GW&K INVESTMENT MANAGEMENT

PROFILE | THIRD QUARTER 2021

EMERGING MARKETS EQUITY STRATEGY

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- Style: QGARP
- Approach: Active; Bottom Up
- Benchmark: MSCI Emerging Markets Index
- Inception: 4/1/1997
- Strategy Assets: $1,278 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

Quantitative & Qualitative Screening

Proven Growth Metrics	Potential Growth Metrics	Valuation
▪ High ROE	▪ High Cash Flow	▪ Price/Cash Flow
▪ High Earnings Growth	▪ Accounting Quality	▪ Price/Earnings
▪ Consistent Earnings Growth	▪ Earnings Improvement Potential	▪ ROE

Focused Fundamental Research

200 Stocks

RISK MANAGEMENT

STRONG GROWTH POTENTIAL	COMPETITIVE MARKET POSITIONING
FINANCIAL STRENGTH	VALUATION

RISK MANAGEMENT

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 Portfolio

60 - 100 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

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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 $750 million or higher, or within the market cap range of the MSCI Emerging Markets Index.

POSITION SIZE
Target: 1% – 3%
Maximum: 6%

GEOGRAPHIC REGIONS
Invest 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	Portfolio Weight
≥10%	Maximum – 2x benchmark
<10%	Maximum – 20% of the portfolio

CASH POSITION
Our philosophy is to remain fully invested in equities. Cash will typically range between 0% and 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