important Notes & Disclosures on page 4.

Return Summary

	Composite Gross Return	Composite Net Return	MSCI EM	MSCI EM Value
Quarter 2, 2021	2.60%	2.37%	5.05%	5.67%

Market Background

Emerging Markets posted a positive second quarter

The MSCI Emerging Markets Index rose 5.0%, the fifth consecutive positive quarter since the Covid-19 sell off experienced in the first quarter of 2020. All regions posted positive absolute returns, with Latin America (+15.0%) and EMEA (+7.4%) outperforming while Asia (+3.8%) lagged. Latin America's outperformance was dominated by the outperformance of Brazil (+22.9%) and Mexico (+9.1%), with local currency returns in Brazil boosted by a 12.5% appreciation of the real. EMEA also outperformed, albeit to a lesser extent, driven by markets with high exposure to increasing energy prices in Russia (+14.0%) and Saudi Arabia (+10.0%). Within Asia, returns were held back by China (+2.3%) as an ongoing regulatory crackdown from the government impacted several large internet related stocks that hindered market performance. The portfolio lagged the positive index return.

Top-down allocation detracted from investment performance

Market allocation and currency allocation were each slightly negative during the quarter. Negative market allocation was principally driven by positioning in EMEA where underweight exposure to a number of oil linked markets such as Saudi Arabia (+10.0%) and Russia (+14.0%) detracted from relative returns. The overweight exposure to Peru (-8.8%) in Latin America also detracted given political uncertainty seen there during the quarter. Currency effect was driven by an underweight to the strongly recovering Brazilian real and South African rand. From a sector perspective, underweight exposure to industrials and energy detracted in terms of top down effects, offset somewhat by the overweight exposure to healthcare.

Relative returns impacted by negative stock selection in Asia

China was the most significant detractor from Stock selection during the quarter principally driven by declines in insurer Ping An on concerns over near term demand trends, and online auto platform Autohome on concerns over heightened competition, and a weaker than expected auto recovery given the global auto semiconductor shortage. Stock selection in Taiwan also detracted, largely because the return of the large position in semiconductor manufacturer TSMC (+4.1%) was below the stronger market return (+7.1%). Against this were a few positives, including strong performance from IT services company Infosys in India, and Mexican bank Banorte.

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

- A long term approach underpinned by a clear valuation discipline. Amongst undervalued companies, the portfolio has a focus on strong companies within their sectors and markets, and those that generate sustainable free cash flow with a healthy balance sheet.
- Overweight exposure to China. We believe the China market has attractive long term dynamics and a high proportion of robust, world-leading, and stable companies. China also has support measures in place, and effective control by government to better navigate through the current global pandemic.
- Underweight in EMEA and Latin America given unattractive risk adjusted valuations. No exposure to Saudi Arabia and Central Eastern Europe.
- Overweight exposure to IT, health care and consumer staples where attractive valuations should be supported by a combination of strong balance sheets, long term structural growth drivers, and increased penetration of products and services.
- Underweight consumer discretionary given high valuations, and in more cyclical areas such as industrials and real estate where risk adjusted valuations mostly remain challenged.

Fund Characteristics

	Mondrian	MSCI EM Index
Weighted Average P/E (trailing 12 months)*	18.1x	18.6x
Weighted Average P/B	2.5x	2.1x
Weighted Average Dividend Yield	1.5%	1.8%
Number of Holdings	33	1,412
Weighted Average Market Cap	$170.1 billion	$154.1 billion
Median Market Cap	$36.8 billion	$4.8 billion

Sector Allocation

	Mondrian (%)	MSCI EM Index (%)
Communication Services	13.7	11.3
Consumer Discretionary	10.3	17.6
Consumer Staples	10.0	5.6
Energy	2.7	5.0
Financials	22.1	17.8
Health Care	7.3	5.0
Industrials	2.1	4.9
Information Technology	22.8	20.4
Materials	8.2	8.4
Real Estate	—	2.0
Utilities	0.1	1.9
Cash	**0.7**	**—**
Total	**100.0**	**100.0**

Country Allocation

	Mondrian (%)	MSCI EM Index (%)
Asia	**76.8**	**79.1**
China	44.2	37.5
India	9.3	9.9
Indonesia	1.8	1.1
South Korea	9.6	13.2
Taiwan	11.9	13.9
Other Asia	—	3.5
Europe, Middle East & Africa	**6.3**	**13.0**
Russia	2.4	3.3
Saudi Arabia	—	2.9
South Africa	3.8	3.5
Other EMEA	—	3.3
Latin America	**7.9**	**7.8**
Brazil	4.4	5.2
Mexico	1.7	1.7
Other Latin America	1.7	0.9
Developed Markets	**8.4**	**—**
Cash	**0.7**	**—**
Total	**100.0**	**100.0**

Source: Mondrian Investment Partners and MSCI

Sector totals have been arrived at on a look through basis for ETF holdings.

*The portfolio PE calculation does not account for Suzano as it is in loss and distorts the overall number.

Portfolio Managers

Andrew Miller
Chief Investment Officer
Emerging Market Equities
Managing Partner

Ginny Chong
Head of Chinese Equities,
Senior Portfolio Manager
Partner

Gregory Halton
Senior Portfolio Manager
Partner

Boris Veselinovich
Senior Portfolio Manager
Partner

Daniel Kelly
Senior Portfolio Manager
Partner

Sam Wyatt
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 4.

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 Emerging Markets Equity ADR Composite includes US dollar based discretionary fee paying portfolios, measured against the MSCI EM Index net of US withholding taxes. The portfolios are invested in non-US based equities with the allowance for hedging. The MSCI EM 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. This Quarterly Update contains supplemental information which complements the Mondrian Emerging Markets Equity ADR 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 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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