

Q1 2024 USD

KBI Global Investors

KBIGI Global Small Cap Equity Strategy



Summary Details

Assets under Mgmt.	\$6.4m
Inception Date	01 Jul 2015
Benchmark	MSCI World Small Cap Net Return Index
Number of Stocks	202

Risk Characteristics

Beta (5 Yrs)	0.99
Information Ratio (5 Yrs)	-0.29
Volatility	21.66

Portfolio Statistics

	Strategy	Index
Dividend Yield	3.0%	1.9%
Dividend Payout	35.4%	25.1%
Dividend Growth	12.5%	6.2%
Total Payout Yield	3.6%	1.3%
Price to Earnings (forward)	11.6x	17.0x
Price to Book	1.4x	1.9x
Weighted Avg Mkt Cap.	\$3.7bn	\$4.9bn
ESG Score	6.0	5.9
Wtd Avg Carbon Intensity	61.0	132.3

Source: KBI Global Investors as of 03/31/24. The risk characteristics are calculated independently by KBI Global Investors using monthly gross returns of the composite over a 5 year period relative to the Index as at the 03/31/24. Portfolio and Benchmark Statistics are from a representative account managed to the same strategy and the benchmark respectively. KBI Global Investors independently estimate these statistics for both the portfolio and the benchmark. The AUM listed above is Global Equity Global Small Cap AUM. This is the combined AUM of KBI Global Investors Ltd and KBI Global Investors (North America) Ltd excluding Assets under Advisement from Q1 2022. Weighted Avg. Mkt. Cap figures are in US Dollars. KBI calculate the Weighted Average Carbon Intensity figure for the portfolio (representative account managed to the same strategy) quarterly. Index carbon intensity data is sourced from MSCI ESG Research. KBI calculate the ESG scores for the portfolio (representative account managed to the same strategy) quarterly. Index ESG ratings are sourced from MSCI ESG Research.

Investment Philosophy

We are "total return" investors.

Our conviction is that companies with the financial strength and discipline to maintain and grow their dividend commitments outperform.

Uniquely, we find such companies across all capitalisations, and in every sector and every region, even ones where dividends are low and not typically used as a method of analysis. By "looking where others don't look" we consistently find and exploit mispriced stocks.

The main reasons for outperformance are:

- Quality of information
- Better governance
- Plentiful positive earnings surprises
- Capital efficiency and financial discipline
- Lower volatility
- Better valuations

Annualised Performance (\$)

	3Mths	YTD	1Yr	3Yrs	5Yrs	Since Incep
Strategy (Gross)	7.2	7.2	18.9	3.0	6.4	6.5
Strategy (Net)	7.0	7.0	18.0	2.2	5.6	5.7
Benchmark	4.4	4.4	15.9	1.3	7.9	7.3

Source: KBI Global Investors, Datastream, MSCI as of 03/31/24

KBI calculate both composite returns and benchmark returns. Returns are gross of fees in USD and we use a model fee, 0.75% pa to calculate the net return. We divide the gross return by the period fee rate in decimal form to calculate the period net return. Our firm claims GIPS compliance and is annually verified by an independent verification firm to be so. The verification report from our verifier and our GIPS composite presentation are available upon request. The performance record disclosed here is that of the firm's composite for this strategy. The Global Small Cap Equity composite is a well-diversified strategy that invests across all 24 industry sub classifications and the four major geographic global regions (North America, Europe, Japan and Pacific Basin ex Japan) of the global developed small cap equity market. This strategy is constructed on a segmented basis by industry and region (as defined by the MSCI World Small Cap Index) and no active currency management is undertaken. The strategy invests purely in those companies that pay above average dividends relative to their industry peer group and is managed by a dedicated, specialist team of investment professionals in Dublin, Ireland. The material risks associated with the composite include market risk and stock-specific event risk. Share prices can decline and there is a risk that the composite may under-perform its benchmark. The benchmark is the MSCI World Small Cap index, inclusive of net income. The benchmark is designed to measure the small cap equity market performance of developed market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may be different between the composite and the benchmark, but not materially so. See disclaimers for further information.

Investment Process

We summarise our process into three steps

Step 1
<ul style="list-style-type: none"> ● Create regional group segments from MSCI Index. ● Eliminate stocks below segment average yield. ● Lower yield stocks, countries, industries will qualify.
Step 2
<ul style="list-style-type: none"> ● Eliminate stocks and segments that fail sustainability, quality and growth criteria. ● Rank remaining stocks.
Step 3
<ul style="list-style-type: none"> ● Create portfolio preferred financial criteria and highest ranked stocks.

Current Global Small Cap Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI World Small Cap Index	+/- %
<3 (small)	50.1	37.8	12.3
3-5 (mid-small)	25.3	23.7	1.6
5-10 (mid)	20.6	29.7	-9.1
10-25 (mid-large)	4.0	8.2	-4.2
>25 (large)	0.0	0.6	-0.6

Source: KBI Global Investors as of 03/31/24. Market Cap figures are based on a representative account relative to the Index. Market Cap figures are in US Dollars.

Strategy Overview

Objective	Consistency. Downside protection. Lower risk.
Style	Relative value. High quality. Multi cap. Diversified.
Products	Global, EAFE, Emerging Markets, North America, ACWI, Eurozone.

Investment Team

Key People	Title	Industry Experience
CIO		
Noel O'Halloran	Chief Investment Officer	36yrs
Portfolio Management Team		
Gareth Maher	Head of Portfolio Management GES Team	37yrs
David Hogarty	Head of Strategy Development	33yrs
Ian Madden	Senior Portfolio Manager	23yrs
James Collery	Senior Portfolio Manager	23yrs
John Looby	Senior Portfolio Manager	34ys
Massimiliano Tondi	Senior Portfolio Manager	20yrs
Jeanne Chow Collins	ESG & Engagement Analyst	23yrs
Eoin Fahy	Head of Responsible Investing	36yrs

Portfolio Positioning

Sector Breakdown

Sector	%	Sector	%
Industrials	20.3	Materials	7.0
Financials	16.4	Energy	4.4
Consumer Discretionary	15.0	Communication Services	3.5
Information Technology	12.4	Consumer Staples	2.5
Health Care	9.1	Utilities	2.0
Real Estate	7.4		

Geographical Breakdown

Region	%
North America	64.6
Europe	18.4
Japan	12.0
Pacific Basin ex Japan	5.0

Top 10 Holdings

Stock	Country	%
Perrigo Company Plc	US	2.0
Janus Henderson Group Plc	US	2.0
Bruker Corporation	US	2.0
Boise Cascade Co	US	1.9
STAG Industrial Inc	US	1.9
InterDigital Inc	US	1.8
Texas Roadhouse	US	1.6
Premier Inc	US	1.6
Assured Guaranty Ltd	US	1.6
Shutterstock Inc	US	1.6

Source of all data: KBI Global Investors. The above information represents the top 10 largest positions in the strategy as of 03/31/24 based on the aggregate USD value. Each quarter KBI Global Investors uses this same objective, non-performance based criteria to select the ten largest holdings. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the strategy, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. All information is provided for informational purposes only and should not be deemed as a recommendation to buy the securities mentioned.

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Overview

For equity returns, 2023 was a very strong year. Given the importance we place on dividends, cashflows and avoiding speculative exposures, aggressive bull markets aren't always an easy place to achieve outperformance.

Outside North America, however, where the dominance of growth over value has run its course, the strategy did exactly that. Since the start of the market rotation in 2021 and a recovery in value investing as an investment style, more medium-term numbers are also beginning to consolidate. 2023 was a poor year for US fundamentals despite the bull run.

The year ended with global optimism, as fears of a severe recession eased. Breadth improved considerably since Fed "pivot" in November. Paying a hefty premium for secular growth stocks is less appealing when growth is expected more broadly, and value and smaller stocks are considered more economically sensitive. This broader cyclical exposure means they're more likely to benefit from a stronger economic environment. They are also the most heavily discounted, in our view.

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The firm definition has been re-defined on two occasions over recent years; on 30 September 2010 to reflect the firm's sale to RHJI by our previous parent firm KBC Asset Management NV, and on 1 October 2016 to reflect the firm's sale to Amundi Asset Management. No change in investment process arose as a result of these sales. To receive a copy of the compliant presentation and/or a list of composite descriptions, please contact sales@kbigi.com. Gross results shown do not show the deduction of Adviser's fees. A client's actual return will be reduced by the advisory fees and any other expenses which may be incurred in the management of an investment advisory account. See Part 2 of Adviser's Form ADV for a complete description of the investment advisory fees customarily charged by Adviser. 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In addition, the strategy's holdings may differ substantially from the securities that comprise the indices shown. Investments denominated in foreign currencies are subject to changes in exchange rates that may have an adverse effect on the value, price and income of the product. Income generated from an investment may fluctuate in accordance with market conditions and taxation arrangement. PAST PERFORMANCE IS NOT A RELIABLE GUIDE TO FUTURE PERFORMANCE AND THE VALUE OF INVESTMENTS MAY GO DOWN AS WELL AS UP. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. Net results shown are net of all fees and expenses and include the reinvestment of all dividends and capital gains. 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Please see link to the website for the five year composite returns: <https://www.kbiglobalinvestors.com/wp-content/uploads/2024/04/GES-Composite-Annual>Returns.pdf>