Emerging Markets Growth Commentary

Q4 2023

Performance

SGA's Emerging Markets Growth portfolio returned 7.1% (Gross) and 6.3% (Net) in Q4, compared to 7.9% and 7.7% for the MSCI EM and EM Growth Indices, respectively. For the year, the SGA Emerging Markets Growth portfolio returned 7.2% (Gross) and 4.1% (Net) compared to 9.8% and 5.8% for the MSCI EM and MSCI EM Growth Indices.

Highlights

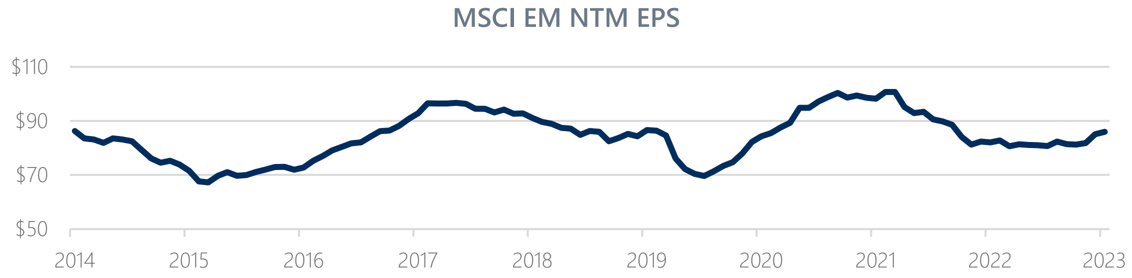
- Portfolio trailed the MSCI EM Index in Q4 and for the year; the portfolio trailed the EM Growth Index in Q4 but outperformed for the year.
- Markets rose on rising optimism around the global economic backdrop and rising hopes for central bank pivots in 2024 as inflation pressures are moderating. Chinese stocks remained weak given continuing concerns around its property market, economy, policy actions, and relations with the West.
- Positions in FEMSA, MercadoLibre, and HDFC Bank contributed most positively to performance, driven by strong quarterly results. Positions in Yum China, Mengniu Dairy, and H World Group detracted most driven largely by weakness in Chinese stocks.
- No new positions were initiated or liquidated. Positions in AIA Group, Unilever, Bud APAC, Mengniu Dairy, JD.com, and Yum China were added to on weakness, while positions in CP All, Sanlam, Wal-Mart de Mexico, Bank of Central Asia, and FEMSA were trimmed.
- Portfolio is forecasted to grow earnings 14% per year over the next three years, in line with its long-term average, while the 16% expected growth for the EM Index is well-above average and less reliable.

Broad-based Rally Outside of China Lifts EM Stocks in Q4

Rising investor risk appetite following large declines in global bond yields and a weakening U.S. Dollar supported a strong finish for emerging markets stocks in Q4. Despite better-than-expected Q3 GDP growth, investor sentiment towards Chinese stocks remained weak during the quarter. China was the second worst-performing market in Q4, down 4%, and one of only 4 markets to post negative returns for the quarter. For the year Chinese stocks declined 11% and are down nearly 55% from their highs in February of 2021 as concerns around the health of its property market and economic recovery, as well as geopolitical tensions continue to linger. The broad-based weakness in Chinese stocks weighed on some of our portfolio's holdings, including Yum China, Mengniu Dairy, and H World Group, as consumer health and spending remains uncertain in the near-term. Despite the near-term weakness and uncertainty, we continue to hold these businesses based on their long-term growth potential and sustainability of their competitive advantages that should enable them to grow earnings and cash flows attractively over time.

In contrast, performance was strong in Latin America, led by Brazilian and Mexican markets which benefited from solid and improving economic growth and expectations that central banks will cut interest rates given moderating inflation. Our Latin American holdings contributed positively across the board as they benefited from the positive backdrop and, in several cases, better-than-expected results. EM markets in Europe performed strongly as well, led by Poland, the best performing emerging market in Q4. Asian markets outside of China also generally performed well, led by Taiwan and Korea, which benefited from a strong rebound in Semis and Tech Hardware stocks. Strength in these areas was a headwind for relative performance during the quarter given our lack of exposure due to our focus on companies with high levels of repeat revenues and lower economic sensitivity. Indian equities also outperformed on the back of strong economic growth and optimism around future growth prospects given its favorable demographics, stable democracy, and growing middle class.

Earnings expectations for the market improved in Q4 given a still resilient global economic backdrop and expectations for central banks to pivot in 2024 given moderating inflationary pressures. Expectations for 2024 and 2025 remain lofty with MSCI EM Index earnings expected to grow 18% and 15% respectively. While broad-based earnings may continue to improve following a period of weakness, the challenging economic environment in China and likely modest global growth backdrop makes the growth outlook susceptible to disappointment. Our portfolio continues to offer attractive growth along with superior quality characteristics and likely greater resiliency compared to the MSCI EM Index.



Source: FactSet, MSCI

Largest Contributors

FEMSA, one of the leading consumer companies in Latin America, was the largest contributor in Q4. FEMSA is engaged in two primary business: non-alcoholic beverages through its stake in Coca-Cola FEMSA ("KOF"), the largest Coca-Cola bottler in the world, and convenience stores through its OXXO stores which is the largest and fastest growing chain of convenience stores in Latin America. KOF's advanced bottling capabilities along with OXXO's scale and operating excellence provide FEMSA with considerable pricing power. Both businesses are highly predictable as KOF's products are consumed on a regular basis and have limited sensitivity to economic fluctuations while OXXO registers over 10 million transactions per day and is the third largest retailer in terms of revenues in Mexico. Growth is supported by packaging and product innovations at KOF, consumption growth in Latin America, and continued store expansion potential for OXXO which we think can roughly double its store count from today over time. The company's drugstore initiative should add incremental growth potential over the long term. FEMSA reported another strong set of quarterly results in Q3, led by stronger-than-expected growth for OXXO, which saw 15% same-store-sales growth. OXXO continues to benefit from a post-Covid consumption recovery and an expanded merchandise offering. KOF also delivered good results with organic volume and revenues growing 10%, operating profits growing 15% and gross margins expanding 140 bps. The good results were driven by strength in the Mexican consumer environment and the company driving further share gains. We trimmed the position on strength during the quarter and maintained an above-average position given a still compelling growth outlook and valuation.

MercadoLibre (MELI), operator of the leading e-commerce marketplace in Latin America and an early leader in the region's nascent financial technology (FinTech) industry, was the portfolio's second largest contributor in Q4. We see an attractive long-term growth opportunity ahead for MELI as it is well-positioned to benefit from rising penetration of e-commerce in Latin America, which is poised to increase dramatically from still low levels. The company's significant investments in its logistics and delivery capabilities and in its financial technology have helped cement its dominance by increasing its value proposition to buyers and merchants alike. The FinTech opportunity is more nascent, but potentially much larger, given the large unbanked and underserved populations. Both businesses, however, benefit from a self-reinforcing, critical mass of buyers and merchants. Repeat revenues come from frequently returning buyers and merchants who maintain ongoing commerce and payment relationships with the company. MELI's shares benefited from strong Q3 results highlighted by continued impressive topline growth of 40% in USD (67% in constant currency) along with expanding operating margins, which supported strong profit growth of 130%. We continue to be impressed with management's vision and ability to execute and have high conviction in the long-term growth opportunity. At the same time, we are mindful of the company's focus on expanding first-party product offerings, which may limit further margin upside in the near term, and their decision to re-accelerate credit issuance in Brazil, which introduces growth upside and credit loss downside risk. We maintained an average weight position in the company.

HDFC Bank, the fifth largest bank in India by assets and the largest by market capitalization, was the third largest contributor in Q4. HDFC benefits from a high ROA/ROE relative to international and domestic peers, which is supported by interest revenues and lower borrowing costs on retail deposits. India, as a country, has low leverage in the retail sector and an underbanked population. Therefore, the company should benefit from a long secular runway of growth while maintaining its high ROE. The pricing power of the company is based on its low-cost funding. This funding is supported by retail deposits at a countrywide network of branches. Replicating such a network would be very challenging and time-consuming for another private institution. Some public sector banks have large branch networks, but they are constrained by systematic inefficiencies. HDFC's business is recurring and very predictable with 75% of its interest income derived from multi-year loans and 15% is from fees & commissions. Serving the banking needs of a huge, underbanked, emerging economy gives it a long runway of growth. HDFC's shares rebounded during the quarter as the bank delivered better-than-expected results highlighted by 51% profit growth (year-over-year), driven by lower credit costs and strong organic loan growth of 5% (quarter-to-quarter). Excess liquidity continued to weigh on the bank's net interest margin which fell to 3.6% compared to 4.3% in the prior quarter. While the exact timing of its liquidity profile normalizing remains unclear, we continue view the long-term growth opportunity favorably. We maintained an above-average weight position in the company given an attractive valuation and growth opportunity.

XP and **Fast Retailing** were the fourth and fifth largest contributors to performance.

Largest Detractors

Yum China, China's leading restaurant company, was the largest detractor in Q4. Yum China operates over 13,000 restaurants in 1,800 cities and towns spanning every province and autonomous region across mainland China. Yum China has exclusive rights to operate and sub-license the KFC, Pizza Hut, and Taco Bell brands in China under a 50-year master license agreement which includes a 3% royalty rate. Yum China has built considerable brand equity during its long history of operating in China with KFC and Pizza Hut the preferred brands in their respective categories. Its restaurants have billions of customer visits annually and revenue is highly recurring given the accessible price points and diversity across dayparts and geographies. In addition, the company's KFC and Pizza Hut loyalty programs have over 400 million members combined and enhance customer engagement considerably. With attractive unit economics and the under-penetration of quick service and casual dining chains across China, the company has a significant opportunity to grow its units over time. The industry is also highly fragmented with Yum China, the largest operator, having well under 10% market share. Yum China's shares lagged during the quarter as its Q3 results failed to meet expectations as well as an overall negative sentiment towards Chinese stocks. Same-store-sales growth of 4% and restaurant margins of 17% came in below expectations and management's comments around softening consumer demand also added to near-term uncertainty. Unit growth of 14% remained strong, however, and loyalty membership grew an impressive 15% year-over-year. We continue to have high confidence in management's ability to navigate a challenging macro backdrop and see an attractive long-term growth opportunity ahead. We added to the position on weakness.

Mengniu Dairy, the leading manufacturer and distributor of branded dairy products in China was the second largest detractor in Q4. Mengniu has about 25% market share in the Chinese dairy industry and has been gaining share. The company has benefited from China's economic development, resulting in changing consumption patterns and premiumization trends with customers willing to pay up for higher quality, branded products. More stringent regulations and industry consolidation has also been beneficial for Mengniu. As one of only two national players in China, Mengniu has scale advantages across distribution, supply chain, marketing, and promotion. Dairy products are perceived as healthier than most other beverage (or food) categories, and it is becoming a part of people's daily diet especially in top tier cities in China. The consumption habit is still forming in lower tier cities, which is part of the company's growth opportunity. The per-capita consumption of dairy in China remains well below the world average but is expected to rise over time, which supports a long-term growth opportunity for Mengniu. Some of the company's more discretionary items such as normal-temperature yogurt and flavored milk beverage have failed to recover their sales growth against easy comparisons from last year given weakness in the Chinese macro environment, and therefore disappointed some investors. Looking ahead we expect mid-single-digit organic growth for the full year along with margin improvement, leading to continued double digit recurring profit growth. At the same time, we also acknowledge the greater uncertainty around its future growth prospects and have therefore reduced our target, maintaining an average weight in the portfolio.

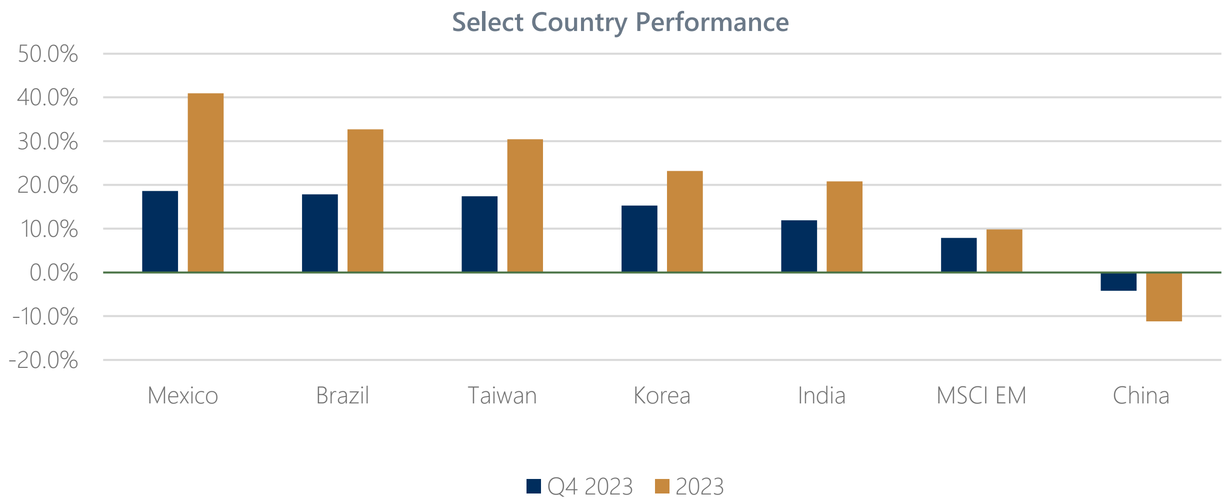
H World Group, China's second largest and most profitable hotel chain, was the third largest detractor in Q4. H World Group is a leader in the Chinese hospitality industry and benefits from its strong brands, scale, use of technology, and strong management team. The reliability of H World Group's brands has led to significant consumer trust which in turn has enabled the company to grow a 200-million-member strong loyalty base. The strong loyalty among its customers, highlighted by a significant majority of bookings being generated via its loyalty program, supports its pricing power and has helped the company grow profitably and reliably over time. A majority of H World Group's operating profit comes from a franchised business model where the company takes a standard percentage of gross revenues from underlying franchisees, which is recurring and asset light. With around 9,000 hotels in operation and close to 3,000 hotels in its pipeline we see an attractive opportunity for H World Group to continue expanding its hotel footprint over time and translate that into meaningful earnings and cash flow growth. H World's shares underperformed in Q4 despite reporting good quarterly results as broad-based weakness in Chinese stocks weighed on its shares. Revenues and operating profits grew strongly, 54% and 300%+ year-over-year respectively, exceeding expectations while revenue-per-available-room (RevPAR) also continued its recovery. The company is outperforming the industry in terms of room growth and RevPAR given better operational capabilities and good brand power. While the macro environment remains challenging, we continue to see a solid longer-term opportunity ahead for H World Group and maintained a below-average weight position during the quarter.

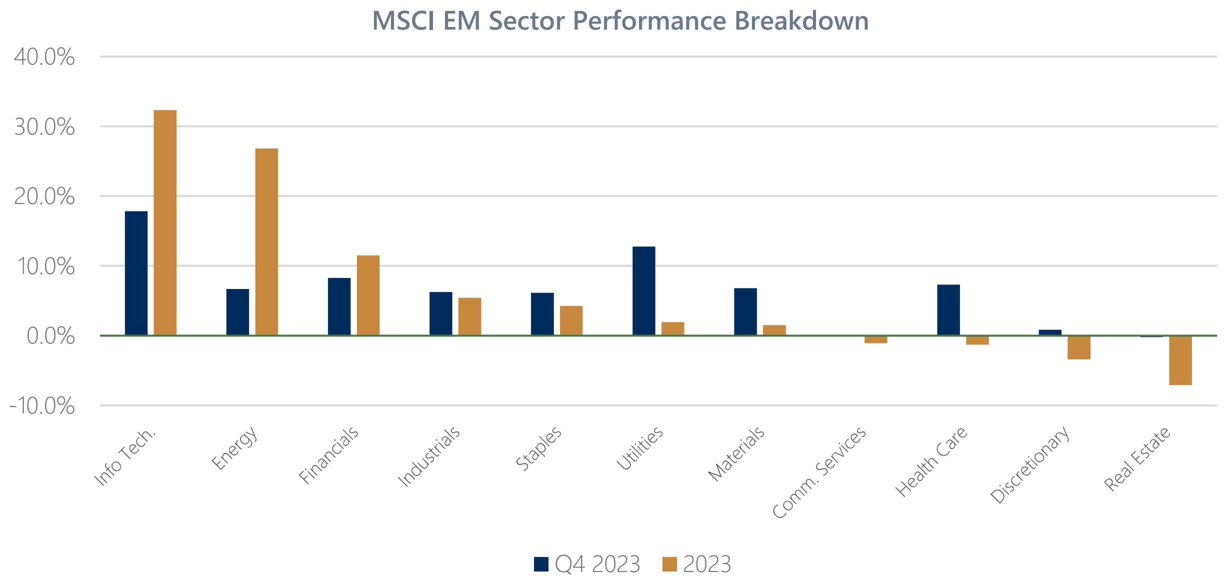
Bud APAC and **Tencent** were the fourth and fifth largest detractors from performance.

Portfolio Activity

There were no full position changes in the portfolio during the quarter. Positions in Sanlam, Wal-Mart de Mexico, and FEMSA were trimmed on strength while positions in CP All and Bank of Central Asia were lowered slightly to fund other opportunities in the portfolio. We added to positions in AIA Group, Unilever, Bud APAC, Mengniu Dairy, JD.com, and Yum China on weakness.

Market Performance





Source: FactSet, MSCI. Please see table included in this commentary for full performance presentation.

Outlook

We remain focused on assembling a portfolio of attractively valued, high-quality companies that can reliably compound earnings and cash flows at above average rates with less macroeconomic sensitivity over the long-term. Over full market cycles these unique businesses should be rewarded by the market and deliver strong absolute and relative returns with lower levels of risk. While the last three years have been challenging for emerging markets stocks, growth stocks especially, we remain comforted by the excellent businesses in the portfolio which are benefiting from long-term, secular growth tailwinds that should allow them to grow earnings and cash flow reliably and predictably over time. The portfolio is expected to grow earnings by 14% per year over the next three years, in line with its long-term average. A resilient global economic backdrop has lifted expectations for the broader MSCI EM Index, which is expected to grow earnings by 16% per year, well above its long-term average. While there is some support for a continued recovery in earnings in the near-term, the challenging economic backdrop in China and likely modest global growth moving forward makes the magnitude of growth expected optimistic in our view. Regardless of the direction of the macro-economic environment, we have confidence that the higher-quality and more predictable growth companies in our portfolio will be rewarded by the market over full market cycles.

As always, we thank you for your continued support and welcome any questions or comments.

Organizational Update

In Q4, we parted ways with one of our more recently added analysts, Jon Richter, who had joined SGA in June of 2019. Jon had a limited number of stocks on our Qualified Company List and his research coverage had been reassigned to other analysts in May. Each company is also covered by a secondary analyst consistent with our approach to research. We wish Jon well in any future endeavors.

We also wanted to let you know that co-founding partner George Fraise will retire from the firm effective June 30, 2024. As you may recall, George had relinquished his remaining research coverage in January of 2022 and has been focused on leading our client service and new business development efforts since. These responsibilities will be taken on by existing personnel. George will leave the firm's Executive Committee upon his retirement but become a member of our Advisory Board, serving as a consultant to the firm's Executive Committee moving forward.

The opinions expressed herein reflect the opinions of Sustainable Growth Advisers, LP and are subject to change without notice. Past performance is no guarantee for future results. This information is supplemental and complements a GIPS Report that can be found with composite performance. The securities referenced in the article are not a solicitation or recommendation to buy, sell or hold securities. This commentary is provided only for qualified and sophisticated institutional investors.

Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The Net Returns are calculated based on the deduction of a model fee of 3.00% being the highest applicable fee that may be charged to SGA clients for the Emerging Markets Growth WRAP strategy. Net Returns do account for custodian and brokerage fees. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and may be found in Part 2A of its Form ADV. The largest contributors and detractors are determined using a ranking of the absolute contribution to portfolio return by each security held over the period under consideration. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Upon request, free of charge, SGA can provide a list of all portfolio holdings held in SGA's Emerging Markets Growth WRAP portfolio for the past year. SGA earnings growth forecasts are based upon portfolio companies' non-GAAP operating earnings.

Performance Results	Q4 2023	1-Year	3-Year	5-Year	Since Inception
SGA Emerging Markets Growth (Gross)	7.1%	7.2%	-7.0%	6.7%	5.4%
SGA Emerging Markets Growth (Net)	6.3%	4.1%	-9.8%	3.6%	2.3%
MSCI EM (Net TR)	7.9%	9.8%	-5.1%	3.7%	2.0%
MSCI EM Growth (Net TR)	7.7%	5.8%	-9.7%	3.9%	2.7%

Emerging Markets Growth Commentary

	Total Return						3 Year Standard Deviation						
Period	Before Fees	After Fees	MSCI EM Net TR Index	MSCI EM Growth Net TR Index	Number of Portfolios	Composite Dispersion	SGA Composite	MSCI EM Net TR Index	MSCI EM Growth Net TR Index	Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	Percentage of non-fee paying accounts	Percentage of WRAP accounts
Aug. 1 - Dec. 31, 2014	-1.38%	-2.61%	-9.59%	-7.09%	Five or Fewer	N/A				0.193	5,332	100%	0%
2015	-3.00%	-5.88%	-14.92%	-11.34%	Five or Fewer	N/A				0.094	5,318	100%	0%
2016	2.10%	-0.92%	11.19%	7.59%	Five or Fewer	N/A				0.096	5,672	100%	0%
2017	36.31%	32.38%	37.28%	46.80%	Five or Fewer	N/A	12.64%	15.35%	14.69%	0.130	9,971	100%	0%
2018	-11.00%	-13.66%	-14.57%	-18.26%	Five or Fewer	N/A	12.87%	14.60%	14.98%	0.116	9,096	100%	0%
2019	30.97%	27.17%	18.42%	25.10%	Five or Fewer	N/A	13.38%	14.17%	15.41%	5	12,347	0%	0%
2020	31.22%	27.42%	18.31%	31.33%	Five or Fewer	N/A	18.45%	19.60%	19.96%	6	18,780	0%	0%
2021	-14.37%	-16.93%	-2.54%	-8.41%	Five or Fewer	N/A	18.56%	18.33%	18.96%	86	22,899	0%	0%
2022	-12.35%	-14.98%	-20.09%	-23.96%	Five or Fewer	N/A	20.53%	20.26%	21.36%	94	18,407	0%	0%
Since Inception (August 1, 2014)	5.17%	2.07%	1.08%	2.36%			16.40*	17.42*	17.97*				

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
3 Year Standard Deviation is not shown for 2014, 2015, and 2016 as 36 months of returns are not available
* Since Inception Annualized Standard Deviation. SGA Composite Dispersion based on Gross Returns.

Sustainable Growth Advisers, LP ("SGA") was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its "Large Cap Growth Equity" investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm that and is an affiliate of Virtus Investment Partners. The SGA Emerging Markets Growth WRAP Composite was created in September 2019. The firm maintains a complete list and description of all composites, which is available upon request.

Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 – December 31, 2022. The verification reports are available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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The SGA Emerging Markets Growth WRAP Composite contains fee paying and non-fee paying discretionary global large cap emerging growth equities portfolios that invest in companies around the world that are direct beneficiaries of the rapid emergence of the middle class across many developing economies and its related wealth creation. For comparison purposes the composite is measured against the MSCI Emerging Markets Growth Net and MSCI Emerging Markets Net Total Return Indices. The benchmarks are the most widely followed indices to track emerging market performance. The indices reinvest dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The net total return indices are most representative of what a passive investor in the index could expect to achieve taking into account the price level movements, dividends and taxes that are withheld on those dividends. Effective December 31, 2022, the MSCI ACWI with EM Exposure Net is no longer presented because it is not considered representative of the strategy as the portfolio invests primarily in companies domiciled in emerging markets.

The composite includes non-wrap accounts only, from 8/1/14 to 12/31/22.

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the Client's custodian. Returns are calculated net of withholding taxes on dividends. Wrap fees include management, transaction, custody and other administrative fees. The Net Returns are calculated based upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published wrap fee that may be charged to SGA clients, 3.00%, employing the Emerging Markets Growth WRAP strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and also may be found in Part 2A of its Form ADV. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. ***Past performance is not indicative of future results.***

The standard wrap fee schedule in effect is 3.00% on total assets. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment and does not reflect any of the costs associated with buying and selling individual securities or management fees.

Risk Considerations:

Equity Securities: The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk.

Foreign & Emerging Markets: Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk.

Market Volatility: The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

Limited Number of Investments: Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities.

Industry/Sector Concentration: A portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio.

Consumer Concentration: Because the portfolio is presently heavily weighted in the consumer sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification.

ESG: The portfolio's consideration of ESG factors could cause the portfolio to perform differently from other portfolios. While the subadviser believes that the integration of ESG factors into the portfolio's investment process has the potential to contribute to performance, ESG factors may not be considered for every investment decision and there is no guarantee that the integration of ESG factors will result in better performance.

Currency Rate: Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares.

Depositary Receipts: Investments in foreign companies through depositary receipts may expose the portfolio to the same risks as direct investments in securities of foreign issuers.

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