

EMERGING WEALTH EQUITY

- Style: GARP
- Approach: Active; Bottom Up
- Benchmark: MSCI Emerging Markets Index
- Inception: 4/1/2011
- Strategy Assets: \$392 MM

INVESTMENT PHILOSOPHY

We believe that emerging market economies will experience faster GDP growth driving rising per capita income and domestic consumption over the long term. We believe this global growth trend will drive enhanced stock price performance of quality companies that are well positioned to serve these growing consumer driven economies. Companies in the portfolio will primarily be domiciled in emerging markets with strategic exposure to developed market companies serving the emerging markets consumer. Emphasis will be placed on best in class companies that we believe are trading at attractive valuations.

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

CONSUMER GROWTH STORY

Invest to take advantage of long-term trend of growing consumer strength in emerging market economies

BEST IN CLASS BUSINESSES

Focus on quality companies that offer desirable products and good value for the consumer translating into sustainable earnings growth

GLOBAL RESEARCH EXPERTISE

Experienced research team organized by sector covering and analyzing companies in developed and emerging markets

INVESTMENT PROCESS

Emerging Wealth Universe

600 Companies
Emerging and Developed Markets
Benefiting from emerging market consumer growth

Quantitative & Qualitative Scoring

Established Metrics

- High ROE
- High Earnings Growth
- Consistent Earnings Growth

Potential Growth Metrics

- High Cash Flow
- Accounting Quality
- Earnings Improvement Potential

Focused Fundamental Research

BEST IN CLASS COMPANIES

STRONG GROWTH

COMPETITIVE MARKET POSITIONING

FINANCIAL STRENGTH

VALUATION

Portfolio Construction

- » Sector model portfolios representing research analysts' best ideas
- » Position sizes determined by upside return vs. downside risk

Emerging Wealth Equity Portfolio

40 - 80 Holdings

RISK MANAGEMENT

RISK MANAGEMENT

WHY EMERGING WEALTH?

- Emerging market economies will experience faster GDP growth than developed markets.
- Emerging growth is shifting to consumption as per capita incomes rise.
- This global growth trend presents opportunities for companies that can best serve these consumers and offer products and services with good value.
- We seek out best in class businesses anywhere in the world that have material exposure to the growth of the middle class in emerging markets.
- Our portfolios are more concentrated, offer greater liquidity and experience lower turnover than traditional emerging markets managers.

INVESTMENT TEAM

THOMAS MASI, CFA

Partner

Portfolio Manager

Investment Professional Since 1986

BA, Rutgers University

MBA, Rutgers University

NUNO FERNANDES, CFA

Partner

Portfolio Manager

Investment Professional Since 1994

BS, University of Porto, Portugal

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

A DISCIPLINED APPROACH TO PORTFOLIO CONSTRUCTION

GEOGRAPHIC REGION	Primary exposure to companies in emerging markets or developed market companies that derive a meaningful amount of their revenues or profits from emerging markets countries.						
MARKET CAP RANGE/ LIQUIDITY	At time of initial purchase, companies will typically have a market cap of greater than \$2 billion or have a minimum average daily trading volume greater than \$15 million.						
COUNTRY AND SECTOR WEIGHTINGS	<p>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.</p> <table> <tr> <th><u>MSCI Emerging Markets Index Weight</u></th><th><u>Portfolio Weight</u></th></tr> <tr> <td>≥5%</td><td>Maximum: 3x benchmark but < 60% of portfolio</td></tr> <tr> <td><5%</td><td>Maximum: 3x benchmark or 20% of the portfolio, whichever is greater</td></tr> </table> <p>Developed market company exposure typically less than 25% of portfolio</p>	<u>MSCI Emerging Markets Index Weight</u>	<u>Portfolio Weight</u>	≥5%	Maximum: 3x benchmark but < 60% of portfolio	<5%	Maximum: 3x benchmark or 20% of the portfolio, whichever is greater
<u>MSCI Emerging Markets Index Weight</u>	<u>Portfolio Weight</u>						
≥5%	Maximum: 3x benchmark but < 60% of portfolio						
<5%	Maximum: 3x benchmark or 20% of the portfolio, whichever is greater						
HOLDINGS	<p>The number of securities in a fully invested portfolio typically ranges between 40–80 holdings.</p> <p>Typical target position size: 2-5%</p> <p>Typical maximum position size: 7.5%</p>						
CASH	Our philosophy is to remain fully invested in equities. Cash levels in accounts will typically range between 0% and 5%.						
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.
- **Focus on high quality companies** with better balance sheets, good profitability ratios and solid cash flow.
- **Price target 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