

# International Value Equity ADR

QUARTERLY UPDATE AS OF SEPTEMBER 30, 2021



FOR PROFESSIONAL INVESTORS ONLY

## Investment Objective

Long-term total return  $\geq$  MSCI EAFE Value index plus 200 bps

## Volatility Objective

Target volatility  $\leq$  MSCI EAFE Value

## Strategy Summary

River Road's International Value Equity ADR (IVE-ADR) Strategy seeks to provide long-term capital appreciation by investing primarily in non-U.S. companies trading as ADRs or otherwise traded in the United States.

The Strategy seeks to invest in high quality companies with improving fundamentals, trading at attractive valuations. Typical investment criteria include a minimum market cap of \$3 B and average daily liquidity of \$5 MM (including both ADR and local market liquidity).

The stock selection process is complemented by a risk averse approach that employs balanced diversification and a structured sell discipline.

## Portfolio Managers



### Wenjun (William) Yang, CFA

19 years of experience; managed Portfolio since inception

Shanghai Jiao Tong University, BS  
Shanghai Institute of Foreign Trade, MS  
Texas Christian University, MBA

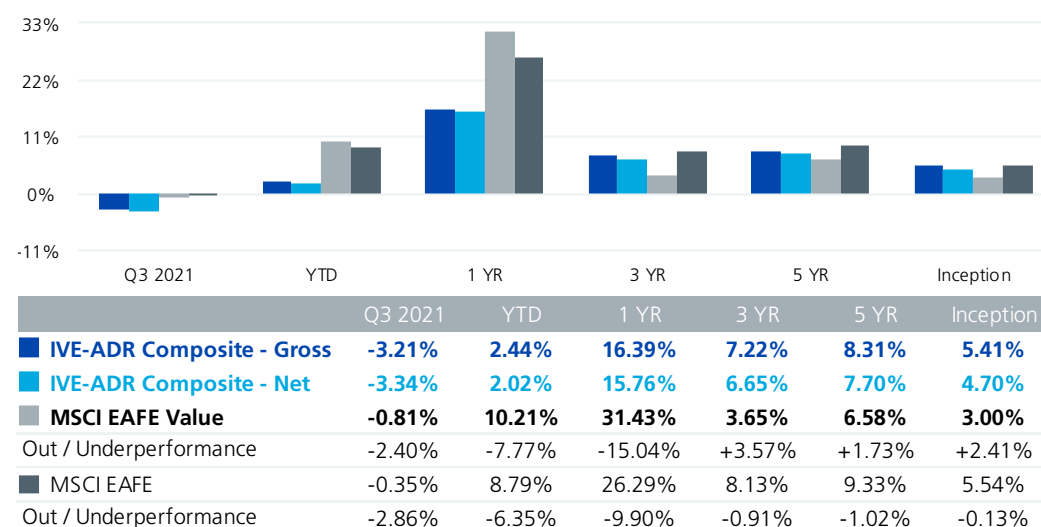


### Jeffrey B. Hoskins, CFA

24 years of experience; managed Portfolio since 2021

Vanderbilt University, BA  
Vanderbilt University, MBA

## Trailing Returns



## Calendar Year Returns

	2020	2019	2018	2017	2016	2015	2014
IVE-ADR Composite - Gross	5.82%	27.71%	-12.44%	26.48%	-0.85%	3.21%	-4.13%
IVE-ADR Composite - Net	5.26%	27.02%	-12.92%	25.69%	-1.57%	2.32%	-5.11%
MSCI EAFE Value	-2.10%	16.83%	-14.26%	22.12%	5.68%	-5.22%	-4.92%
Out / Underperformance	+7.92%	+10.88%	+1.82%	+4.36%	-6.53%	+8.43%	+0.79%
MSCI EAFE	8.28%	22.66%	-13.36%	25.62%	1.51%	-0.39%	-4.48%
Out / Underperformance	-2.46%	+5.05%	+0.92%	+0.86%	-2.36%	+3.60%	+0.35%

Past performance is no guarantee of future results. There is a risk that invested capital may be lost. Performance is shown gross and net of fees. Inception date: January 1, 2014. Out/underperformance compares the gross Composite and index. Index data source: MSCI Inc. Please see reverse side for important disclosure information.

## Market Highlights

- Global equity markets retreated in Q3 driven by a flood of negative news.
- Emerging markets dramatically underperformed developed international markets and the U.S. as Chinese equities sold off on regulatory crackdowns and trouble in the real estate sector.
- Developed international markets underperformed the U.S. due to weakness within Asia-Pacific (ex Japan).
- Global economic growth decelerated in Q3 but remains in expansion territory.
- High quality and low beta underperformed in Q3.

## Portfolio Highlights

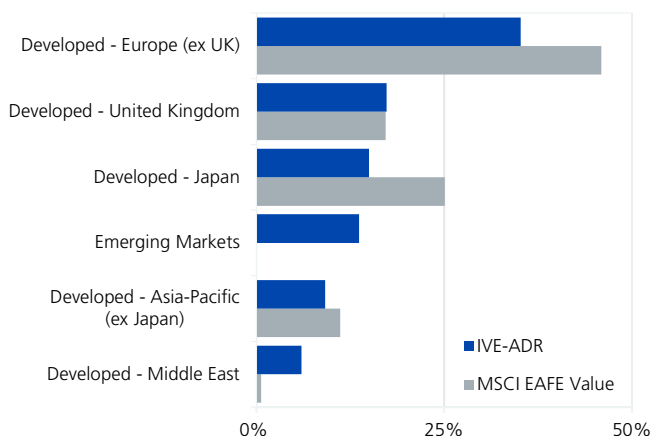
- The River Road International Value Equity ADR (IVE-ADR) Composite returned **-3.21%** (-3.34% net) for Q3 versus **-0.81%** for the MSCI EAFE Value benchmark, mainly due to **significant headwinds for low beta and high quality stocks**.
- The **United Kingdom** and **Japan** had the lowest contribution to relative return, while the **Middle East** and **North America** had the highest.
- Financials** and **Health Care** had the lowest contribution to relative return, while **Materials** and **Consumer Discretionary** had the highest.
- The holding with the highest contribution to Portfolio return in Q3 was **Sony Group Corp. Sponsored ADR (SONY)**. The holding with the lowest contribution to Portfolio return was **Ping An Insurance (Group) Co. of China Ltd. Sponsored ADR (CI H) (PNGAY)**.

## Outlook

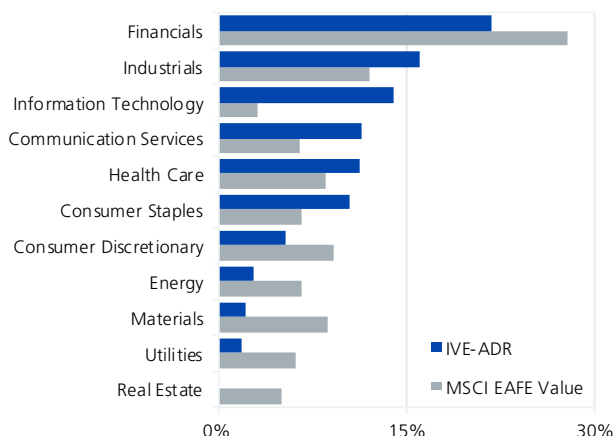
- Against the backdrop of an uncertain global economic outlook, we believe **international equities continue to offer attractive valuations and potentially stronger corporate earnings growth relative to the United States**.

Discovering value,  
off the beaten path®

## Region Weights



## Sector Weights



## Characteristics &amp; Risk Statistics

	IVE-ADR	MSCI EAFE Value
Number of Holdings	46	496
ROE (5 YR Avg)	14.8	10.0
EV / EBITDA <sup>1</sup>	10.0	8.7
LT Growth Forecast <sup>2</sup>	12.9	12.6
Dividend Yield <sup>3</sup>	2.47	3.62
Wtd Avg Mkt Cap (B)	73.50	60.94
Wtd Med Mkt Cap (B)	57.79	43.08
Annualized Standard Deviation <sup>4</sup>	14.09	16.68
Jensen Alpha <sup>4</sup>	2.87	
Beta <sup>4</sup>	0.79	
Cash	3.6%	
Dollar Turnover (3 YR Avg) <sup>5</sup>	48.9%	

## Portfolio Contribution

Top Contributors		Avg Wgt	Contrib
SONY	Sony Group Corp. Sponsored ADR	3.38%	+0.41%
AMX	America Movil SAB de CV Sponsored ADR (CI L)	2.20%	+0.36%
ESLT	Elbit Systems Ltd.	2.86%	+0.31%
MRAAY	Murata Manufacturing Co. Ltd. Unsponsored ADR	2.23%	+0.28%
TKOMY	Tokio Marine Holdings Inc. Sponsored ADR	1.56%	+0.26%
Bottom Contributors			
PNGAY	Ping An Insurance (Group) Co. of China Ltd. Sponsored ADR (CI H)	2.23%	-0.73%
NTDOY	Nintendo Co. Ltd. Unsponsored ADR	3.11%	-0.56%
WHGLY	WH Group Ltd. (HK) Sponsored ADR	1.85%	-0.40%
SNN	Smith & Nephew PLC Sponsored ADR	1.76%	-0.40%
CTTAY / VTSZY	Continental AG Sponsored ADR / Vitesco Technologies Group AG Sponsored ADR	1.86%	-0.34%

**Past performance is no guarantee of future results. There is a risk that invested capital may be lost.** Region and sector breakdowns reflect percent of total portfolio. Region classifications are determined by River Road; underlying country classifications are primarily determined by MSCI; stocks not classified by this methodology are not presented. Sector classifications provided from GICS; stocks not classified by this methodology are not presented. <sup>1</sup>EBITDA excludes banks, thrifts, and insurers. <sup>2</sup>Estimates based on ordinary shares for all ADR securities held. <sup>3</sup>Gross of fees; indicated yield does not anticipate special dividends. <sup>4</sup>Risk characteristics based on trailing 60-month gross of fee composite performance. <sup>5</sup>Average calendar year turnover. Dollar turnover, the lesser of purchases or sales as a percentage of the average market value, is presented as an average of portfolios in the Composite. Index data source: MSCI Inc.

**Representative Portfolios:** Performance data is based on the Composite; all other data presented is based on a representative portfolio. If no single representative portfolio is available to represent the Strategy since inception, different representative portfolios and/or the composite are used for different periods to create a continuous representative portfolio. The representative portfolio is selected by the firm as a representative account that is deemed to best represent this management style using a pre-defined, objective set of criteria. All representative portfolio data is shown as supplemental information to the Composite presentation. Each client portfolio is individually managed and may vary from the information shown for the representative portfolio.

Portfolio contribution calculated gross of fees for the Q3 2021 period. For the purpose of assessing top and bottom contributors, the contribution of child securities is aggregated with that of the parent for corporate actions that occurred during the most recent calendar quarter. The holdings identified do not represent all of the securities purchased, sold, or recommended. To receive information regarding the methodology for calculating the top/bottom contributors or a list showing every holding's contribution to the overall Composite and/or representative portfolio performance contact RRAMCompliance@riverroadam.com. Past performance is no guarantee of future results.

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The International Value Equity ADR Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in non-U.S. companies that trade at a discount to valuation. For this Composite, RRAM defines non-U.S. companies as ADRs and other non-U.S. companies traded in the United States on an exchange, OTC, pink sheets or otherwise. Prior to June 30, 2021, the Composite was known as the International Equity ADR Composite. The official benchmark for the Composite is the MSCI EAFE Value index. The official benchmark for the Composite was retroactively changed to the MSCI EAFE Value Index from the MSCI EAFE Gross Index on June 30, 2021. RRAM determined the MSCI EAFE Value Index represents a more appropriate benchmark. The MSCI EAFE Value Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries including Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. Gross total return indexes reinvest as much as possible of a company's dividend distributions. The reinvested amount is equal to the total dividend amount distributed to persons residing in the country of the dividend-paying company. Gross total return indexes do not, however, include any tax credits. Composite performance may differ materially from the index as the investment universe for the composite and the index are different. All other indices are shown for additional information only. The U.S. Dollar is the currency used to express performance. Throughout the presentation Composite performance is presented gross of investment management fees, after the deduction of trading costs and includes the reinvestment of income. Starting October 1, 2016, composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. Prior to October 1, 2016, composite performance is presented gross and net of foreign withholding taxes on dividends, interest income, and capital gains, depending on the treatment by the custodian. Net of fee performance is calculated using actual management fees. For periods including non-fee paying accounts, net was calculated for those accounts by applying the highest fee schedule effective at that time. Unless otherwise noted, performance provided for periods greater than one year is annualized.

The Composite was created October 1, 2016. Performance presented prior to October 1, 2016 occurred while the original member of the portfolio management team was affiliated with prior firms and that portfolio manager was the only individual primarily responsible for selecting the securities to buy and sell. A review of this track record for compliance with portability requirements of the GIPS® standards was conducted by ACA Performance Services, LLC.

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Sector, Industry Group, Industry, or Sub-Industry group levels are determined at the beginning of each month according to the Global Industry Classification Standard ("GICS"), developed and exclusively owned by MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P"), unless otherwise stated that they have been reclassified or classified by RRAM. Reclassifications/classifications by RRAM are not supported by S&P or MSCI. All GICS data is provided "As Is" with no warranties. RRAM may classify securities that are not automatically classified by MSCI and S&P.

Unless otherwise noted, share-related characteristics are provided by FactSet. Portfolio and index characteristics are based on companies' most recent filings as of this report date (values for many companies may be as of the prior period). Most company share-related characteristics exclude outliers. Outlier exclusion methods include interquartile and inverse interquartile; the universe for determining outliers is the iShares MSCI ACWI ETF. For more information, please contact RRAM.

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