

## EMERGING MARKETS EQUITY ADR

- Style: QGARP
- Approach: Active; Bottom Up
- Benchmark: MSCI Emerging Markets Index
- Inception: 4/1/2019
- Strategy Assets: \$4 MM

## INVESTMENT PHILOSOPHY

We believe that a company's ability to generate consistent and sustainable earnings growth, along with a positive return on capital, will drive enhanced stock price performance over the long term. We also believe that stocks can become mispriced through the improper evaluation of fundamentals or short-term trading decisions. We seek to pay a reasonable price for the growth opportunities we identify and apply a disciplined valuation process to uncover securities that may be undervalued in the market. We believe a careful assessment of a company's upside potential and downside risk is critical in navigating the emerging markets asset class.

## ABOUT OUR FIRM

GW&K is a dynamic investment management firm that offers active equity and fixed income investment solutions to meet the needs of a diverse client base. At our core is an entrepreneurial spirit of innovation, a desire to help educate our clients and a level of service that is hard to come by. Our founding principles of applying rigorous fundamental research, focusing on quality and maintaining a long-term view still guide our investment process today.

- Founded in 1974
- \$55 Billion Under Management
- Individually Managed Accounts
- Serving Individuals and Institutions

*All data as of September 30, 2021*

## STRATEGY HIGHLIGHTS

### GROWTH + VALUATION

Seek to identify both early-stage and traditional growth companies with sustainable earnings power and strong competitive positions, and where we believe growth is not yet recognized by the market

### GLOBAL RESEARCH EXPERTISE

Integrated approach combines in-depth fundamental research by experienced sector specialists with a macroeconomic risk overlay

### RISK-SENSITIVE

Risk management is present at each stage of the investment process

## INVESTMENT PROCESS

### Emerging Markets Universe

MSCI Emerging Markets Index  
ADR Availability is Plentiful

### Quantitative & Qualitative Screening

Proven Growth Metrics	Potential Growth Metrics	Valuation
<ul style="list-style-type: none"> <li>▪ High ROE</li> <li>▪ High Earnings Growth</li> <li>▪ Consistent Earnings Growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ High Cash Flow</li> <li>▪ Accounting Quality</li> <li>▪ Earnings Improvement Potential</li> </ul>	<ul style="list-style-type: none"> <li>▪ Price/Cash Flow</li> <li>▪ Price/Earnings</li> <li>▪ ROE</li> </ul>

### Focused Fundamental Research

STRONG GROWTH POTENTIAL	COMPETITIVE MARKET POSITIONING
FINANCIAL STRENGTH	VALUATION

### Portfolio Construction

- » Sector model portfolios represent research analysts' best ideas
- » Sector/country weights driven by bottom-up stock selection process
- » Position sizes determined by upside return vs. downside risk

### Emerging Markets Equity ADR Portfolio

30-70 Holdings

## FOCUS ON RISK MANAGEMENT

Risk management is present at each stage of the investment process:

### INITIAL STOCK SCREENING

Focus on high quality companies with better balance sheets, good profitability ratios and solid cash flow

### STOCK MODELING

Focus on earnings growth potential and upside/downside risk using 3 price target scenarios

### GLOBAL STRATEGIST

Helps to frame global economic trends, political risks and financial issues that could impact growth potential of companies

## INVESTMENT TEAM

### PABLO SALAS

Partner

Portfolio Manager

Investment Professional Since 1986

BS, Indiana University

MBA, University of Wisconsin

### BRAD MILLER, CFA

Partner

Portfolio Manager

Investment Professional Since 1995

BA, Simpson College

MBA, University of Iowa

### WILLIAM STERLING, Ph.D

Global Strategist

Investment Professional Since 1986

BA, Carleton College

Ph.D, Harvard University

18 Emerging Markets Equity Investment Professionals Averaging 28 Years Experience

Portfolio Managers have been working together for more than 2 decades

## A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION

### DIVERSIFICATION

- By region
- By sector
- Across currencies

### MARKET CAP RANGE

At time of initial purchase, companies will typically have a market cap of greater than \$750 million, or within the market cap range of the MSCI Emerging Markets Index.

### POSITION SIZE

Target: 1% – 4%

Maximum: 7%

### GEOGRAPHIC REGIONS

Invests primarily in emerging markets equities.

### SECTOR WEIGHTINGS

Bottom-up industry focused security selection process drives sector allocation. Variation from country/sector ranges due to market conditions is allowed and reviewed by the portfolio team.

#### MSCI Emerging Markets Index

≥ 10%

< 10%

#### Portfolio Weight

Maximum – 2x benchmark

Maximum – 20% of the portfolio

ETF exposure typically less than 20% of the portfolio.

### CASH POSITION

Our philosophy is to remain fully invested in equities. Cash will typically range between 0% and 10%, with levels generally less than 5%.

### CURRENCY

Maintain unhedged foreign currency exposure.

Exposure managed through investment process.

### TURNOVER

The average annual portfolio turnover is typically expected to be less than 50%.

## RESEARCH ADVANTAGES

- **Experienced sector based team** averaging 28 years of investment experience.
- **Rigorous fundamental due diligence** includes meetings with company managements and extensive financial statement analysis and modeling.
- **Global Strategist** provides an important macro perspective of the world, helping to uncover industry and country risks.
- **Price scenarios help navigate volatility** and identify companies with optimal risk/return profiles:
  - » **Base case** reflects assumptions having the highest probability
  - » **Pessimistic case** reflects assumptions for a series of disappointments
  - » **Optimistic case** reflects assumptions for a series of positive surprises