

# International Value Equity

QUARTERLY UPDATE AS OF MARCH 31, 2023



## 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 (IVE) Strategy seeks to provide long-term capital appreciation by investing primarily in non-U.S. companies.

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

21 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

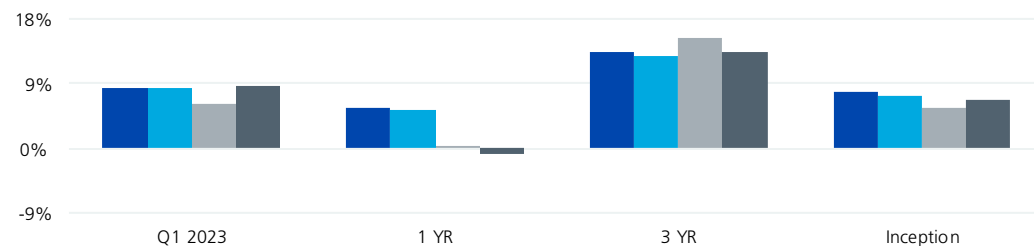
26 years of experience; managed Portfolio since 2021

Vanderbilt University, BA  
Vanderbilt University, MBA

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## Trailing Returns



	Q1 2023	1 YR	3 YR	Inception
IVE Composite - Gross	8.52%	5.70%	13.49%	7.87%
IVE Composite - Net	8.43%	5.32%	12.86%	7.22%
MSCI EAFE Value	6.14%	0.38%	15.29%	5.60%
MSCI EAFE	8.62%	-0.86%	13.52%	6.72%
Out / Underperformance - Gross	+2.38%	+5.32%	-1.80%	+2.27%
Out / Underperformance - Net	+2.29%	+4.94%	-2.43%	+1.62%

## Calendar Year Returns

	2022	2021	2020	2019 <sup>1</sup>
IVE Composite - Gross	-3.33%	6.09%	4.88%	14.54%
IVE Composite - Net	-3.69%	5.40%	4.09%	14.03%
MSCI EAFE Value	-4.95%	11.58%	-2.10%	11.80%
MSCI EAFE	-14.01%	11.78%	8.28%	13.52%
Out / Underperformance - Gross	+1.62%	-5.49%	+6.98%	+2.74%
Out / Underperformance - Net	+1.26%	-6.18%	+6.19%	+2.23%

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: June 1, 2019. Out/underperformance compares the Composite and MSCI EAFE Value. <sup>1</sup>June 1, 2019 through December 31, 2019. Index data source: MSCI Inc. Please see reverse side for important disclosure information.

## Market Highlights

- Global equities rallied in Q1, led by developed international markets.
- Developed international markets outperformed the U.S. equity market and emerging markets in Q1.
- Global economic growth resumed in Q1 but remains in contraction territory.
- Growth and high beta stocks significantly outperformed value and low beta stocks.

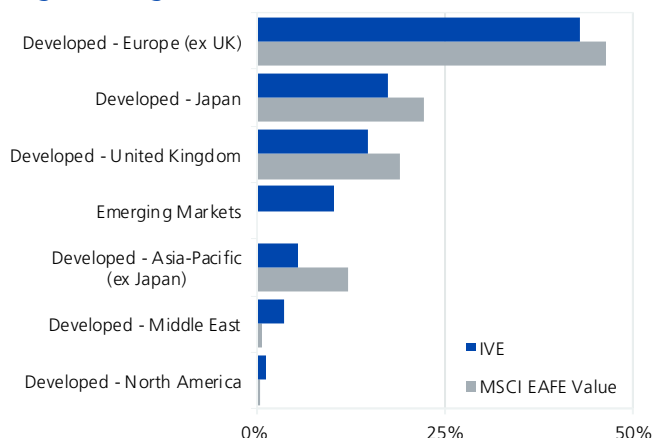
## Portfolio Highlights

- The River Road International Value Equity (IVE) Composite returned **+8.52%** (**+8.43%** net) for Q1 versus **+6.14%** for the MSCI EAFE Value benchmark.
- From a regional perspective, **Japan** and **Europe (ex UK)** had the highest contribution to relative return (total effect) in Q1, while **Emerging Markets** and the **Middle East** had the lowest.
- From a sector perspective, **Industrials** and **Materials** had the highest contribution to relative return in Q1, while **Communication Services** and **Health Care** had the lowest.
- The holding with the highest contribution to active return in the Portfolio during Q1 was **Shin-Etsu Chemical Co. Ltd. (4063-JP)**. The holding with the lowest contribution to active return was **Nintendo Co. Ltd. (7974-JP)**.

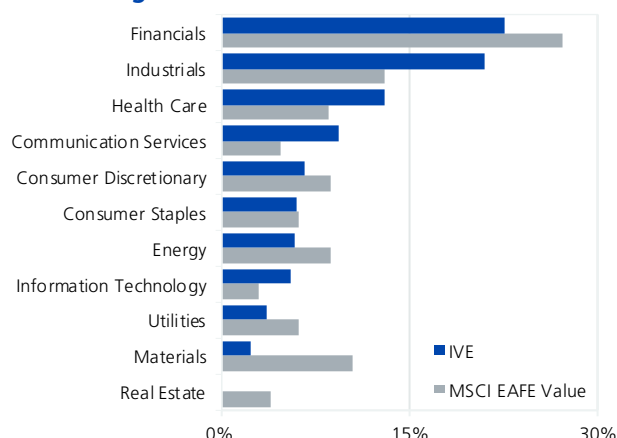
## Outlook

- Although the market might get ahead of itself after a strong rally over the past two quarters, we believe **attractively valued, high quality companies can provide strong risk-adjusted returns**.

## Region Weights



## Sector Weights



## Characteristics &amp; Risk Statistics

	IVE	MSCI EAFE Value
Number of Holdings	39	481
ROE (5 YR Avg)	15.6	10.9
EV / EBITDA <sup>1</sup>	7.1	6.5
LT Growth Forecast <sup>2</sup>	8.1	4.9
Dividend Yield <sup>3</sup>	3.17	4.52
Wtd Avg Mkt Cap (B)	75.21	63.34
Wtd Med Mkt Cap (B)	58.01	42.98
Annualized Standard Deviation <sup>4</sup>	15.53	18.53
Jensen Alpha <sup>4</sup>	1.09	
Beta <sup>4</sup>	0.80	
Cash	4.4%	
Dollar Turnover (3 YR Avg) <sup>5</sup>	53.2%	

**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 36-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 performance numbers included in parentheses behind a stock's name refer to that stock's total gross return (dividends reinvested) and contribution to active return for the representative portfolio during the period. Unless otherwise noted, total effect is used to assess the contribution to relative return. 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.

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The International Value Equity Composite contains fully discretionary accounts that seek capital appreciation by investing primarily in non-U.S. equity and equity equivalents that trade at a discount to valuation. The Composite may also be invested in ADRs. The official benchmark for the Composite is the MSCI EAFE Value index. All other indices are shown for additional information only. Composite performance may differ materially from the indices as the Composite only invests in a subset of the securities contained in the indices and also invests in securities not contained in the indices. The U.S. dollar is the currency used to express performance and includes the reinvestment of income. Composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. 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.

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## Portfolio Contribution

Top Contributors	Avg Wgt	PCAR
4063-JP Shin-Etsu Chemical Co. Ltd.	2.16%	+0.51%
ITX-ES Industria de Diseno Textil S.A.	2.50%	+0.46%
6758-JP Sony Group Corp.	3.47%	+0.40%
DTE-DE Deutsche Telekom AG	2.48%	+0.38%
BA-GB BAE Systems PLC	3.42%	+0.37%

Bottom Contributors	Avg Wgt	PCAR
7974-JP Nintendo Co. Ltd.	2.99%	-0.42%
8766-JP Tokio Marine Holdings Inc.	2.41%	-0.38%
TTE-FR TotalEnergies SE	3.07%	-0.36%
ROG-CH Roche Holding Ltd. Dividend Right Cert.	2.60%	-0.34%
D05-SG DBS Group Holdings Ltd.	3.31%	-0.28%

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