

# 4Q 2018

## SCHAFER CULLEN CAPITAL MANAGEMENT

### FIRM PROFILE

Independent & Registered  
Investment Advisor

34 Years of Experience as a Value  
Investment Management Firm

Approx. \$19.2 Billion  
Assets Under Advisement<sup>1</sup>

**60 Employees**  
18 Investment  
20 Client Service  
22 Operational

### STRATEGIES

#### ▶ **Emerging Markets High Dividend Value Equity**

High Dividend Value Equity

International High  
Dividend Value Equity

Value Equity

### STYLE

EM Value

Equity Income

### BENCHMARKS

MSCI EM Index

### OBJECTIVE

Long Term Capital Growth

Current Income

## Emerging Markets High Dividend

### STRATEGY OVERVIEW

In 1994, for investors more concerned with risk, Schafer Cullen Capital Management began managing portfolios with the Schafer Cullen High Dividend Value Equity strategy. The High Dividend strategy takes a more conservative approach by including a high yield component to our low P/E discipline.

In 2005, for investors seeking higher levels of current income and emerging market equity exposure we began the SCCM Emerging Markets High Dividend strategy. This strategy provides investors with a way to participate in the upside potential of EM equities while at the same time generating current income and benefiting from greater than average downside protection, given dividend yield support.

Here, we select EM stocks that combine the following:

- ▶ **LOW P/E DISCIPLINE**
- ▶ **HIGH DIVIDEND YIELDS**
- ▶ **STRONG DIVIDEND GROWTH**

We invest primarily in emerging market and frontier market companies that trade on global exchanges across all market capitalizations. While the emerging markets provide considerable upside potential, they are also exposed to additional political and currency risk. We believe the combination of low P/E, high dividend yield and dividend growth should mitigate this risk and reduce the overall volatility of the portfolio.

# Emerging Markets High Dividend

## INVESTMENT DECISION PROCESS

### INITIAL SCREEN:

Bottom up approach which begins with a universe of EM and FM stocks, with a market capitalization generally over \$1 billion and dividend yield greater than 3%.

### SCREEN FOR VALUE:

- Price to earnings ratio which is less than the market multiple
- Long term earnings growth prospects that are greater than the market multiple
- High-dividend yields & strong dividend growth rate potential

### FUNDAMENTAL RESEARCH:

- High standards with regard to cash flow, debt to capitalization, price to book, EV to EBITDA, return on equity, payout ratios and other measures of financial strength
- Leading market share, favorable business prospects, competitive advantages and other identifiable catalysts for price, EPS & DPS appreciation
- Meetings and discussions with management, industry analysts, suppliers and customers
- Tax efficient structures, high net dividend yields and attractive dividend policies
- Unique geographic, business and quantitative exposure
- Improving or stable political and currency risk

### PORTFOLIO CONSTRUCTION:

- Diversification across approximately 50-70 stocks across all 10 market sectors
- No more than 6% invested in any one stock at cost
- No more than 20% invested in any one industry at cost
- Generally, no more than 30% invested in any one country at cost
- Generally, low cash balances

### SELL DISCIPLINE:

- Price to earnings multiple not justified by earnings growth rate
- Deteriorating fundamentals, negative business trend or change in investment thesis
- Change in dividend policy or significant decline in yield due to price appreciation
- Change in structure negatively impacting tax efficiency

COMPOSITE PERFORMANCE (%) as of 12/31/2018	ANNUALIZED RETURNS (%)						
	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since Inception 12/31/05
SCCM Emerging Markets High Dividend (Gross)	-10.0	-13.6	-13.6	5.3	0.8	9.4	7.7
SCCM Emerging Markets High Dividend (Net)	-10.3	-14.5	-14.5	4.2	-0.4	8.0	6.3
MSCI Emerging Markets Index	-7.5	-14.6	-14.6	9.3	1.7	8.0	4.9
iShares MSCI Emerging Markets ETF (EEM)	-7.6	-15.0	-15.0	8.6	1.1	6.8	4.2

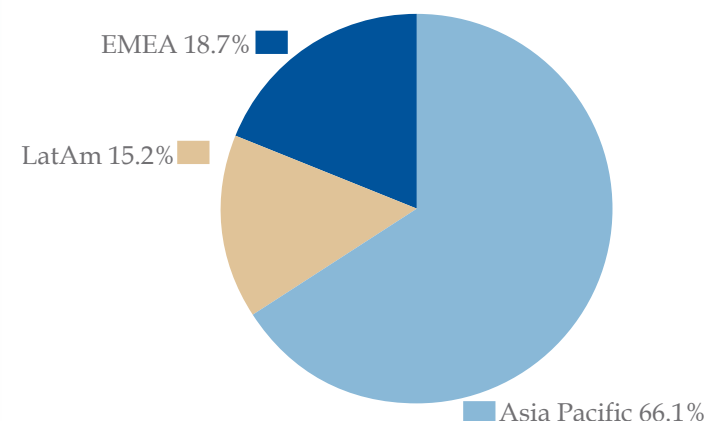
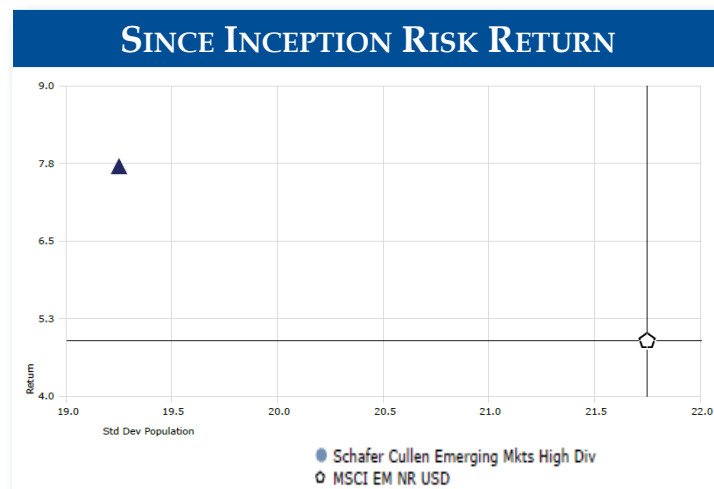
ANNUAL COMPOSITE PERFORMANCE (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
	12 month period ending December 31												
SCCM Emerging Markets High Dividend (Gross)	-13.6	25.8	7.5	-12.2	1.4	1.1	25.2	-12.4	27.2	66.8	-47.3	44.7	40.6
SCCM Emerging Markets High Dividend (Net)	-14.5	24.5	6.4	-13.3	0.0	-0.4	23.4	-13.7	25.5	65.1	-48.0	42.5	37.9
MSCI Emerging Markets Index	-14.6	37.3	11.2	-14.9	-2.2	-2.6	18.2	-18.4	18.9	78.5	-53.3	39.4	32.1
iShares MSCI Emerging Markets ETF (EEM)	-15.0	36.4	10.5	-16.2	-3.9	-3.7	19.0	-18.8	16.5	68.9	-48.8	33.3	31.2

SECTOR WEIGHTS* (%)	SCCM EM High Dividend	MSCI EM Index
Communication Services	9.9	14.1
Consumer Discretionary	9.7	10.4
Consumer Staples	8.4	6.7
Energy	8.5	8.0
Financials	23.1	24.8
Health Care	0.9	2.8
Industrials	8.5	5.5
Information Technology	12.2	14.3
Materials	10.3	7.7
Real Estate	7.9	3.0
Utilities	0.7	2.7
Total	100.0	100.0

PORTFOLIO * CHARACTERISTICS	SCCM EM High Dividend	MSCI EM Index
P/E Ratio (Forward)	9.5	10.6
Dividend Yield	5.5	3.3
LT DPS Growth	9.0	8.5
LT EPS Growth (est.)	11.3	11.0
Weighted Average Market Cap. (\$B)	46.1	77.4

TOP FIVE COUNTRY EXPOSURE * (%)	
China/ HK	30.4
Brazil	11.0
Taiwan	10.3
South Korea	10.3
Russia	7.5

TOP TEN HOLDINGS * (%) AS OF 12/31/2018	
Lukoil	3.8
Vale	3.8
AIA Group	3.7
Taiwan Semiconductor	3.6
Itau Unibanco	3.6
SK Telecom	3.5
Xinyi Glass Holdings	3.1
BOC Aviation	3.0
Times China Holdings	2.9
Sinopec	2.8



## INVESTMENT TEAM

**JAMES P. CULLEN**  
CEO / CHAIRMAN / PORTFOLIO MANAGER  
55 YEARS INVESTMENT EXPERIENCE

**BROOKS CULLEN**  
EXECUTIVE DIRECTOR / VICE CHAIRMAN  
28 YEARS INVESTMENT EXPERIENCE

**TIMOTHY A. CORDLE**  
MANAGING DIRECTOR / ANALYST  
26 YEARS INVESTMENT EXPERIENCE

**PRAVIR SINGH, CFA**  
MANAGING DIRECTOR / DIRECTOR OF RESEARCH  
13 YEARS INVESTMENT EXPERIENCE

**BRIAN DRUBETSKY**  
VICE PRESIDENT / ANALYST  
16 YEARS INVESTMENT EXPERIENCE

**STEPHEN O'NEIL**  
EXECUTIVE DIRECTOR / ANALYST  
33 YEARS INVESTMENT EXPERIENCE

**KAREN RAMLOGAN**  
MANAGING DIRECTOR / INVESTMENT OPERATIONS  
16 YEARS TRADING/OPERATIONS EXPERIENCE

**ERIK SCHAFFER**  
ASSISTANT VICE PRESIDENT / ANALYST  
12 YEARS INVESTMENT EXPERIENCE

**JASON STEINBERG**  
ANALYST  
1 YEAR INVESTMENT EXPERIENCE

**RAHUL SHARMA**  
EXECUTIVE DIRECTOR / PORTFOLIO MANAGER  
19 YEARS INVESTMENT EXPERIENCE

**JENNIFER CHANG, CFA**  
EXECUTIVE DIRECTOR / ANALYST  
19 YEARS INVESTMENT EXPERIENCE

**MICHAEL KELLY, CFA**  
VICE PRESIDENT / DIRECTOR OF RESEARCH  
14 YEARS INVESTMENT EXPERIENCE

**MATTHEW DODDS**  
VICE PRESIDENT / ANALYST  
49 YEARS INVESTMENT EXPERIENCE

**MICHAEL GALLANT, CFA**  
VICE PRESIDENT / DIRECTOR OF RESEARCH  
15 YEARS INVESTMENT EXPERIENCE

**ANUCA LAUDAT, CFA**  
SR. VICE PRESIDENT / ANALYST  
6 YEARS INVESTMENT EXPERIENCE

**GAYLE BALDWIN**  
VICE PRESIDENT / ANALYST  
13 YEARS INVESTMENT EXPERIENCE

**KRITI JAIN, CFA**  
VICE PRESIDENT / ANALYST  
4 YEARS INVESTMENT EXPERIENCE

**WILLAM BRUCE**  
ANALYST  
1 YEAR INVESTMENT EXPERIENCE

### Disclosure:

Schafer Cullen Capital Management (SCCM) is an independent investment advisor registered under the Investment Advisors Act of 1940. Cullen Capital Management (CCM) and Cullen Funds Trust (CFT) are affiliates of SCCM. The use of the term "firm" in describing total assets refers to SCCM and CCM only.

Past performance does not guarantee future results. The Emerging Markets High Dividend Fee Based performance is based on a composite. The selected benchmark is the MSCI EM Index which is a free float-adjusted market capitalization index that measures equity market performance of emerging markets. The iShares MSCI Emerging Markets ETF seeks to track the investment results of an index composed of large- and mid-capitalization emerging market equities. Additional information regarding policies for calculating and reporting returns is available upon request. Results for fully discretionary accounts are market value weighted and are calculated on a total return, time-weighted basis using trade date valuations. Returns reflect the reinvestment of dividends and other earnings. Cash returns are included in a component of the total account and are not detailed separately. Leverage is not used in managed account and mutual fund strategies. Returns are expressed in US dollars.

Performance results will vary based upon the period measured. Individual account performance will not match the composite and will depend upon various factors including market condition at the time of investment, client-imposed restrictions and the ability of your broker or custodian to execute and/or hold securities in certain countries. An individual account may have up to 20% dispersion from the model for the Emerging Markets Strategy and still remain in the composite for calculation of performance. It should not be assumed that recommendations made in the future will be as profitable or surpass the historical performance of the securities in the composite. Exposure information is calculated net of cash.

Clients typically pay a single annual fee which covers all transaction costs, management fees and custodian fees, and is generally known as a "wrap fee". Net of fee performance is calculated net of the actual wrap fee. Returns are calculated gross of withholding taxes on dividends and interest. Investment Advisory fees may vary and depend on negotiated rates established between SCCM and wrap-sponsored programs.

This presentation is not a solicitation or recommendation to buy or sell a particular security. A complete list of all recommendations made by the investment adviser within the immediately preceding period of not less than one year is available upon request. SCCM claims compliance with GIPS and has received a Firm-wide GIPS Verification for the period 1994-2018. Market conditions can vary widely over time and can result in a loss of portfolio value. To receive a complete list and description of SCCM's composites and/or a presentation that adheres to GIPS contact Steven Mullooly (smullooly@schafer-cullen.com) at (212) 644-1800, or write Schafer Cullen Capital Management, 645 Fifth Avenue, New York, NY 10022.

\* This material is supplemental to GIPS Compliance requirements and is provided for your information. This supplemental material complements the GIPS compliant composite presentation which is available upon request or provided with this brochure in one-on-one presentations.

<sup>1</sup>Includes model program assets of \$9.0 B as of 12/31/2018. SCCM provides models on the following SMA strategies: High Dividend, International High Dividend, Value Equity, Small Cap and Global High Dividend.

To receive additional information, please contact us at:  
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