Quarter 4, 2021

Mondrian Emerging Markets Value Equity Fund Investment Outlook

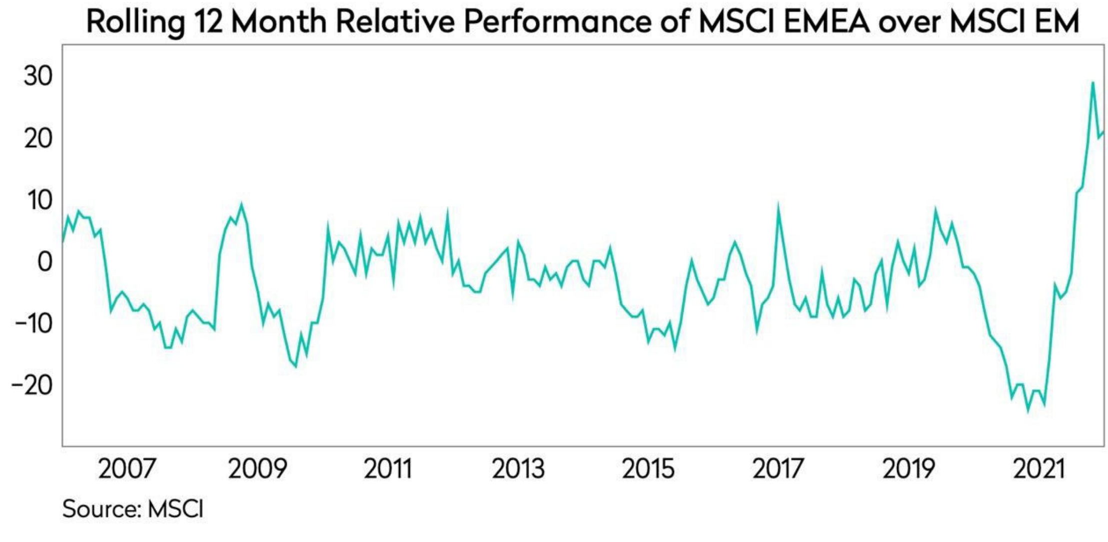
2021 Review

While global news flows in 2020 were dominated by a lethal virus that originated in China, emerging markets (EM) in 2021 were subject to countless policy related headlines placing a question mark over the health of investing in Chinese equities.

Although 2021 was notable for strong equity markets globally because of a vaccine fueled recovery, MSCI China fell 21.7%. While many parts of the EM asset class posted strong returns, China was the notable laggard. The MSCI EM Index fell 2.5% despite the MSCI EM ex-China Index appreciating 10%. As China accounts for approximately one third of the MSCI EM Index, for emerging markets overall to produce a robust return in 2022, a reversal in Chinese fortunes will be essential. Below we will review 2021 and discuss our expectations for 2022.

From a sector perspective, the poorest performers were those dominated by the most troubled Chinese areas – consumer internet related stocks and real estate. Consumer discretionary fell 29%, real estate 22% and communication services 9%. While the Fund had no exposure to real estate and was underweight discretionary, an overweight to communication services combined with poor stock selection weighed on relative and absolute performance. The Fund's overweight to IT however added significantly given strong performance across most names held. We remain overweight IT, given the long-term structural growth in sustainable demand we envisage for products and services. For 2021, Energy was the strongest sector given the oil price rally during the year. The Fund was roughly in line with the benchmark weight and slightly added value from energy stock selection.

Consistent with strong energy prices, the best performing region last year was the Middle East with Saudi Arabia gaining 35%. The Fund has no exposure to the region as we find valuations expensive, especially when we layer on the ESG risks we consider. Strong energy markets also helped Russia post a 19% gain. The Fund is slightly underweight Russia but owns oil major **Lukoil** which contributed to performance.. However, our other holding is a gold company, **Polymetal**, which fell during the year and therefore detracted from Russian positioning. Our zero exposure to outperforming Central Eastern European markets further detracted from return. Overall, being underweight the EMEA region was the main attribution for the Fund's underperformance in 2021. The chart below shows that 2021's outperformance of EMEA was its greatest versus the MSCI EM Index on record. Hence, any mean reversion in 2022 would favor our underweight positioning which we believe is likely given relatively lofty valuations in the Middle East in particular.



During the past year, Latin America was the weakest region as many countries exhibited political volatility amid a disappointing response to COVID-19, and continuing structural challenges dampening growth. Brazil, Peru, Chile and Colombia all fell between 17-20%, with only Mexico posting a positive return of 22.5%. The Fund's positioning in the region was mixed with zero exposure to Colombia and Chile helping, as did the holding in the Mexican bank, **Banorte**, and more defensive stock selection in Brazil. However, this was somewhat offset by an overweight to Peru via the holding in the leading bank, **Credicorp**. We remain cautious towards Brazil ahead of the presidential election in October 2022, which often creates heightened volatility. We do see deep value in some names so we have moved slightly overweight while retaining a natural currency hedge through our exposures. We also added to Credicorp given particularly attractive long-term valuations.

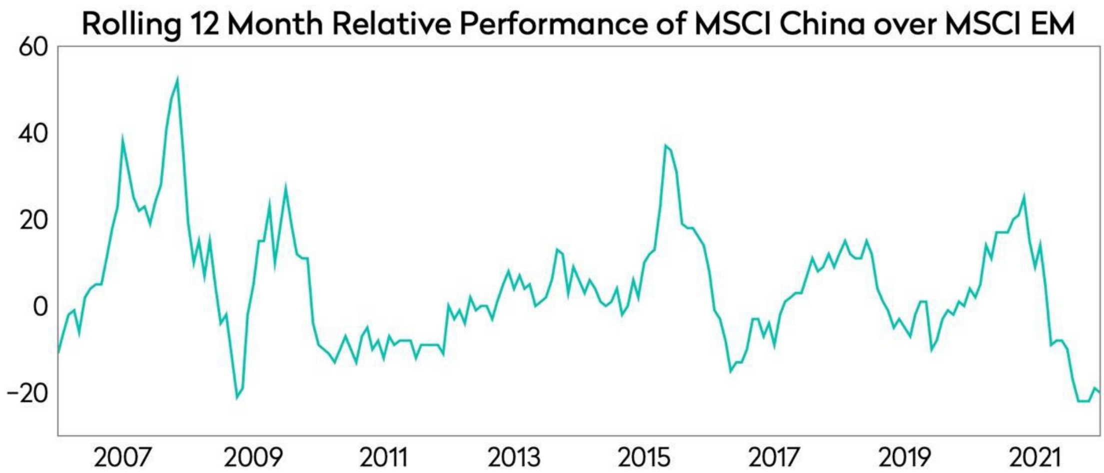
Asia was extremely mixed. Taiwan continued to deliver above average returns, +26%, as semiconductor stocks such as **TSMC**, United Microelectronics Corp. and **Mediatek** made large gains on the back of sustained high demand for their chips and manufacturing services. The Fund is overweight Taiwan and added value here as a result. India was also strong, adding 26% as stocks across sectors performed well as the economy bounced back from a COVID-19 induced slump. We started the year overweight India but valuations look less attractive now given the outperformance, as a result we have taken profits from software holdings, **Infosys** and **HCL Tech**nologies, as well as **Reliance Industries.** The Fund ended the year underweight India. Korea fell 8% and we took advantage of this weakness to move the Fund from an underweight to a neutral position as certain stocks in the memory, EV battery and financials sectors look especially undervalued.

Returning to where we began this discussion regarding China, investors sold Chinese stocks during the year for three principal reasons:

1. Concerns regarding a more severe and unpredictable regulatory environment.
2. Concerns for the VIE (variable interest entity) structure used for most US listed ADRs, and some Hong Kong stocks.
3. Concerns for the underlying health of the Chinese economy because of the country's largest property developer defaulting on its debt.

We discussed our team's view on China in detail in the Fund's third quarter 2021 Outlook. To update and summarize that view here, we are cognizant of all the above, and we believe a great deal of bad news is presently discounted in many China stocks. While the regulatory environment can be unpredictable, as we enter 2022, investors - and crucially the companies themselves - are now fully aware of how serious the Chinese authorities are in achieving their goal of 'common prosperity'. We believe stocks are already priced for regulatory risk, and don't expect the impacts to be anywhere near as damaging as many prices suggest. The same is largely true for VIE risks where the Chinese authorities continued to implicitly endorse these structures. Regarding the economy, we do expect a moderate slowdown in Chinese economic growth but there remains many stimulus policy measures available to the Chinese government. Furthermore, in the short-term China is unlike many economies in the world in that it is in a loosening rather than tightening monetary policy cycle. Over the medium term, we still expect China to sustainably grow faster than most EM economies, especially driven by consumption growth, which most of the Fund's investments are linked to.

As can be seen in the chart below, China's underperformance last year was the greatest on record vs the MSCI EM Index. We feel the likelihood of this reversing in some way during 2022 is reasonably high given the excessive pessimism implied by valuations.



Source: MSCI

Upholding our disciplined valuation process, we move into 2022 confidently positioned. That confidence though rests on a recovery in China and our selected stocks in particular. We have added to extremely undervalued Chinese stocks and are approximately 6% overweight that market. Within EMEA where we see less compelling valuations, we are approximately 7% underweight. Additionally, we have reduced our India exposure to roughly 4% underweight its recent strong performance and that market trading on P/E of 27x with an index low dividend yield of 1%. Therefore, any combination of mean reversion from 2021 with regard for underlying fundamental valuations we believe should produce better relative and absolute returns for the Fund in 2022.

As of 12/31/2021, the following holdings were held in the Fund at the noted weights:

Banorte – 1.3%	Credicorp – 2.5%	HCL Technologies – 1.5%
Infosys – 1.2%	Lukoil – 1.8%	Media Tek – 1.2%
Polymetal – 1.0%	Reliance Industries – 2.7%	TSMC – 8.6%

This information should not be relied upon as research or investment advice regarding any particular security. This is intended to provide insight into the manager's investment process and strategy. Forward looking analytics are not a forecast of the Fund's future performance.

To determine if the Fund is an appropriate investment for you, carefully consider the fund's investment objectives, risk, and charges and expenses. This and other information can be found in the funds full and summary prospectus which can be obtained by calling 888-832-4386 or by visiting www.mondrian.com/mutualfunds. Please read the prospectus carefully before investing.

Investing involves risk, including the possible loss of principal. International investments entail risks not ordinarily associated with U.S. investments including fluctuation in currency values, differences in accounting principles, or economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors, as well as increased volatility and lower trading volume. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses.

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