

Mondrian Emerging Markets Small Cap Equity

Emerging Markets Small Cap at a Glance

- Total Product Assets: USD 707 million
- Composite Inception: November 2011
- Benchmark: MSCI Emerging Markets Small Cap Index
- Maximum Market Cap at Inception: Approximately USD 2.25 billion
- Weighted Average Market Cap: Approximately USD 2.7 billion
- Active value-oriented defensive strategy
- Consistent application of income-oriented valuation approach
- Universe: Approximately 2,000 companies
- Number of Stocks: 70-150

Our Organization

- Founded in 1990, with 30 years of stable, consistent leadership
- Over 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 56 investment professionals in London

Performance Summary (USD)

Composite	Composite (Gross) %	Composite (Net) %	MSCI EM Small Cap %
Cumulative			
Q221	9.66	9.40	11.25
Annualized			
1 Year	54.37	52.91	63.75
3 Years	12.10	11.04	12.31
5 Years	9.52	8.49	11.86
7 Years	4.88	3.89	6.29
SI Nov 1, 2011	8.28	7.26	6.68

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 seeks to be less volatile than the MSCI EM Small Cap Index and the performance of most other emerging markets small cap managers.

Investment Process

- A value-oriented dividend discount analysis at both the individual security and market level seeks to isolate value across geographic and industrial borders in a unified manner
- Currency analysis based on 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

Why Emerging Markets Small Cap?

- Focus on domestic structural and economic growth trends.
- Inefficient asset class – Large universe of under-researched companies.
- Low correlation – Diversification benefits to global portfolios.
- Risk – A well-diversified portfolio of emerging markets small cap companies is no riskier than a diversified emerging markets mid/large cap portfolio.

An allocation to Emerging Markets Small Cap provides potential for higher alpha generation and improved diversification without significant increase in risk level.

The opinions expressed above are Mondrian's views based on proprietary research

Liquidity

- Limits on flows will be utilized to protect investors and assure sufficient liquidity to invest/divest asset flows. This may result in delays to investment and a managed withdrawal schedule.

Return Summary

	Composite Gross Return	Composite Net Return	MSCI Emerging Markets Small Cap
Quarter 2, 2021	9.66%	9.40%	11.25%

Market Background

The MSCI Emerging Markets Small Cap Index rose 11.3% in the second quarter of 2021 (all returns in USD)

The MSCI Emerging Markets Small Cap Index continued to deliver strong gains into the second quarter of 2021, gaining 11.3%. As a result, the Index rose 19.8% during the first half of 2021, which makes it the strongest first half since inception of the Mondrian Emerging Markets Small Cap product.

During the second quarter, the small cap emerging equity markets recorded strong gains in April, up 6.0%, as the world continued to recover from the coronavirus pandemic. However, the markets' performance was relatively more muted in May and June, but still rose 2.5% and 2.3% respectively. Despite vaccination programs gathering pace, parts of Asia suffered from a resurgence in cases reintroducing lockdowns which weighed on investors' sentiment in the second part of the quarter. Further, higher-than-expected US inflation in May renewed concerns over global monetary tightening. While the US Federal Reserve continues to view this as transitory, more hawkish rhetoric led to periods of weakness for more indebted nations during the quarter.

Latin America was the strongest region over the quarter

Latin America was the strongest performing region over the quarter, gaining 18.9%. Within the region, Brazil was the best performing market in the Index, up 27.9%, benefitting from increased demand for commodities. Sentiment in Brazil was further bolstered by the positive revisions to Brazil's macroeconomic outlook, the central bank's monetary policy tightening to address rising inflation as well as acceleration in vaccination rollouts. Mexico also fared well, returning 11.9%, helped by improving economic activity in the US driving demand for its exports. Asia slightly underperformed the Index, albeit still rising 10.6%. Taiwan was the strongest market within the region, rising 14.4%, despite market volatility in May following a new wave of coronavirus cases. Taiwan was able to avoid entering a full lockdown helping the equity market recovery in June, with non-tech sectors benefitting from the recovery in global trade. South Korea was similarly strong, rising 14.2%. The Indian equity market outperformed, rising 13.0%, demonstrating resilience despite a devastating second wave of the pandemic. On the contrary, Indonesia and Malaysia faced with a worsening coronavirus situation underperformed, falling -5.5% and -7.3% respectively. The Europe, Middle East and Africa region was the worst performing region over the quarter, but still gained 9.5%. Poland was the strongest market within the region, rising 23.3%, supported by the easing of restrictions and the prospect of increased tourism. Saudi Arabia was also strong, gaining 18.7%, driven by a rising oil price. Turkey was the worst performing market, falling -10.7%. The Turkish lira reached new lows when President Erdogan fired a third senior official from the central bank in just two months.

The Industrials sector led gains over the quarter

The Industrials sector was the best performing sector over the quarter, rising 18.8%, and the Materials sector was also strong, rising 15.7%, both supported by increased economic activity and rising commodity prices. The Health Care sector also outperformed, up 15.7%, as a more infectious delta-variant of the coronavirus increased infection rates across the globe. The Information Technology sector lagged the broader Index, returning 6.7%. The Energy sector also underperformed despite rising energy prices, gaining 6.1%. The Real Estate sector was the worst performing sector, albeit still up 3.0%.

Exchange rate movements had a positive impact on US dollar returns

The Brazilian real was the best performing currency over the quarter, gaining 12.5%. The South African rand and Mexican peso were strong, up 3.4% and 2.8% respectively. The Taiwanese dollar also fared well, gaining 2.4%. The Indian rupee depreciated slightly, falling -1.6%, but the Thai baht and Turkish lira were the worst performing major currencies over the quarter, down by -2.5% and -4.7% respectively.

Performance Attribution for the Second Quarter

The defensively positioned Mondrian Emerging Markets Small Cap net composite performed broadly in line with the modestly rising markets in May and June but was unable to keep up with stronger returns in April. As a result, the net composite gained 9.4% over the quarter, lagging the Index by -1.7%. The underperformance was predominantly driven by stock selection within Asia, particularly in Taiwan, South Korea and India, where the portfolio was unable to keep up with the strongly rising markets. Positive contributions came from the portfolio's positioning in Thailand, stock selection in China/Hong Kong as well as its lack of exposure to Turkey.

Country Allocation	Mondrian (%)	MSCI EMSC Index (%)	Sector Allocation	Mondrian (%)	MSCI EMSC Index (%)
Latin America	7.0	10.3	Communication Services	1.0	3.9
Brazil	3.6	7.0	Consumer Discretionary	12.0	12.1
Mexico	2.2	1.8	Consumer Staples	8.7	6.0
Peru	1.3	0.1	Energy	–	2.0
Europe, Middle East & Africa	10.1	13.3	Financials	6.5	10.1
Czech Republic	1.0	0.0	Health Care	13.9	9.5
Estonia	0.6	–	Industrials	15.1	15.3
Kuwait	1.3	0.8	Information Technology	27.8	18.5
Poland	1.2	1.3	Materials	8.2	12.3
Saudi Arabia	4.2	2.4	Real Estate	6.4	6.4
Slovenia	0.5	–	Utilities	–	3.8
UAE	1.4	0.6	Cash	0.6	–
Asia	82.3	76.5	Total	100.0	100.0
North Asia	46.8	50.0	Characteristics	Mondrian (%)	MSCI EMSC Index (%)
China/Hong Kong	15.1	10.3	Total Product Assets	\$707 million	–
South Korea	10.5	18.0	Number of Holdings	89	1,822
Taiwan	21.2	21.6	Weighted Average Market Cap	\$2.7 billion	\$1.9 billion
South Asia	35.5	26.5	Median Market Cap	\$1.8 billion	\$1.0 billion
India	27.6	17.5			
Indonesia	2.0	1.4			
Malaysia	1.6	2.9			
Philippines	2.6	0.9			
Singapore	1.0	–			
Thailand	0.6	3.4			
Cash	0.6	–			
Total	100.0	100.0			

Portfolio Managers

Ormala Krishnan

Chief Investment Officer – Small Cap Equities
Managing Partner

Graeme Coll

Head of Emerging Markets Small Cap
Partner

Mondrian utilizes a team approach to making investment decisions. The individuals listed above represent several key members of the team.

*Please note that the Sector Allocation and Country Allocation are based upon a portfolio as of July 1, 2021. Aside from Total Assets, which are as of June 30, 2021, the Fund Characteristics are as of July 1, 2021 as well. In order to accommodate several transactions, the June 30, 2021 portfolio reflected a higher than normal cash position. We believe the portfolio as of July 1, 2021 better reflects the holdings of the Fund as of the end of June. The Index information shown is as of June 30, 2021.

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 Small Cap Equity Composite includes US dollar based discretionary fee paying portfolios, measured against the MSCI Emerging Markets Small Cap Index net of US withholding taxes. The portfolios are invested primarily in small capitalization publicly traded companies based in an emerging market, or deriving a majority of revenue within emerging market economies. The MSCI Emerging Markets 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.

For the month of inception, November 2011, the composite consisted only of a Mondrian seed capital portfolio which is non-fee paying and had no external investors. The portfolio was managed and operated identically to external portfolios, and portfolio accounting was performed in conjunction with independent Fourth parties.

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 Fourth 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.

2. This Quarterly Update contains supplemental information which complements the Mondrian Emerging Markets Small Cap Equity Composite GIPS compliant presentation. Additional information is available upon request.

Total Product Assets may consist of multiple composites. Performance for the main composite for the product is shown.

3. 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 may have sliding fee scales and therefore lower effective fee rates.
9. 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.
10. 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.
11. 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.
12. For institutional investors and professional financial advisers only.
13. 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.
14. Mondrian Investment Partners Limited is authorized and regulated by the Financial Conduct Authority.