

Market Overview

International stocks offered little shelter from the global downturn in equities as rate hikes, inflation, and economic concerns upset markets during the quarter. One area of strength was China, as the easing of Covid-related lockdowns and regulatory pressures on tech companies, as well as expectations of fiscal and monetary stimulus, buoyed Chinese equity returns. Also, Hong Kong and the UK held up on a relative basis. In contrast, falling raw materials prices and the easing of pandemic-related supply constraints have hurt more export-dependent countries, including Brazil, South Korea, and Taiwan. In the MSCI All Country World ex-US Index, energy, consumer staples, and consumer discretionary held up on the downside, while technology, materials, and technology exhibited the weakest returns over the quarter.

Portfolio Overview

The Portfolio underperformed the MSCI All Country World ex-US benchmark Index over the quarter. Stock selection and sector allocations drove performance results, while country allocations were positive over the period.

Portfolio Contributors

Selection was positive among the financials and utilities sectors. From a sector allocation perspective, an underweight in industrials benefitted quarterly results. By country, selection was strong across South Africa and France. An overweight in China and underweight in Canada contributed to relative returns. **Swedish Match** and **Naspers** were the strongest absolute contributors.

Tobacco company **Swedish Match** agreed to a \$16 billion takeover bid from Philip Morris, reflecting a 39% premium to the company's share price the Friday before the deal was announced. We sold our shares during the quarter.

Investors cheered news that **Naspers** would slowly sell some of its 29% stake in Chinese internet giant Tencent and return the cash to shareholders.

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

R. Burns McKinney, CFA

Managing Director,
Co-Lead Senior Portfolio Manager/Analyst

J. Garth Reilly

Managing Director,
Co-Lead Senior Portfolio Manager/Analyst

John R. Mowrey, CFA

Executive Managing Director,
Chief Investment Officer,
Senior Portfolio Manager/Analyst

Thomas W. Oliver, CFA, CPA

Managing Director,
Senior Portfolio Manager/Analyst

Paul A. Magnuson

Managing Director,
Senior Portfolio Manager/Analyst

Performance Data as of June 30, 2022

Annualized Returns (%) ¹	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
NFJ International Value Wrap Composite (gross)	-14.90	-20.77	-17.13	2.07	2.90	3.07	2.33
NFJ International Value Wrap Composite (net)	-15.57	-21.99	-19.63	-0.95	-0.14	0.03	-0.69
MSCI ACWI ex-US Index	-13.73	-18.42	-19.42	1.35	2.50	4.83	3.11

¹Cumulative return over a partial year

Composite inceptioned 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.

NFJ International Value Wrap Strategy

Portfolio Detractors

Stock picking was negative within technology and industrials during the quarter. From an allocation perspective, an overweight in technology detracted. By country, selection was negative among China and Japan-based names. An overweight in the Netherlands and underweight in the UK detracted. **ASML Holding** and **Tokyo Electron** were the strongest absolute detractors.

Semiconductor companies like **ASML Holding** generally came under pressure during the quarter on concerns for macroeconomic weakness. Given ongoing demand strength for high-end computer chips used in cloud computing and AI applications, we anticipate demand for the Dutch company's EUV (extreme ultraviolet) lithography equipment is unlikely to wane.

Despite posting favorable results during the quarter, shares of **Tokyo Electron** largely fell on economic growth and rising inflation concerns. The Japan-based electronics and semiconductor company reported FY22 net income up 80% y/y on overseas demand for semiconductors.

Portfolio Specifics

Stock	Average Weight	Absolute Contribution
Contributors		
Swedish Match	0.8%	0.34%
Naspers	1.0%	0.26%
ENN Energy	1.5%	0.17%
TotalEnergies	2.4%	0.17%
Li Ning	1.0%	0.12%
Detractors		
ASML Holding	3.6%	-1.15%
Tokyo Electron	2.2%	-0.88%
Rio Tinto	3.4%	-0.88%
Vonovia	1.9%	-0.79%
Taiwan Semiconductor Manufacturing	3.6%	-0.78%

Outlook

By and large, US equity valuations remain at a premium, while international stocks offer attractively valued investment opportunities for investors with long time horizons and patience to withstand near term volatility. For example, the MSCI ACWI ex-US Index trades at 11.7x earnings, nearly five multiple turns cheaper than the US. Within the international space, China remains one of the cheapest markets in the world at a time when several of the country's stiffest headwinds are turning into tailwinds. Chinese equities have recently rebounded as easing Covid lockdowns bode well for improved industrial output and consumer spending. Further, China's plans for fiscal and monetary policy stimulus in 2H2022 are a sharp contrast to monetary tightening in the US and Europe. We believe current valuations offer a compelling entry point into one of the few economies that actually grew during the pandemic.

Looking ahead, we believe valuations, as well as inflationary pressures and policymakers' ability to tame those pressures have the potential to impact investors' future returns. Engineering a soft landing will be an extremely tricky proposition, as market participants ponder the prospects of a worldwide recession. With volatility likely to rise, we believe quality will become increasingly important, and look for companies with attractive returns on equity, wide profit margins, stable balance sheets, and predictable revenue streams. We also believe companies with a history of paying and raising dividends will be critical to rewarding shareholders during this inflationary period. In our view, NFJ strategies, which emphasize attractive valuations and quality characteristics, as well as market-exceeding dividend growth, should be well positioned in such an environment.

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.

NFJ International Value Wrap Strategy

Portfolio Statistics as of June 30, 2022

Sector Allocation (%)



	Portfolio	MSCI ACWI ex-US
■ Communication Services	8.2	6.5
■ Consumer Discretionary	12.9	11.8
■ Consumer Staples	3.0	8.9
■ Energy	2.5	6.0
■ Financials	21.3	20.3
■ Health Care	5.9	9.8
■ Industrials	9.6	11.8
■ Information Technology	17.8	11.0
■ Materials	7.3	8.0
■ Real Estate	5.9	2.5
■ Utilities	4.4	3.4

Characteristic	Portfolio	MSCI ACWI ex-US
Dividend Yield (trailing 1YR, %)	2.9	3.3
Dividend Growth (5YR wtd. avg, %)	17.7	7.6
Price-to-Earnings (next 12Mos.)	11.5x	11.5x
Price-to-Earnings (trailing 1YR)	10.9x	13.4x
Return on Equity (%)	23.4	12.3
Return on Assets (%)	9.3	6.7
Earnings Growth (trailing 3YR avg.)	19.6	10.5
Earnings Growth (trailing 5YR avg.)	18.5	10.1
Market Cap (weighted avg., \$ bn)	99.3	62.5
Number of Holdings	60	2,269

Top Ten Positions

	Portfolio Weight (%)
China Merchants Bank	3.9
Taiwan Semiconductor Manufacturing	3.9
ASML Holding	3.9
Tencent	3.8
HDFC Bank	3.5
Nintendo	3.5
Techtronic Industries	2.9
Roche Holding	2.9
Rio Tinto	2.9
Vonovia	2.9
TOTAL	34.2

Region Allocation (%)

	Portfolio	MSCI ACWI ex-US		Portfolio	MSCI ACWI ex-US
Asia/Pacific ex-Japan	6.5	8.6	Japan	13.8	13.8
Emerging Markets	25.8	29.0	North America	6.5	8.1
Europe ex-UK	38.5	30.9	UK	8.9	9.9

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 December 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)
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	*
2012	20.8	17.3	16.8	-	-	0.9	3,038	1,148	*

*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 March 31, 2021. 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 verification reports are available upon request.

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 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.

The three-year annualized standard deviations for the composite and the benchmark are not presented as of year-end 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.**