

Q1 2024 USD

KBI Global Investors

KBIGI North America Equity Strategy (USD)



Summary Details

Assets under Mgmt.	\$33.7m
Inception Date	01 Nov 2013
Benchmark	MSCI North America Net Return Index
Number of Stocks	68

Risk Characteristics

Beta (10 Yrs)	0.98
Information Ratio (10 Yrs)	-0.48
Volatility	15.98

Portfolio Statistics

	Strategy	Index
Dividend Yield	2.9%	1.4%
Dividend Payout	43.0%	27.9%
Dividend Growth	14.4%	6.6%
Total Payout Yield	4.4%	2.0%
Price to Earnings (forward)	13.4x	21.0x
Price to Book	2.9x	4.6x
Weighted Avg Mkt Cap.	\$199.5bn	\$694.5bn
ESG Score	7.3	6.6
Wtd Avg Carbon Intensity	50.9	98.8

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 10 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 North America 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.

Prior to 1/4/20 the North America AUM figure was inclusive of the North America equity component of a Global Equity Mandate.

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)	9.1	9.1	20.3	7.8	10.3
Strategy (Net)	9.0	9.0	19.5	7.1	9.6
Benchmark	10.0	10.0	29.0	10.1	14.2

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, 0.65% 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 North American Equity composite is a well diversified all cap strategy that invests across all 24 industry sub classifications of the North American equity markets as defined within the MSCI North America benchmark. 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 North America Index, inclusive of net income. The Net index provides a better comparator for potential investors and representation of the investment strategy of the composite. The benchmark is designed to measure the 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

- Create regional group segments from MSCI Index.
- Eliminate stocks below segment average yield.
- Lower yield stocks, countries, industries will qualify.

Step 2

- Eliminate stocks and segments that fail sustainability, quality and growth criteria.
- Rank remaining stocks.

Step 3

- Create portfolio preferred financial criteria and highest ranked stocks.

Current North America Portfolio Characteristics

Mkt. Cap \$bn	Strategy	MSCI NAM Index	+/- %
<3 (small)	0.0	0.0	0.0
3-5 (mid-small)	0.0	0.0	0.0
5-10 (mid)	1.7	0.9	0.8
10-25 (mid-large)	31.9	8.5	23.4
>25 (large)	66.4	90.6	-24.2

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	%
Information Technology	27.1	Energy	5.6
Financials	15.0	Consumer Staples	4.4
Health Care	12.1	Real Estate	2.7
Consumer Discretionary	11.3	Materials	1.9
Industrials	9.9	Utilities	1.4
Communication Services	8.6		

Geographical Breakdown

Region	%
USA	92.1
Canada	7.9

Top 10 Holdings

Stock	Country	%
Microsoft Corporation	US	4.2
Lam Research Corporation	US	3.0
QUALCOMM Inc	US	3.0
Cigna Group	US	3.0
Marathon Petroleum Corp	US	2.9
Dick's Sporting Goods Inc	US	2.9
Cisco Systems Inc	US	2.9
Accenture Plc	US	2.9
Best Buy Company Inc	US	2.8
Bank of Nova Scotia	Canada	2.8

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

Given the importance we place on dividends, cashflows and avoiding speculative exposures, aggressive bull markets aren't always an easy place to achieve outperformance.

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. At the index level, slowing dividend growth rates have continued into 2024 while in contrast to this, dividend sustainability rates, based off our proprietary screens have improved. Given this improvement and despite the slowing rate of growth we were able to increase our exposure to higher dividend growth than the benchmark over the period.

Our relative valuation, across most measures of value, remain our largest style exposures relative to the market. Valuations at an index level have increased considerably and are in high territory versus history and versus other regions. The forward price earnings ratio of MSCI North America is now at 21 times, driven primarily by the AI and large cap technology trades. The discount we hold relative to the market continues to run at between 30-50% depending on which valuation measure is used. We believe our relative valuation bias is attractive especially when combined with the other characteristics we offer.

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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. For example, a \$1,000,000 investment with an assumed annual return of 5% with an advisory fee of 0.85% would accumulate \$8,925 in fees during the first year, \$48,444 in fees over five years and \$107,690 in fees over ten years. Under MiFID II this is deemed marketing material and should not be regarded as investment research. Performance returns for individual investors may differ due to the timing of investments, subsequent subscriptions/redemptions, share classes, fees and expenses. Performance for periods of more than 1 year is annualized. Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of the indices may be materially different from that of the strategy. 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>