Global Small Cap Equity Fund

OBJECTIVES AND PROCESS

- Seeks long-term capital appreciation
- Invests at least two-thirds of its assets in equity securities of small-capitalisation companies located worldwide
- Invests in no fewer than three countries and may invest more than 25% in any one country
- Seeks to identify companies that are well managed and have flexible balance sheets and sustainable cash flows and are undervalued relative to their intrinsic value
- Uses a negative screen to exclude securities issued by companies based on their exposure to ESG risks.
- Invests principally in equity securities of global small-capitalisation companies (within the MSCI World Small Cap Index market-cap range at the time of purchase) but can invest up to 10% in emerging markets (companies that operate from countries in the MSCI Emerging Markets Index)
- May use futures/derivatives for hedging or efficient portfolio management purposes

KEY RISKS

Global investment risk: securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made. **Smaller-company securities risk:** securities of companies with smaller market capitalisations tend to be more volatile and less liquid than securities of larger companies. **ESG risk:** applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers. ESG screens are dependent on third-party data and errors in the data may result in the incorrect inclusion or exclusion of a security. **Currency Risk:** currency exchange rates may fluctuate significantly over short periods of time and can be affected unpredictably by intervention (or the failure to intervene) by relevant governments or central banks, or by currency controls or political developments. **Emerging markets risk:** Emerging markets may be more sensitive than more mature markets to a variety of economic factors and may be less liquid than markets in the developed world. **Geographic concentration risk:** investments concentrated in specific geographic regions and markets may be subject to greater volatility due to economic downturns and other factors affecting the specific geographic regions. **Equity Securities Risk:** These securities fluctuate in value and price in response to factors impacting the issuer of the security as well as general market, economic and political conditions. **Leverage Risk:** the use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

Calendar-year performance (%)

Past performance is not indicative of future results.

	2024	2023	2022	2021
Class I (USD) (20 Feb 2020)*	-3.05	14.81	-23.03	21.93
MSCI World Small Cap Index (Net)[1]	8.15	15.76	-18.75	15.75

Performance (%)

	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	10 Year	Since incep.
Class I (USD) (20 Feb 2020)*	-3.27	-3.05	-3.05	-7.38	-1.02	8.25	—	2.52
MSCI World Small Cap Index (Net)[1]	-3.77	-3.73	-3.73	-0.26	1.55	13.45	—	5.46

Past performance is not indicative of future results. Performance calculations are net of all applicable fees and are calculated on a NAV-to-NAV basis (with income re-invested). Performance shown is for class and currency indicated and returns may increase/decrease as a result of currency fluctuations. *Share class inception date

Performance

The Fund outperformed the benchmark, the MSCI World Small Cap Index (Net), for the month of March. Global small-cap stocks produced a low single-digit negative return with Europe and the Pacific outperforming the U.S. The Index continued its sell off investors began to discount a potentially slower global economic backdrop and stickier inflation. Economic fears caused the dollar to weaken against other major currencies after strengthening significantly in the back half of 2024

The Fund's performance outpaced its index for the month stemming from positive stock selection by sector and relative weights by region/country. Given the market dynamics, we expect outperformance in the downturn as we believe that the characteristics of our businesses—strong competitive advantages, sustainable free cash flow generation, and highly flexible balance sheets—will allow our companies to successfully navigate the current macro uncertainty over the long term.

Stock selection in information technology (IT), health care, and consumer staples, along with an overweight to consumer staples contributed to relative performance. The largest contributor within IT was Alten S.A., a France-based provider of research and development outsourcing services across a diversified range of geographies and end markets. Following weak performance for the shares in 2024, investors reacted favorably to the company's full-year results which proved to be better than feared. For the full year, management reported 2% revenue growth with a slight decline in its operating margin. On an organic basis, revenue declined slightly driven by weakness within Germany as automotive clients navigate an uncertain demand and regulatory environment for electric and hybrid vehicles. Despite the muted demand environment, Alten reported an 80% increase in free cash flow driven by an improvement in working capital. We continue to believe the shares are attractively valued from a reward/risk perspective. Another large contributor at the company level was AEON Delight Co., Ltd., based in Japan, is a provider of facility management services. Recently, AEON Co., Ltd announced a tender offer to fully acquire AEON Delight, aiming to make it a wholly owned subsidiary and delist its shares. This strategic move is designed to streamline operations, consolidate resources, and enhance the corporate value of Aeon Delight and the broader AEON Group. Shares traded higher toward the tender offer price on this positive news.

On the negative side, stock selection in materials subtracted the most value. The largest detractor from relative performance was Spectris plc, a U.K.-based manufacturer and distributor of precision measurement equipment used in highly technical applications.

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

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GENERAL FUND INFORMATION

Portfolio managers: James Tringas, CFA®; Oleg Makhorine; Bryant VanCronkhite, CFA®, CPA; Stephen Giggie, CFA®; and Brian Martin, CFA®

Benchmark: MSCI World Small Cap Index (Net)[1]

Fund inception: 20 Feb 2020

Management approach: Actively managed

Sustainable Finance Disclosure Regulation: Article 8[†]

The business is comprised of two main segments: Spectris Scientific, which focuses on materials measurement and analysis; and Spectris Dynamics, which is a leader in physical and virtual testing environments. Shares underperformed during the month following a strong start to the year after the company reported second half results for 2024 that slightly exceeded analyst expectations. Sentiment reversed during the month of March as investors became concerned about growth expectations for 2025. We believe the company is well positioned to improve profitability in a challenging macroenvironment as it recognizes cost synergies from recently announced acquisitions and cost savings from its ERP implementation. We reduced our position size earlier in the year at higher prices and believe the shares are attractively valued at current levels. Within materials, Innospec Inc. is a global specialty chemicals producer. The company develops and manufactures a variety of specialty chemicals used in fuel additives, oilfield services, and personal care applications. Performance chemicals delivered strong growth in the most recent quarter, driven by natural personal care products, and resulted in a significant increase in gross margins. However, investor sentiment has been influenced by a pause in orders from their large state-run oilfield client in Latin America. We continue to believe this issue is transitory and anticipate no long-term impact as the lost volumes should eventually return and also be replaced by incremental orders from the Middle East. We continue to see significant value in Innospec and believe its true earnings power is meaningfully higher than current levels when factoring in its net cash balance sheet.

We expect continued market volatility in 2025 given the increased uncertainty around inflation, trade tariffs, and monetary policy across regions. Canada and Australia will hold major elections in the second quarter. The resurgence in European markets could continue as investors further digest a potential Russia-Ukraine peace agreement as well as a boost in European defense spending and Germany's infrastructure fund. Following decades of underinvestment within defense, Europe's plan to boost spending is likely to have multiplier effects across many industries and stimulate GDP growth in the years ahead.

Small caps continue to be under owned with valuation near historic lows relative to large caps and are more likely to benefit if escalating trade tariffs are resolved. If small caps were to underperform due to fears of recession, rising unemployment or widening credit spreads, our Global Small Cap strategy remains well positioned given our focus on companies with competitive advantages, robust free cash flow, and a high degree of financial flexibility. We believe our strong fundamental analysis, risk management, and active investment process are well suited for taking advantage of new opportunities as the market evolves.

Public company balance sheets remain in reasonable shape; however, there is a 'debt wall' in 2025 – 2026 when a significant amount of debt will need to be refinanced for both public and private companies. Even as rates come down some, many companies will still be forced to refinance at higher rates than previously. The higher interest expense burden will consume money that was otherwise available for the economic and market catalysts of capital investment, acquisitions, dividends, and stock buybacks. The refinancing of debt will serve as a catalyst for bankruptcies, asset sales and acquisitions. Financial flexibility will be rewarded as companies with well-constructed balance sheets and maturity profiles will be able to play offense with their strategic capital, while others are forced to take defensive measures.

We will continue to execute our process to identify and capitalize on the mispricing of stocks. We believe our strong fundamental analysis, risk management, and active investment process are well suited for taking advantage of new opportunities as the equity market evolves. While macro conditions may worsen, the strong balance sheets and stable cash flows of the companies in our portfolio should support consistent long-term performance. We maintain a favorable outlook for the Fund over the long term.

†Promotes environmental and social characteristics but does not have a sustainable investment objective.

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Contributors

- Alten S.A.
- Viscofan, S.A.
- AEON Delight Co., Ltd.
- Hanover Insurance Group, Inc.
- Loomis AB
- Primo Brands Corp.
- MEITEC Group Holdings, Inc.
- J&J Snack Foods Corp.
- Chemed Corp.
- Nomad Foods Ltd.

Detractors

- Spectris plc
- Denny's Corp.
- Novanta Inc.
- Gibraltar Industries, Inc.
- Innospec Inc.
- Quaker Houghton
- Gates Industrial Corporation plc
- Amplifon S.p.A.
- Cactus, Inc.
- MSA Safety Inc.

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1. The fund uses both the MSCI World Small Cap Index and the MSCI Emerging Markets Index as a reference for selecting investments and the MSCI World Small Cap Index for performance comparison. The investments of the sub-fund may deviate significantly from the components of and their respective weightings in the benchmarks.

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