International Growth Commentary

Q4 2023

Performance

SGA's International Growth portfolio returned 12.3% (Gross) and 11.5% (Net) in Q4, compared to 9.8% for MSCI ACWI ex USA Index and 11.1% for the MSCI ACWI ex USA Growth Index. For the year, the SGA International Growth portfolio returned 18.8% (Gross) and 15.3% (Net) compared to 15.6% and 14.0% for the MSCI ACWI ex USA and MSCI ACWI ex USA Growth Indices.

Highlights

- Portfolio outperformed the MSCI ACWI ex USA and MSCI ACWI ex USA Growth Indices in Q4 and for the year.
- Markets rose on increasing optimism around the global economic backdrop and rising hopes for a broad central bank pivot in 2024 given moderating inflationary pressures. Chinese stocks remained weak given continuing concerns around its property market, economic recovery, and relations with the West.
- Positions in Adyen, FEMSA, and Temenos contributed most positively to performance, driven by better-than-expected quarterly results. Positions in Yum China, Aon, and Diageo detracted most due to near-term disappointments.
- No new positions were initiated or sold during the quarter. Positions in Dassault Systemes, FEMSA, and Linde were reduced, while positions in Nestle, Steris, and Universal Music Group were raised, among others.
- Portfolio remains well-positioned to deliver attractive, above-average growth in earnings and cash flows over the next three years with greater predictability.

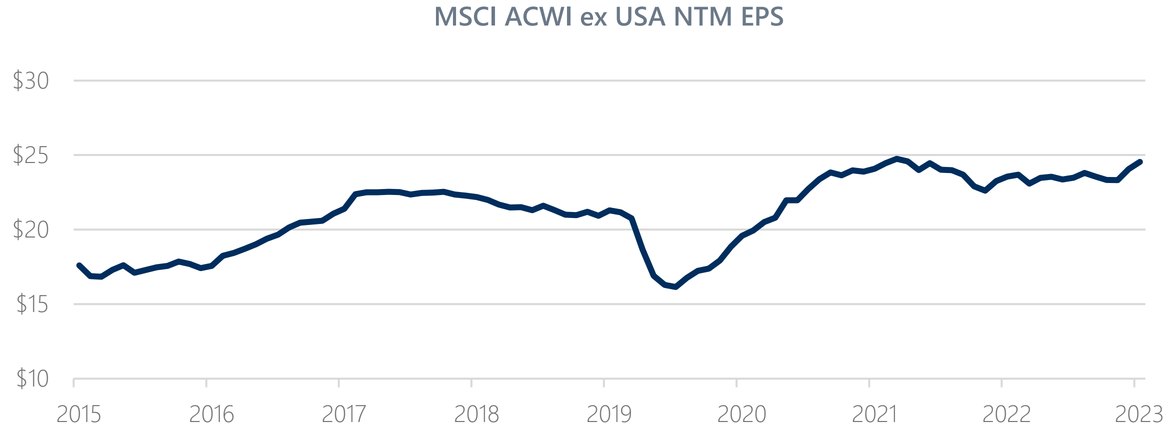
Falling Bond Yields and Optimism About Global Economy Supported a Strong Rebound in Q4

Rising investor risk appetites amid signs of moderating inflation, expectations for central bank pivots in the U.S. and Europe, and solid growth in emerging markets outside of China supported a broad-based rally in international markets to finish 2023. Long-duration assets rallied amid the decline in bonds yields leading to better performance for growth stocks which outperformed following significant underperformance in Q3. A more favorable market environment supported the portfolio's absolute and relative performance during the quarter.

Despite rising optimism, the economic growth backdrop was muted in Europe and Japan as GDP declined 0.5% and 2.9% respectively (quarter-to-quarter annualized) as weak consumption and business spending weighed on economic activity. In contrast, growth came in better-than-expected in Mexico and Brazil, where falling inflation supported expectations for interest rate cuts. Despite better-than-expected Q3 GDP growth in China, 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. Asian markets outside of China generally performed well, led by Taiwan and Korea, which benefited from a strong rebound in Semis and Tech Hardware stocks. 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. While broad-based earnings may continue to improve, the challenging economic environment in China and likely modest growth backdrop in developed markets outside the U.S. are likely to continue to be headwinds. Our portfolio continues to offer attractive growth along with superior quality characteristics and likely greater resiliency compared to the MSCI ACWI ex USA Index.

Please see table included in this commentary for full performance presentation.



Source: FactSet, MSCI

Largest Contributors

Adyen, a leading payment services provider, was the largest contributor to performance in Q4 after having been the largest detractor in Q3. Adyen operates a single proprietary platform providing a spectrum of payment services that collectively form the backbone for merchant clients to process payments at the physical point of sale and online. Adyen's platform represents a full end-to-end payments stack that enables the company to track payment flows and data from start (merchant's checkout) to finish (final settlement), leading to superior data capture and analysis, allowing the company to charge a premium for the value its services provide to customers. The company processes billions of transactions annually and customer attrition is very low (<1% of total payment volume). The company is well-positioned to take advantage of secular growth themes in the payment industry including the transition from cash and checks to electronic forms of payment, growth in mobile and omni-channel, the increasingly global nature of commerce, and the proliferation of payment methods. Adyen's better-than-expected Q3 results alleviated some of the investor concerns that weighed heavily on its stock last quarter. Volume and revenue growth of 21% and 22% respectively beat expectations and lower headcount growth guidance for 2023/24 supported expectations for a strong recovery in margins. Management also provided more realistic medium-term guidance with revenues expected to grow in the low-to-high 20%-range with an EBITDA margin target >50% by 2026. Our growth expectations for the next few years improved slightly on the better results, however, we trimmed the position on strength and maintained a below-average weight position reflecting valuation considerations.

FEMSA, one of the leading consumer companies in Latin America, was the second 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 but maintained an above-average position given a still compelling growth outlook and valuation.

Temenos, a leading provider of software solutions to banks and financial institutions, was the third largest contributor in Q4. Temenos is well-positioned to benefit from banks' adoption of packaged software, away from internally developed solutions. Banking software is mission critical in nature and therefore a sticky product, with a high cost to switch between systems or providers. As a leader outside of the U.S., with a strong reputation, the company is able to command pricing power. Temenos has had some management turnover and is also transitioning the business away from license-based to subscription-based, which had pressured results and the stock in recent years. However, we see the transition to a more recurring revenue model as a positive and expect 85% of its revenues will be recurring (SAAS, subscription) by 2024, vs only 58% in 2021. We also see signs of less turnover in management and improving execution. Additionally, Temenos is beginning to see some traction in the U.S., the largest banking software market where it has historically had limited market share. In the quarter, Temenos shares benefited from a strong rebound in Technology stocks as well as better-than-expected Q3 results. Revenues grew 11% and total software licensing increased 25%, albeit from a low base last year, while EPS rose 61%. Management raised their guidance for annual recurring revenue growth from 12-14% to 13-15% and expect to return to stronger overall growth as the company is near the end of its transition. Temenos' long term growth opportunity is supported by secular growth in financial institutions spend on third party software and the need for banks to spend more on software to reduce costs, comply with regulations, become more agile to compete with fintechs, and/or to service growing populations in emerging markets. With improving execution, albeit with the appointment of a permanent CEO still outstanding, and an attractive valuation, we raised the position target to an above-average weight.

Recruit and **Dassault Systemes** 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 but maintained a below-average weight position given near-term uncertainty.

Aon, a leading global commercial insurance broker, was the second largest detractor in Q4. Aon has invested heavily in its data and analytics capabilities over the years to offer insights, which help clients better manage risk, employee retirement, and health benefits. Aon monetizes its insights, mainly through highly recurring commissions and fees (85% of revenues), which provide predictable cash flows. Because its three key focus areas (risk, retirement, health) are very important for companies, Aon's advice is valuable, especially given increasing risk in the world (climate change, cyber security, etc.), changing regulatory requirements, rising complexity, and continually changing market conditions. With steady take rates in core broking activities, the company has been taking on higher margin businesses which are enabled by analytics and has been successful delivering consistent revenue growth and margin expansion over the years. We expect overall steady growth based on rising premiums in risk, health, and increases in retirement assets moving forward. Aon's shares underperformed during the quarter as investors reacted negatively to the announcement of its planned acquisition of NFP, a leading middle market provider of risk, benefits, wealth, and retirement plan advisory solutions. Management also announced a restructuring program aimed at increasing their technology spend to enhance data and analytics offerings while reducing headcount. The acquisition of NFP and restructuring makes sound strategic sense, however we recognize it will have a negative impact on near-term earnings and free cash flow. Meanwhile, the company's Q3 results of 6% organic revenue growth and 15% earnings per share growth, were in line with expectations but trailed competitors' results, due to continued softness in M&A related revenues. We maintained an above-average weight position given our favorable long-term growth outlook and attractive valuation.

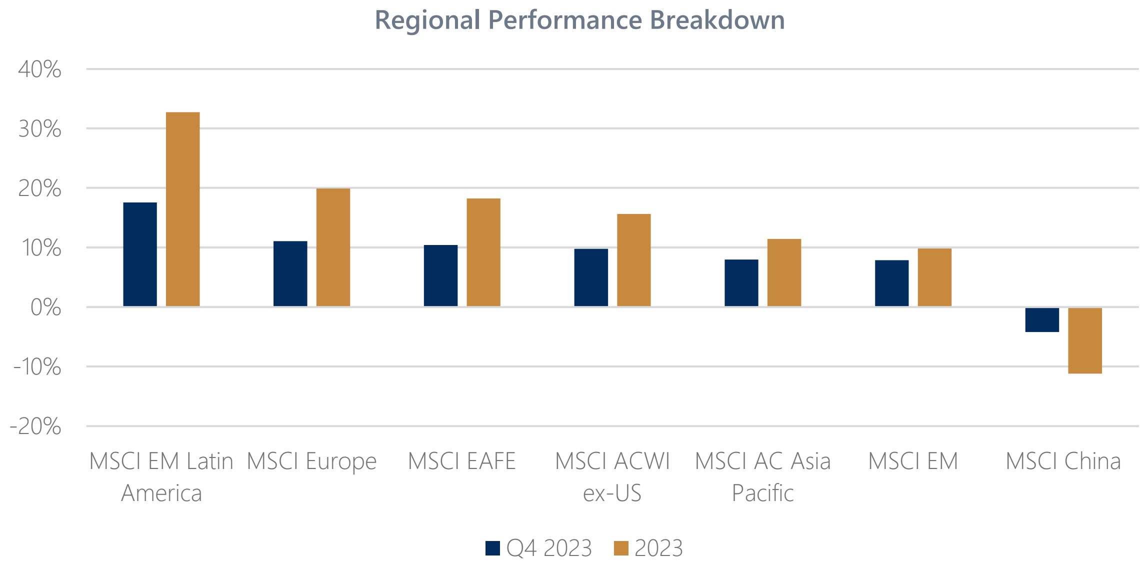
Global spirits industry leader **Diageo** was the third largest detractor from returns in Q4. The company cut current fiscal year financial guidance, with 1H profits expected to be down and 2H profits to show only gradual improvement. A weak consumer environment in Latin America (11% of sales) was cited as the primary reason for the downgrade, with weakness in Europe and severe business impacts in the Middle East also mentioned. As expected, Diageo did note that momentum in North America (~50% of profits) is improving following a period of difficult COVID-era comparisons and industry destocking, while growth in Asia was solid. The company also lowered medium term profit growth expectations due to increased investments in brand support to reverse recent lackluster share trends. While the challenges in the Latin American business are a setback, we are confident the business will recover next fiscal year. In addition, increased investments in brand support should pay off meaningfully over time. Stepping back, we continue to see an attractive long-term growth opportunity for Diageo given its diversified product and geographic profile and secular growth opportunities in premium spirits and emerging markets. We maintained an average weight position.

Alcon was the smallest contributor to performance and **Steris** was the second smallest contributor to performance.

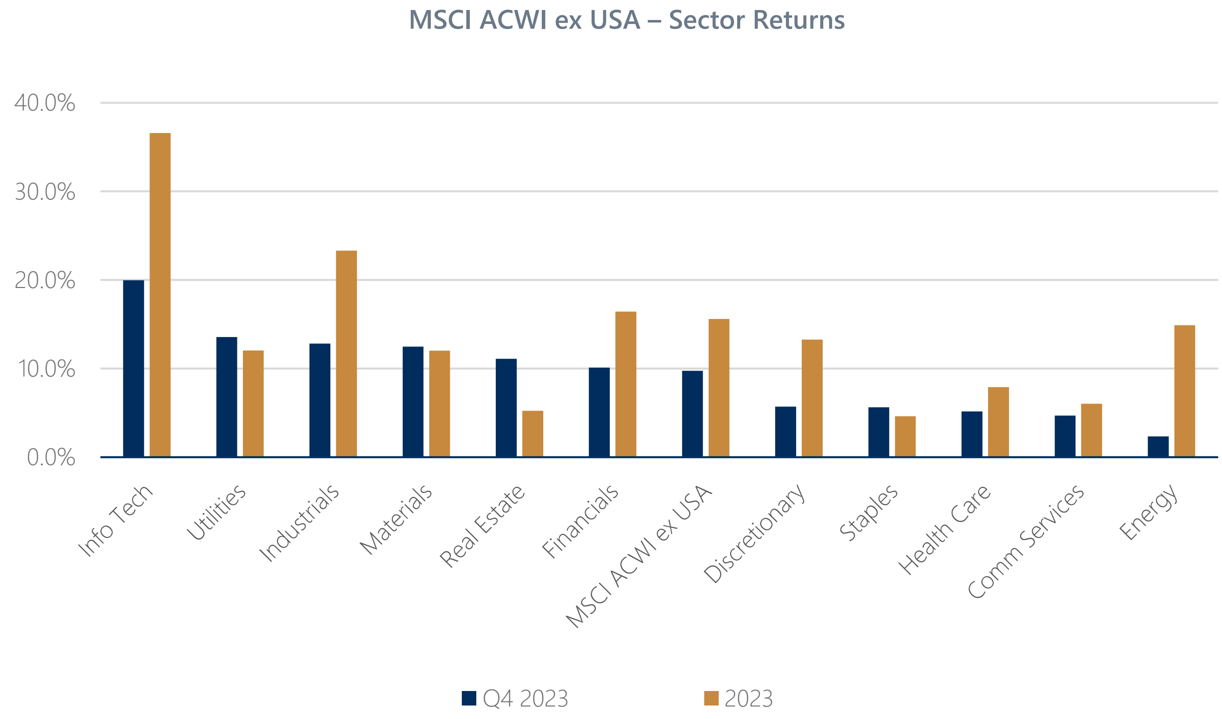
Portfolio Activity

There were no full position changes in the portfolio during the quarter. Positions in Linde, Dassault Systemes, FEMSA, Wal-Mart de Mexico, MercadoLibre, Adyen, Atlassian, SAP, and Sika were trimmed on strength while positions in Universal Music Group, AIA Group, CPKC, Nestle, Steris, and Novo Nordisk were added to on weakness.

Market Performance



Source: FactSet, MSCI.



Source: FactSet, MSCI.

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. The broader MSCI ACWI ex USA Index is expected to see a modest rebound in earnings over the coming three years but remains susceptible to macro-economic fluctuations. In our view, broad-based growth is likely to remain modest and volatile given a challenging economic backdrop in China and likely modest global economic growth moving forward. 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.

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.

International Growth Commentary

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 International 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 International Growth WRAP portfolio for the past year. SGA's earnings growth forecast data is based upon portfolio companies' non-GAAP operating earnings.

Performance Results	Q4 2023	1-Year	3-Year	5-Year	Since Inception
SGA International Growth (Gross)	12.3%	18.8%	2.3%	12.0%	8.4%
SGA International Growth (Net)	11.5%	15.3%	-0.7%	8.7%	5.2%
MSCI ACWI ex USA (Net TR)	9.8%	15.6%	1.5%	7.1%	4.2%
MSCI ACWI ex USA Growth (Net TR)	11.1%	14.0%	-2.7%	7.5%	4.8%

	Total Return						3 Year Standard Deviation						
Period	Before Fees	After Fees	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA Net TR Index	Number of Portfolios	Composite Dispersion	SGA Composite	MSCI ACWI ex-USA Net TR Index	MSCI ACWI Growth ex-USA 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
Mar. 1 - Dec. 31, 2015	-4.63%	-7.00%	-10.32%	-6.77%	Five or Fewer	N/A				0.096	5,318	100%	0%
2016	0.65%	-2.33%	4.50%	0.12%	Five or Fewer	N/A				0.097	5,672	100%	0%
2017	37.83%	33.85%	27.19%	32.01%	Five or Fewer	N/A				0.133	9,971	100%	0%
2018	-12.42%	-15.04%	-14.20%	-14.43%	Five or Fewer	N/A	12.85%	11.38%	11.55%	89	9,096	0%	0%
2019	30.96%	27.16%	21.51%	27.34%	Five or Fewer	N/A	12.01%	11.34%	11.50%	307	12,347	0%	0%
2020	25.55%	21.90%	10.65%	22.20%	Five or Fewer	N/A	15.87%	17.93%	16.48%	310	18,780	0%	0%
2021	9.53%	6.31%	7.82%	5.09%	Five or Fewer	N/A	15.11%	16.79%	15.01%	325	22,899	0%	0%
2022	-17.73%	-20.21%	-16.00%	-23.05%	Five or Fewer	N/A	18.68%	19.26%	18.99%	257	18,407	0%	0%
Since Inception (March 1, 2015)	7.14%	3.99%	2.84%	3.68%			15.48*	15.42*	15.24*				

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 2015, 2016, and 2017 as 36 months of returns are not available

* Since Inception Annualized Standard Deviation. SGA Composite Standard Deviation 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 and an affiliate of Virtus Investment Partners. The SGA International Growth WRAP Composite was created in March 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.

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SGA International Growth WRAP Composite contains fee-paying and non-fee paying large cap international growth equity portfolios under full discretionary management of the firm. For comparison purposes the composite is measured against the MSCI ACWI ex-USA TR Index (Net) and MSCI ACWI Growth ex-USA TR Index (Net).

The composite includes non-wrap accounts only, from 3/1/15 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 International 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.

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.

Technology Concentration: Because the portfolio is presently heavily weighted in the technology 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.