

# 1Q 2019

## SCHAFFER CULLEN CAPITAL MANAGEMENT

### FIRM PROFILE

Independent & Registered  
Investment Advisor

35 Years of Experience as a Value  
Investment Management Firm

Approx. \$20.9 Billion<sup>1</sup>  
Assets Under Advisement

**61 Employees**  
18 Investment  
21 Client Service  
22 Operational

### STRATEGIES

▶ **International High  
Dividend Value ADR**

High Dividend Value Equity

Value Equity

### STYLE

International Value

Equity Income

### BENCHMARK

MSCI EAFE Index

### OBJECTIVE

Long Term Capital Growth

Current Income

## International High Dividend Value ADR

### 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 conservative approach by including a high yield component to our low P/E discipline. Over time, significant allocations of our portfolios were invested in ADRs of international companies which added, what we considered, outstanding risk adjusted performance to our portfolios.

In 2004, for investors seeking current income and international exposure, we began managing the Schafer Cullen High Dividend Value ADR Equity portfolio. This strategy gives investors a way to participate in the long-term upside potential of international equities while at the same time providing greater than average downside protection, given dividend yield support.

Here, we select international stocks that combine the following:

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

We invest primarily in non-US companies who offer ADRs that trade on US exchanges or local shares that trade on Canadian exchanges. By applying the Schafer Cullen High Dividend Equity investment process to an international universe, investors gain exposure to the stronger diversification and valuation characteristics of these equities, as well as the higher dividend yields and dividend growth that international equities often offer relative to US stocks.

While the foreign 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 offset this risk and reduce the overall volatility of the portfolio.

# International High Dividend Value ADR

## INVESTMENT DECISION PROCESS

### INITIAL SCREEN:

Bottom up approach which begins with a universe of international stocks, with market capitalizations in excess of \$1 billion and a 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 40-50 stocks
- No more than 30% invested in any one sector at cost
- No more than 15% invested in any one industry at cost
- No more than 5% invested in any one stock at cost
- Generally, no more than 20% invested in any one country at cost
- Generally, at least 90% in ADRs, 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

RETURNS (%) as of March 31, 2019	QTD	YTD	1 yr	3 yr	5 yr	10 yr	Since Inception**
Intl High Dividend ADR (Gross)	9.1	9.1	-5.6	4.5	1.4	8.3	5.3
Intl High Dividend ADR (Net)	8.9	8.9	-6.0	4.1	1.0	7.8	4.7
MSCI EAFE Index	10.0	10.0	-3.7	7.3	2.3	9.0	4.6
MSCI AC World Index Ex-U.S.	10.3	10.3	-4.2	8.1	2.6	8.9	5.0

\*\*June 30, 2005. Performance for periods greater than 1 year is annualized

ANNUAL RETURNS (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Intl High Dividend ADR (Gross)	-14.5	19.6	2.9	-0.6	-5.8	17.6	18.8	-7.5	8.4	27.6	-39.5
Intl High Dividend ADR (Net)	-14.9	19.1	2.4	-1.0	-6.2	17.2	18.3	-8.0	7.6	26.6	-39.9
MSCI EAFE Index	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
MSCI AC World Index Ex-U.S.	-14.2	27.2	4.5	-5.7	-3.9	15.3	16.8	-13.7	11.2	41.5	-45.5

SECTOR WEIGHTS * (%)	Intl High Dividend ADR	MSCI EAFE
Communication Services	9.2	5.4
Consumer Discretionary	6.1	11.0
Consumer Staples	12.6	11.8
Energy	8.2	5.8
Financials	24.0	18.9
Health Care	15.2	11.3
Industrials	8.9	14.4
Information Technology	2.1	6.3
Materials	4.6	7.5
Real Estate	0.0	3.9
Utilities	4.1	3.7
Cash	5.1	0.0
Total	100.0	100.0

PORTFOLIO CHARACTERISTICS *	Intl High Dividend ADR	MSCI EAFE
P/E Ratio (Forward)	12.8	14.1
Dividend Yield	5.0	3.6
LT Debt to Capital	33.0	29.3
LT DPS Growth	7.9	7.5
LT EPS Growth (est.)	9.6	10.1
Weighted Avg. Market Cap. (\$B)	86.8	64.2

Source: SCCM, Bloomberg 03/31/2019

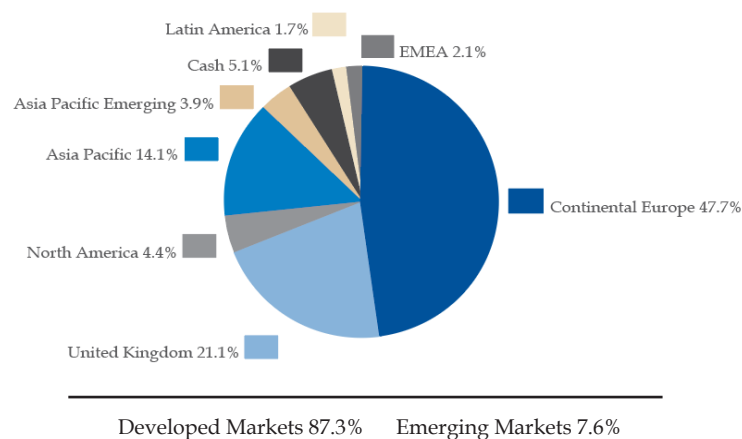
### TOP TEN HOLDINGS \* (%)

Novartis	3.6
Nestle	3.4
Roche Holding	3.2
Iberdrola	3.1
Zurich Insurance Group	3.1
Allianz	2.9
United Overseas Bank	2.7
Munich Re Group	2.7
Total SA	2.7
Sonic Healthcare	2.7

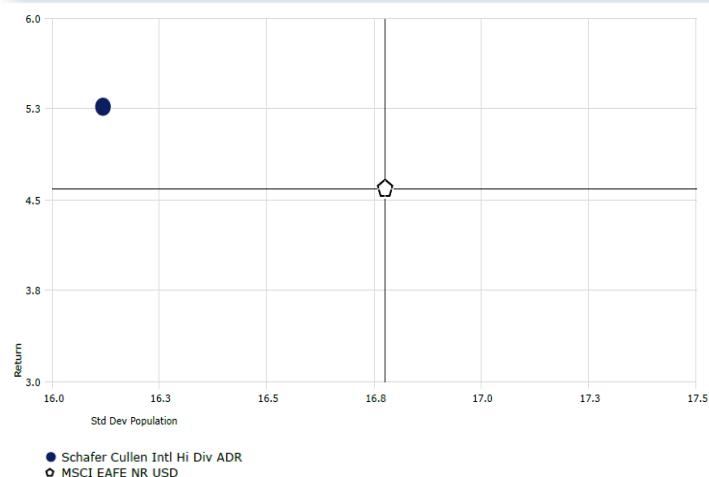
### TOP FIVE COUNTRY EXPOSURE \* (%)

United Kingdom	21.1
Switzerland	17.3
Germany	11.2
France	8.4
Netherlands	5.2

### GEOGRAPHIC EXPOSURE \*



### SINCE INCEPTION RISK RETURN JUNE 30, 2005 TO MARCH 31, 2019



## INVESTMENT TEAM

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

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

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

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

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

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

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

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

**ERIK NORGAARD**  
ANALYST  
1 YEAR INVESTMENT EXPERIENCE

**JENNIFER CHANG, CFA**  
EXECUTIVE DIRECTOR / PORTFOLIO MANAGER  
20 YEARS INVESTMENT EXPERIENCE

**RAHUL SHARMA**  
EXECUTIVE DIRECTOR / ANALYST  
19 YEARS INVESTMENT EXPERIENCE

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

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

**MICHAEL GALLANT, CFA**  
VICE PRESIDENT / ANALYST  
16 YEARS INVESTMENT EXPERIENCE

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

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

**JASON STEINBERG**  
ANALYST  
2 YEARS INVESTMENT EXPERIENCE

**WILL BRUCE**  
ANALYST  
1 YEAR INVESTMENT EXPERIENCE

### FOOTNOTES:

<sup>1</sup>Includes model program assets of \$10.1 billion as of 03/31/2019. SCCM provides models on the following SMA strategies: High Dividend, International High Dividend, Value Equity and Global High Dividend.

### DISCLOSURE:

Schafer Cullen Capital Management, Inc. (SCCM) is an independent investment advisor registered under the Investment Advisers Act of 1940. Cullen Capital Management, LLC (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.

The primary benchmark used is the total return indices for the MSCI EAFE Index. The MSCI EAFE Index is the commonly used measure of international equity performance. The MSCI AC World Index ex-U.S. measures stock performance throughout the world, with the exception of U.S.-based companies. The MSCI AC World Index ex-U.S. is used for comparison purposes. Please refer to performance disclosure included with this presentation.

Past performance does not guarantee future results. Schafer Cullen invests in foreign securities which may involve greater volatility and political, economic and currency risks and differences in accounting methods. Returns are expressed in US dollars. Gross of fee performance is calculated gross of management fees and custodian fees and net of transaction costs. Net of fee performance is calculated net of actual management fees and transaction costs but gross of custodian fees. Individual account performance will not match the composite and will depend upon various factors including market condition at the time of investment. Returns reflect the reinvestment of dividends and other earnings. 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.

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