

Performance Review

- The MSCI World Index (in US-dollar terms) experienced a broad selloff and significant volatility in the fourth quarter. Factors that pushed stocks lower included weaker global economic activity data, expectations of slower US growth in 2019, concerns the US Federal Reserve (Fed) might raise interest rates too fast, US-China trade tensions, and continued Brexit uncertainty.
- For the quarter, the fund's Series F shares returned -13.15%, and its benchmark, the MSCI World Index, returned -8.40%.

QUARTERLY KEY PERFORMANCE DRIVERS

	Stocks	Sectors	Countries
HELPED	Eli Lilly and Company	—	Italy
	Enel SpA	—	Finland
	Merck & Co., Inc.	—	—
HURT	British American Tobacco p.l.c.	Financials	United States
	Citigroup Inc.	Energy	United Kingdom
	Citizens Financial Group, Inc.	Information Technology	France

- In November, shares of British American Tobacco and industry peers dropped, as the US Food and Drug Administration (FDA) revisited the possibility of banning menthol as a flavour in cigarettes. Any process to ban menthol-flavoured cigarettes would take years with many steps to complete, and in our opinion, an FDA proposal would face litigation from the industry. Industry experts have suggested that it might not survive legal challenges.
- Citizens Financial Group announced solid results in October, but the stock followed the decline in financial sector shares during the quarter, as investors worried that slowing global economic activity could have a negative effect on the US economy and on Citizens' operating results. Investors digested the latest economic data and adjusted their expectations down to reflect a more challenged outlook in terms of lower interest rates, slower revenue growth, and rising credit cost for the industry. On a long-term basis, we believe Citizens remains well positioned to continue to deliver improved results as management continues to invest in new product capabilities and as management pursues a combination of capital deployment, balance sheet optimisation and cost controls.
- In November, Eli Lilly and Company reported quarterly sales and earnings that topped consensus estimates, while management upwardly revised its 2018 full-year earnings guidance. We believe Eli Lilly continues to have a strong product growth story and room for further margin expansion, in addition to having solid research and development capabilities.

Outlook & Strategy

- As we enter 2019, the consensus view is for slower but still positive global economic growth led by the United States, with modest growth in corporate earnings. However, this is a notable slowdown from 2018, and downside risks to the global outlook appear to have risen, while investor sentiment has turned more cautious and the general level of financial market volatility has been on the rise. In our view, 2019 may favour prudent stock pickers with a disciplined approach.
- Policy events are likely to have considerable influence, for better or worse, on economic growth, financial market performance and investor sentiment. We will be closely monitoring US-China trade tensions, the path of monetary policy by major central banks, the possibility of Brexit without an agreement, and the effectiveness of China's fiscal and monetary stimulus measures.
- Market valuations have returned to more attractive levels, in our view. We have used this period of turbulence to seek out stocks we felt had strong corporate fundamentals and valuations whose risk/reward profiles turned more favourable as they became caught up in the broad selloff. Recently, we have been finding more of these within economically sensitive industries.
- From a sector perspective, within energy we have been finding compelling value amongst infrastructure companies, as they benefit from increasing production and are not as affected by swings in oil and gas prices. Information technology (IT) valuations have declined, but so far, compelling opportunities on a risk/reward basis have been limited. Our IT positions are generally amongst larger, mature companies with shareholder-friendly management.
- Value investing often requires an investor to be contrarian in nature. We continue to maintain a bottom-up stock-picking process that is disciplined, driven by rigorous fundamental analysis, and attempts to limit downside risk. In our view, investing in underappreciated and misunderstood companies with identifiable catalysts for unlocking shareholder value can offer meaningful upside potential and a degree of downside protection in periods of financial market turbulence.

Fund Details

Inception Date	02/17/2003
Benchmark	MSCI World Index

Fund Description

This Fund seeks long-term capital appreciation by investing primarily in the equity and debt securities of issuers around the world.

Performance Data**Performance (%) as of 12/31/2018**

	1 Month	3 Mths	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception
Series A	-8.37	-13.40	-12.67	-12.67	0.34	1.08	6.07	5.44
Series F	-8.28	-13.15	-11.62	-11.62	1.51	2.25	7.28	6.62
MSCI World Index ¹	-5.01	-8.40	0.06	0.06	6.30	10.56	11.41	7.89

Indicated rates of return include changes in unit or share value and reinvestment of all distributions and dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Please refer to the prospectus for further details. **For details on the respective series inception dates, please consult the Fund Facts or simplified prospectus for the fund.** Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. **Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

Investment Team

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Years with Firm 29
Years Experience 33

Tim Rankin, CFA
Years with Firm 15
Years Experience 27

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Years with Firm 15
Years Experience 17

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