

# SGA Emerging Markets Growth Equity

Q1 2024 Portfolio Review

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# Firm Profile

Founded	July 2003				
Portfolios Managed	<table border="0"> <tr> <td><u>Primary Portfolios</u></td> <td><u>Customized Portfolios</u></td> </tr> <tr> <td> <ul style="list-style-type: none"> <li>• U.S. Large Cap Growth</li> <li>• Global Growth</li> <li>• International Growth</li> <li>• Emerging Markets Growth</li> </ul> </td> <td> <ul style="list-style-type: none"> <li>• U.S. Focused Growth</li> <li>• Global Focused Growth</li> </ul> </td> </tr> </table>	<u>Primary Portfolios</u>	<u>Customized Portfolios</u>	<ul style="list-style-type: none"> <li>• U.S. Large Cap Growth</li> <li>• Global Growth</li> <li>• International Growth</li> <li>• Emerging Markets Growth</li> </ul>	<ul style="list-style-type: none"> <li>• U.S. Focused Growth</li> <li>• Global Focused Growth</li> </ul>
<u>Primary Portfolios</u>	<u>Customized Portfolios</u>				
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Assets Under Care	<p>\$28.8 Billion Firm-Wide*</p> <ul style="list-style-type: none"> <li>• \$16.0 Billion U.S. Growth</li> <li>• \$10.9 Billion Global Growth</li> <li>• \$1.0 Billion EM Growth</li> <li>• \$0.9 Billion International Growth</li> </ul>				
Ownership	72% majority-owned by Virtus Investment Partners, 28% employee-owned^				
Location	Stamford, CT				



\* As of 3/31/2024, \$28.8 billion in assets includes \$26.1 billion from discretionary accounts and \$2.7 billion from emulated (Model) accounts.

^ 17 employee partners as of 3/31/2024

# Sustainable Growth Advisers

## Distinguishing Characteristics



### Established Performance Pattern

Outperformed in volatile markets to provide for long-term compounding of wealth



### Time-Tested Process

Team-based approach and time-tested philosophy enhances process repeatability



### Alignment to Clients

Broad equity participation, co-investment and compensation linked to client performance



### Stability & Continuity

Multi-generational team with very low turnover



SGA Emerging Markets Growth WRAP composite inception is 8/1/2014. The primary benchmark for the SGA Emerging Markets Growth WRAP composite is the MSCI EM. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). **It should not be assumed that future results will be reflective of past performance.**

# Philosophy

Identify those few differentiated global businesses that offer predictable, sustainable growth over the long term

Perform deep company research with coverage by multiple analysts to enhance objectivity

Wield valuation as an essential element of growth stock selection; cash flow metrics best reflect reality

Focus on a longer-term time horizon to take advantage of short-term inefficiencies and volatility

Invest with conviction based solely on opportunity and not benchmark active weights

# SGA Emerging Markets Growth

SGA vs MSCI EM

Gross Margin	41%	34%
Cash Flow/Earnings	91%	72%
Net Debt/EBITDA	0.4x	-0.2x
Earnings Variability	7.9%	26.7%

SGA vs MSCI EM

EPS Growth	14.9%	-0.8%
Revenue Growth	13.0%	-1.0%



SGA vs MSCI EM

Enterprise Yield	4.0%	4.2%
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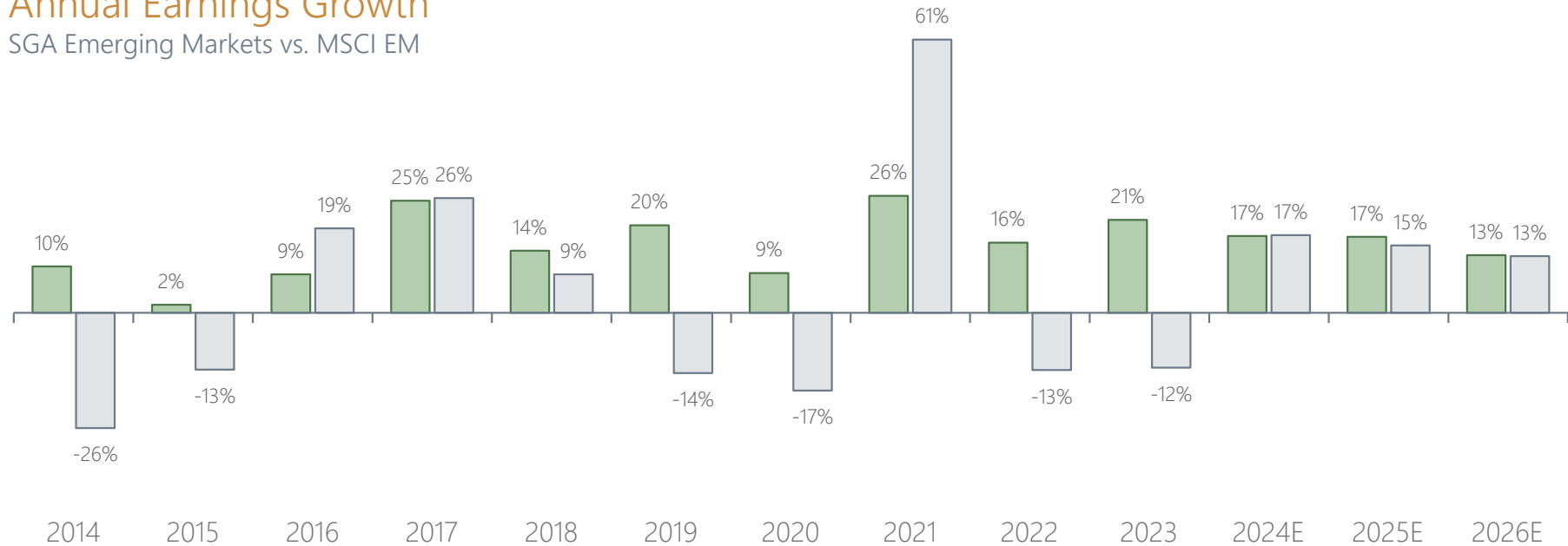
Source: Bloomberg, FactSet, and SGA Earnings and Revenues Estimates and Adjustments. Data as of 3/31/2024. Cash Earnings Ratio is a measure of proportion of earnings that is converted into cash (CFATS / Earnings). Cash Flow Available To Shareholders (CFATS) = Op Cash Flow – Cap X – Sustaining Acquisitions – Unfunded Obligations (pensions, legal). Enterprise yield (EY) is a proprietary measure of the free cash flow truly available to investors as a percentage of market value (CFATS / Market Capitalization). C/E Ratio, EY exclude Banks and Insurance industries. SGA C/E ratio and Enterprise Yield projected. Gross Margin, C/E Ratio, EY calculated as weighted average. Net Debt/EBITDA calculated as weighted average excluding securities +/- 1 standard deviation from the benchmark average and excluding Bank, Insurance, and Investment Banking & Brokerage industries. CP All Net Debt/EBITDA uses consolidated figures. Earnings Growth data is through 12/31/2023 (last full calendar year of reported EPS data) for SGA's Emerging Markets Growth WRAP composite. SGA EPS Growth data is based upon portfolio companies' non-GAAP operating earnings. EPS calculations exclude companies with earnings going from (i) positive to negative or (ii) negative to positive, year to year. EPS and Revenue Growth are historical values since inception of the Emerging Markets Growth WRAP composite, 8/1/2014.

# Higher Growth with Lower Variability

SGA Portfolio Companies have historically grown their earnings at 2x the rate of the index with significantly less variability

## Annual Earnings Growth

SGA Emerging Markets vs. MSCI EM

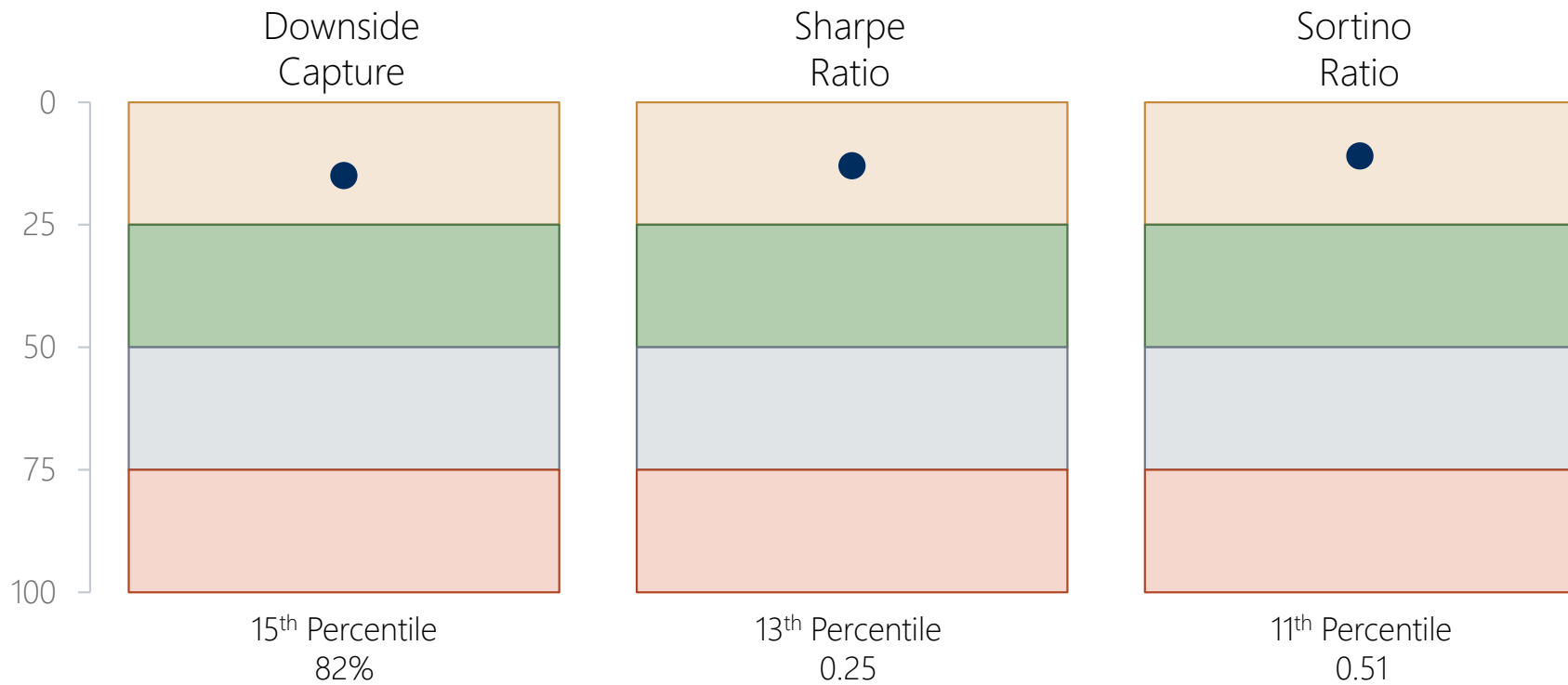


	Earnings Growth	Earnings Variability
SGA EM	14.9%	7.9%
MSCI EM	-0.8%	26.7%



Data as of 3/31/2024. Source: Bloomberg, FactSet, SGA Earnings and Revenues Estimates and Adjustments. Historical growth rates for MSCI EM are sourced from Bloomberg. MSCI EM estimates and characteristics sourced from Bloomberg and FactSet using MSCI data. SGA EPS Growth data is based upon portfolio companies' non-GAAP operating earnings. EPS calculations exclude companies with earnings going from (i) positive to negative or (ii) negative to positive, year to year. Earnings variability calculated using standard deviation of annual EPS growth, since inception 8/1/2014. SGA and MSCI EM earnings growth and variability statistics are since inception through last full calendar year, 2023. SGA weights and characteristics based on a representative account. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Lower Risk By Most Measures – Emerging Markets

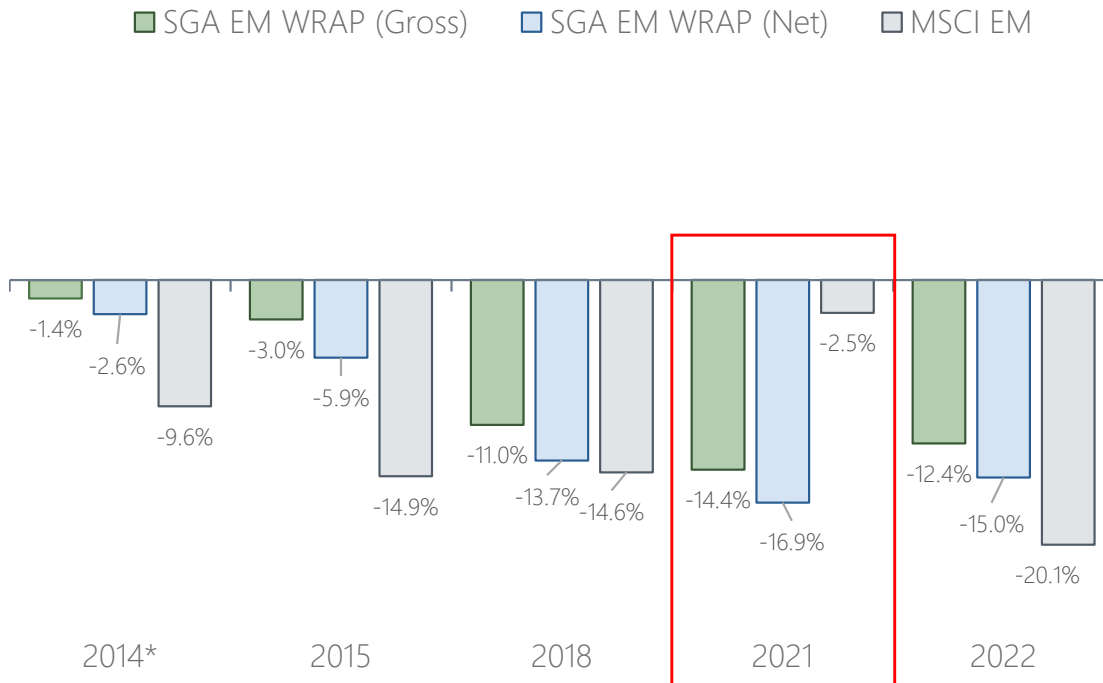


Data is from 8/1/2014 to 12/31/2023. Please see performance slide included in these materials for the full performance presentation. SGA paid a standard fee to eVestment for access to rankings and other services. Peer rank based on gross returns. Universe is eVestment Global Emerging Markets Equity. Peer size is 318. Sortino Ratio uses MAR of 0%. It should not be assumed that future results will be reflective of past performance.

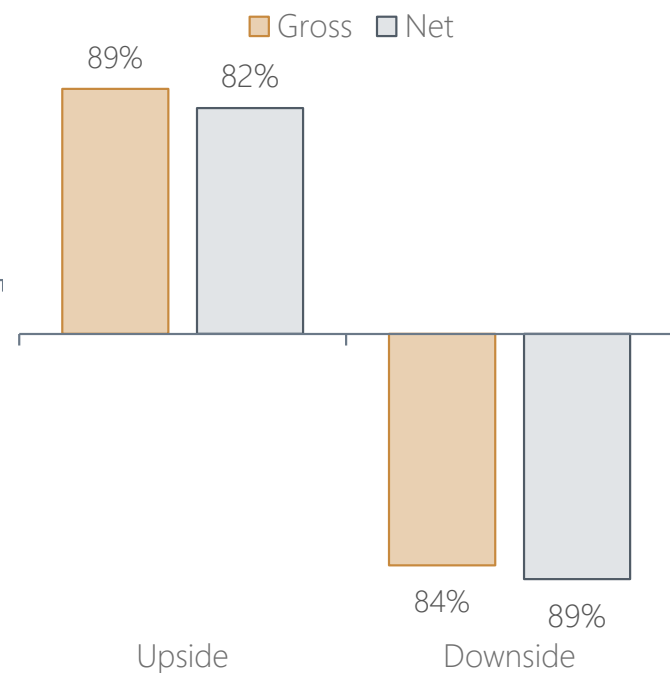
# Downside Capture – 2021 An Anomaly

To compound long-term wealth, protect capital from losses

## Down-Market Years



## Upside & Downside Capture



- 50% of the total underperformance in 2021 was driven by the portfolio's China Education stocks.
- 75% of the total underperformance was driven by the portfolio's China exposure.
- Despite weak market, leadership was concentrated in energy, commodities, and generally lower quality and more economically sensitive stocks driven by a macro-snapback and earnings recovery, which provided an unfavorable backdrop for our style. We experienced similar headwinds in 2016, where we trailed the index, as markets enjoyed a significant rebound in earnings.



Data as of 3/31/2024. **Please see performance slide included in these materials for the full performance presentation.** \*Partial year. SGA Emerging Markets Growth WRAP composite inception is 8/1/2014. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). Results are presented gross and net of management fees and include the reinvestment of all income (including dividends, interest and other earnings). 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 equity 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. Upside and Downside capture based on monthly gross and net returns compared to the MSCI EM Net TR Index, since inception of the SGA Emerging Markets Growth WRAP composite. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**



# Investment Team

 <p><b>Tucker Brown</b> Analyst, PM SGA Since 2006</p>	 <p><b>Julian Cochran</b> Analyst SGA Since 2019</p>	 <p><b>George Fraise</b> Co-Founder SGA Since 2003</p>	 <p><b>HK Gupta</b> Analyst, PM SGA Since 2014</p>
 <p><b>Alexandra Lee, MD</b> Analyst, PM SGA Since 2004</p>	 <p><b>James Li, CFA</b> Analyst SGA Since 2019</p>	 <p><b>Peter Madej, CMT</b> Analyst SGA Since 2005</p>	 <p><b>Courtney Owens Davidson</b> Analyst SGA Since 2022</p>
 <p><b>Kishore Rao</b> Analyst, PM SGA Since 2004</p>	 <p><b>Rob Rohn</b> Co-Founder, Analyst, PM SGA Since 2003</p>	 <p><b>Jonathan Shaham, CFA</b> Analyst SGA Since 2022</p>	 <p><b>Luying Wang, CFA</b> Analyst SGA Since 2017</p>

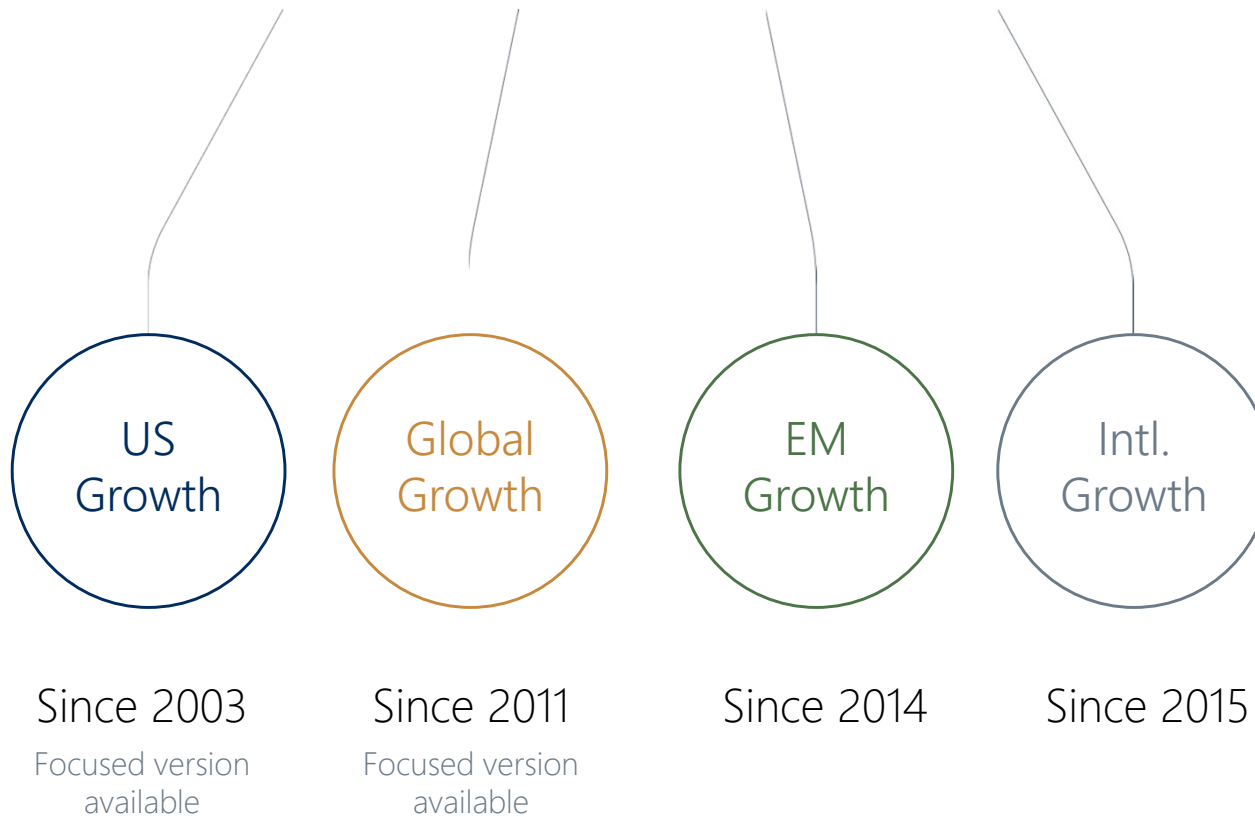
## PORTFOLIO MANAGERS

U.S.	Global	Emerging Markets	International
HK Gupta Kishore Rao Rob Rohn	HK Gupta Kishore Rao Rob Rohn	HK Gupta Kishore Rao Rob Rohn	Tucker Brown Alexandra Lee, MD Kishore Rao

# Four Flagship Portfolios

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## One Qualified Company List



# Investment Approach

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Structured to manage risk across three pillars



## Lower Business Risk

Selectivity in  
company  
identification



## Lower Human Risk

Team-based  
approach

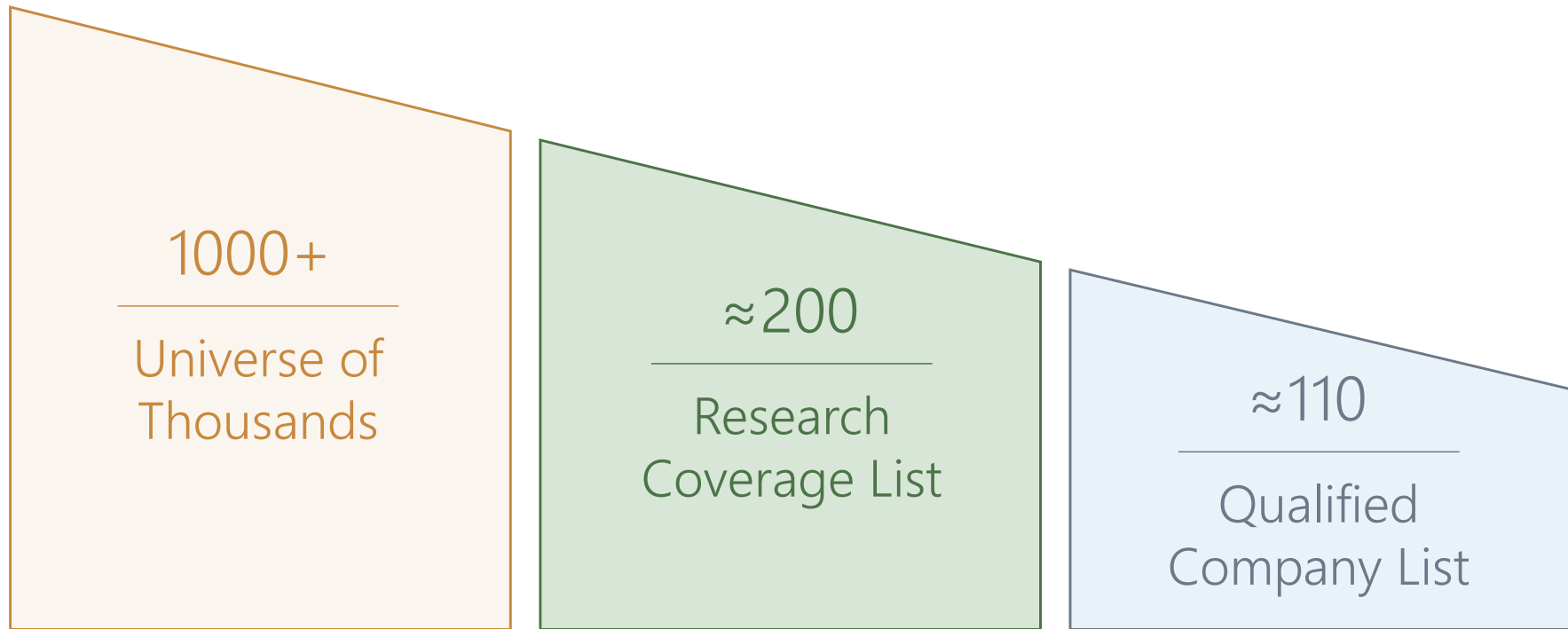


## Lower Price Risk

Discipline in  
valuation

# Company Identification

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Analysts seek the best companies worldwide: conferences, trade shows, company ecosystems and screens

Actively monitor ≈ 200 companies that potentially meet SGA criteria and/or direct competitors and 'ecosystem' companies

Continuous due diligence (including valuation) of ≈ 110 companies that meet SGA quality and growth criteria

# Research Process

## 1 Idea Formation

Analysts  
present idea for  
analysis to IC  
'Go/No Go'

## 2 Due Diligence

Deep  
fundamental  
analysis, 10Y  
financial  
projections  
  
Time: 2 – 6  
months

## 3 Qualified Company List

Investment  
concept  
presented to IC  
for inclusion on  
the 'buy-list'  
  
Requires 3 of 5  
Portfolio  
Management  
Committee  
Members'  
approval

## 4 Valuation

Relative to  
other QCL  
companies  
based on cash  
flows and  
conviction

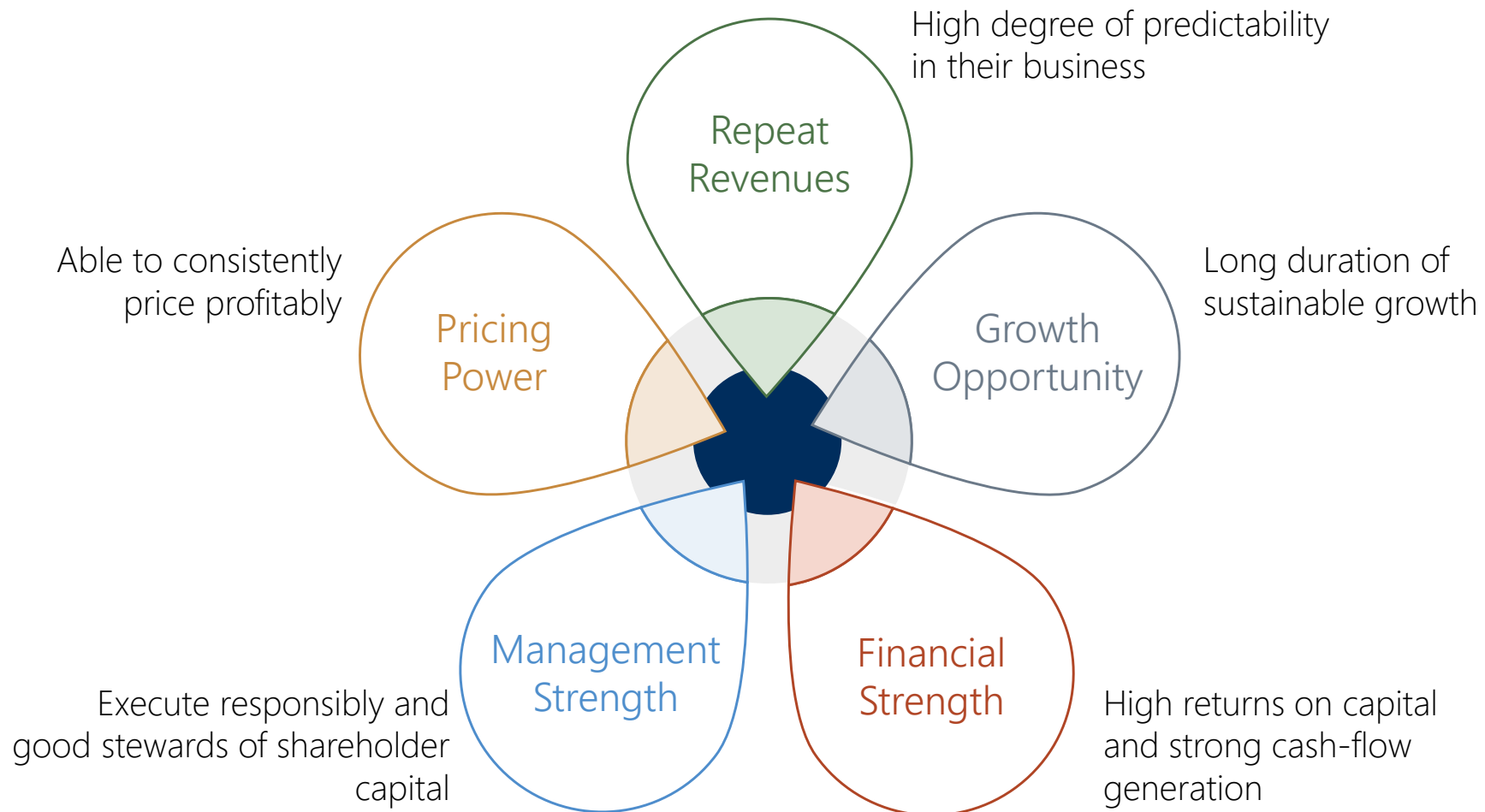
## 5 Client Portfolios

Concentrated  
25-35 stock  
portfolios  
providing best  
combination of  
valuation,  
quality and  
growth



# Lower Business Risk

## Key Investment Criteria



# Reducing Business Risk

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## Common SGA Business Models

### ✓ What We Seek

Companies possessing the characteristics we seek can be found across numerous industries with shared traits

#### Subscriptions

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- Contractually reoccurring, essential services
- Examples: software-as-a-service, financial data products

#### Consumables

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- Frequently used & replenished products
- Examples: consumer packaged goods, healthcare consumables

#### Toll Takers

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- Large captive networks, frequent transactions
- Examples: consumer internet, payment processors



This information contains the opinions of SGA which are subject to change without notice and should not be considered as investment advice, a recommendation to purchase or sell a specific security or as indicative of the investment performance of our portfolio. A complete list of all securities held in the strategy in the preceding year can be obtained free of charge by contacting SGA at (203) 348-4742.

# Reducing Business Risk

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## ✗ What We Avoid

Given the selective nature of our approach, there are certain companies that typically do not meet our requirements

### Lacking Pricing Power

- Commodity Producers (E&Ps, Miners)
- Regulated Utilities

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### Lacking Reliable Revenues or Transparency

- “Deep Cyclical” Manufacturers and Industrials
- Commercial Lenders / Money Center Banks
- Tobacco

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### Lacking Long-term Growth

- Most Traditional Retailers
  - Most Traditional Media
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# Alignment to Client Outcomes

Lower Human Risk

## Broadly-held equity

Over 50% of employees own equity;  
no one individual holds >5%

## Co-Investment

Across the team into SGA Funds

## Rewards tied to client outcomes

Equity, performance shares and career opportunities determined by contribution to client performance

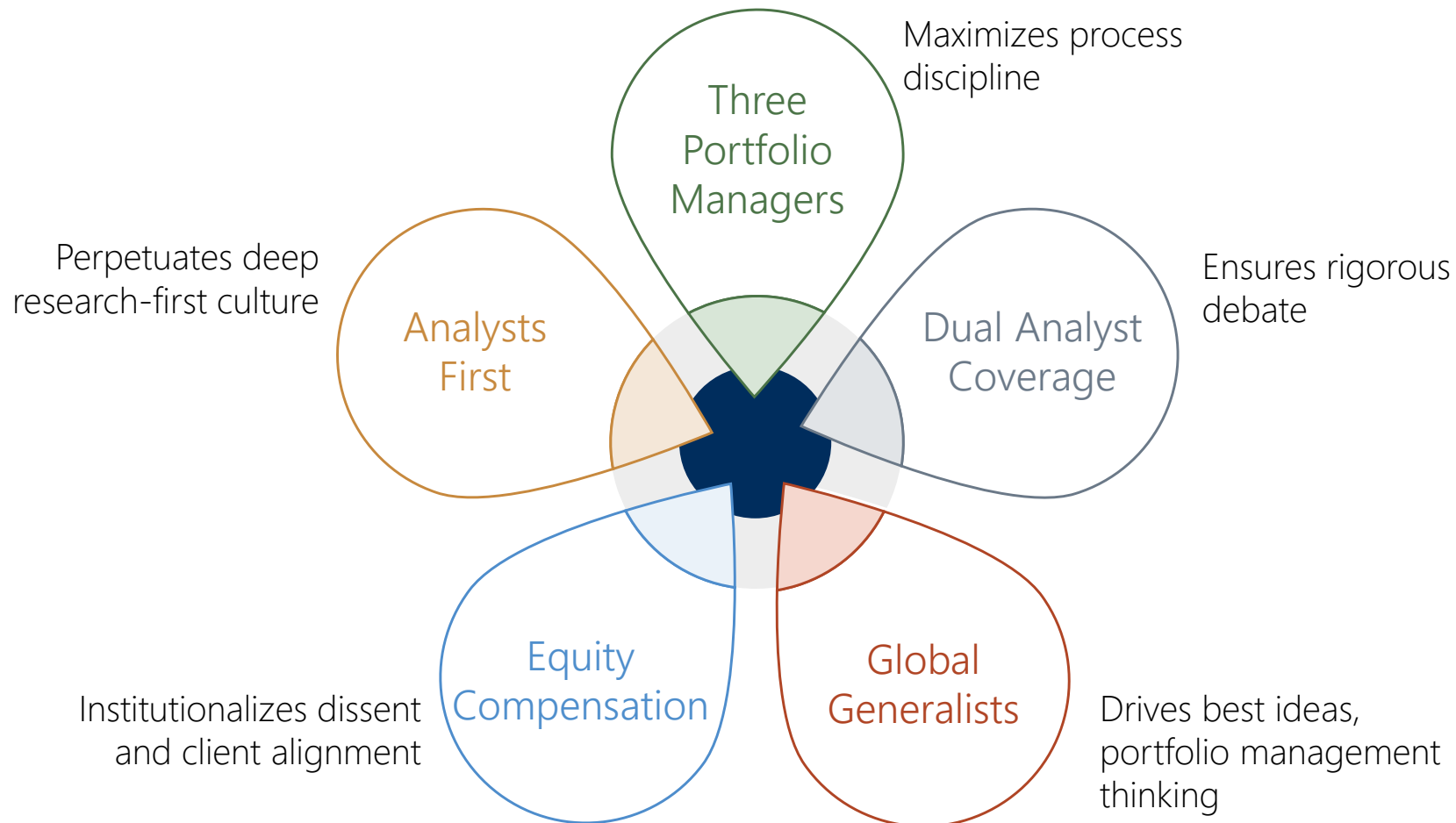
## Unique remuneration system

No subjective 'bonus' payments



# Lower Human Risk – Cultural Values

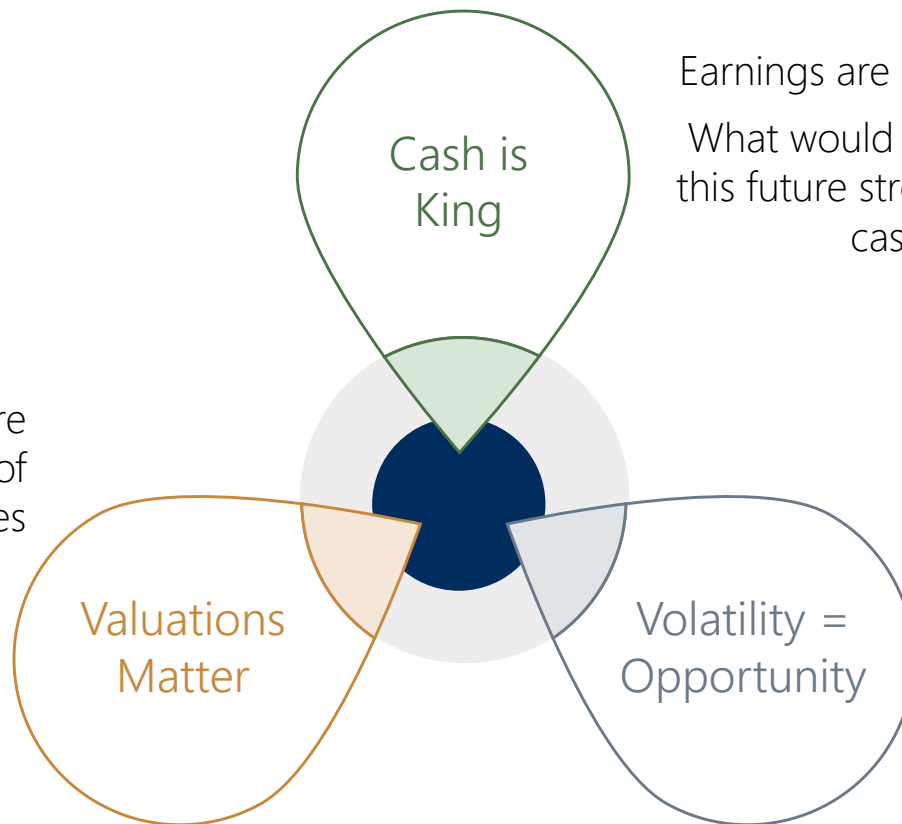
Embedded to manage behavior finance risks





# Lower Price Risk

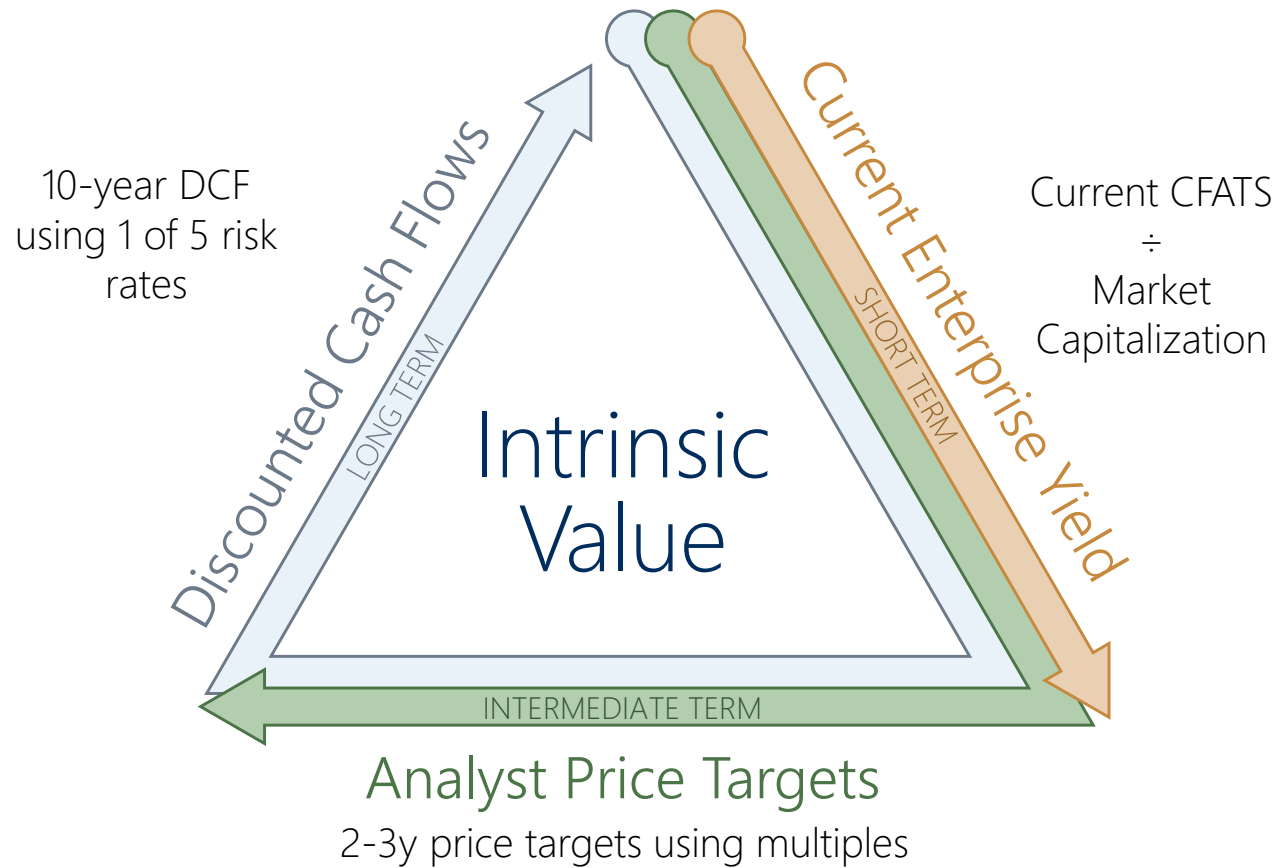
All valuation models are proprietary; no use of sell-side estimates



Earnings are easily manipulated  
What would you pay today for this future stream of predictable cash-flows?

Price volatility provides opportunities to increase the growth profile of the portfolio without compromising on quality

# Valuations



Cash Flow Available to Shareholders (CFATS)



Operating Cash Flows



CAPEX



Sustaining Acquisitions



Unfunded Obligations

# Portfolio Construction

## Stock Level

- Extensive, first-hand research
- Selective criteria
- Team vetting
- >110 Qualified Company List → 25-35 Portfolio
- Valuation considerations
- 2 of 3 PM approval

## Benchmark Consideration

- We never own a neutral conviction stock for diversification or active risk objectives
- Bottom-up process with top-down review

## Portfolio

- 25 – 35 holdings
- Conviction based sizing
  - 4 – 6% above-average weight
  - 3 – 4% average weight
  - <3% below-average weight
- 40% maximum sector exposure
- 25% maximum industry exposure
- 80%+ emerging market companies\*
- Manage country/regional allocation more on source of revenue generation than domicile



These are general portfolio construction and risk management guidelines that may be revised in order to satisfy clients' specific portfolio mandates. Portfolio construction parameters are subject to change. \*Emerging Market Companies defined as companies domiciled in or having at least 50% of revenues derived from emerging markets.

# Sell Discipline

## Fundamental Deterioration/ Mistake

Structural decline of a company's pricing power, competitive advantage, long-term secular growth rate, or any other fundamental erosion that lowers the long-term sustainability of a company's cash flow growth.

## Valuation Consideration

We will trim or remove a position from the portfolio if it appears overpriced on our cash flow-based valuation system on an absolute basis or relative to other candidates for portfolio inclusion from the Qualified Company List.

## Forced Attrition

When a current holding becomes less attractive relative to another company on our Qualified Company List, we will sell the holding to make room for the new portfolio addition.

# Portfolio Holdings

<b>Communication Services</b>		<b>2.8%</b>
Tencent	China	2.8%

<b>Consumer Discretionary</b>		<b>21.9%</b>
MercadoLibre	Uruguay	5.4%
Fast Retailing	Japan	4.5%
Yum China	China	4.1%
H World Group	China	2.7%
Adidas	Germany	2.6%
JD.com	China	2.6%

<b>Consumer Staples</b>		<b>39.1%</b>
FEMSA	Mexico	6.4%
Wal-Mart de Mexico	Mexico	5.1%
CP All	Thailand	4.8%
Unilever	United Kingdom	4.0%
Heineken	Netherlands	3.8%
L'Oreal	France	3.3%
Bud APAC	Hong Kong	3.0%
Mengniu Dairy	China	2.5%
Diageo	United Kingdom	2.5%
Nestle	Switzerland	1.9%
Unicharm	Japan	1.8%

<b>Financials</b>		<b>24.0%</b>
HDFC Bank	India	7.0%
XP	Brazil	5.6%
Bank of Central Asia	Indonesia	5.1%
AIA Group	Hong Kong	3.3%
Sanlam	South Africa	3.0%

<b>Health Care</b>		<b>2.7%</b>
Abbott	United States	2.7%

<b>Information Technology</b>		<b>8.2%</b>
Infosys	India	6.2%
TSMC	Taiwan	2.0%

<b>Cash</b>		<b>1.3%</b>
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Representative portfolio weights as of 3/31/2024. Portfolio holdings are subject to change daily. Under no circumstances does the information contained within represent a recommendation to buy or sell securities. It should not be assumed that investments in the securities were or will be profitable. A complete list of all securities held in the strategy in the preceding year can be obtained free of charge by contacting SGA at (203) 348-4742. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Performance – SGA Composite

Trailing Returns	Q1 2024	Annualized Returns			
		1-Year	3-Year	5-Year	Since Inception
SGA Emerging Markets Growth (Gross)	-5.2%	-3.2%	-9.1%	2.4%	4.7%
SGA Emerging Markets Growth (Net)	-5.9%	-6.0%	-11.8%	-0.6%	1.6%
MSCI EM (Net TR)	2.4%	8.2%	-5.1%	2.2%	2.2%
MSCI EM Growth (Net TR)	3.4%	5.2%	-8.9%	2.2%	3.0%

Calendar Year Returns	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014 (Partial)
SGA Emerging Markets Growth (Gross)	7.2%	-12.4%	-14.4%	31.2%	31.0%	-11.0%	36.3%	2.1%	-3.0%	-1.4%
SGA Emerging Markets Growth (Net)	4.1%	-15.0%	-16.9%	27.4%	27.2%	-13.7%	32.4%	-0.9%	-5.9%	-2.6%
MSCI EM (Net TR)	9.8%	-20.1%	-2.5%	18.3%	18.4%	-14.6%	37.3%	11.2%	-14.9%	-9.6%
MSCI EM Growth (Net TR)	5.8%	-24.0%	-8.4%	31.3%	25.1%	-18.3%	46.8%	7.6%	-11.3%	-7.1%



Data as of 3/31/2024. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). Results are presented gross and net of management fees and include the reinvestment of all income (including dividends, interest and other earnings). 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 equity 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. SGA Emerging Markets Growth WRAP composite inception is 8/1/2014. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**



# Quality Factors Mixed In First Quarter

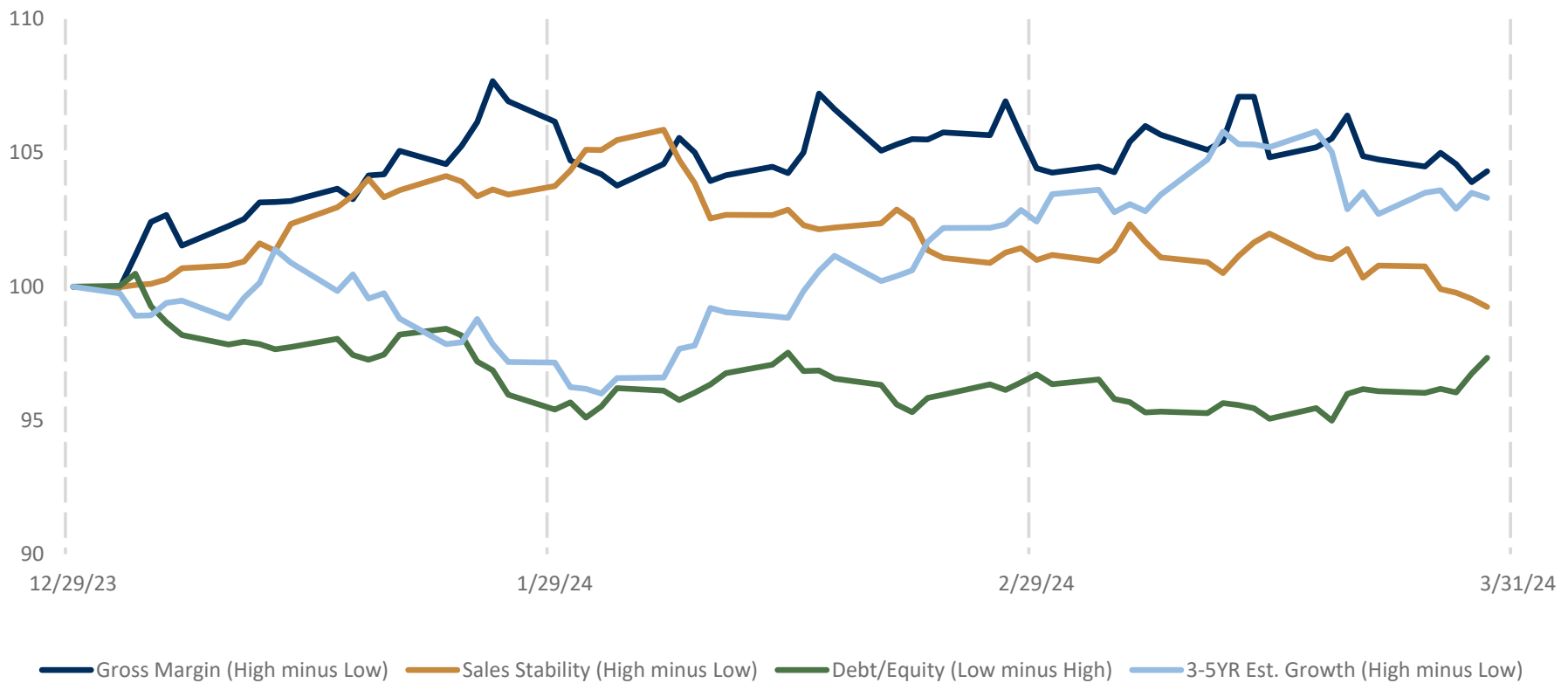
SGA is focused on companies with strong pricing power, repeat revenues, financial strength, long and visible growth opportunities, and strong management teams.

*Pricing Power = High Gross Margins*

*Financial Strength = Low Leverage*

*Repeat Revenues = High Sales Stability*

*Growth Opportunity = High Estimated Growth*

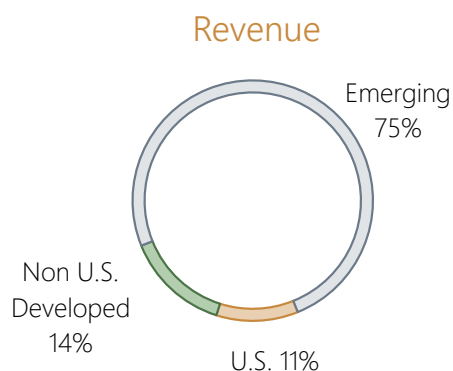


Data as of 3/31/2024. Source: FactSet, MSCI. Graph depicts the factor return for each factor calculated as the highest quintile minus the lowest quintile based on monthly returns for the MSCI EM Index. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Portfolio Positioning Summary

3Y EPS Growth Rate	5-10%	10-15%	15-20%	20%+
Allocation	25%	44%	20%	11%
C/E*	93%	86%	94%	99%
EY*	4.9%	3.6%	5.3%	2.3%
Fwd. 3 YR Rev.	8%	10%	12%	13%

Region Domicile	SGA	MSCI EM	Diff.
APAC ex China	37.8%	55.0%	-17.2%
Latin America	22.5%	8.8%	+13.7%
Europe	18.1%	3.1%	+15.0%
China	14.7%	22.5%	-7.8%
Middle East & Africa	3.0%	10.4%	-7.4%
Developed Americas	2.7%	0.2%	+2.5%



Market Value	SGA	MSCI EM	Diff.
\$50 Billion +	60.4%	40.8%	+19.6%
\$25 – 50 Billion	11.7%	14.9%	-3.2%
\$15 – 25 Billion	9.0%	11.2%	-2.2%
\$5 – 15 Billion	18.9%	25.6%	-6.7%
< \$5 Billion	0.0%	7.5%	-7.5%

Sector Allocation	SGA	MSCI EM	Diff.
Communication Services	2.8%	8.6%	-5.8%
Consumer Discretionary	21.9%	12.4%	+9.5%
Consumer Staples	39.1%	5.6%	+33.5%
Energy	0.0%	5.3%	-5.3%
Financials	24.0%	22.4%	+1.6%
Health Care	2.7%	3.5%	-0.8%
Industrials	0.0%	7.0%	-7.0%
Information Technology	8.2%	23.7%	-15.5%
Materials	0.0%	7.2%	-7.2%
Real Estate	0.0%	1.5%	-1.5%
Utilities	0.0%	2.8%	-2.8%
Cash	1.3%	0.0%	+1.3%



Data as of 3/31/2024. Source: Bloomberg, FactSet, SGA Estimates and Adjustments and representative portfolio. Earnings growth rates are based upon SGA estimates of portfolio companies' non-GAAP operating earnings. EPS calculations exclude companies with earnings going from (i) positive to negative or (ii) negative to positive, year to year. \*C/E Ratio, EY exclude Banks and Insurance industries. SGA C/E ratio and Enterprise Yield projected. Holdings/weights are subject to change without notice and should not be considered investment advice, a recommendation to purchase or sell a specific security or as indicative of the investment performance of SGA's portfolio. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

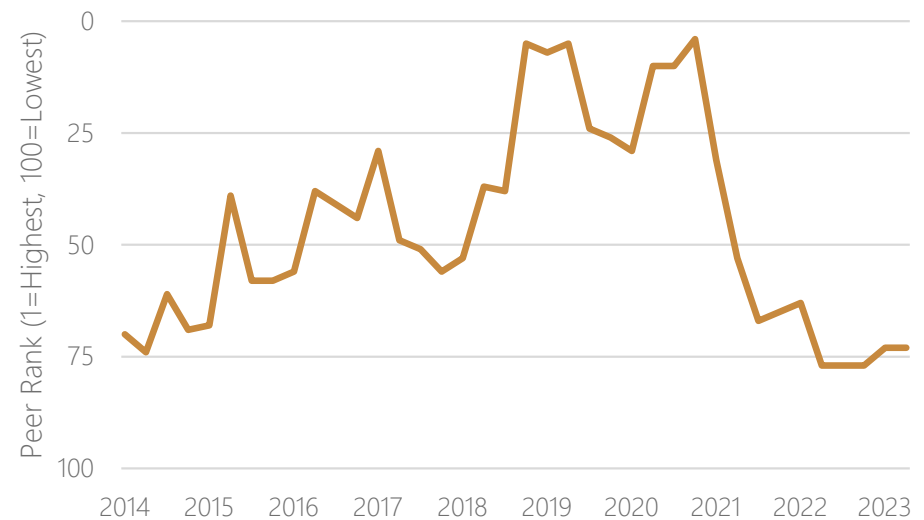
# SGA Emerging Markets Growth – China Exposure

The portfolio's China exposure has been trending down since 2021 and its exposure ranks in the 73<sup>rd</sup> percentile amongst peers\*.

SGA EM China Exposure (%)



China Exposure: Peer Ranks

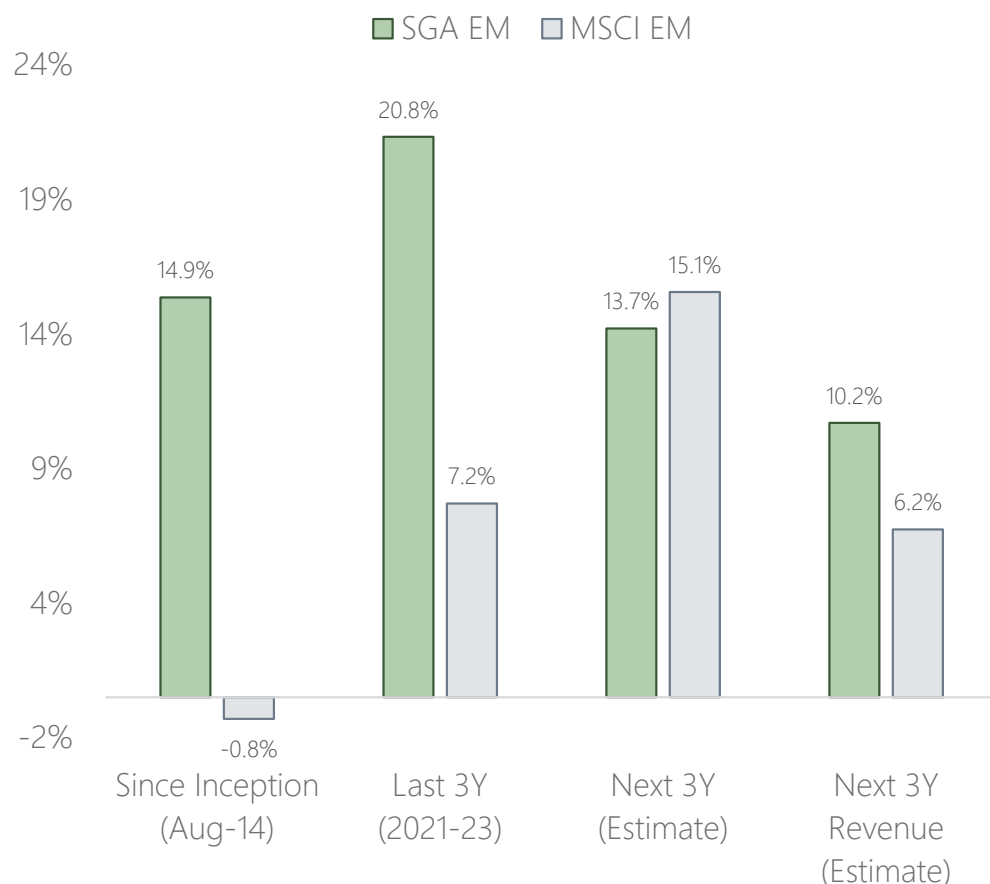


SGA EM China Exposure as of 3/31/2024. \*Source: eVestment. **SGA paid a standard fee to eVestment for access to rankings and other services.** Universe: Global Emerging Markets Equity. Peer size ranges from 378-545 depending on the period under review. Peer rank data based on quarterly observations from 9/30/2014-12/31/2023. SGA Emerging Markets Growth Composite inception 8/1/2014. **It should not be assumed that future results will be reflective of past performance.**

# Portfolio Characteristics

## Annualized Earnings Growth

SGA Emerging Markets vs MSCI EM (p.a.)



## Quality

	SGA	MSCI EM
Gross Margin	41%	34%
Cash/Earnings Ratio	91%	72%
Net Debt/EBITDA	0.4x	-0.2x
Earnings Variability	7.9%	26.7%

## Characteristics

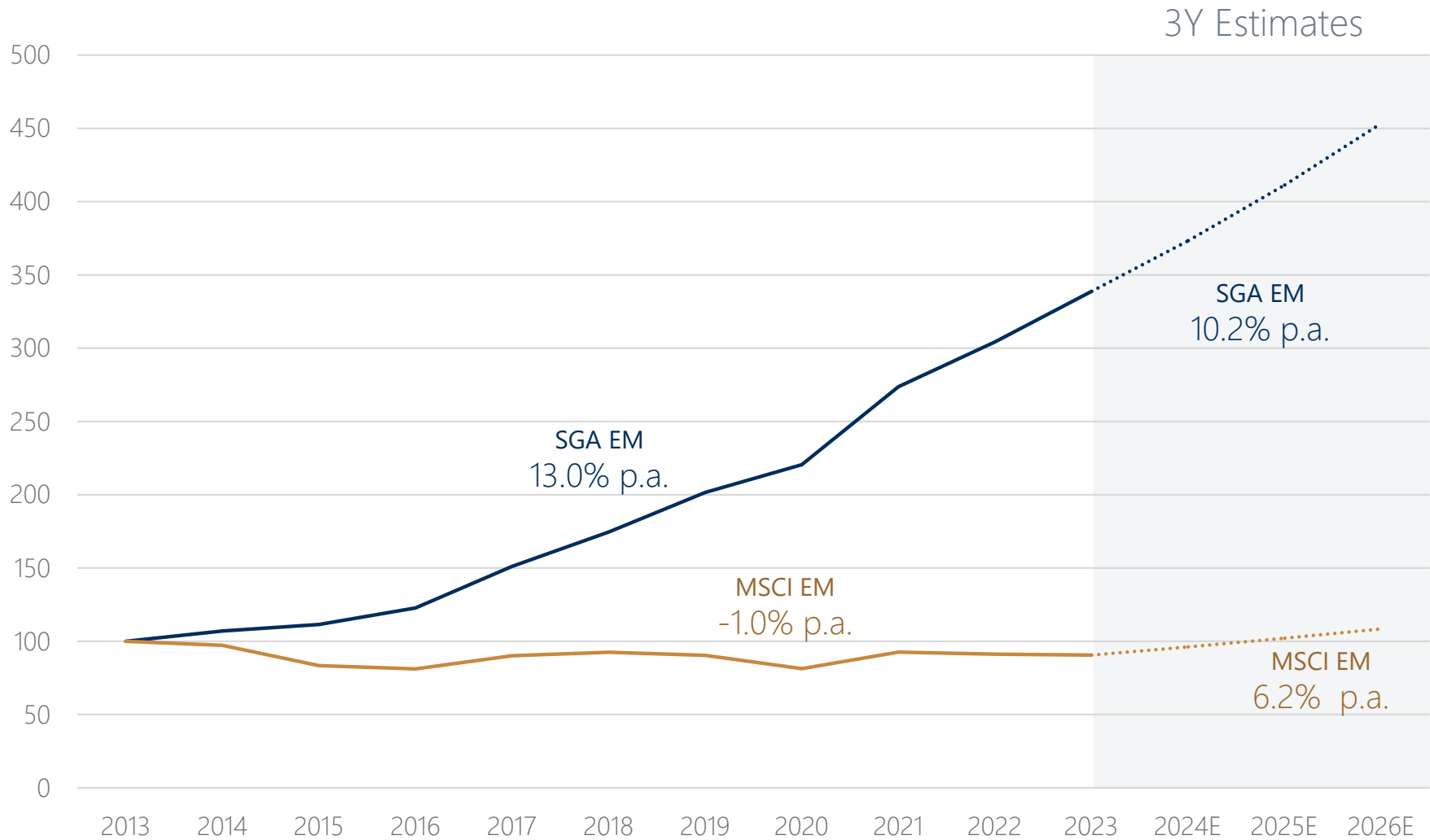
	SGA	MSCI EM
Weighted Mkt Value	\$95B	\$127B
Median Mkt Value	\$72B	\$7B
Number of Holdings	26	1,376
% in Top Ten	54%	24%
% Cash	1.3%	-
Active Share	91%	-



Source: Bloomberg, FactSet, SGA Estimates and Adjustments. Data as of 3/31/2024. Historical growth rates for MSCI EM is sourced from MSCI and Bloomberg. MSCI EM estimates and characteristics sourced from Bloomberg and FactSet using MSCI data. C/E Ratio excludes Banks and Insurance industries. SGA C/E ratio projected. SGA weights and characteristics are based on a representative account. SGA EPS Growth data is based upon portfolio companies' non-GAAP operating earnings. EPS calculations exclude companies with earnings going from (i) positive to negative or (ii) negative to positive, year to year. Earnings Variability is calculated using standard deviation of annual EPS growth, since inception 8/1/2014. Net Debt/EBITDA calculated as weighted average excluding securities +/- 1 standard deviation from the benchmark average and excluding Bank, Insurance, and Investment Banking & Brokerage industries. CP All Net Debt/EBITDA uses consolidated figures. All accounts are modeled in line with SGA's representative account. Account holdings and weights may differ from this representative account. The representative account holdings are subject to change without notice. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Revenue Growth

## Historical Revenue Growth



Data as of 3/31/2024. Source: SGA Earnings and Revenues Estimates and Adjustments, Bloomberg, and FactSet. SGA Revenue Growth calculated as the weighted average of all securities held in the portfolio during each calendar year. This information is supplemental and complements the GIPS Report on composite performance. **It should not be assumed that future results will be reflective of past performance.**

# Sustainability

Enhancing the predictability of our companies and reducing portfolio risk

## Naturally ESG Compatible

- Focus on business quality and risk
- How sustainable is long-term growth?

## Integrated Process

- Proprietary ESG ranking system
- Cash-flow projections & discount rates
- Portfolio decision making
- Engagement & proxy voting

## External ESG Research

- A supplement to our proprietary research
- MSCI ESG Analytics

## Client Preferences

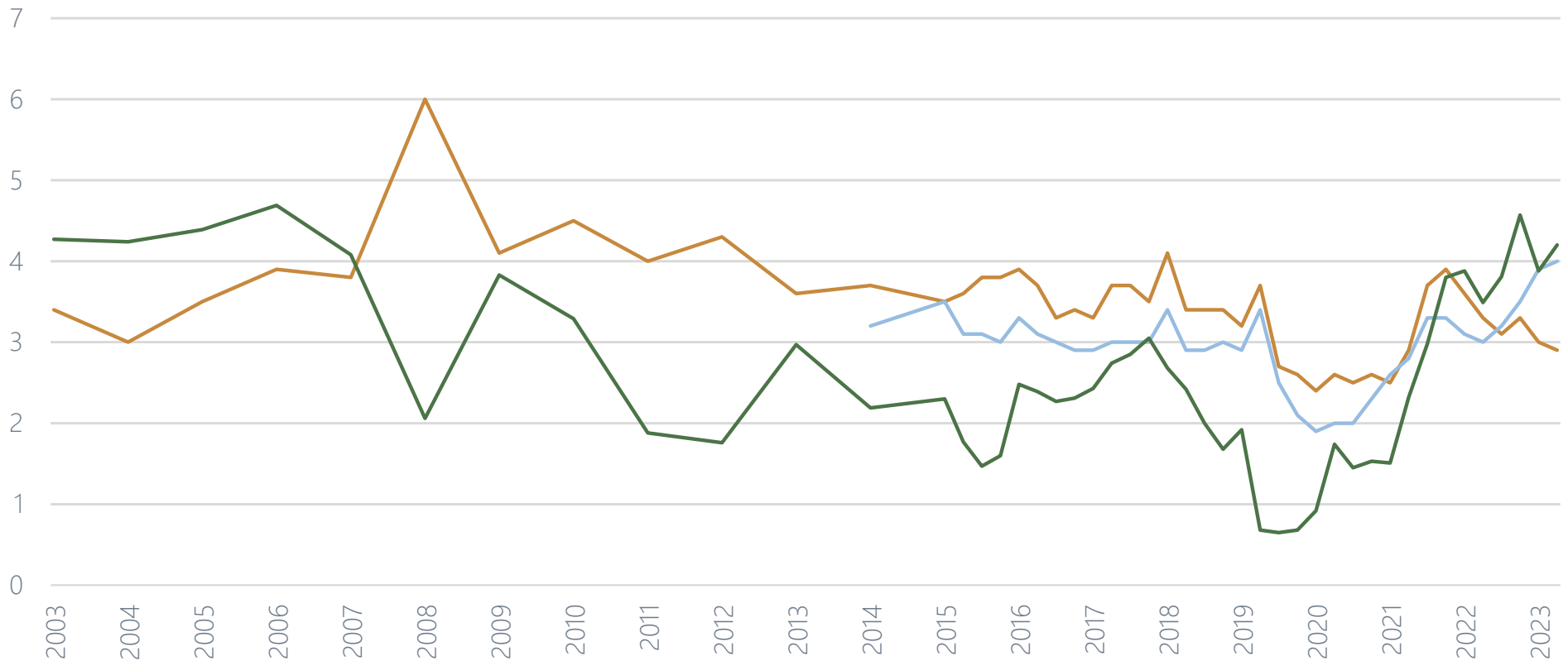
- Tailored investment universe upon request

## Continuous Enhancements

- Updated ESG & Proxy Voting Policies
- Environmental & Modern Slavery Policies
- Review of Third-party ESG Data Providers
- Appointment of MSCI ESG Research & GHG Portfolio Analysis Services
- Appointment of ISS Sustainability Voting Policy Services
- Adoption of the PRI Framework: Identify-Assess-Model-Engage
- Member of Ceres Investor Network
- Formalized Diversity and Inclusion Policy

# Portfolio Valuation – Enterprise Yield

Enterprise Yield = (Op Cash Flow – Cap X – Acquisitions – Unfunded Obligations ) / Market Capitalization



## Current Enterprise Yield

— SGA U.S. LCG 2.9%

— SGA EM 4.0%

— U.S. 10YR Bond Yield 4.2%

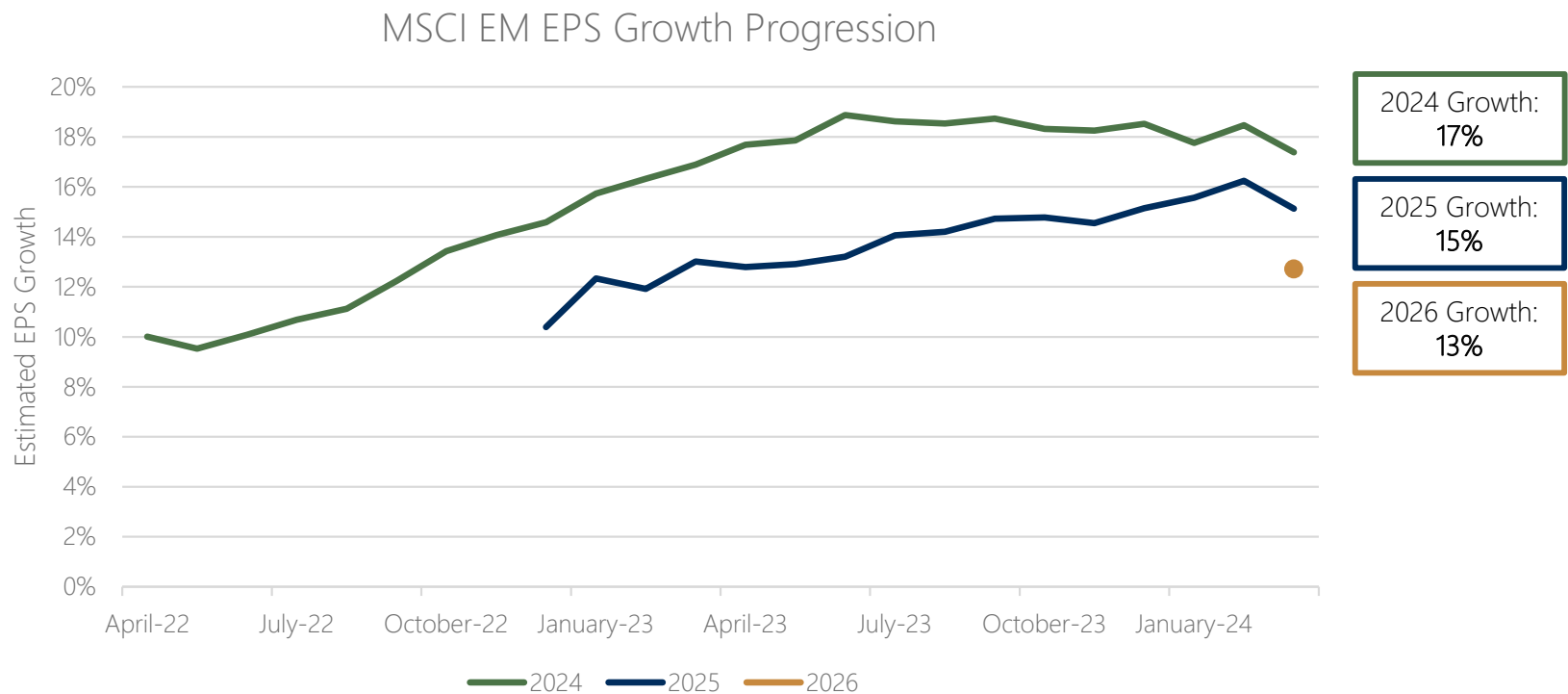


Data as of 3/31/2024. Data for SGA EM since 8/1/2014. SGA Enterprise Yield (EY) is a proprietary measure of the projected free cash flow truly available to investors as a percentage of market value (CFATS / Market Capitalization). SGA EY prior to 2005 utilizes a forward-looking simple average of actual cash flows, from 2005 SGA EY utilizes projected cash flows. EY estimates vs. 10-Year Treasury Bond (represents the risk-free rate and the benchmark against which all long duration assets must be measured). This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Earnings Growth Expectations

Despite increasing pressures, market expectations remain high

Consensus estimates for MSCI EM EPS indicate double-digit growth over the next three years



Source: FactSet Data as of 3/31/2024. It should not be assumed that future results will be reflective of past performance.



# Next Decade Unlikely to Look Like the Last

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## The Past:

- Globalization
- Peace dividend
- Unprecedented monetary accommodation
- The Chinese growth engine
- Tremendous fiscal stimulus
- Internet opportunities

## The Future:

- Deglobalization and greater supply chain control
- Geopolitical conflicts rising in multipolar world
- Higher interest rates
- China's growth slowing, worsening demographics
- Unsustainable sovereign debt levels
- AI opportunities

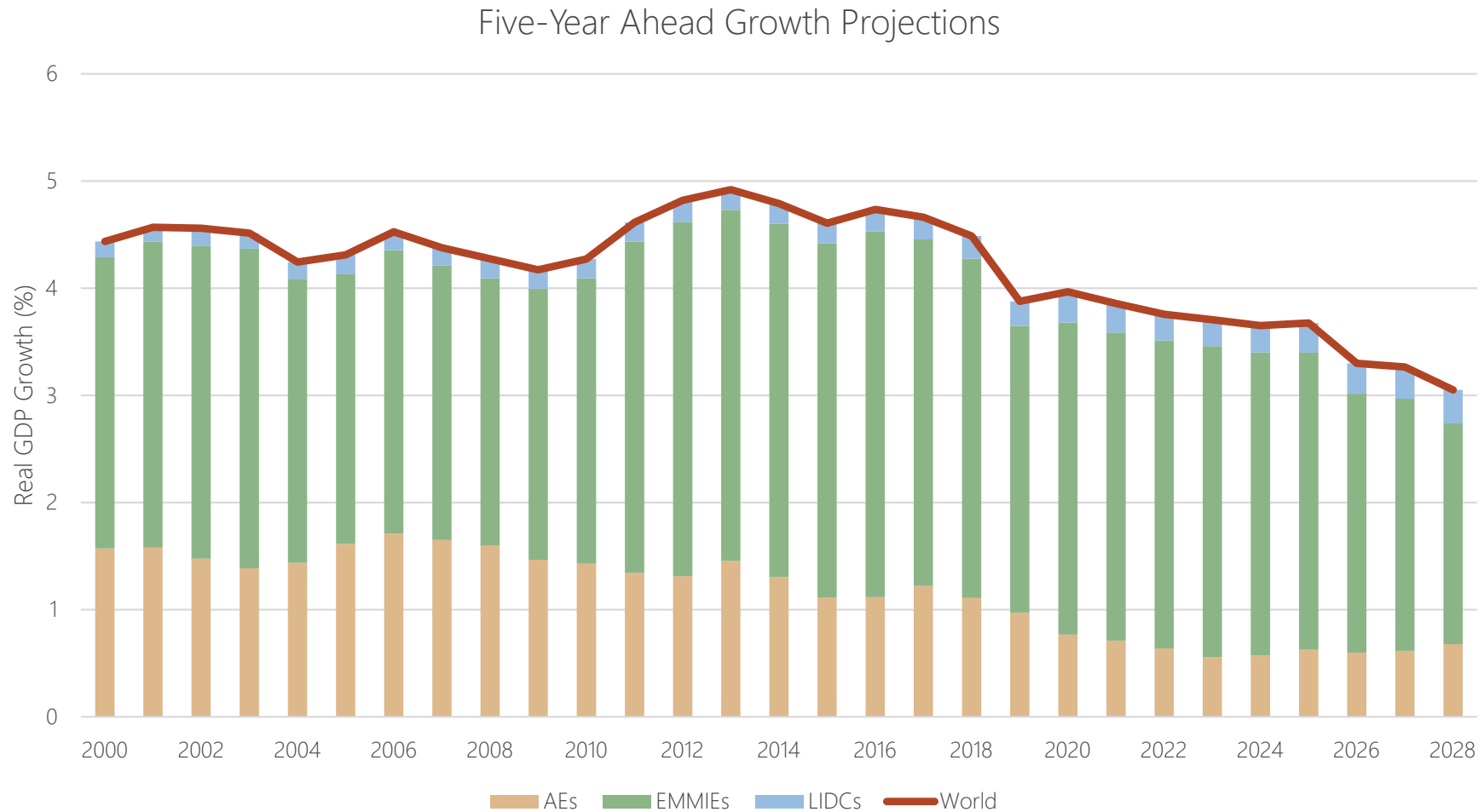
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*Secular growth, revenue predictability and valuation likely to become more important determinants of success*



The views expressed represent the Manager's assessment of the portfolio and market environment as of the time period indicated and should not be considered a recommendation to buy, hold, or sell any security and should not be relied on as research or investment advice. Information is as of the date indicated and subject to change. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

# Slowing Growth Ahead for World Economies



# Performance Tailwinds and Headwinds

SGA's approach produces a portfolio with strong growth through all phases of the business cycle.

## Periods when we tend to outperform:

- Periods of **moderating growth expectations** when attractively-valued, cash-flow compounders are rewarded
- Macroeconomic 'downturns' when higher-quality, economically-resilient companies are appreciated

## Periods when performance is likely to lag:

- Speculative or momentum-driven periods of **rising growth expectations** when reliable growth companies and valuation discipline goes unrewarded
- Macroeconomic 'snapbacks' when lower-quality and highly-cyclical companies experience relief rallies

SGA's approach is geared towards providing strong absolute returns



SGA Emerging Markets Growth WRAP composite inception is 8/1/2014. The primary benchmark for the SGA Emerging Markets Growth WRAP composite is the MSCI EM. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). **It should not be assumed that future results will be reflective of past performance.**

# Analysts / Portfolio Managers

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**Tucker  
Brown**

Tucker is a Principal, Analyst and Portfolio Manager on the SGA Investment Committee. Tucker has been with the firm since 2006. He has been co-manager of SGA's International Growth Portfolio since its inception in 2015. Additionally, Tucker has investment committee leadership responsibility for overseeing SGA's ESG policies and engagement. He guides the ongoing incorporation of ESG elements into our investment process while each analyst on our investment team integrates ESG factors and implementation as part of company research. SGA's Investment Committee recruiting efforts, including the firm's analyst internship program is currently led by Tucker. Prior to joining SGA, Tucker was a Vice President in the Equity Research Department of Goldman Sachs, where he served as a member of the firm's U.S. packaged food research team. Previously, Tucker worked in the Investment Banking Division of Goldman Sachs, focused on M&A and corporate finance advisory for clients in retail, technology and industrial sectors. Tucker began his career as a fund accountant and custody manager at Brown Brothers Harriman & Co. Tucker has a B.A. in Economics from Bucknell University and an M.B.A. from The Wharton School.

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**Julian  
Cochran**

Julian is a Principal and Analyst and a member of the Investment Committee. He is a member of the ESG Working Group. Prior to joining Sustainable Growth Advisers in 2019, Julian was a Senior Equity Analyst at First Investors, where he covered the healthcare industry for seven years. Prior to First Investors, Julian was an Equity Research Associate at the boutique healthcare research firm Leerink Partners. Julian began his career as an Investment Banking Analyst at JP Morgan, and later transitioned to an Associate role within the Corporate Mergers and Acquisitions Group. Julian holds an MBA from The Wharton School and a bachelor's degree in finance and accounting from the University of Michigan.

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**George  
Fraise**

George is a co-Founding Principal and member of the SGA Investment Committee. He also sits on SGA's Executive Committee. He provides oversight over all SGA business development and client relationship efforts. George is devoted to client facing efforts and supports our non-US offices in Sydney and London as well as our partnerships with strategic consultants. George was co-manager of SGA's US Large Cap Growth and Global Growth flagship portfolios, from their respective composite inceptions until 2020 and 2021, respectively, when his portfolio manager responsibilities transitioned to Kishore Rao and HK Gupta. Prior to co-founding SGA, George was Executive Vice President of Yeager, Wood & Marshall, Inc. since 2000 where he was a member of the Investment Policy Committee, a member of the Board of Directors and co-manager of the John Hancock U.S. Global Leaders Growth Fund. George has a B.A. from Trinity College and an M.B.A. in Finance and International Business from the Stern School of Business at New York University. George was born in Switzerland, grew up and educated in Madagascar and the US, and is fluent in French.

# Analysts / Portfolio Managers

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**Hrishikesh  
(HK) Gupta**

HK is a Principal, Analyst and Portfolio Manager on the SGA Investment Committee. HK has been with the firm since 2014. He has been co-manager of SGA's Emerging Markets Growth Portfolio since its inception in 2014 and of SGA's Global Mid-Cap Growth Portfolio since its inception in 2018. In 2021, he joined the portfolio management team of SGA's flagship Global Growth Portfolio as co-manager. In 2022, he joined the portfolio management team for SGA's US Large Cap Growth portfolio. HK worked at three companies that have featured on our Qualified Company List (Qualcomm, American Express and Amazon) before joining the investment industry. Prior to joining SGA, HK was a Senior Analyst at MDR Capital Management, a long / short equity hedge fund, and an Associate Managing Director at Iridian Asset Management. HK followed the Technology, Telecommunications, Industrials, Basic Commodity and Refiners sectors while at MDR and Iridian. He also worked as an Investment Banking Associate at Bank of America Merrill Lynch, and advised industrials and financials' clients on private placements and M&A. As noted, HK spent three years in industry as a Product and Program Manager at Amazon.com and, as part of their strategic executive division, led the launch of Amazon's Japanese and German merchant platforms. HK holds a Bachelor's degree in Computer Science from Indian Institute of Technology (IIT) Bombay, an MS in Computer Science from the University of California, San Diego and an MBA with specialization in Corporate Finance from the Stern School of Business at NYU. HK was born, raised and educated in India and is fluent in Hindi.

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**Alexandra  
Lee, MD**

Alexandra (Alex) is a Principal, Analyst and Portfolio Manager on the SGA Investment Committee. She has been with the firm since 2004. Alex has been co-manager of SGA's International Growth Portfolio since its inception in 2015. Before her career in the investment industry, Alex was a practicing medical doctor in Korea. Prior to joining SGA, she was an Associate Director and an equity analyst at Bear Stearns, where she was responsible for coverage of large cap biotechnology companies, and served as a member of the firm's global healthcare research team. Previously, Alex was employed at JP Morgan as an equity research analyst. Alex has an M.D. from Yonsei University in Korea and an M.B.A. from Harvard Business School. She was born in South Korea, grew up in South Korea and the Philippines, and is fluent in Korean.

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**James  
Li, CFA®**

James is a Principal and Analyst and a member of the Investment Committee. He is a member of the SGA China Working Group. Prior to joining Sustainable Growth Advisers in 2019, he was an Equity Research Analyst at Point72 Asset Management where he was responsible for covering global automotive and industrial technologies sectors. Before Point72, James was an Investment Banking Senior Associate at Citigroup, where he was responsible for M&A and corporate finance advisories for global industrials companies. James began his career as a Global Markets Analyst at Citigroup where he rotated through interest rate options trading, credit research and corporate derivatives sales desks. James has Bachelor's degrees in Economics and Computer Science from Duke University, an MBA from Columbia Business School, and is a CFA® charterholder. He is fluent in Mandarin Chinese.

# Analysts / Portfolio Managers

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**Peter  
Madej**

Pete is a Research Analyst and a member of the Investment Committee. He is responsible for obtaining and disseminating relevant information on companies of interest from a wide variety of sources, as well as supporting SGA's valuation model and related investment tools. Pete has been with the firm since 2005. Prior to joining SGA, Peter was Vice President of Client Services at Valenzuela Capital Partners LLC, where he directed the client servicing effort. From 1992 to 2001 Peter was a Senior Marketing Associate at Avatar Investors Associates, where he acted as liaison with institutional clients and all investment management consultants. Pete has a B.A. in Economics and Comparative Literature from Williams College.

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**Courtney  
Owens  
Davidson**

Courtney is an Analyst and a member of the Investment Committee. Prior to completing her MBA and joining Sustainable Growth Advisers in 2022, Courtney was an Equity Research Associate at William Blair, where she covered the Healthcare Services industry. Prior to William Blair, Courtney was an Investment Analyst at GCM Grosvenor as a part of the Global Equities and Asia-Pacific coverage teams. Courtney holds an MBA from Columbia Business School, a Bachelor's degree in Finance from the University of Illinois, and held her Series 63, 7, 86, and 87 licenses.

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**Kishore  
Rao**

Kishore is a Principal, Analyst and Portfolio Manager on the SGA Investment Committee. Kishore has been with the firm since 2004 and also sits on SGA's Executive Committee. He has been co-manager of SGA's Emerging Markets Growth Portfolio since its inception in 2014 and of SGA's Global Mid-Cap Growth Portfolio since its inception in 2018. In 2020, he joined the portfolio management team of SGA's flagship US Large Cap Growth Portfolio as co-manager. In 2022, he joined the portfolio management teams for SGA's Global Growth and International Growth portfolios. Historically, Kishore oversaw SGA's analysts' internship program where we mentor promising analyst candidates who are completing their Master's degrees at leading universities. Prior to joining SGA, Kishore was a member of the investment team at Trident Capital, a venture capital firm managing a portfolio of software, technology, and business service companies. He was a Founder and General Manager of the Street Events division of CCBN before it was sold to Thomson Reuters. Previously, Kishore was an Investment Analyst at Tiger Management following healthcare services and software companies and an Analyst at Wellington Management following semiconductor equipment. Kishore has a B.S. in Industrial Management from Carnegie Mellon University and an M.B.A. from Harvard Business School.

# Analysts / Portfolio Managers

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**Rob  
Rohn**

Rob is a co-Founding Principal, Analyst and Portfolio Manager on the SGA Investment Committee. He also sits on SGA's Executive Committee. Since starting the firm, Rob has been co-manager of SGA's US Large Cap Growth and Global Growth Flagship Portfolios, from their respective composite inceptions (2003 and 2011). In addition, he is part of the three portfolio manager team that started and currently manages both the SGA Emerging Markets Growth and Global Mid-Cap Growth Portfolios (inception years 2014 and 2018, respectively). Rob has also had oversight over SGA's research functions involving our Investment Committee, coordinating the IC scheduled meetings and company discussion topics and balancing the workload of coverage among all analysts. Prior to co-founding SGA, Rob was a portfolio manager and principal with W.P. Stewart & Co, Ltd., a firm noted for managing large-cap, high quality growth stock portfolios. During Rob's twelve-year tenure with W.P. Stewart, he was CEO of the firm's core U.S. investment business and before he resigned, Chairman of the Management Committee. From 1988 through 1991, he was a Vice President with Yeager, Wood & Marshall, Inc., where he was a member of the Investment Policy Committee with responsibilities in equity analysis and portfolio management. Rob began his career in 1983 at J.P. Morgan where he was an officer in Corporate Finance. Rob has a B.A. (Cum Laude) from Dartmouth College and an M.B.A. from Harvard Business School.

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**Jonathan  
Shaham,  
CFA®**

Jonathan is an Analyst and a member of the Investment Committee. Prior to completing his MBA and joining Sustainable Growth Advisers in 2022, Jonathan was a Research Investment Associate and an Associate Investment Director at Cambridge Associates. Prior to Cambridge Associates, Jonathan was a Financial Planning Associate and Director of Investment Management at the financial planning firm Stonebridge Advisors. Jonathan holds an MBA from The University of Chicago Booth School of Business and a Bachelor's degree in Finance and Supply Chain Management from the University of Maryland. Jonathan is a CFA® charterholder.

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**Luying  
Wang, CFA®**

Luying is a Principal and Analyst on the SGA Investment Committee. She is a member of the SGA China Working Group and the ESG Working Group. Prior to joining SGA in 2017, Luying was a financial business analyst at PIMCO, working on portfolio analytics and risk management. Prior to that, Luying spent three years with Deloitte Consulting, providing business and technology solutions for clients in the financial services sectors. She holds a Bachelor's degree in Automation from Tsinghua University in Beijing, China, an M.S. in Industrial and Operations Engineering from The University of Michigan, Ann Arbor, an M.B.A. in Finance and Economics from The University of Chicago Booth School of Business, and is a CFA® charterholder. She was born, raised and educated in China and is fluent in Mandarin Chinese.

# Client Portfolio Managers

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**Peter  
Knudsen,  
CFA®**

Peter is a Client Portfolio Manager, responsible for supporting the firm's client service and business development efforts, with a focus on the firm's broker/dealer and platform relationships. Additionally, he assists with the development and distribution of SGA's client communications. Peter joined SGA in 2014 after completing his Master of Science degree in Finance at the Northeastern University D'Amore-McKim School of Business where he also served in positions as a Teaching and Research Assistant. Prior to this, he earned a Bachelor of Science in Business Administration Magna Cum Laude with a focus in Accounting from Peru State College. Peter is a CFA® charterholder.

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**Deana  
Leong**

Deana joined the firm in 2019 as a Client Portfolio Manager and Director of SGA Australia, responsible for developing and servicing relationships with institutional clients and consultants. Prior to joining SGA, Deana was a Senior Research Analyst at Perpetual Ltd, a prominent Australian financial services company. As part of Perpetual's multi-manager investment team, she was responsible for sourcing, researching and recommending external fund managers across global equities and alternative investments. Before joining Perpetual in 2014, she was an Investment Analyst at Ibbotson Associates (now Morningstar Investment Management) and has also held roles across operations and client service in Australia and the UK. Deana holds a Bachelor of Commerce with majors in Finance and Economics from the University of Sydney and has passed the Level II exam of the CFA® program.

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**David  
Shapiro**

David joined SGA in October 2019 as a Client Portfolio Manager. David was employed by Willis Towers Watson as a Portfolio Manager and Head of Global Equity Research for approximately 8 years during which he researched and ranked Global equity managers. David launched and managed WTW's Global Equity Focus Fund, which grew to over \$6bn and also managed Alliance Trust, a UK quoted investment trust which adopted the same concentrated, multi-manager approach. David worked closely with the team at SGA through his research and portfolio management responsibilities. Earlier in his career, David was Deputy CIO of Stamford Associates, overseeing their research and client relationships and prior to this he held roles as a UK equity portfolio manager for several firms including UBS Asset Management (formerly Phillips and Drew), Aviva Investors (formerly Morley Fund Management) and Universities Superannuation Scheme. Prior to his career in investment management, David worked as an investment analyst for two stockbroking firms. David has a Bachelor of Commerce degree from the University of Birmingham and is a Member of the Chartered Institute for Securities & Investment.

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**Steve  
Skatrud,  
CFA®**

Steve is a Client Portfolio Manager and member of the Investment Committee, responsible for client and consultant communication. Steve has been with the firm since 2014. Steve was employed by Russell Investments as a Portfolio Manager and Head of US Equity Research for approximately 14 years during which he researched and ranked US equity managers and or multi-manager US equity portfolios. Prior to joining Russell Investments, Steve was Director of Benefits Finance and Investment at Harnischfeger Industries. He also was Assistant Treasurer at Marquette University where he was responsible for overseeing the University's endowment, charitable trusts and short-term investments. Steve is a CFA® charterholder. He has a Master of Business Administration, Finance/Marketing from Washington University in St. Louis, and a Bachelor of Arts, Economics/Management from Beloit College, Beloit, WI.





# Annual GIPS Report – Emerging Markets Growth WRAP

Period	Total Return				Number of Portfolios	Composite Dispersion	3 Year Standard Deviation			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
	Before Fees	After Fees	MSCI EM Net TR Index	MSCI EM Growth Net TR Index			SGA Composite	MSCI EM Net TR Index	MSCI EM Growth Net TR Index				
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 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.

# Material and Principal Risks

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**Risks of Loss.** The value of the portfolio investments may decrease in value.

**Economic Risk.** Conditions affecting the overall economy, specific industries, or companies in which the portfolio invests can be worse than expected, and portfolio investments may fail to perform as expected.

**Equity Securities Risk.** The value of the stocks held in the portfolio may be negatively affected by the financial market, industries in which the portfolio invests, or issuer-specific events.

**Foreign Investing Risk.** Investing in foreign securities subjects the portfolio to additional risks such as increased volatility; currency fluctuations; less liquidity; less publicly available information about the foreign investment; and political, regulatory, economic, and market risk.

**Emerging Market Risk.** Emerging markets securities may be more volatile, or more greatly affected by negative conditions, than those of their counterparts in more established foreign markets.

**Sector and Industry Risk.** Events negatively affecting a particular market sector and/or industry in which the portfolio invests may cause the value of the portfolio's shares to decrease, perhaps significantly.

**Geographic Concentration Risk.** A portfolio that invests in a particular geographic location will be sensitive to financial, economic, political, and other events negatively affecting that location and may cause the value of the portfolio to decrease, perhaps significantly.

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

**Depository Receipts Risk.** Investments in foreign companies through depository receipts may expose the portfolio to the same risks as direct investments in securities of foreign issuers.

**Growth Stocks Risk.** The portfolio's investments in growth stocks may be more volatile than investments in other types of stocks or may perform differently from the market as a whole and from other types of stocks.

**Large Market Capitalization Companies Risk.** The value of investments in larger companies may not rise as much as smaller companies, or larger companies may be unable to respond quickly to competitive challenges, such as changes in technology and consumer tastes.

**Market Volatility Risk.** 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. Price changes may be short- or long-term. Local, regional or global events such as war, acts of terrorism, the spread of infectious illness or other public health issue, recessions, or other events could have a significant impact on the portfolio and its investments, including hampering the ability of the portfolio manager(s) to invest the portfolio's assets as intended.

**Medium Market Capitalization Companies Risk.** The portfolio's investments in medium market capitalization companies may increase the volatility and risk of loss to the portfolio, as compared with investments in larger, more established companies.



# Definitions And Disclosure Page

**MSCI EM Index:** The MSCI EM (Morgan Stanley Capital International Emerging Markets Index) is a market-capitalization-weighted index maintained by Morgan Stanley International (MSCI) and designed to measure equity market performance in global emerging markets. 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.

**Gross Margin:** A financial ratio indicating the percent of sales the company retains after incurring the direct costs associated with producing the goods and services it sells. Weighted average of the gross margin for the underlying portfolio holdings.

**Cash Flow / Earnings (C/E Ratio):** A measure of proportion of earnings that is converted into cash (CFATS / Earnings). Cash Flow Available To Shareholders (CFATS) = Op Cash Flow – Cap X – Sustaining Acquisitions – Unfunded Obligations (pensions, legal). Ratio is the weighted average of the underlying portfolio holdings, excluding companies in the Banks and Insurance industries.

**Net Debt/EBITDA:** (Total Debt – Cash & Equivalents)/(Earnings Before Interest, Taxes, Depreciation, and Amortization) measured as a weighted average excluding securities +/- 1 standard deviation from the benchmark average and excluding Bank, Insurance, and Investment Banking & Brokerage industries.

**Median Market Cap:** The total dollar market value of all of a company's outstanding shares. Median market cap for the underlying portfolio holdings.

**Weighted Market Cap:** The total dollar market value of all of a company's outstanding shares. Weighted average of the market cap for the underlying portfolio holdings.

**Earnings Volatility:** Measures the standard deviation of the EPS growth rates. Higher standard deviation suggests greater risk.

**Active Share:** A measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

**Enterprise Yield (EY):** A proprietary measure of the free cash flow truly available to investors as a percentage of market value (CFATS / Market Capitalization). Cash Flow Available To Shareholders (CFATS) = Op Cash Flow – Cap X – Sustaining Acquisitions – Unfunded Obligations (pensions, legal). Ratio is the weighted average of the underlying portfolio holdings, excluding companies in the Banks and Insurance industries.

**Forward 3-Year Earnings Growth:** Weighted average of the estimated 3-year earnings growth for the underlying portfolio holdings.

**Forward 3-Year Revenue Growth:** Weighted average of the estimated 3-year revenue growth for the underlying portfolio holdings.

**Sharpe Ratio:** A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk.

**Information Ratio:** A risk-adjusted measure calculated using standard deviation of excess returns and excess return to determine reward per unit of risk.

**Downside Capture:** A ratio calculated by taking the portfolio's return during the periods of negative benchmark performance and dividing it by the benchmark return.

**Standard Deviation:** Measures variability of returns around the average return for an investment portfolio. Higher standard deviation suggests greater risk.

**Beta:** A quantitative measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

## RISKS:

**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.

**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.

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