

Market Overview

During the third quarter, the reopen trade faltered as investors grappled with the rise of the Delta variant, the Evergrande crisis in China, and central banks around the globe tightening monetary policy to battle spiking inflation. On a sector basis, epicenter sectors like consumer discretionary lagged while energy rose 7%. On a regional basis, China's regulatory interventions contributed to double digit declines, while European stocks largely held up as vaccinations gained momentum. By quarter end, vaccination rates in Europe had surpassed those in the U.S. Similarly, vaccination rates in Japan are on pace to exceed those in the U.S. soon, and the country performed well for the quarter. Rising inflation presented challenges in the Emerging Markets, with central banks in Brazil, Russia, and Mexico hiking interest rates this year.

Portfolio Overview

The Portfolio modestly outperformed the MSCI All Country World ex-US benchmark Index on a relative basis during the quarter. Sector allocation contributed over the reporting period while stock selection and country allocation detracted from returns.

Portfolio Contributors

Selection was positive across the consumer discretionary and information technology sectors. From a sector allocation perspective, an underweight in consumer discretionary benefitted results. By country, selection was strong across the portfolio's Hong Kong and Netherlands-based holdings. Underweight exposures in South Korea and Brazil also boosted relative performance. **ASM International** and **Techtronic Industries** were the strongest absolute contributors.

Quarterly results for Dutch semiconductor supplier **ASM International** were solid and boosted in part by record sales. Management issued guidance ahead of estimates on expectations of rising chip demand.

Hong Kong-headquartered **Techtronic Industries** reported strong 1H 2021 results on accelerated growth in the professional tools segment as DIY and outdoor/home improvement spending continued and the company took market share from competitors.

Performance Data as of September 30, 2021

Annualized Returns (%) ¹	QTD	YTD	1 Year	3 Year	5 Year	10 Year
NFJ International Value Wrap Composite (gross)	-2.42	8.49	24.31	7.87	8.40	6.06
NFJ International Value Wrap Composite (net)	-3.15	6.10	20.69	4.69	5.21	2.93
MSCI ACWI ex-US Index	-2.99	5.90	23.92	8.03	8.94	7.48

¹Cumulative return over a partial year

Composite results. Individual accounts will vary. **Past performance is no guarantee of future results.** The performance shown includes historical performance information from the sub-advisor. Please see Important Information at the end of this presentation for details regarding NFJ and subadvisor performance. Performance is calculated on a total return basis, assuming reinvestment of dividends and interest. Results include accrued income as well as realized and unrealized gains and losses, but do not include the effect of taxes. Gross of fee returns show performance before the deduction of advisory and Sponsor fees (including trading and custodial fees). Net returns presented include the maximum fee associated with the portfolio (fees deducted month after each quarter end for an annual fee of 3% for equity portfolios). Actual fees will vary by client.

Over the course of three decades, NFJ Investment Group's commitment to value has remained steadfast. Our investment process – built upon the principles of Benjamin Graham, the father of value investing – has stayed true to the philosophy of the firm's founders while continuing to evolve in the hands of their successors through the integration of new technological capabilities and advanced analytics methods that enhance the research process.

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NFJ International Value Wrap Strategy

Portfolio Detractors

Stock picking in financials and utilities detracted, as holdings failed to keep pace with benchmark shares. From an allocation perspective, an overweight in REITs detracted from returns. By country, selection was negative among Japan and Spain-based names. An overweight in China and underweight in India hurt quarterly results. **Ping An Insurance** and **Tencent** were the strongest absolute detractors.

China's largest insurer by market value, **Ping An Insurance**, has been negatively impacted by exposure to property firms, including beleaguered property developer China Fortune. Though 1H2021 results were mixed, management increased the interim dividend and approved plans to repurchase 5-10 billion yuan worth of A shares.

Tencent delivered solid 2Q results, including revenue up 20% y/y and adjusted net profit growth of 13% y/y on strength from gaming, fintech and business services. However, regulatory pressures hurt sentiment as China placed age restrictions on video gaming. Notably, under 3% of Tencent's gaming revenue was from players under the age of 16, and other business lines, such as cloud, continue to grow rapidly.

Portfolio Specifics

Stock	Average Weight	Absolute Contribution
Contributors		
ASM International	2.4%	0.41%
Techtronic Industries	2.1%	0.27%
Sony Group	1.9%	0.24%
Capgemini	1.6%	0.24%
Macquarie Group	2.1%	0.20%
Detractors		
Ping An Insurance Group	2.2%	-0.75%
Tencent	3.6%	-0.71%
Nintendo	2.8%	-0.52%
Longfor Group	1.7%	-0.37%
Iberdrola	2.1%	-0.35%

Managed accounts are available exclusively through financial professionals. Managed accounts have a minimum asset level and may not be suitable for all investors. Financial professionals seeking more information should contact their managed accounts department or call their NFJ representative. Accounts are managed by NFJ. For certain sponsor firm accounts, NFJ provides the model to the sponsor or the sponsor's designee for discretionary implementation.

Risk Considerations: Market Volatility: Local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, 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. **Issuer Risk:** The portfolio will be affected by factors specific to the issuers of securities and other instruments in which the portfolio invests, including actual or perceived changes in the financial condition or business prospects of such issuers. **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 or medium-sized companies may enhance that risk.

Outlook

After a generally slow start, vaccination rates have ramped up in Europe and Japan, leading to V-shaped economic recoveries. Many areas are poised to catch-up to the growth already experienced in the US and China. While US growth may have peaked, there could be a lag for European economies, allowing investors to take advantage of discounted valuations for international equities.

Recently, Chinese equity markets have been some of the hardest hit on the heels of regulatory uncertainty, as policymakers ramp up scrutiny of the country's tech giants. The economic agenda has shifted to focus on "common prosperity," even at the risk of hammering corporate profits. This has taken place alongside the China Evergrande real estate defaults, as the property sector plays an outsized role in China's economy. These market dynamics have created extraordinary levels of uncertainty and idiosyncratic stock risk. However, headline risk can lead to compelling investment opportunities for active market participants. Regulatory challenges are not limited to China; even U.S. companies can face policy headwinds. While investors may face volatility in the near term, we continue to focus on sustainable, longer-term winners.

Investors outside the U.S. must also consider the potential risks should U.S. interest rates and the U.S. dollar continue to rise. The "Taper Tantrum" of 2013 remains fresh in investors' minds. Fortunately, most countries, especially emerging markets, have become less reliant on foreign currency debt and more frequent adopters of floating exchange rates. Additionally, investors have valuation on their side, as discounts on international have widened to historical levels. According to MSCI forward P/E multiples, U.S. equities have gone from trading at a 37% premium to the ACWI ex-US just six months ago to a 46% premium today. The U.S. equity premium over EM equities has expanded from 51% to 66%. While investors must remain prudent with respect to country risks related to Covid, we continue to believe an approach that focuses on diversification, attractive valuations, and quality fundamentals will benefit long-term performance results.

NFJ International Value Wrap Strategy

Portfolio Statistics as of September 30, 2021

Sector Allocation (%)



	Portfolio	MSCI ACWI ex-US
■ Communication Services	9.3	6.3
■ Consumer Discretionary	7.3	12.7
■ Consumer Staples	4.5	8.5
■ Energy	3.9	4.9
■ Financials	23.5	19.3
■ Health Care	6.8	9.5
■ Industrials	11.5	12.2
■ Information Technology	13.7	13.2
■ Materials	6.8	8.0
■ Real Estate	6.8	2.5
■ Utilities	4.9	3.0

Characteristic	Portfolio	MSCI ACWI ex-US
Dividend Yield (trailing 1YR, %)	2.30	2.44
Dividend Growth (5YR wtd. avg, %)	17.22	6.92
Price-to-Earnings (next 12Mos.)	14.08	13.92
Price-to-Earnings (trailing 1YR)	15.99	15.72
Return on Equity (%)	19.81	14.98
Return on Assets (%)	6.93	5.49
Earnings Growth (trailing 3YR avg.)	12.84	8.86
Earnings Growth (trailing 5YR avg.)	18.48	7.38
Market Cap (weighted avg., \$ bn)	123.5	71.6
Number of Holdings	63	2,354

Top Ten Positions

	Portfolio Weight (%)
China Merchants Bank	3.9
Tencent	3.7
Taiwan Semiconductor Manufacturing	3.4
Zurich Insurance Group	3.2
Broadcom	2.9
Nintendo	2.9
Roche Holding	2.9
Ping An Insurance Group	2.5
Iberdrola	2.5
Wolters Kluwer	2.4
TOTAL	30.3

Region Allocation (%)

	Portfolio	MSCI ACWI ex-US		Portfolio	MSCI ACWI ex-US
Asia/Pacific ex-Japan	6.3	7.1	Japan	14.3	15.3
Emerging Markets	23.7	29.3	North America	15.1	7.1
Europe ex-UK	32.5	31.8	UK	6.9	9.1

The information is historical and may not reflect current or future characteristics and may vary among individual accounts depending on a variety of factors, including portfolio size, specific investment guidelines and inception dates of individual accounts. Certain projected characteristics (such as the forward P/E ratio) of the model portfolio and indices shown have been estimated in this material. Estimated data reflect subjective judgments and assumptions and unexpected events may occur. Therefore, there can be no assurance that developments will transpire as forecasted. **P/E** is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. The forward P/E ratio shown uses funds from operations, instead of earnings, for REITs. **Return on Equity (ROE)** is a measure of a corporation's profitability, calculated as net income divided by shareholder equity. It is an indication of how well the firm used reinvested earnings to generate additional earnings. **Portfolio Information:** All portfolio statistics represent a model portfolio of this strategy currently managed by NFJ. Individual account holdings will vary depending on the size of an account, cash flows, and account restrictions. These statistics are representative of how the portfolios in the composite are invested as of the indicated date. Portfolio holdings are subject to change daily. This material is not an offer or solicitation for the purchase or sale of any financial instrument. It is presented only to provide information on investment strategies and opportunities. Statements concerning financial market trends are based on assessments of current market conditions, which will fluctuate. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities. The information presented in this material has been developed internally and/or obtained from sources which NFJ believes to be reliable; however we do not guarantee the accuracy, adequacy or completeness of such information nor do we guarantee the appropriateness of any strategy referred to for any particular investor. **Past performance is not indicative of future results.** Source: Virtus Performance & Analytics, Factset.

NFJ International Value Wrap Strategy

Schedule of composite performance results as of March 31, 2021

Year	Composite Return Gross (%)	Composite Return Net (%)	MSCI ACWI Ex-US Index Returns (%)	Composite 3-Yr St. Dev. (%)	Benchmark 3-Yr St. Dev. (%)	Internal Dispersion	# of Portfolios in the Composite at Period End	Composite Total Assets at Period End (USD \$ M)	Total Firm Assets (USD \$ M)
3/31/21	5.5	4.7	3.6	17.8	17.4	0.1	241	86.7	5,739
2020	8.5	5.3	10.7	18.3	17.9	0.5	227	70.5	
2019	21.7	18.1	21.5	12.2	11.3	0.2	314	95.1	
2018	-14.0	-16.6	-14.2	11.7	11.4	0.3	422	117.3	
2017	22.6	19.0	27.2	12.5	11.9	0.3	690	243.9	
2016	-3.8	-6.7	4.5	13.2	12.5	0.4	846	245.8	
2015	-11.3	-13.9	-5.7	12.7	12.1	0.5	1,654	652.1	
2014	-3.7	-6.6	-3.9	12.9	12.8	0.4	2,467	1,113.1	
2013	12.5	9.2	15.3	15.8	16.2	0.6	3,052	1,366.6	
2012	20.8	17.3	16.8	-	-	0.9	3,038	1,148.1	
2011	-8.9	-11.6	-13.7	-	-	241	2,070	602.1	

The Firm: The firm is defined as NFJ Investment Group, LLC (“NFJ”), a Registered Investment Advisor with the SEC. NFJ is an affiliated investment manager of Virtus Investment Partners, Inc. (“Virtus”). NFJ was founded in February 1989 with funding from Pacific Financial Asset Management Corp (“PFAMCo”). In 1994 PFAMCo merged with Thomson Advisory Group LP and became PIMCO Advisors. In 2000 Allianz AG acquired PIMCO Advisors, including NFJ. In 2010, Allianz Global Investors US LLC was formed, including NFJ. In July 2017 NFJ rolled up their RIA designation within Allianz Global Investors US LLC. At this time NFJ became a division of Allianz Global Investors LLC (“AllianzGI”) and was no longer independently registered with the SEC. Effective February 1, 2021, in connection with a strategic partnership between Virtus and AllianzGI, NFJ moved from AllianzGI and registered with the SEC as a newly established investment advisory subsidiary of Virtus. The firm definition includes all investment portfolios managed directly or indirectly by NFJ including institutional, pooled fund and wrap fee accounts.

NFJ claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. NFJ has been independently verified for the periods February 1, 2021 to March 31, 2021. 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.

GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Composite: The NFJ International Value Wrap Composite (the “Composite”) consists of portfolios that invest in a diversified group of international stocks considered to have attractive valuations and return value to shareholders. As of January 1, 2018, the investable universe was redefined to consist of non-US securities with a market capitalization generally greater than \$1B at purchase. The strategy can invest in ADRs traded in the U.S. The Composite was created February 1, 2021 and has a performance inception date of January 1, 2011. Composite performance is linked to composite performance generated at a prior firm for all periods prior to the composite creation date. The Composite includes all discretionary wrap fee portfolios with comparable investment objectives and risks, managed by NFJ for at least one full month. The Composite can include both tax-exempt and taxable accounts. No leverage has been used in the accounts included in the Composite. The Composite includes only wrap fee accounts.

A list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Portfolio Returns: Returns are calculated on a total return basis, including all dividends and interest, accrued income, realized and unrealized gains or losses reinvestment of dividends and other earnings. Performance results are expressed in U.S. dollars. Returns are presented gross and net of fees. Gross of fees performance results are “pure” gross and are provided as supplemental information, as results have not been reduced by advisory and sponsor fees (including trading and custodial fees). Net of fee returns have been reduced by the highest applicable managed account fee of 3.00% applied on a quarterly basis. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Fees: The managed account fee is a bundled fee (3.00%) inclusive of advisory, trading, custodial and administrative fees. There are no fees charged to clients at the commingled level; sponsor and advisory fees apply to the account as a whole. Actual fees incurred by client accounts may vary. Individual results may vary as a result of market conditions, trading costs and other factors, which may be unique to each account. NFJ’s compensation from the Program Sponsors vary, but it is generally between 0.33% and 0.50% of assets under management.

Index: The MSCI All Country World (ACWI) Ex-US Index (Net) measures the equity market performance of the developed and emerging markets, excluding the United States. The MSCI ACWI Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The Index is calculated with gross dividends and approximates the maximum possible dividend reinvestment. The amount deemed reinvested is the dividends distributed to individuals residing in the country of the company but does not include tax credits. Although NFJ is a value investor, the broader ex-U.S. index provides a more accurate benchmark because it is more diversified. This unmanaged market index is provided to represent the investment environment existing during the time periods shown. The index is referred to for comparative purposes only and is not intended to parallel the risk or investment style of the portfolios in the Composite. For comparison purposes, the index is fully invested, which includes reinvestment of income. The returns for this unmanaged index do not include any transaction costs, management fees or other costs. An investor may not invest directly in any index. All returns presented are calculated using U.S. dollars. The portfolios within this composite may and do invest in non-benchmark securities. Further information is available upon request.

The three-year annualized standard deviations for the composite and the benchmark are not presented as of year-end 2011 and 2012 because 36 months of composite returns are not available.

Internal Dispersion: The internal dispersion statistic is the asset weighted standard deviation calculation using beginning of period market values and pure gross of fee performance returns for the portfolios in the composite for the full period. For periods where there were 5 or fewer portfolios in the composite for the full period the internal dispersion statistic is not meaningful and is shown as “N/A”. **Past performance is not indicative of future results.**