

3Q 2021

# SCHAFFER | CULLEN

CAPITAL MANAGEMENT

## FIRM PROFILE

Independent & Registered  
Investment Advisor

37 Years of Experience as a Value  
Investment Management Firm

Approx. \$21.0 Billion<sup>1</sup>  
Assets Under Advisement

**63 Employees**  
17 Investment  
26 Client Service  
20 Operational

## STRATEGIES

▶ **International High  
Dividend Value**

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 Equity

### 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 International High Dividend Equity portfolio. This strategy gives investors a way to participate in the long-term upside potential of international equities while at the same time seeking 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 whose stocks trade on foreign exchanges or offer ADRs that trade on US 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 international equities, as well as the higher dividend yields and dividend growth that these 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 Equity

## 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 35-45 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 50% 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 September 30, 2021	MTD	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception**
International High Dividend (Gross)	-4.4	-2.1	7.8	24.8	6.9	6.6	7.0	6.6
International High Dividend (Net)	-4.4	-2.2	7.4	24.2	6.4	6.0	6.3	5.9
MSCI EAFE Index	-2.9	-0.5	8.3	25.7	7.6	8.8	8.1	6.2
MSCI EAFE Value Index	-1.8	-1.0	9.6	30.7	3.0	6.0	6.0	4.8
MSCI ACWI ex U.S. Value Index	-2.0	-2.3	9.1	31.4	3.8	6.4	5.5	5.5

\*\*August 31, 2004. Performance for periods greater than 1 year is annualized

ANNUAL RETURNS (%) period ending 12/31	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
International High Dividend (Gross)	4.2	22.9	-13.9	19.7	2.9	-1.1	-6.4	17.1	17.9	-7.2	8.0	28.8	-43.0
International High Dividend (Net)	3.6	22.2	-14.5	19.1	2.3	-1.7	-7.4	15.9	17.0	-7.8	7.3	27.9	-43.4
MSCI EAFE Index	7.8	22.0	-13.8	25.0	1.0	-0.8	-4.9	22.8	17.3	-12.1	7.8	31.8	-43.4
MSCI EAFE Value Index	-2.6	16.1	-14.8	21.4	5.0	-5.7	-5.4	23.0	17.7	-12.2	3.3	34.2	-44.1
MSCI ACWI ex U.S. Value Index	-0.8	15.7	-14.0	22.7	8.9	-10.1	-5.1	15.0	17.0	-13.2	7.8	44.3	-45.5

Past performance is no guarantee of future results.

SECTOR WEIGHTS* (%)	Intl High Dividend	MSCI EAFE
Communication Services	9.5	4.8
Consumer Discretionary	7.4	12.7
Consumer Staples	9.1	10.2
Energy	3.5	3.5
Financials	24.8	17.2
Health Care	9.2	12.6
Industrials	12.4	15.8
Information Technology	3.5	9.6
Materials	10.2	7.3
Real Estate	3.2	2.9
Utilities	4.1	3.3
Cash	3.0	0.0
Total	100	100

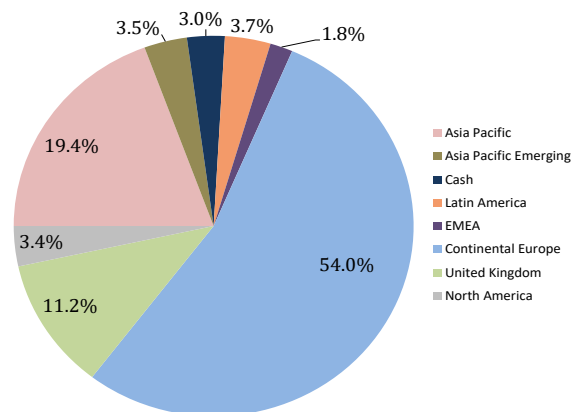
PORTFOLIO CHARACTERISTICS* (%)	Intl High Dividend	MSCI EAFE
P/E Ratio (Forward)	12.2	16.5
Dividend Yield	5.0	3.0
LT Debt to Capital	33.7	30.8
LT DPS Growth	8.4	7.5
LT EPS Growth (est.)	10.0	10.1
Weighted Avg. Market Cap. (\$M)	84.9	80.5

Source: SCCM, Bloomberg 9/30/2021

TOP FIVE COUNTRY EXPOSURE *	
France	13.5
Japan	13.1
Switzerland	11.5
United Kingdom	11.2
Germany	10.7

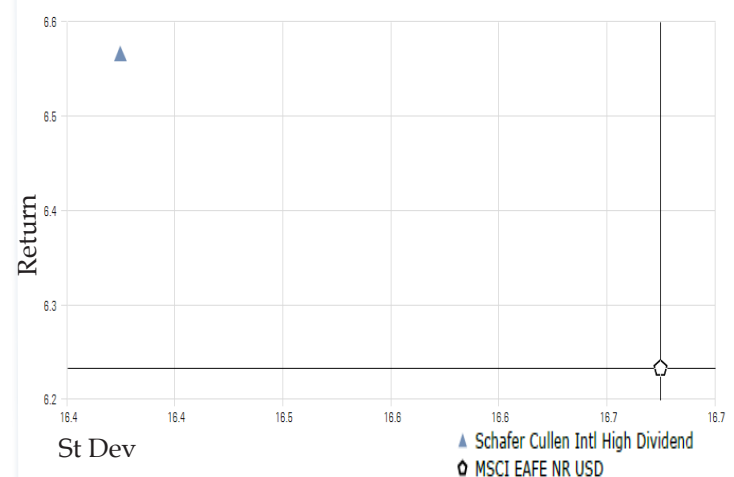
TOP TEN HOLDINGS * (%)	
Softbank Corp.	3.6
BNP Paribas	3.5
TotalEnergies SE (ADR)	3.5
Toyota Motor Corp.	3.3
Cie de Saint-Gobain	3.2
NN Group	3.1
Nippon Telegraph & Telephone Corp.	3.0
Smurfit Kappa Group PLC	2.9
Svenska Handelsbanken AB	2.8
Novartis AG (ADR)	2.8

### GEOGRAPHIC EXPOSURE \*



Developed Markets 88.0% Emerging Markets 9.0%

### SINCE INCEPTION RISK RETURN AUGUST 31, 2004 TO SEPTEMBER 30, 2021



## INVESTMENT TEAM

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

**PRAVIR SINGH, CFA**  
MANAGING DIRECTOR / PORTFOLIO MANAGER  
16 YEARS INVESTMENT EXPERIENCE

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

**MICHAEL KELLY, CFA**  
VICE PRESIDENT / CO-DIRECTOR OF RESEARCH  
17 YEARS INVESTMENT EXPERIENCE

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

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

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

**VAISHALI LARA KATHURIA**  
ASSISTANT VICE PRESIDENT / ANALYST  
5 YEARS INVESTMENT EXPERIENCE

**ERIK NORGAARD**  
ANALYST  
2 YEARS INVESTMENT EXPERIENCE

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

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

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

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

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

**KAREN RAMLOGAN**  
MANAGING DIRECTOR / INVESTMENT OPERATIONS  
19 YEARS INVESTMENT EXPERIENCE

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

**JASON STEINBERG**  
ASSISTANT VICE PRESIDENT / ANALYST  
3 YEARS INVESTMENT EXPERIENCE

<sup>1</sup>Includes model program assets of \$11.8 billion as of 9/30/2021. SCCM provides models on the following SMA strategies: High Dividend, International High Dividend, Value Equity and Global High Dividend.

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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 EAFE Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The MSCI ACWI ex U.S. Value Index captures large and mid-cap securities exhibiting overall value style characteristics across Developed and Emerging Markets countries around the world, excluding the US. The MSCI EAFE Value Index and the MSCI ACWI ex U.S. Value Index are used for comparison purposes. Please refer to performance disclosure included with this presentation. Comparisons to indices are inherently unreliable indicators of future performance. The strategies used to generate the performance may vary from those used to generate the returns depicted in the indices. You cannot invest directly in an index.

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