



# International Equity Review and Outlook Q2 2020

  
EAGLE GLOBAL ADVISORS

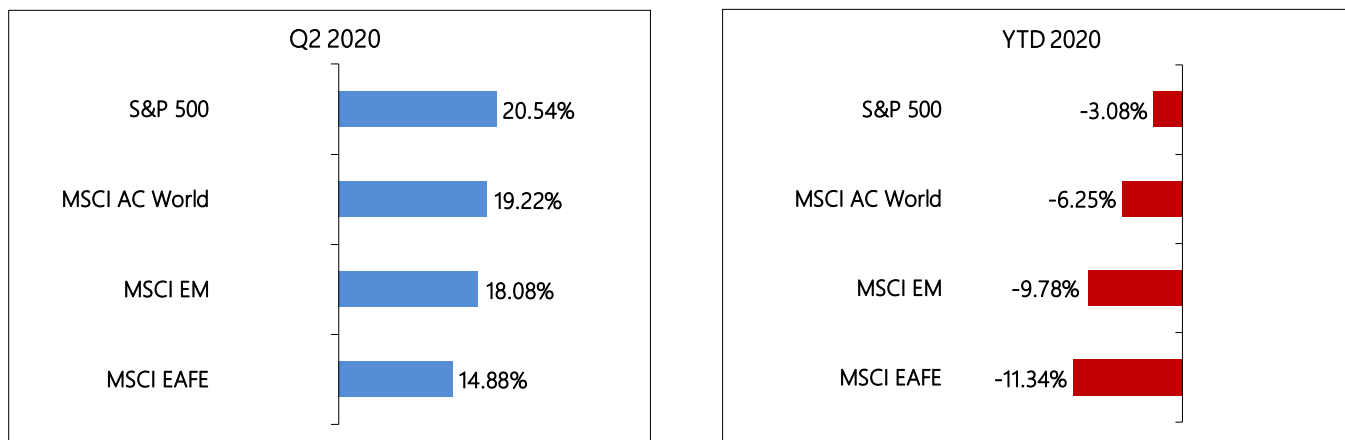
# Q2 2020 Eagle International Review

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- Eagle international stocks outperformed MSCI EAFE during the quarter 21.1% / 20.8% (gross/net, est.) versus 14.9% for the benchmark
- Stock selection was positive for the quarter
  - + *Industrials, Consumer Discretionary and Communication Services*
  - *Consumer Staples and Healthcare*
- Sector allocation was neutral for the quarter
  - + *Overweight Technology, no Real Estate and Underweight Utilities*
  - *Cash and Underweight Materials*
- Regional / Country allocation was positive
  - + *Overweight Argentina and Canada; Underweight U.K. and Japan*
  - *Underweight Australia and Germany; Overweight Hong Kong and Switzerland*

# Global Scorecard

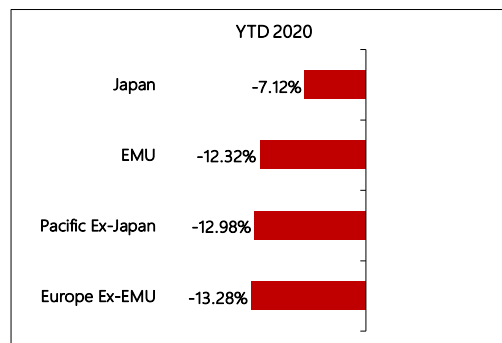
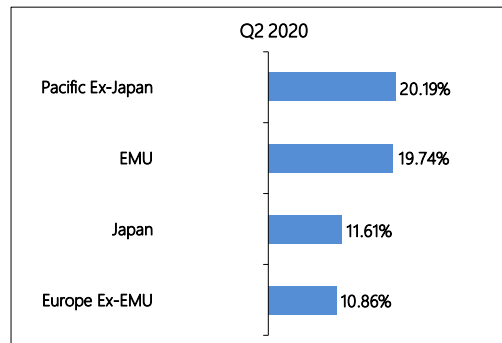
## Broad Market Performance



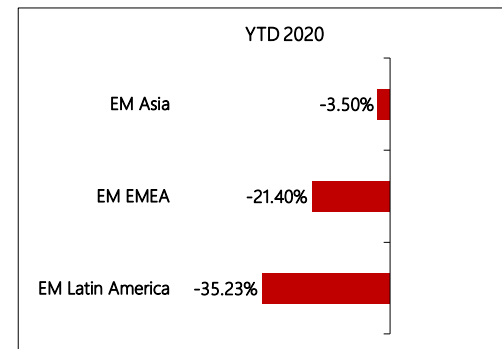
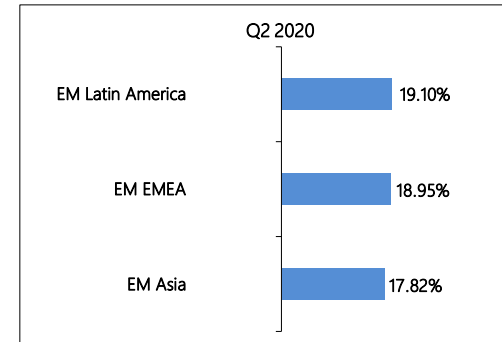
- Global equities rallied sharply in response to the partial reopening of economies and positive news on potential vaccines for COVID-19.
- Massive amounts of fiscal and monetary stimulus continued in the U.S., Europe and the Emerging Markets to provide support for their economies and markets.
- International equity valuations have expanded due to market performance with the MSCI EAFE Index trading at a forward multiple of 17.1x with a 2.7% dividend yield.
- The decline in the U.S. Dollar was a tailwind for U.S. investors in foreign stocks.

# Global Scorecard

## Developed Markets



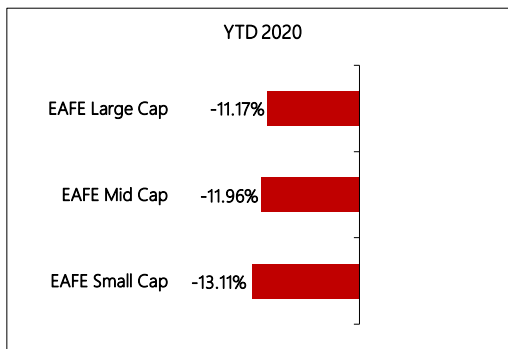
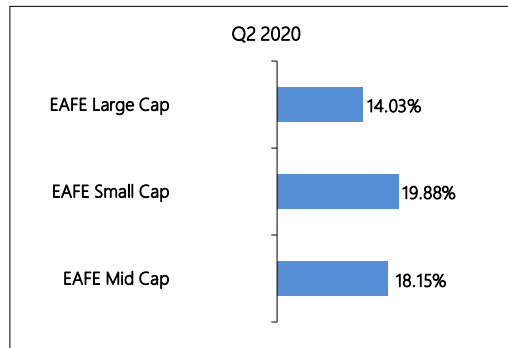
## Emerging Markets



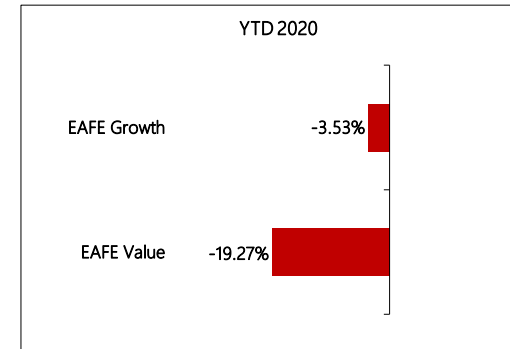
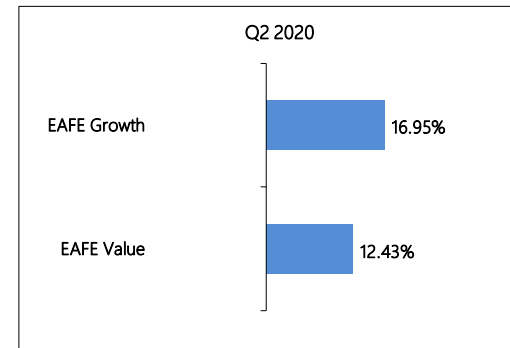
- Europe's results were solid, yet underperformed their developed and emerging market counterparts due to higher exposure to value oriented sectors (financials, energy and materials), which may be a tailwind as the economy recovers and the yield curve steepens.
- After being the first country to enter the COVID-19 crisis, China has emerged from the shutdown. Their recovery continues with the services sector starting to catch up to the manufacturing sector.

# Global Scorecard

## Market Cap Breakdown



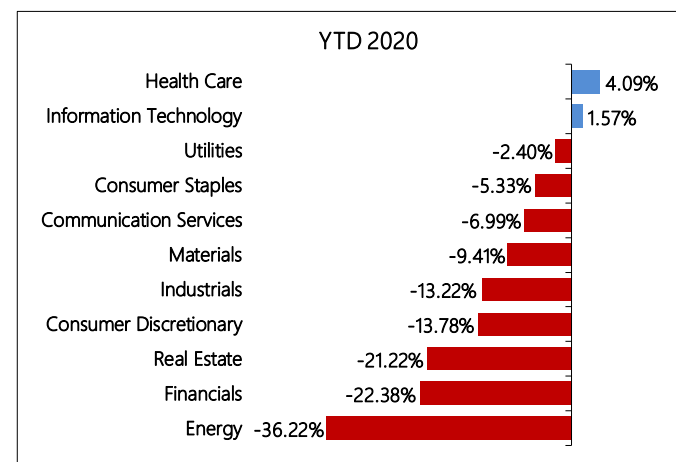
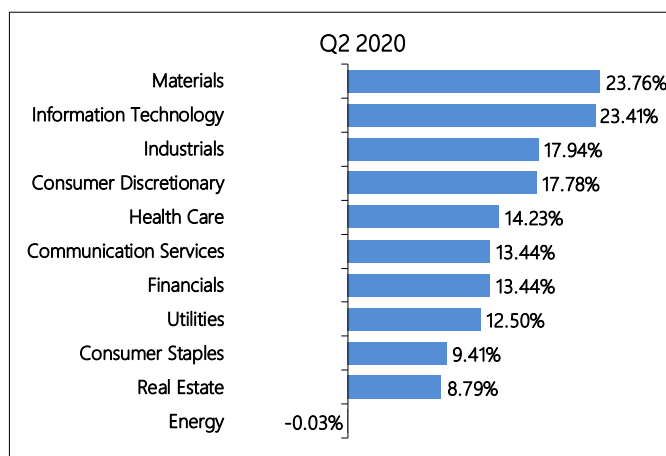
## Growth vs Value



- Small Caps outperformed Large and Mid Caps for the second quarter.
- Growth outpaced Value again in the second quarter by over 4.0%.

# Global Scorecard

## MSCI EAFE Sector Performance



- All EAFE sectors posted positive results in concert with the broad market rally with the exception of the energy sector.
- Cyclically oriented sectors most impacted during the 1Q downturn enjoyed the highest returns during the second quarter.
- The energy sector remains depressed, despite a rebound in oil prices and an extension of OPEC+ agreement to maintain production cuts through the end of July.

# Q2 2020 Performance Attribution

Period	Eagle Return (Gross)	Eagle Return (Net)	EAFE Return	Excess Return (Gross)
Quarter	21.06%	20.79%	14.88%	6.18%

For the quarter ended 6/30/20

Attribute	Impact	Contributors	Detractors
STOCK SELECTION	<i>Positive</i>	+ Industrials + Consumer Discretionary + Communication Services	- Consumer Staples - Healthcare
SECTOR ALLOCATION	<i>Neutral</i>	+ Overweight Technology + No Real Estate + Underweight Utilities	- Cash - Underweight Materials
COUNTRY ALLOCATION	<i>Positive</i>	+ Overweight Argentina and Canada + Underweight U.K. and Japan	- Underweight Australia and Germany - Overweight Hong Kong and Switzerland
LARGE CAP BIAS	<i>Negative</i>		EAFE Large Cap underperformed EAFE
GROWTH BIAS	<i>Positive</i>		EAFE Growth outperformed EAFE Value by over 400 bps

# Q2 2020 Stock Review

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## OUTPERFORMERS

Techtronic Industries Co., Ltd.	-	Industrials
MercadoLibre, Inc., Magna International Inc.	-	Consumer Discretionary
Yandex NV, Tencent Holdings Ltd.	-	Communication Services
NICE Ltd., Capgemini SE	-	Technology
Rio Tinto plc	-	Materials

## UNDERPERFORMERS

Nestle S.A., Kao Corp.	-	Consumer Staples
Roche Holding AG, Novo Nordisk A/S	-	Healthcare
AIA Group Limited, ORIX Corporation	-	Financials
Alibaba Group Holding Ltd.	-	Consumer Discretionary
Suncor Energy Inc.	-	Energy

The securities listed above do not represent all of the securities purchased, sold, or recommended to clients. A complete list of each security that contributed to the performance of the International Equity Composite is available upon request. Please contact Eagle Global Advisors at 713-952-3550 for additional information. Past performance is no guarantee of future results.



# Changes Made In The 2<sup>nd</sup> Quarter

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## Purchases / Increases

Action	Security	Country	Sector
Bought	Adidas AG	Germany	Consumer Discretionary
Increased	Amadeus IT Group	Spain	Technology
Increased	ING Groep NV	Netherlands	Financials

The securities listed above represent all of the securities purchased or increased during the quarter. This is not a recommendation to buy or sell any security. There can be no assurance that the portfolio will continue to hold the same position in companies described herein, and the portfolio may change any portfolio position at any time.

# Changes Made In The 2<sup>nd</sup> Quarter

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## Sells / Trims

Action	Security	Country	Sector
Sold	Melco Resorts Entertainment	Hong Kong	Consumer Discretionary
Sold	iShares MSCI EAFE ETF	United States	N/A

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## Q2 2020 Purchases/Increases

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**Adidas AG (ADDYY):** SECTOR: Consumer Discretionary, COUNTRY: Germany. We initiated a position in Adidas, the second-largest athletic apparel company in the world behind Nike. Its size and scale provides the company the financial resources and worldwide appeal to sign sponsorships with leading athletes, teams and leagues in the world to elevate its brand equity once we move past the COVID-19 restrictions on professional sports. Adidas has greater control over its brand and pricing due to e-commerce. The firm has increased its digital capabilities and introduced a membership program. Their e-commerce sales increased 34% to nearly EUR 3 billion in 2019. We view this trend as favorable, as Adidas sells much of its products through digital channels at full price and likely achieves a better margin by shifting some sales from wholesale channels. We also believe their digital business improves customer engagement and enhances the value of its brand intangible asset. Adidas also has 20% market share in China, the fastest-growing athletic apparel market, and will benefit from the growth of athletics.

**Amadeus IT Group (AMADYI):** SECTOR: Information Technology, COUNTRY: Spain. We reduced cash to add exposure to our position in Amadeus because we believe the stock price did not reflect a likely resumption, albeit slow, of air travel. Amadeus offers travel providers a portfolio of continuously updated technology solutions to automate critical business processes, which we believe is a key component to their staying power in the post-pandemic world. Amadeus has also taken advantage of the capital markets, so they have sufficient liquidity unlike their large peer Sabre, who has a debt burden and will most likely have to cut R&D and take other measures to weather the storm.

**ING Groep NV (ING):** SECTOR: Financials, COUNTRY: Netherlands. We opportunistically added to our position in ING Groep early in the second quarter due to its very attractive valuation relative to growth profile. We believe the stock price already priced in potential provisions for bad loans and low interest rates. ING Groep also stands to benefit from the digitization trend in the post-pandemic world as they are well-positioned in mobile banking.

## Q2 2020 Sells/Trims

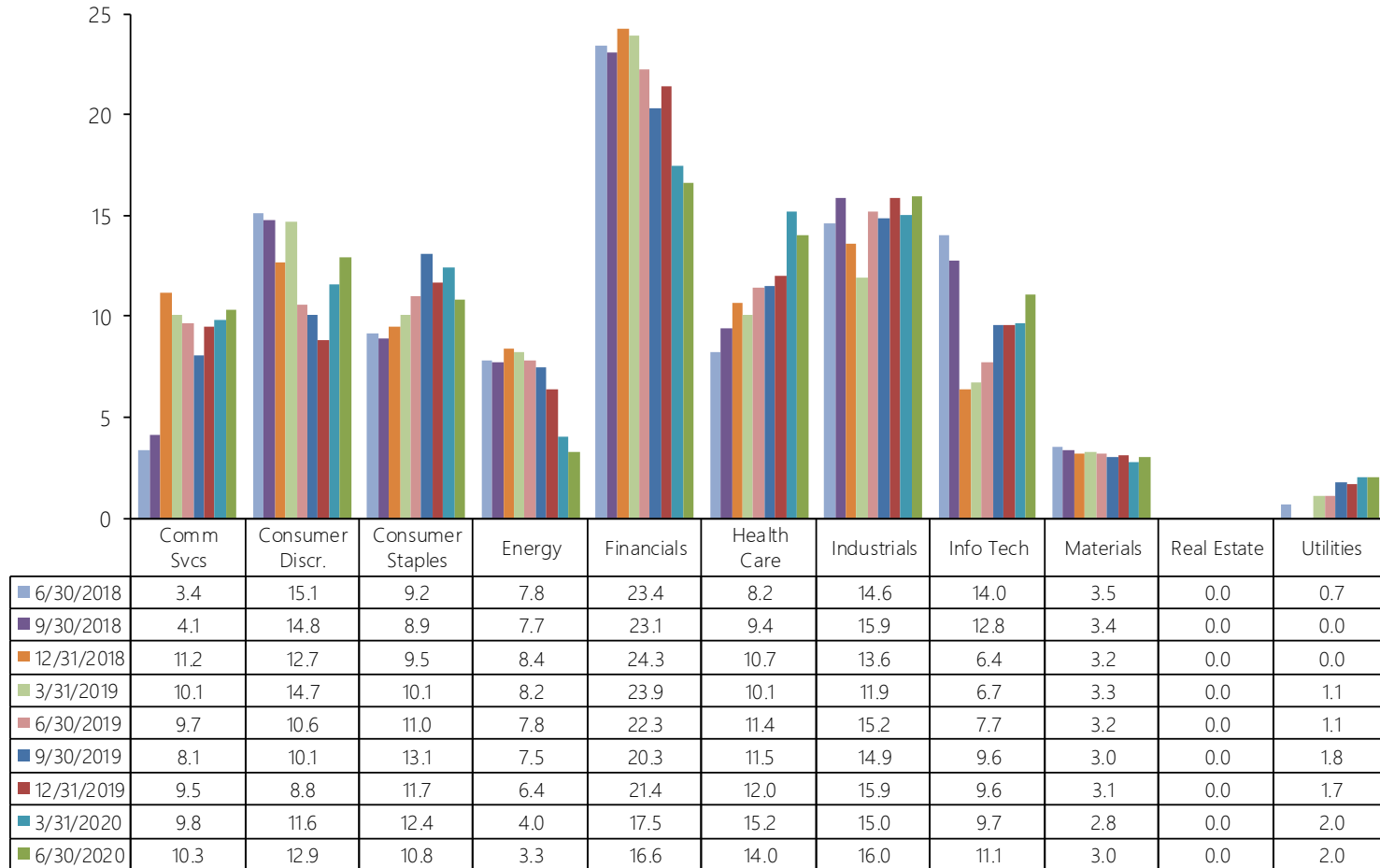
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**Melco Resorts Entertainment (MLCO):** SECTOR: Consumer Discretionary, COUNTRY: Hong Kong. The sale of Melco was motivated by two factors: to reduce portfolio risk due to (1) US-China geopolitical tensions, which could result in actions leading to a macroeconomic slowdown in China; and (2) the possibility of a second wave of COVID-19. On the latter point, it is important to note Macau Casinos have seen a precipitous decline in traffic since the pandemic began. Initially the Casinos were required to shut operations. Shortly after they re-opened, new quarantine measures were introduced that discouraged people to visit Macau.

**iShares MSCI EAFE ETF (EFA):** COUNTRY: United States. We eliminated our position in the iShares MSCI EAFE ETF due to the strength of the rally during the second quarter and our desire to have dry powder for more attractively valued opportunities during the balance of the year given our expectation for choppy market conditions.

# Sector Analysis

EGA International Equity Sector Weights  
6/30/2018 to 6/30/2020



# Eagle Outlook For 2020

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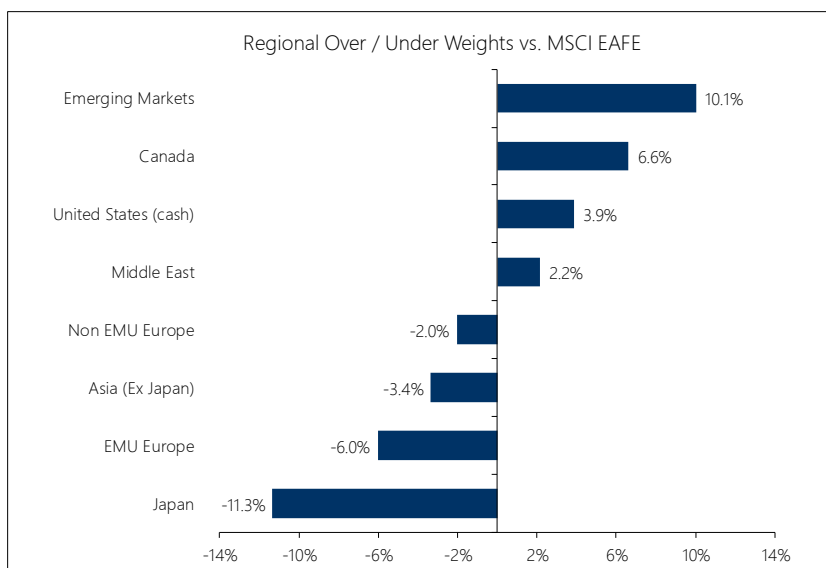
- Like many economies, Europe faces the challenge of re-opening to prevent further economic damage without reversing course because of further virus outbreaks. As a result, markets will be focused on the successful development of a viable vaccine. The shape of recovery will vary by country due to large disparities between the effects of the virus and lockdown measures in Germany versus Italy, Spain and the U.K.
- Japan is likely to experience a more V-shaped recovery versus the rest of the developed world due to their relative success in re-opening their economy to date, while containing the spread of COVID-19. They also stand out for political stability, a reasonable forward P/E of 16.5x and equity performance that trails some of their developed market peers.
- The Emerging Markets have witnessed a dramatic recovery with equities back to ~90% of pre-COVID-19 levels. Similar to Japan, China re-opened without a second outbreak of infection, although they have seen a slight increase in new cases more recently. A key issue to monitor is the reemergence of US/China tensions as it relates to trade and the potential impact to all Emerging Markets.
- The implications of ballooning debt for sovereigns, corporations and individuals is a risk G20 central bankers will have to manage. Inflation levels need to rise to the point economies can grow faster than the underlying interest rate on their debt. Longer-term, higher inflation may require the need for higher interest rates, which would have dampening effect on growth. However, in the short-term, highly accommodative fiscal and monetary policies are expected, which will likely boost risky assets further.
- Valuations re-rated higher during the second quarter with NTM (Next Twelve Month) P/E ratios at 21.3x for the S&P 500, 17.1x for MSCI EAFE, and 14.1x for MSCI EM. On the earnings front, S&P 500 EPS of -22% is expected in 2020 before rebounding 28% in 2021. MSCI EAFE EPS is estimated to decline -26% in 2020 before rebounding 28% in 2021, while MSCI Emerging Markets EPS is expected to decline -6.5% and -3.6% for 2020 and 2021, respectively.

# Geographic Allocation

As of 6/30/2020

Region	Eagle	MSCI EAFE
Emerging Markets	10.1%	0.0%
Canada	6.6%	0.0%
United States (cash)	3.9%	0.0%
Middle East	2.8%	0.6%
Non EMU Europe	28.3%	30.3%
Asia (Ex Japan)	8.2%	11.6%
EMU Europe	26.1%	32.1%
Japan	14.1%	25.4%

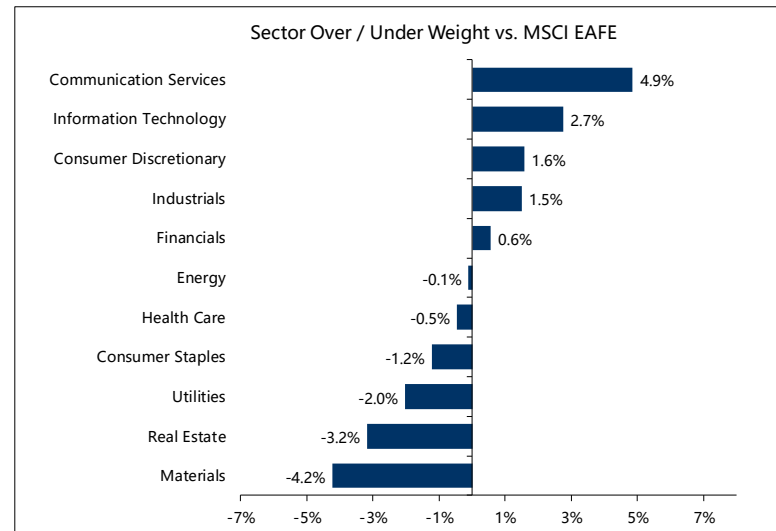
Country	Eagle	MSCI EAFE
Japan	14.1%	25.4%
Switzerland	13.4%	10.3%
United Kingdom	9.9%	14.1%
France	8.9%	10.9%
Germany	6.8%	9.3%
Canada	6.6%	0.0%
China	6.1%	0.0%
Hong Kong	6.0%	3.4%
Netherlands	4.0%	4.3%
United States (cash)	3.9%	0.0%
Denmark	3.1%	2.3%
Israel	2.8%	0.6%
Russia	2.3%	0.0%
Singapore	2.2%	1.1%
Italy	1.9%	2.3%
Sweden	1.9%	3.1%
Spain	1.8%	2.4%
Argentina	1.7%	0.0%
Belgium	1.6%	0.9%
Finland	1.1%	1.0%



# Sector Allocation

As of 6/30/2020

Sector	Eagle	MSCI EAFE
Communication Services	10.3%	5.4%
Information Technology	11.1%	8.3%
Consumer Discretionary	12.9%	11.3%
Industrials	16.0%	14.5%
Financials	16.6%	16.1%
Energy	3.3%	3.4%
Health Care	14.0%	14.5%
Consumer Staples	10.8%	12.0%
Utilities	2.0%	4.0%
Real Estate	0.0%	3.2%
Materials	3.0%	7.3%





# Holdings and Characteristics

As of 6/30/2020

## Key Characteristics

... Large cap, high ROE, reasonable valuation

Characteristic	Eagle	MSCI EAFE
WA Mkt Cap	\$103 Billion	\$53 Billion
Wgt. Median MKT CAP	\$46 Billion	\$28 Billion
12M Trailing P/CF	11.40	8.66
12M Trailing P/E	17.79	15.82
12M Fwd P/E	18.30	17.07
Yield	2.4%	2.8%
P/B	2.05	1.53
ROE	11.8%	9.7%
ROE 5 Yr Avg	12.2%	NA
12M FWD EPS Growth	4.8%	1.2%
Earnings Growth Next 5 Years	9.35%	6.21%

## Top Ten Holdings

... Established global leaders with sustainable competitive advantages

Top 10 Holdings	Sector	Country
1 Nestle	Consumer Staples	Switzerland
2 Techtronic Industries Co.	Consumer Discretionary	Hong Kong
3 Roche Holding Ltd.	Health Care	Switzerland
4 Novo Nordisk	Health Care	Denmark
5 Tencent Holdings Ltd.	Information Technology	China
6 Canadian Pacific Railway	Industrials	Canada
7 NICE Ltd.	Information Technology	Israel
8 Lonza Group	Health Care	Switzerland
9 Magna International Inc.	Consumer Discretionary	Canada
10 ING Groep	Financials	Netherlands

EGA's top ten holdings represent our 10 largest holdings as of June 30, 2020. This is not a recommendation to buy or sell any security. There can be no assurance that the portfolio will continue to hold the same position in companies described herein, and the portfolio may change any portfolio position at any time.

# International Equity Composite

Year	Q1		Q2		Q3		Q4		YTD		MSCI EAFE
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
1997	2.97%	2.72%	19.08%	18.83%	8.21%	7.96%	-4.94%	-5.19%	26.13%	24.94%	1.78%
1998	15.15%	14.90%	1.93%	1.68%	-18.80%	-19.05%	21.60%	21.35%	15.89%	14.77%	20.00%
1999	5.74%	5.49%	6.39%	6.14%	0.87%	0.62%	28.67%	28.42%	46.01%	44.68%	26.96%
2000	5.50%	5.25%	-3.53%	-3.78%	-6.15%	-6.40%	-7.02%	-7.27%	-11.19%	-12.10%	-14.17%
2001	-13.31%	-13.56%	2.36%	2.11%	-14.05%	-14.30%	12.12%	11.87%	-14.49%	-15.38%	-21.44%
2002	0.74%	0.49%	-4.68%	-4.93%	-16.13%	-16.38%	8.61%	8.36%	-12.53%	-13.43%	-15.94%
2003	-7.20%	-7.45%	19.28%	19.03%	5.68%	5.43%	17.01%	16.76%	36.88%	35.61%	38.59%
2004	2.66%	2.41%	-1.36%	-1.61%	-0.97%	-1.22%	15.47%	15.22%	15.80%	14.68%	20.25%
2005	-1.20%	-1.45%	1.16%	0.91%	12.17%	11.92%	3.48%	3.23%	16.01%	14.90%	13.54%
2006	10.77%	10.52%	0.92%	0.67%	4.67%	4.42%	10.32%	10.07%	29.09%	27.88%	26.34%
2007	1.43%	1.18%	9.61%	9.36%	8.55%	8.30%	1.17%	0.92%	22.10%	20.94%	11.17%
2008	-8.35%	-8.60%	3.33%	3.08%	-22.96%	-23.21%	-21.27%	-21.52%	-42.56%	-43.22%	-43.38%
2009	-14.21%	-14.46%	20.26%	19.98%	17.75%	17.47%	3.92%	3.67%	26.25%	24.99%	31.78%
2010	-0.20%	-0.46%	-16.01%	-16.22%	17.31%	17.04%	7.88%	7.63%	6.09%	5.05%	7.75%
2011	1.96%	1.71%	2.56%	2.31%	-22.56%	-22.76%	7.34%	7.09%	-13.08%	-13.92%	-12.14%
2012	10.85%	10.60%	-5.94%	-6.17%	6.73%	6.48%	6.23%	5.98%	18.22%	17.11%	17.32%
2013	3.59%	3.34%	-0.47%	-0.71%	9.97%	9.71%	8.11%	7.86%	22.58%	21.42%	22.78%
2014	-0.38%	-0.62%	5.68%	5.43%	-5.11%	-5.34%	-3.02%	-3.26%	-3.12%	-4.05%	-4.90%
2015	4.91%	4.67%	1.96%	1.71%	-9.16%	-9.38%	2.86%	2.61%	-0.05%	-1.00%	-0.81%
2016	-3.89%	-4.13%	-2.25%	-2.48%	4.57%	4.33%	-0.65%	-0.88%	-2.39%	-3.33%	1.00%
2017	4.69%	4.45%	7.02%	6.77%	5.78%	5.53%	4.12%	3.87%	23.40%	22.24%	25.03%
2018	-2.84%	-3.07%	-3.50%	-3.73%	1.53%	1.29%	-15.88%	-16.09%	-19.91%	-20.69%	-13.79%
2019	13.07%	12.81%	4.25%	4.00%	-1.89%	-2.12%	9.80%	9.55%	26.99%	25.80%	22.01%
2020	-21.14%	-21.35%	21.06%*	20.79%*					-4.53%*	-5.00%*	-11.34%

\*Preliminary

	MRQ*	YTD*	1 Year*	Annualized Returns		
				3 Year*	5 Year*	10 Year*
EGA International Equity (% gross)	21.1	-4.5	2.9	2.3	1.8	6.1
EGA International Equity (% net)	20.8	-5.0	1.9	1.3	0.8	5.1
MSCI EAFE - ND	14.9	-11.3	-5.1	0.8	2.1	5.7

\*Preliminary

# International Equity Composite

## EGA International Equity Composite January 1, 2005 through March 31, 2020

	Q1 20	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Total Return (%) Gross</b>	<b>(21.14)</b>	<b>26.99</b>	<b>(19.91)</b>	<b>23.40</b>	<b>(2.39)</b>	<b>(0.05)</b>	<b>(3.12)</b>	<b>22.58</b>	<b>18.22</b>	<b>(13.08)</b>	<b>6.08</b>	<b>26.26</b>	<b>(42.57)</b>	<b>22.10</b>	<b>29.09</b>	<b>16.00</b>
<b>Benchmark Total Return (%)*</b>	<b>(22.83)</b>	<b>22.01</b>	<b>(13.79)</b>	<b>25.03</b>	<b>1.00</b>	<b>(0.81)</b>	<b>(4.90)</b>	<b>22.78</b>	<b>17.32</b>	<b>(12.14)</b>	<b>7.75</b>	<b>31.78</b>	<b>(43.38)</b>	<b>11.17</b>	<b>26.34</b>	<b>13.54</b>
Composite 3 Year Std. Dev.	16.28	13.48	<b>12.17</b>	<b>11.04</b>	<b>11.74</b>	<b>11.97</b>	<b>12.30</b>	<b>17.08</b>	<b>20.13</b>	<b>22.64</b>	<b>26.09</b>	<b>24.07</b>	<b>21.24</b>	<b>11.15</b>	N/A	N/A
Benchmark 3 Year Std. Dev.	14.58	10.96	<b>11.40</b>	<b>12.00</b>	<b>12.64</b>	<b>12.64</b>	<b>13.21</b>	<b>16.48</b>	<b>19.65</b>	<b>22.75</b>	<b>26.61</b>	<b>23.91</b>	<b>19.51</b>	<b>9.56</b>	N/A	N/A
Number of Portfolios	37	43	81	108	131	155	151	178	181	318	403	427	493	384	304	170
Composite Dispersion (%)	0.54	0.64	0.40	0.61	0.61	0.80	0.38	0.58	0.82	0.69	0.76	1.42	1.09	1.04	0.95	1.62
Total Assets at End of Period (US\$ 000)	70,090	98,235	118,078	148,816	147,467	239,234	230,281	288,627	220,494	311,744	560,138	568,593	473,959	734,450	502,821	264,829
Percentage of Firm Assets	5.2	4.3	4.5	4.2	3.7	7.3	5.5	8.2	9.8	14.9	22.2	24.8	28.3	29.3	29.4	23.6
Total Firm Assets (US\$ 000)	1,343,672	2,279,115	2,632,277	3,561,407	3,946,902	3,281,294	4,208,672	3,514,431	2,255,886	2,088,976	2,527,423	2,295,834	1,677,203	2,505,557	1,711,542	1,121,554

\* Benchmark: MSCI EAFE Index.

Refer to p. 20 for additional performance calculation information and GIPS performance disclosures.

# Composite Disclosures

**EGA International Equity Composite** - The EGA International Equity Composite consists of those equity-only portfolios invested in international equity ADRs and/or ordinaries. The Eagle equity investment philosophy focuses on identifying the securities of large capitalization companies with improving growth potential that are not fully recognized by current valuations.

- Eagle Global Advisors, LLC is an independent investment advisor, registered with the SEC, actively managing individual investment portfolios containing domestic equity, international equity, master limited partnerships, and domestic fixed income securities, (either directly or through a sub-advisory relationship), for mutual funds, high net worth individuals, retirement plans for corporations and unions, financial institutions, trusts, endowments and foundations. SEC registration does not imply a certain level of skill or training.
- Eagle Global Advisors, LLC claims compliance with Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with GIPS standards. Eagle Global Advisors, LLC has been independently verified for the periods 1/1/1997 to 12/31/2019 by Dabney Investment Consulting Associates, Inc. The verification reports are available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation. Annual returns are reported for all full years and interim quarterly returns. Returns of portfolios and composites for periods of greater than 1 year are annualized. Only direct trading expenses are deducted when presenting gross of fee returns. In addition to management fees, actual client returns will be reduced by any other expenses related to the management of an account such as brokerage charges, trustee fees or custodian fees. The currency used to express performance is the U.S. dollar. Returns are calculated net of both non-reclaimable and reclaimable foreign withholding taxes on dividends, interest, and capital gains. Reclaimable withholding taxes are not accrued, but are cash basis as received. Eagle uses calendar month-end portfolio valuations or valuations on the last business day of the month. Eagle uses the asset-weighted standard deviation as the measure of composite dispersion of the individual component portfolio gross full period returns around the aggregate composite mean gross return. If the composite contains 5 portfolios or less (<=5) for the full period, a measure of dispersion is shown as not meaningful (N/A) and the number of portfolios is not reported. Past performance cannot guarantee comparable future results. All investments involve risk including the loss of principal. This presentation is presented in a private and confidential nature, and is intended for clients who are financially sophisticated.
- The composite start date is January 1, 1997. The composite was created in September 1997. The composite includes all single asset international equity portfolios where the firm has full investment discretion, the client pays a fee, the portfolio has over \$250,000 in international securities and the portfolio properly represented the intended strategy at the end of the calendar quarter. Portfolios smaller than the minimum are deemed incapable of sufficiently diversifying into this investment style and are excluded from the composite as being not fully discretionary. Prior to January 1, 2005 the minimum asset level was \$150,000. Prior to January 1, 2006 this composite was named the International Equity ADR Composite, a name change only. Prior to January 1, 2007 this composite was named the EGA All International Equity Composite, a name change only. All performance returns assume the reinvestment of dividends, interest, and capital gains.
- The benchmark is the MSCI EAFE (Europe, Australia, Far East), a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US, Canada, and the Emerging Markets. Indexes are U.S.-based and gross of tax. The total return for the benchmark (or benchmarks) that reflects the investment strategy represented by the composite is reported for each period.
- The indices shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. Indices do not include fees or operating expenses and are not available for actual investment. Indices presented are representative of various broad based asset classes. They are unmanaged and shown for illustrative purposes only. The volatility of the indices is likely materially different than the strategy depicted.
- The Eagle list of composite descriptions is available upon request. Eagle policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request. Eagle believes that all significant events that would help a prospective client interpret the compliant presentation are disclosed in the compliant presentation and in the firm's SEC Form ADV Brochure 2A.
- Eagle does not currently use carve-outs. Prior to 1/1/2008, Eagle used carve-out segments including cash to represent a discretionary portfolio and to be included in composite returns. Cash was allocated to the carve-out returns on an equal-weighted basis determined by the number of asset classes.

## International Equity Fee Schedule (minimum annual fee: \$10,000)

Account Size	Under \$5 million	\$5 to 10 million	\$10 to 25 million	\$25 to 50 million	\$50 to 100 million	Over \$100 million
Annual Fee	1.00%	0.90%	0.85%	0.80%	0.70%	Negotiable

## Representative Example of Compounded Effect of Investment Advisory Fee

Years	Cumulative Fee	Years	Cumulative Fee
1	1.004%	6	6.176%
2	2.018%	7	7.241%
3	3.042%	8	8.318%
4	4.076%	9	9.405%
5	4.121%	10	10.503%

A maximum 1.00% management fee deducted from a portfolio quarterly (0.25%/quarter) would result in the following cumulative compound reduction of the portfolio time-weighted rate of return.