

# International Value Equity ADR

QUARTERLY UPDATE AS OF DECEMBER 31, 2022



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.

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

20 years of experience; managed Portfolio since inception

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



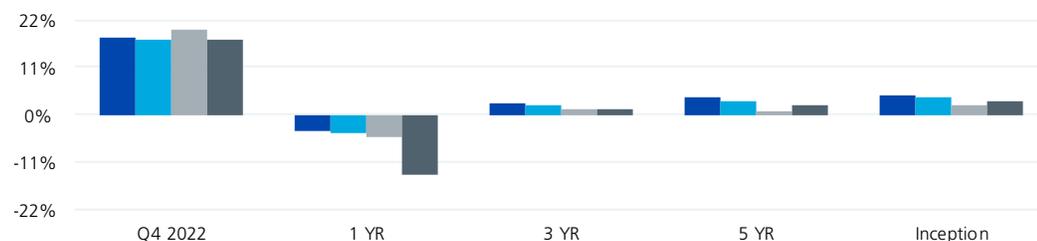
### Jeffrey B. Hoskins, CFA

25 years of experience; managed Portfolio since 2021

Vanderbilt University, BA  
Vanderbilt University, MBA

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## Trailing Returns



	Q4 2022	1 YR	3 YR	5 YR	Inception
IVE-ADR Composite - Gross	17.75%	-3.56%	2.58%	3.84%	4.59%
IVE-ADR Composite - Net	17.56%	-4.15%	2.00%	3.26%	3.89%
MSCI EAFE Value	19.73%	-4.95%	1.26%	0.79%	2.14%
MSCI EAFE	17.40%	-14.01%	1.34%	2.03%	3.32%
Out / Underperformance - Gross	-1.98%	+1.39%	+1.32%	+3.05%	+2.45%
Out / Underperformance - Net	-2.17%	+0.80%	+0.74%	+2.47%	+1.75%

## Calendar Year Returns

	2022	2021	2020	2019	2018	2017	2016	2015	2014
IVE-ADR Composite - Gross	-3.56%	5.77%	5.82%	27.71%	-12.44%	26.48%	-0.85%	3.21%	-4.13%
IVE-ADR Composite - Net	-4.15%	5.18%	5.26%	27.02%	-12.92%	25.69%	-1.57%	2.32%	-5.11%
MSCI EAFE Value	-4.95%	11.58%	-2.10%	16.83%	-14.26%	22.12%	5.68%	-5.22%	-4.92%
MSCI EAFE	-14.01%	11.78%	8.28%	22.66%	-13.36%	25.62%	1.51%	-0.39%	-4.48%
Out / Underperformance - Gross	+1.39%	-5.81%	+7.92%	+10.88%	+1.82%	+4.36%	-6.53%	+8.43%	+0.79%
Out / Underperformance - Net	+0.80%	-6.40%	+7.36%	+10.19%	+1.34%	+3.57%	-7.25%	+7.54%	-0.19%

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 Composite and MSCI EAFE Value. Performance presented prior to October 1, 2016 reflects accounts managed at another entity. Index data source: MSCI Inc. Please see reverse side for important disclosure information.

## Market Highlights

- Global equity markets rallied in Q4, led by international markets.
- Developed international markets significantly outperformed the U.S. equity market in Q4.
- The global economy further contracted but developed international markets and emerging markets showed strong recovery.
- High quality and value outperformed low quality and growth.

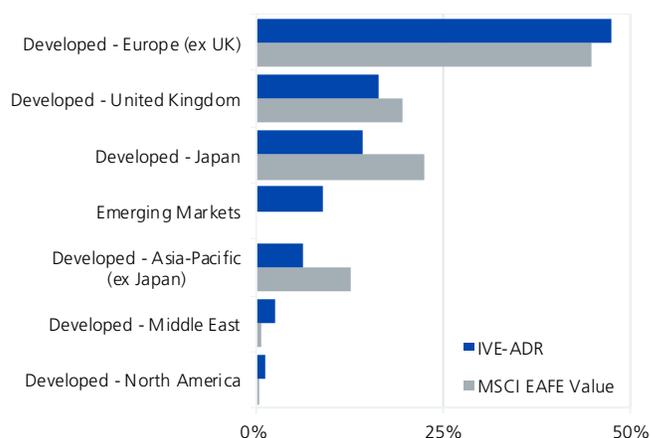
## Portfolio Highlights

- The River Road International Value Equity ADR (IVE-ADR) Composite returned **+17.75%** (**+17.56%** net) for Q4 versus **+19.73%** for the MSCI EAFE Value benchmark. For 2022, the Composite returned **-3.56%** (**-4.15%** net) versus **-4.95%** for the benchmark.
- From a regional perspective, **Japan** had the highest contribution to relative return (total effect) in Q4, while **Europe (ex UK)** had the lowest. For 2022, **Europe (ex UK)** had the highest while **Japan** had the lowest contribution to relative return.
- From a sector perspective, **Consumer Discretionary** had the highest contribution to relative return in Q4, while **Communication Services** the lowest. For 2022, **Industrials** had the highest while **Information Technology** had the lowest contribution to relative return.
- The holding with the highest contribution to active return in the Portfolio during Q4 was **TotalEnergies SE Sponsored ADR (TTE)**. For 2022, it was **BAE Systems PLC Sponsored ADR (BAESY)**.
- The holding with the lowest contribution to active return was **Roche Holding Ltd. Sponsored ADR (RHHBY)**. For 2022, it was **Sony Group Corp. Sponsored ADR (SONY)**.

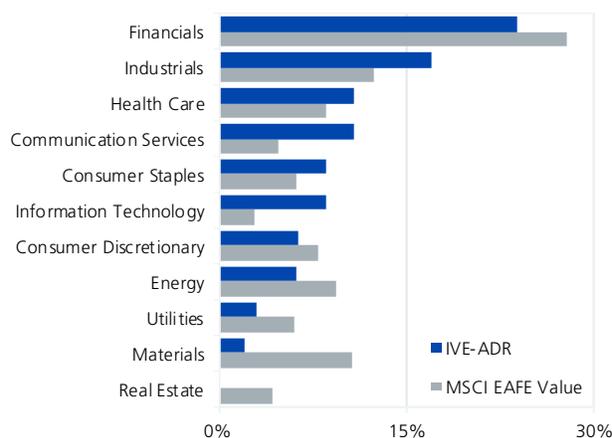
## Outlook

- We expect non-U.S. equities could continue to deliver solid returns in 2023 and view the Strategy as well-positioned in the current market environment.

## Region Weights



## Sector Weights



## Characteristics &amp; Risk Statistics

	IVE-ADR	MSCI EAFE Value
Number of Holdings	40	482
ROE (5 YR Avg)	15.3	11.0
EV / EBITDA <sup>1</sup>	7.7	6.6
LT Growth Forecast <sup>2</sup>	9.1	5.0
Dividend Yield <sup>3</sup>	2.74	4.52
Wtd Avg Mkt Cap (B)	80.71	61.94
Wtd Med Mkt Cap (B)	58.68	42.11
Annualized Standard Deviation <sup>4</sup>	16.29	19.02
Jensen Alpha <sup>4</sup>	2.96	
Beta <sup>4</sup>	0.82	
Cash	3.7%	
Dollar Turnover (3 YR Avg) <sup>5</sup>	50.3%	

**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 all portfolios in the Composite. If one portfolio is not in the Composite for the entire period, turnover is the average annualized turnover of all portfolios in the Composite at the end of the period. 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.

Top and bottom contributors are calculated gross of fees for the most recent quarter and based on portfolio contribution to active return, which is calculated as the portfolio-weighted return relative to the overall index. 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. All other indices are shown for additional information only. Composite performance may differ materially from the index as the Composite only invests in securities trading in the U.S., a subset of the securities contained in the index, and also invests in securities not contained in the index. The U.S. dollar is the currency used to express performance 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. All Composite performance is after the deduction of trading costs. 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.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in our portfolio at the time you receive this report or that securities sold have not been repurchased. Characteristics and sector weightings of our portfolio are shown and may not be indicative of this strategy's current or future investments. It should not be assumed that any of the holdings discussed herein were or will be profitable or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. This information is shown as supplemental information only and complements the full disclosure presentation.

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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## Portfolio Contribution

Top Contributors		Avg Wgt	PCAR
TTE	TotalEnergies SE Sponsored ADR	3.14%	+0.50%
ALIZY	Allianz SE Un-sponsored ADR	2.47%	+0.39%
MURGY	Munchener Ruckversicherungs-Gesellschaft Aktiengesellschaft Un-sponsored ADR	2.33%	+0.37%
AXAHY	AXA SA Sponsored ADR	3.55%	+0.27%
UBS	UBS Group AG	2.98%	+0.25%
Bottom Contributors			
RHHBY	Roche Holding Ltd. Sponsored ADR	3.14%	-0.81%
NTDOY	Nintendo Co. Ltd. Un-sponsored ADR	3.31%	-0.60%
DBOY	Deutsche Boerse AG Un-sponsored ADR	3.33%	-0.46%
TIMB	TIM SA (Brazil) Sponsored ADR	2.71%	-0.39%
NSRGY	Nestle S.A. Sponsored ADR	2.78%	-0.37%

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