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INVESTMENT STRATEGY OUTLOOK – INTERNATIONAL EQUITY

March 31, 2018

Fear made a rare appearance in the first quarter, with developed equity markets printing a quarterly decline for the first time since June of 2016.[1] Rising interest rates, a spike in volatility, and talk of a potential trade war shook investor confidence. The FMI International portfolios fell by approximately 3.1% in the quarter, compared with an MSCI EAFE Index drop of 4.28% in local currency and 1.53% in U.S. Dollars (USD).[2] The Fund's top performing sectors included Consumer Non-Durables, Communications and Technology Services, while Commercial Services, Consumer Services, and Consumer Durables weighed on the results. TE Connectivity, Henkel, and Smiths Group outperformed on a relative basis, as Travis Perkins, WPP and Isuzu Motors fell short of expectations. Currency hedging and a weakening USD continues to be a significant headwind. Over the past five quarters, the MSCI EAFE Index's return in local currency has underperformed the USD equivalent by 12.82%, making for a tough comparison versus the USD index. Of course, the recent USD weakness could reverse at any time.

As we look out at the global opportunity set, not much has changed from our vantage point. Stocks are still expensive, risks are plenty, and global economic growth continues to be boosted by artificially low interest rates, rising debt, stimulus and quantitative easing (QE). As central bankers start to take their feet off the gas, the reversal of unprecedented experimental policies and asset purchases (which helped fuel a rapid rise in financial markets) might finally take a toll. Interest rate normalization poses a risk to asset valuations, and keeping a lid on inflation may prove to be easier said than done. Central bankers will have their work cut out for them, as taking away the proverbial "punch bowl" may not be well received. Given the precarious backdrop, we will continue to proceed with caution, as downside protection is paramount.

Tried and True

As we've discussed in previous shareholder letters, it's been a challenging time to be a value investor. Despite a long history of success, with academic studies and empirical evidence supporting the case for value investing, some critics argue that the value investment strategy simply no longer works. The last 10+ years certainly fits the narrative, as value has meaningfully underperformed. Let's take a closer look…

To frame the most recent period in a historical context, we examined the rolling 5-year returns of the MSCI EAFE Value vs. MSCI EAFE Growth indexes[3] at the end of each calendar year, as far back as the Bloomberg dataset would take us (December 31, 1974). How did value do? As the table on the following page illustrates, out of 39 periods, value underperformed growth only 10 times, or 26% of the time. Interestingly, value fell short in each of the last nine periods, so had the analysis been done a decade earlier, value would have prevailed in all but one of the 5-year rolling periods (97% of the time). How times have changed! Even with the recent hiccup, value's outperformance since inception is striking and undeniable: the MSCI EAFE Value has generated a cumulative return of 9,533% (11.2% annualized), far outpacing the MSCI EAFE Growth's return of 3,429% (8.6%). The power of compounding is apparent.

[1] In local currency, per the MSCI EAFE Index.

[2] Performance reflects all days of trading during the stated period. The final day of performance during the period is varied due to holiday observances in some markets.

[3] MSCI EAFE Value Net Total Return Index (Bloomberg Ticker: M1EA00V), MSCI EAFE Growth Net Total Return Index (Bloomberg Ticker: M1EA000G).

Date	MSCI EAFE VALUE Total Return Index 5-Yr Return	MSCI EAFE GROWTH Total Return Index 5-Yr Return	Value Out (Under) Performance	Date	MSCI EAFE VALUE Total Return Index 5-Yr Return	MSCI EAFE GROWTH Total Return Index 5-Yr Return	Value Out (Under) Performance
12/31/1979	145%	105%	40%	12/31/1999	80%	86%	(7%)
12/31/1980	113%	93%	21%	12/29/2000	56%	26%	30%
12/31/1981	118%	72%	46%	12/31/2001	17%	-8%	25%
12/31/1982	76%	46%	30%	12/31/2002	-3%	-24%	21%
12/30/1983	65%	38%	27%	12/31/2003	20%	-18%	38%
12/31/1984	63%	48%	15%	12/31/2004	20%	-27%	47%
12/31/1985	121%	79%	43%	12/30/2005	41%	10%	31%
12/31/1986	251%	240%	11%	12/29/2006	125%	78%	47%
12/31/1987	362%	326%	36%	12/31/2007	184%	147%	37%
12/30/1988	378%	341%	38%	12/31/2008	9%	7%	2%
12/29/1989	433%	317%	116%	12/31/2009	18%	20%	(2%)
12/31/1990	158%	107%	51%	12/31/2010	7%	19%	(11%)
12/31/1991	69%	39%	30%	12/30/2011	-28%	-15%	(13%)
12/31/1992	15%	0%	15%	12/31/2012	-20%	-15%	(5%)
12/31/1993	23%	-1%	24%	12/31/2013	76%	83%	(7%)
12/30/1994	19%	-3%	22%	12/31/2014	24%	35%	(11%)
12/29/1995	69%	45%	25%	12/31/2015	13%	25%	(12%)
12/31/1996	67%	31%	36%	12/30/2016	36%	38%	(3%)
12/31/1997	91%	54%	37%	12/29/2017	40%	52%	(12%)
12/31/1998	61%	50%	10%				Source: Bloomberg

Total No. of 5-Year Periods:	39
No. of 5-Year Periods with Value Underperformance:	10
% of 5-Year Periods with Value Underperformance:	**26%**

EAFE GROWTH	**3,429% (8.6% annualized)**
EAFE VALUE	**9,533% (11.2% annualized)**

Are value investing's recent struggles the exception or the (new) rule? To address the question, it's important to understand why value investing has worked so well, historically. The answer is relatively simple: human nature. Inevitably fear and greed play a huge role in investor psyche and behavior. On the way up, investors become overly optimistic, gain comfort in numbers (the herd), and chase the best performing stocks to valuations well above fair value, with little regard for underlying business fundamentals. Greed, and a fear of missing out, can lead to periods where a stock or the market can become significantly overpriced. Conversely, on the way down, investors can be overly pessimistic and overwhelmed with the fear of losing money. Risk aversion takes hold, selling begets selling, and the end result is a mass exodus in a stock or the market. Again, the underlying business fundamentals are disregarded, this time leading to depressed valuations that are well below intrinsic value. Eventually investors come to their senses, as markets tend to be relatively efficient over longer periods of time, with valuation ultimately settling in around the vicinity of fair value. That said, dislocation in the near term, especially at the extremes, creates some of the market's most rewarding investment opportunities.

Since 1994, DALBAR, Inc. has published studies of the "Quantitative Analysis of Investor Behavior," where they attempt to measure the "effects of investor decisions to buy, sell and switch into and out of mutual funds over short and long-term timeframes." Not surprisingly, "The results consistently show that the average investor earns less – in many cases, much less – than mutual fund performance reports would suggest."[4] For example, in their 2016 study, over the last 30 years, DALBAR estimates that the average equity investor generated an annual return of 3.98% versus the S&P 500 at 10.16%.[5] Buying near the top and selling near the bottom are all too common. Similarly, in Spencer Jakab's book, *Heads I Win, Tails I Win: Why Smart Investors Fail and How to Tilt the Odds in Your Favor*, he examines the track record of Fidelity Magellan's renowned portfolio manager Peter Lynch: "During his tenure Lynch trounced

[4] "DALBAR's 22nd Annual Quantitative Analysis of Investor Behavior: Period Ended 12/31/15." www.dalbar.com.

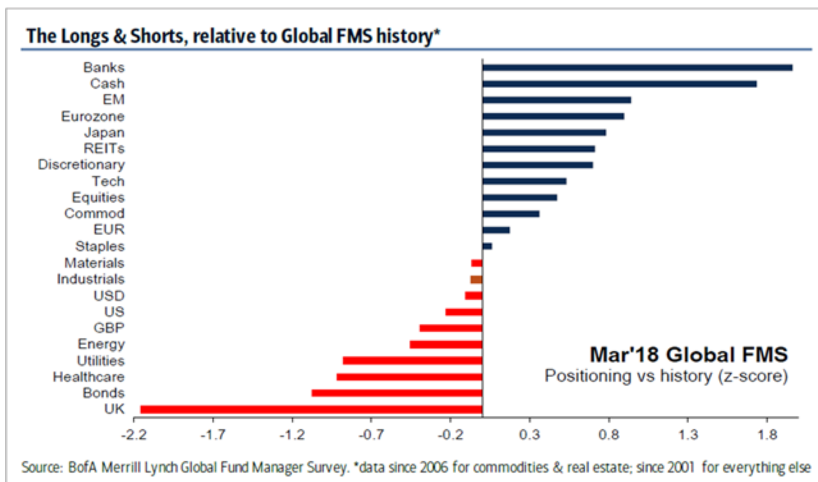
[5] "DALBAR 2017: Investors Suck At Investing & Tips For Advisors," by Lance Roberts. Realinvestmentadvice.com. September 25, 2017. Performance period ending December 30, 2016.

the market overall and beat it in most years, racking up a 29 percent annualized return. But Lynch himself pointed out a fly in the ointment. He calculated that the average investor in his fund made only around 7 percent during the same period. When he would have a setback, for example, the money would flow out of the fund through redemptions. Then when he got back on track it would flow back in, having missed the recovery."[6]

In our view, human nature will never change. Emotion, fear, and greed will continue to play a role in investor behavior. In its simplest form, value investing looks to appraise the value of a business, invest when the business is undervalued by the market (out of favor), and sell when the discount has narrowed. It is inherently contrarian in nature – buying when the masses are running for the exits, and selling during periods of irrational exuberance. Conversely, growth, momentum, and technical investing are far more speculative in nature. A disciplined value-oriented approach is well-positioned to outperform over the long run, as it is rooted in fundamental analysis with valuation as its guidepost. We firmly believe that value investing's recent lull is the exception, not the rule. A confluence of factors -- including large-scale central bank asset purchases, suppressed interest rates (i.e., negative yields), a lack of volatility, a disconnect from valuation, and a massive shift from active to passive investing -- have obscured markets since the great financial crisis of 2008-09. Today, high-quality, well-run businesses often trade at one or two standard deviations above their historical averages. It's likely just a matter of time before history repeats itself, fear rears its head, and value investing returns to the top.

Against the Grain

Being contrarian can be defined as "opposing or rejecting popular opinion; going against current practice."[7] In other words, zigging when everyone else is zagging. In equity investing, in order to beat the market (or your peers), you have to do something different than the market. In constructing the portfolio, we strive to have industry diversification with exposure to most, but not all major economic sectors. Geographic exposure is a consideration, but it does not drive the investment decisions, as bottom-up security analysis takes priority. While we include mention of the MSCI EAFE Index in our letters, it is only insofar as international investors have grown accustomed to seeing this benchmark. We do not consider the benchmark in the management of the Fund and we expect to see significant divergence in performance over quarterly or annual periods. It's also worth noting that currencies in the Fund are passively hedged, with a goal of ensuring that our returns are a reflection of FMI's stock selection, and not the volatile swings of foreign exchange rates. As a result, the MSCI EAFE's local index is the more comparable benchmark (vs. the USD equivalent) as we strive to capture the local return of our investments. Unlike some of our international peers, we run concentrated portfolios with a limited number of holdings (30-40). Our focus is predominantly on large-cap developed market companies, though we have occasionally found a few mid-cap and emerging market opportunities that met our investment criteria.



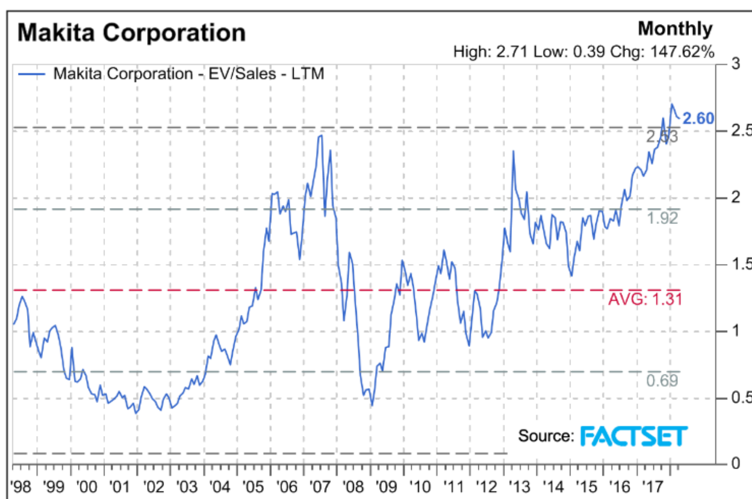
As value investors who embrace leaning into the wind, we were encouraged to see the recent Bank of America Merrill Lynch *Global Fund Manager Survey* chart, [8] where our peers are currently shifting heavily into banks and Japan, while reducing exposure to the UK. We've moved in the opposite direction.

In FMI's 38-year history, we have consistently been underweight financials, especially banks. We generally view banking as a commodity business, and are

[6] Spencer Jakab. "Heads I Win, Tails I Win: Why Smart Investors Fail and How to Tilt the Odds in Your Favor." July 12, 2016.
[7] Google dictionary.
[8] BofA Merrill Lynch Global Fund Manager Survey. March 20, 2018.

not keen on balance sheets that are opaque and highly levered. As such, historically we have gotten more of our financial exposure through insurance companies, insurance brokerages, financial processors, and asset managers. As it relates to international banks in particular, we do have additional concerns. Capital standards vary meaningfully across regions, resulting in an incomplete accounting of underlying economic viability and returns. Regions also vary considerably as it pertains to the underlying rules and ownership rights on assets securing debt financing. This makes it difficult to recognize and resolve problem asset issues, further tying up capital, and creating zombie loans. In addition, we have always operated by the axiom suggesting that investors approach a fast-growing loan category with extreme caution. Paradoxically, global banks are attracted to developing markets principally because they believe that new loans can expand at a rate exceeding underlying GDP. Lastly, entry barriers are generally low, while exit barriers are fairly high (banks aren't allowed to fail). This is problematic as banks are heavily influenced by the weakest competitor in each of their markets. When you are competing with a commodity (money), an undisciplined player can temporarily create an artificial price (loan yield, loan-to-value, terms and conditions, etc.) that will upset the returns (losses) in a particular market. Given the aforementioned, it makes sense why European banks have racked up $1.17 trillion of bad debt on their balance sheets.[9] While many of our international peers are piling into "inexpensive" banks, we'll err on the side of caution and watch this game from the sidelines.

Similarly, we've long documented our concerns about Japan in prior shareholder letters, which include excessive government debt levels, unsustainably low interest rates, an aging and shrinking population, and relatively weak economic growth prospects (despite an uptick in recent years). In addition, the Bank of Japan's (BOJ) QE program has been the most aggressive in the developed world, and by a wide margin. In the recently completed March fiscal year, the BOJ purchased around 75% of all the government bonds that were issued. They now own more than 40% of the country's sovereign debt and 70% of the ETF market.[10,11] As reported by *Almost Daily Grant's*, the BOJ has been printing money at an astonishing pace: "In the five years ended Feb. 28, Japan's monetary base (comprised of money in circulation as well as bank reserves) has increased by 281% to ¥475 trillion ($4.4 trillion), or just under 31% annualized growth. By comparison, the European Central Bank has increased its monetary base by 63% over the past five years (10% annualized growth), while the Federal Reserve has overseen a 34% uptick in the U.S. monetary base, or 6% annualized."[12] Desperate to drive inflation, the BOJ should be careful what it wishes for as it is playing a dangerous game. Meanwhile, the Japanese stock market has been on fire since November of 2012, up 158% in less than 5.5 years (19.2% annualized), more than doubling the MSCI EAFE Index's local return of 75% (10.9% annualized). We've participated to some extent, but have been selling investments in Japan in recent years due to concerns about valuation. For example, in November 2017 we sold our position in Makita Corporation (6586 JT), as the discount to fair value all but evaporated. As illustrated in the accompanying chart, the stock now trades at more than two standard deviations above its long-term historical average. Unfortunately, many charts look like this in Japan, with great businesses commanding healthy premiums. After a massive run in the stock market, we find it telling that the herd continues to pile into Japan unabated.



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[9] Nicholas Comfort, Giovanni Salzano and Sonia Sirletti. "Five Charts That Explain How European Banks Are Dealing With Their Bad-Loan Problem." *Bloomberg*, February 13, 2018.

[10] Hidenori Yamanaka. "Not a Single Japan 10-Year Bond Traded Tuesday: Death by BOJ." *Bloomberg,* March 14, 2018.

[11] Min Jeong Lee and Emi Urabe. "Bank of Japan's $150 Billion ETF Binge Looks Likely to Slow Next Year." *Bloomberg*, December 10, 2017.

[12] "QE chronicles." *Almost Daily Grant's.* Wednesday, March 14, 2018.

Conversely, in the UK, concerns around Brexit, slowing growth and rising inflation have weighed on investor sentiment. The stock market has lagged over the past five years, and predictably, global managers are now positioning themselves to avoid the market. In June of 2016 we wrote, *"At a high level, we view [Brexit] as more of an opportunity than a risk. There is likely to be significant uncertainty in the near-term regarding economic growth, trade deal negotiations, currency fluctuations, political posturing, and potential call for similar referendums (with Eurosceptic parties in Italy, France, Netherlands, Denmark and Sweden already piping up), et al. Stock prices may continue to come under pressure. However, if this means that great businesses will be offered up at value prices (including some of our own holdings), then we will look to capitalize as people throw out the baby with the bath water."* Our long-term view hasn't changed, and as expected we have added high-quality businesses such as Whitbread (WTB LN), Travis Perkins (TPK LN), Merlin Entertainments (MERL LN), and Smith & Nephew (SN/ LN) to the portfolio, after each of the stocks had come under pressure. With strong, durable business models that are built to withstand adversity, we think that these undervalued investments will serve us well in the years to come.

Even though taking the road less traveled can be lonely, as it is today, our investors can rest assured that we will stay the course. Value investing will endure. Below are two examples of where we are finding attractive opportunities:

WPP PLC (WPP LN)

(Analyst: Rob Helf)

Description

WPP is a strategic holding company made up of leading advertising, media buying, market research, direct and digital marketing, branding and public relations firms. WPP owns four global ad networks: J. Walter Thompson (JWT), Ogilvy & Mather, Young & Rubicam and Grey. In 2017, 37% of overall revenue was generated in North America, 20% in Western Europe, 13% in the UK and 30% from the rest of the world. The company's core business is advertising and media investment, which makes up almost 50% of revenues and includes media planning/buying and analysis as well as creative services.

Good Business

- WPP is the largest advertising and marketing service company in the world.
- The company offers a comprehensive roster of fee-based services to a diverse mix of clients.
- WPP should be able to grow as fast as general advertising, as the company has significant exposure to more rapidly growing areas, including emerging markets, marketing services and digital advertising.
- Its largest client represents less than 4% of overall revenues.
- Agencies develop integrated relationships with clients, resulting in high switching costs.
- WPP should benefit from increased spending on advertising/marketing in a healthier economy.
- Over the past decade, WPP has generated a return on capital above its cost of capital.
- The balance sheet is in reasonable shape with net debt slightly less than 2 times earnings before interest, taxes, depreciation and amortization (EBITDA).
- WPP's annual dividend is £0.60/year (2017), which yields over 5% currently.

Valuation

- WPP currently trades at approximately 1.4 times enterprise value-to-sales (EV/S), 7.7 times enterprise value-to-EBITDA (EV/EBITDA) and 10.5 times forward earnings per share (EPS) estimates. WPP should generate 17%+ earnings before interest and taxes (EBIT) margins on net revenues in 2018.
- Historically, the company has been valued at 1.6 times sales, 10 times EBITDA and 15 times EPS.
- The free cash flow (£1.5 billion) yield on the enterprise value is 7.8%.
- Currently, we estimate WPP trades at a 40-50% discount to the MSCI EAFE Index on many statistical measures vs. a conventional discount of 10-20%.

Management

- Sir Martin Sorrell, 74, is director and CEO. He joined the company in 1986 as director and later the same year became group CEO. He owns over £200 million worth of the company's equity, so he has significant skin in the game.
- Paul Richardson, 61, is Finance director. Mr. Richardson has held this title since 1996 following four years with WPP as director of Treasury.
- Mark Read, 51, is Strategy director and CEO, Wunderman/WPP Digital. Mr. Read was appointed a director in March 2005. Prior to joining WPP, he was a principal at Booz-Allen & Hamilton, and founder of WebRewards.
- Operating companies are each run by capable executives.

Investment Thesis

WPP fell short of expectations in 2017 and hurt the Fund's overall performance last year. Revenue and profit have been impacted by fee compression and lower spending by the advertising-heavy consumer goods, retail and auto clients as a residual of softer top-line, zero-based budgeting and activist shareholders. There are some near-term challenges for the industry; however, we believe that these pressures are more cyclical than secular in nature and will ease in the medium term. Importantly, WPP is one of the leaders in the advertising and marketing service industry that has historically been able to adapt with changes in technology and media. The business continues to offer an outsourced solution to clients, has demonstrated a flexible cost structure and is managed by entrepreneurial individuals. Additionally, the business provides an important function in helping clients establish brands and grow revenue. At just over 8.5 times EBIT and 10 times EPS, the shares of WPP are attractive.

Bureau Veritas (BVI FP)

(Analyst: Matthew Goetzinger)

Description

Bureau Veritas (BV) is the world's second largest testing, inspection and certification company. Across the company's six reportable business segments, BV provides recognized independent inspection services leveraging over 3,500 global accreditation standards within a diverse set of end markets. Geographically, Western Europe represents 32% of total revenues. Eastern Europe, the Middle East and Africa together represent 12% of revenues. The Americas accounts for 27% of revenues, while Asia Pacific is 29% of total revenues.

Good Business

- As a large global trusted third party, BV offers independently verified testing, inspection and certification services across a diversified set of products, systems and physical assets.
- The company's verification services and recognized authoritative certification results in significant incremental end-product value that meaningfully outweighs the cost of the service.
- The company's scale is leveraged across a diversified balance of end markets and geographies.
- Recurring monitoring businesses represent approximately 70% of firm revenues.
- Over the past five years BV has generated an average return on invested capital (ROIC) of 12%.
- BV's balance sheet is stable with net debt-to-EBITDA ratio of 2 times. Interest coverage is over 8 times.

Valuation

- Bureau Veritas' stock price has been flat for approximately five years. During this time period the company's forward earnings multiple has come down from 26 times next 12 months earnings to a near market median.
- Across several important valuation metrics BV trades at a 25% average discount to peers.
- BV trades at its 5-year average forward earnings multiple of approximately 20 times.
- Relative to normalized growth and profit margins, BV trades at approximately 17 times earnings.

Management

- Several new management appointments and changes in reporting structure suggest that BV is working to improve the efficiency and diversity of the organization.
- In 2012 BV appointed an outsider from Otis (UTX) as the company's new CEO. In March, a new Chairman was named, also from outside the organization.
- In 2016 the company's short-term incentive compensation plan moved to reward organic growth, margin expansion and cash flow.

Investment Thesis

Over the past several years Bureau Veritas has worked through cyclical weakness in capital expenditure-related businesses that are now nearing cyclical troughs. During this time period BV has transitioned its business model to focus on recurring inspection-related testing businesses that are more immune to end market cycles. The company's value-add will grow as regulation and verification services increase in an expanding global economy. In addition to driving improvements in organic growth, BV management has begun to emphasize a more balanced approach to capital deployment and returns. Near term tariff worries are nettlesome, but BV's franchise is strong and likely to prove defensive in a tougher economic and stock market cycle.

Thank you for your confidence in Fiduciary Management, Inc.

Fiduciary Management Inc.
International Equity Composite
12/31/2010 - 12/31/2017

Year	Total Return Gross of Fees %	Total Return Net of Fees %	*Benchmark Return %	Number of Portfolios	Dispersion %	Three Year Ex-Post Standard Deviation		Total Composite Assets End of Period ($ millions)	Total Firm Assets End of Period ($ millions)	Percentage of Firm Assets %
						Composite	*Benchmark			
2011	-0.78	-1.52	-12.15	1	0.00	n/a	n/a	$ 16.7	$ 12,273.6	0.14%
2012	19.35	18.46	17.31	1	0.00	n/a	n/a	$ 76.3	$ 15,253.5	0.50%
2013	25.89	24.95	26.93	1	0.00	9.78	12.22	$ 165.8	$ 19,705.3	0.84%
2014	5.66	4.87	5.92	1	0.00	7.49	10.33	$ 771.6	$ 21,001.1	3.67%
2015	4.24	3.46	5.33	2	0.00	8.14	11.73	$ 2,832.9	$ 21,042.9	13.46%
2016	11.04	10.23	5.34	3	0.38	7.39	11.53	$ 5,946.2	$ 22,626.7	26.28%
2017	16.51	15.70	15.23	3	0.02	7.04	11.20	$ 8,209.3	$ 25,322.0	32.42%

*MSCI EAFE Net Local Index®

Returns reflect the reinvestment of dividends and other earnings.
The above table reflects past performance. Past performance does not guarantee future results. A client's investment return may be lower or higher than the performance shown above. Clients may suffer an investment loss.

Fiduciary Management, Incorporated (FMI) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. FMI has been independently verified for the periods 12/31/1993 - 12/31/2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Equity Composite has been examined for the periods 12/31/2010-12/31/2017. The verification and performance examination reports are available upon request. Benchmark returns are not covered by the report of independent verifiers.

FMI was founded in 1980 and is an independent investment counseling firm registered with the SEC and the State of Wisconsin. The firm manages over $25.3 billion in assets of pension and profit sharing trusts, mutual funds, Taft-Hartley funds, insurance company portfolios, endowments and personal trusts. The firm includes both institutional and mutual fund business. Although the firm has participated in wrap programs, it is a separate and distinct business, and is excluded from firm-wide assets.

The International Equity Composite was created on December 31, 2010. This composite invests mainly in a limited number (usually between 25-40) of large capitalization (namely, companies with more than $5 billion market capitalization) foreign companies.

The International Equity Composite reflects time-weighted and asset-weighted returns for all discretionary accounts. All returns are calculated using United States Dollars and are based on monthly valuations using trade date accounting. All accounts in this composite are fee paying. Gross of fees returns are calculated gross of management fees, gross of custodial fees, gross of withholding taxes and net of transaction costs. Net of fees returns are calculated net of actual management fees and transaction costs and gross of custodial fees and withholding taxes. Dispersion is calculated using the equal weighted standard deviation of all accounts in the composite for the entire period. As of 12/31/2011, the trailing three year annualized ex-post standard deviation for the Composite and Benchmark are required to be stated per GIPS®. For the periods 2011-2012, the information is not available for the International Equity Composite.

Currently, the advisory fee structure for the International Equity Composite portfolios is as follows:

Up to $25,000,000	0.70%
$25,000,001-$50,000,000	0.65%
$50,000,001-$100,000,000	0.60%
$100,000,001 and above	0.55%

The firm generally requires a minimum of $25 million in assets to establish a discretionary account. The minimum account sizes do not apply to new accounts for which there is a corporate, family, or other substantial relationship to existing accounts. In addition, the firm reserves the right to waive the minimum account size and minimum annual fee under certain circumstances. A complete list and description of all firm composites is available upon request. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The MSCI EAFE Net Local Index® is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Net Local Index consists of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. It is reported in local currency and net of hedges. The International Equity composite uses the MSCI EAFE Net Local Index® as its primary index comparison.