

# Q1 2024 USD

KBI Global Investors



## KBIGI Integris Emerging Markets Equity Strategy

| Summary Details             |  |           |
|-----------------------------|--|-----------|
| Assets under Mgmt.          | \$9.4m                                 |           |
| Inception Date              | 01 Jan 2015                            |           |
| Benchmark                   | MSCI Emerging Markets Net Return Index |           |
| Number of Stocks            | 89                                     |           |
| Risk Characteristics        |  |           |
| Beta (5 Yrs)                | 0.98                                   |           |
| Information Ratio (5 Yrs)   | 0.21                                   |           |
| Volatility                  | 19.08                                  |           |
| Portfolio Statistics        | Strategy                               | Index     |
| Dividend Yield              | 4.1%                                   | 2.7%      |
| Dividend Payout             | 45.1%                                  | 38.9%     |
| Dividend Growth             | 16.1%                                  | 15.1%     |
| Total Payout Yield          | 4.0%                                   | 2.6%      |
| Price to Earnings (forward) | 9.2x                                   | 12.6x     |
| Price to Book               | 1.2x                                   | 1.8x      |
| Weighted Avg Mkt Cap.       | \$84.1bn                               | \$120.0bn |
| ESG Score                   | 6.8                                    | 5.8       |
| Wtd Avg Carbon Intensity    | 77.8                                   | 317.2     |

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 Integris Emerging Markets 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 |
|------------------|-------|-----|-----|------|------|
| Strategy (Gross) | 1.3   | 1.3 | 6.0 | -2.7 | 3.2  |
| Strategy (Net)   | 1.1   | 1.1 | 5.2 | -3.5 | 2.5  |
| Benchmark        | 2.4   | 2.4 | 8.2 | -5.1 | 2.2  |

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 Integris Emerging Markets Equity composite is a well diversified, all cap, strategy that invests across all 24 industry sub classifications of the global emerging markets as defined within the MSCI Emerging Markets benchmark. 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 strategy uses an ESG screen within its portfolio construction process. We established Integris as our corporate brand for our screened offerings in 2019. 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 Emerging Markets Index, inclusive of net income. The net index provides a better comparator for potential investors given the tax treatment on dividend income. The benchmark is designed to measure the equity market performance of emerging market countries. The benchmark is market-cap weighted. Sources of foreign exchange rates may differ 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"> <li>• Create regional industry group segments from MSCI Index.</li> <li>• Eliminate stocks below segment average yield.</li> <li>• Lower yield stocks, countries, industries will qualify.</li> </ul> |
| Step 2   |
| <ul style="list-style-type: none"> <li>• Eliminate stocks and segments that fail sustainability, quality and growth criteria.</li> <li>• Eliminate stocks with lowest ESG score.</li> <li>• Rank remaining stocks.</li> </ul>            |
| Step 3   |
| <ul style="list-style-type: none"> <li>• Create portfolio targeting preferred financial criteria, ESG criteria and highest ranked stocks.</li> </ul>   |

### Current Integris Emerging Markets Portfolio Characteristics

| Mkt. Cap \$bn     | Strategy | MSCI EM Index | +/- % |
|-------------------|----------|---------------|-------|
| <3 (small)        | 8.1      | 2.0           | 6.1   |
| 3-5 (mid-small)   | 20.6     | 7.1           | 13.5  |
| 5-10 (mid)        | 15.8     | 14.3          | 1.5   |
| 10-25 (mid-large) | 26.7     | 22.9          | 3.8   |
| >25 (large)       | 28.8     | 53.8          | -25.0 |

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

|                           |   |
|---------------------------|---|
| <b>Objective</b>          | Consistency. Downside protection. Lower risk. ESG   |
| <b>Style</b>              | Relative value. High quality. Multi cap. Diversified.   |
| <b>Products Screening</b> | Global, Emerging Markets, Eurozone Fossil Fuel Reserves, CCC rated companies, Tobacco & others. |

## Investment Team

| Key People                       | Title                                 | Industry Experience |
|----------------------------------|---------------------------------------|---------------------|
| <b>CIO</b>                       |                                       |                     |
| Noel O'Halloran                  | Chief Investment Officer              | 36yrs               |
| <b>Portfolio Management Team</b> |                                       |                     |
| 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              | 34yrs               |
| 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           | %   |
|------------------------|------|------------------|-----|
| Financials             | 26.7 | Utilities        | 4.8 |
| Information Technology | 23.8 | Consumer Staples | 3.5 |
| Consumer Discretionary | 13.5 | Health Care      | 3.2 |
| Communication Services | 7.8  | Energy           | 3.1 |
| Industrials            | 6.2  | Real Estate      | 2.4 |
| Materials              | 5.0  |                  |     |

### Geographical Breakdown

| Region                 | %    |
|------------------------|------|
| Emerging Asia          | 78.2 |
| Emerging EMEA          | 12.9 |
| Emerging Latin America | 8.9  |

### Top 10 Holdings

| Stock                                   | Country      | %   |
|---|--------------|-----|
| Taiwan Semiconductor Manufacturing      | Taiwan       | 9.2 |
| China Construction Bank                 | China        | 3.2 |
| Power Grid Corporation Of India Limited | India        | 3.0 |
| Motor Oil Hellas Corinth Refineries SA  | Greece       | 2.8 |
| Hero Motocorp Limited                   | India        | 2.8 |
| Netease Inc                             | China        | 2.7 |
| Samsung C&T Corp                        | South Korea  | 2.7 |
| Lenovo Group Limited                    | China        | 2.6 |
| Agricultural Bank Of China Limited      | China        | 2.2 |
| Nedbank Group Limited                   | South Africa | 2.0 |

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

On the total return front, we remain focussed on investing in companies that have demonstrated an ability to grow their dividend over time but also have the potential to grow that dividend into the future. After slowing in 2023, dividend growth in general plateaued in Q1 2024 but remains at solid double-digit levels while dividend sustainability rates, based off our proprietary screens, have also improved over the quarter. Given this improvement we were able to increase our exposure to higher dividend growth relative to the index over the period.

Our relative valuation, across most measures of value, continues to be our largest style exposure relative to the market. We often focus on our relative biases within the strategy, and this remains a primary emphasis, but recently we have been conscious of the absolute level of valuation. For example, metrics such as our forward price/earnings of 8.8 times and price to sales of 0.8 times look attractive given the other fundamental characteristics we can achieve and the valuation discount continues to run at between 30-40% depending on which valuation measure is used

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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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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>