

## Market Overview

International equities produced positive returns in the quarter, led by strength across the developed markets—and Japan in particular—while emerging markets posted weaker gains on sensitivity to China. Europe ex-UK also performed well, as the region skews more cyclical than the U.S. and cyclicals benefitted from greater confidence in a soft landing for the world’s economies. While China declined over the quarter—adding to its already steeply discounted valuations—the country’s purchasing managers’ indexes (PMIs) rebounded into expansion territory. In the MSCI ACWI ex-U.S. Index, the technology, consumer discretionary, and industrials sectors led, while consumer staples, utilities, materials, and real estate slumped into negative territory.

## Portfolio Overview

The NFJ International Value Wrap Strategy underperformed the MSCI All Country World ex-U.S. benchmark Index over the quarter. Negative stock selection drove underperformance results, while regional allocations modestly detracted and sector allocations were net neutral.

## Portfolio Contributors

Stock selection was positive across the utilities and technology sectors. An underweight in consumer staples also contributed to relative returns. By region, selection was positive in the UK, while an underweight across Asia/Pacific ex-Japan also benefitted performance results. **ASML** and **Euronext** were the strongest absolute contributors.

Netherlands-based semiconductor equipment company **ASML** ended 2023 with an order backlog worth €39B and management expects a “surge of demand” in 2025. The company expects that secular growth drivers like the transition to renewable energy, electrification, and AI, will continue to buoy demand for advanced lithography tools.

Fourth quarter results for exchange group **Euronext** exceeded analysts’ expectations, and management increased the dividend by 11.7%.

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.

## INVESTMENT TEAM

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### Thomas W. Oliver, CFA, CPA

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## Performance Data as of March 31, 2024

Annualized Returns (%) <sup>1</sup>	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NFJ International Value Wrap Composite (gross)	1.32	1.32	2.68	0.63	4.93	2.04	3.22
NFJ International Value Wrap Composite (net)	0.56	0.56	-0.35	-2.36	1.83	-0.98	0.17
MSCI ACWI ex-US Index	4.69	4.69	13.26	1.94	5.97	4.25	4.41

1. Annualized for periods greater than one year.

Composite inception January 1, 2011. 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. Please see the GIPS Report on page 4.

# NFJ International Value Wrap Strategy

## Portfolio Contributors, cont.

Top Absolute Contributors	Avg Weight (%)
ASML	4.8
Euronext	4.8
China Merchants Bank	2.8
ANTA Sports Products	3.4
Taiwan Semiconductor Manufacturing	1.2

## Portfolio Detractors

Stock picking was negative in consumer discretionary and energy, while an underweight in industrials also detracted. By region, selection was negative among Emerging Markets-based names. An underweight in Japan also dampened performance results. **HDFC Bank** and **Neste** were the strongest absolute detractors.

**HDFC Bank**, India's largest private sector bank by balance sheet size, reported mixed quarterly results with net interest income (NII) and net profit both up double-digits year-over-year, while margins were slightly below expectations and the credit-to-deposit (CD) ratio was higher than anticipated.

Finnish refiner and renewable fuels producer **Neste** released adjusted EBITDA that modestly beat consensus. However, FY2024 Renewables Products margins and volumes came in below consensus and shares declined. Outlook for renewable fuels has been hurt by fewer sustainability mandates, but long-term prospects remain strong. We reduced the position during the quarter.

Top Absolute Detractors	Avg Weight (%)
HDFC Bank	3.1
Neste	1.5
Rexford Industrial Realty,	4.1
AIA	1.7
Anglo American Platinum	1.1

## Outlook

Recent market returns for non-U.S. equity investors have been notably impacted by China, which has suffered its worst economy in many years. Policymakers there have been focused on transitioning from a more cyclical industrial manufacturing economy to more consumer-driven and sustainable long-term growth. Leaders also enacted excessive Covid lockdowns and waged legal battles against the country's tech giants, leaving China with a real estate crisis, plunging consumer confidence, and a deflationary spiral. As a result, Chinese stocks are now at their lowest levels since the 2008 global financial crisis.

Given that investors cannot buy past performance, the question today is what these results will mean for returns going forward. Value managers tend to take advantage of the fact that when news for a country or sector is good, the markets often discount those good fortunes on into perpetuity, and vice versa. China's latest run of poor stock price performance has led to historically low valuations, and investors with a strong stomach can take advantage of what is now an extremely attractive entry point. For example, the MSCI China Index, a benchmark for Chinese large- and mid-cap stocks, trades at nine times forward earnings—almost half that of the MSCI All Country World Index, a measure of the broader global equity markets.

At the same time, China's economy is showing signs of bottoming out, with its manufacturing purchasing managers' indexes back in expansion territory and GDP growth rate at 5.2% in 2023—nearly double what it was in 2022. In addition, recent reversals from policymakers, from pausing regulatory crackdowns to cutting bank reserve ratios, appear to be having a positive impact. While any economic rebound is not likely to produce the heady growth figures of the early 2000s, it could be enough to reward patient investors.

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:** 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, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its 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, 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.

# NFJ International Value Wrap Strategy

Portfolio Statistics as of March 31, 2024

## Sector Allocation (%)



	Portfolio	MSCI ACWI ex-US
■ Communication Services	2.9	5.1
■ Consumer Discretionary	19.0	11.8
■ Consumer Staples	1.0	7.4
■ Energy	3.4	5.5
■ Financials	17.6	21.4
■ Health Care	6.4	9.2
■ Industrials	11.3	13.8
■ Information Technology	10.8	13.4
■ Materials	9.8	7.4
■ Real Estate	5.8	2.0
■ Utilities	5.8	3.0

Characteristic	Portfolio	MSCI ACWI ex-US
Price-to-Earnings (next 12Mos.)	14.0x	13.7x
Price-to-Earnings (trailing 1YR)	16.0x	15.7x
Dividend Yield (trailing 1YR, %)	2.3	2.9
Dividend Growth (5YR wtd. avg, %)	16.6	7.9
Return on Equity (%)	16.8	11.9
Return on Assets (%)	8.8	6.6
Earnings Growth (trailing 3YR avg.)	13.2	20.0
Earnings Growth (trailing 5YR avg.)	15.9	10.8
Market Cap (weighted avg., \$ bn)	65.5	83.6
Number of Holdings	57	2,231

## Top Ten Positions

Top Ten Positions	Portfolio Weight (%)
ANTA Sports Products	3.9
ASML	3.9
ENN Energy	3.9
Euronext	3.9
Evolution	3.9
Li Ning	3.9
MonotaRO	3.9
Rexford Industrial Realty	3.9
HDFC Bank	3.5
China Merchants Bank	2.9
<b>TOTAL</b>	<b>37.5</b>

## Region Allocation (%)

	Portfolio	MSCI ACWI ex-US		Portfolio	MSCI ACWI ex-US
Asia/Pacific ex-Japan	3.1	7.2	Japan	5.2	15.3
Emerging Markets	31.2	26.9	North America	16.1	7.7
Europe ex-UK	37.0	34.2	UK	7.3	8.7

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 GIPS Composite Report

Schedule of composite performance results as of December 31, 2022

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)
2022	-18.6	-21.0	-16.0	22.5	19.3	0.4	118	29	4,217
2021	16.3	12.9	7.8	17.1	16.8	0.3	171	63	5,923
2020	8.5	5.3	10.7	18.3	17.9	0.5	227	71	*
2019	21.7	18.2	21.5	12.2	11.3	0.2	314	95	*
2018	-14.0	-16.6	-14.2	11.7	11.4	0.3	422	117	*
2017	22.6	19.0	27.2	12.5	11.9	0.3	690	244	*
2016	-3.8	-6.7	4.5	13.2	12.5	0.4	846	246	*
2015	-11.3	-13.9	-5.7	12.7	12.1	0.5	1,654	652	*
2014	-3.7	-6.6	-3.9	12.9	12.8	0.4	2,467	1,113	*
2013	12.5	9.2	15.3	15.8	16.2	0.6	3,052	1,367	*

\*Prior to February 1, 2021, NFJ was part of Allianz Global Investors LLC.

**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 December 31, 2022. 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. The International Value Wrap Composite has had a performance examination for the periods February 1, 2021 to December 31, 2022. The verification and performance examination reports are available upon request.

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**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 and reinvestment of dividends and other earnings. Returns are net of any foreign withholding taxes on dividends, interest and 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 monthly basis.

**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 on a total return basis with net dividends reinvested. Although NFJ is a value investor, the broader ex-U.S. index provides a more accurate benchmark because it is more diversified. Based on client mandates our selection universe is primarily composed of ADR's (American Depositary Receipts) which provide U.S. based investors with a liquid way to own and invest in a diversified basket of foreign stocks. 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. 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.

**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.**