



# International Equity Review and Outlook Q4 2020

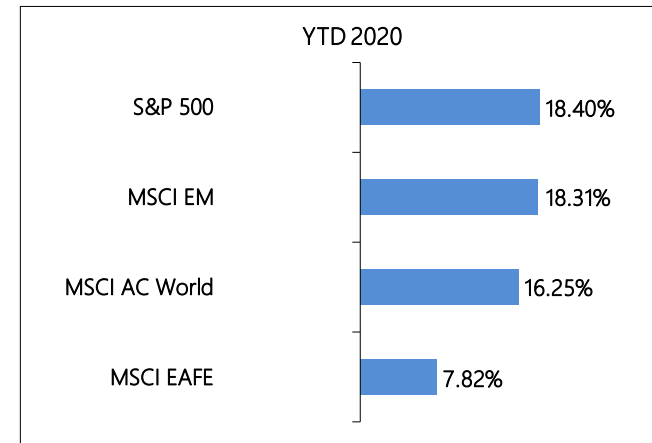
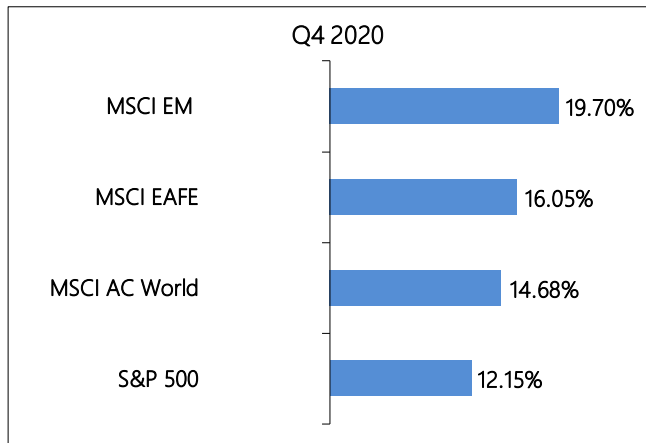
# Q4 2020 Eagle International Review

- Eagle international stocks outperformed MSCI EAFE during the quarter 16.84% / 16.57% (gross/net, est.) versus 16.05% for the benchmark
- Stock selection was positive for the quarter
  - + *Consumer Discretionary, Health Care and Communication Services*
  - *Consumer Staples and Materials*
- Sector allocation was negative for the quarter
  - + *Overweight Consumer Discretionary and Technology; Underweight Consumer Staples*
  - *Cash and Underweight Materials*
- Regional / Country allocation was negative
  - + *Overweight Canada and Argentina; Underweight Germany and Japan*
  - *Underweight Australia; Overweight China, Switzerland and Cash*



# Global Scorecard

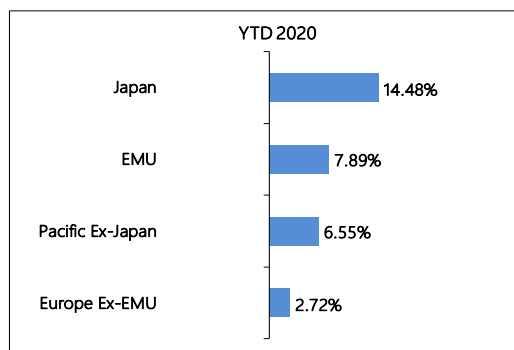
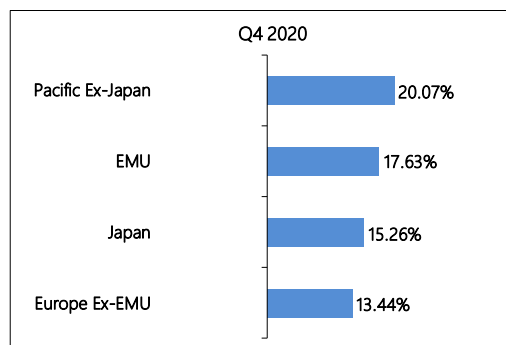
## Broad Market Performance



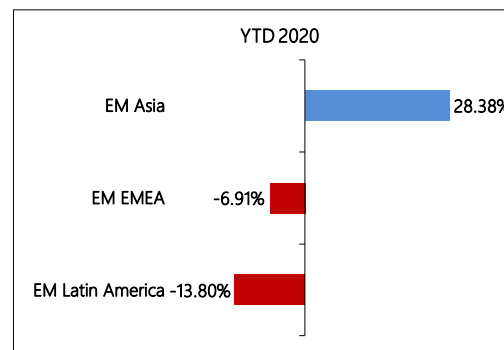
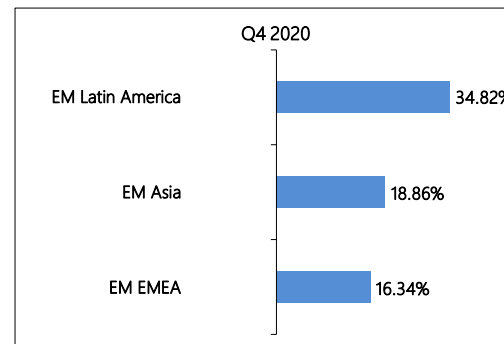
- Global equities rallied sharply as investors cheered vaccine approvals and initial distribution in the U.K. and U.S.
- Cyclically oriented sectors led the rally as the world looks toward an economic recovery, which benefited international versus domestic investments.
- International equity valuations were unchanged with the MSCI EAFE Index trading at a forward multiple of 17.5x with a 2.4% dividend yield.
- The decline in the U.S. Dollar continued to be a tailwind for U.S. investors in foreign stocks.

# Global Scorecard

## Developed Markets



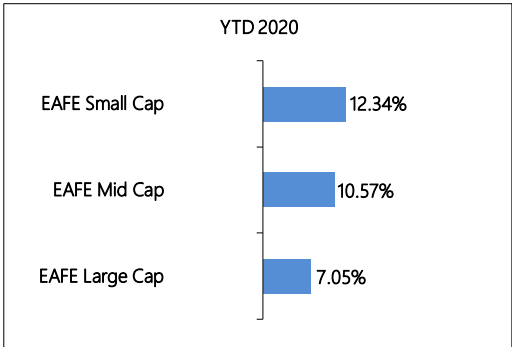
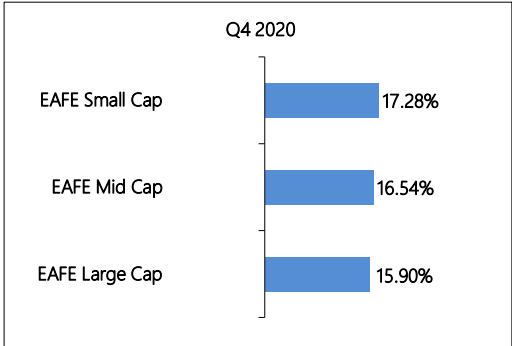
## Emerging Markets



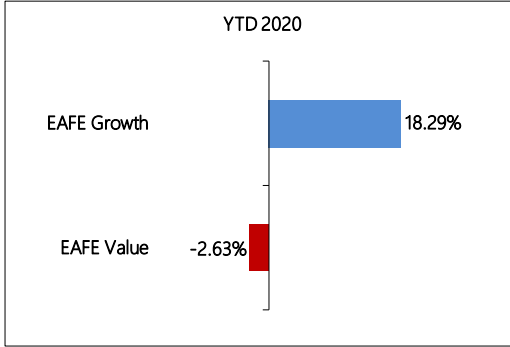
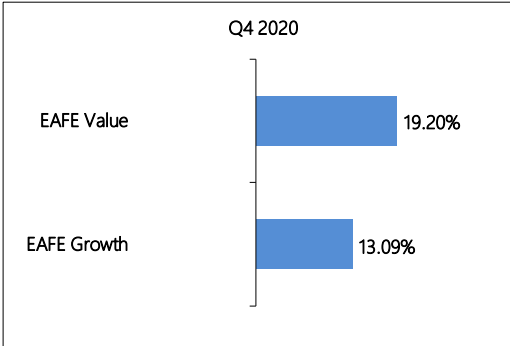
- Global equities rallied in Q4 2020; however, regional performance diverged with Pacific-ex Japan, the EMU and EM Latin America outperforming relative to the U.S., whose markets have higher weightings to value-oriented sectors.
- Japanese equities hit their highest level in 31 years as companies on the Hang Seng Index generate revenues from the U.S. and South Korea where fiscal stimulus has provided an economic boost to individuals and small businesses.

# Global Scorecard

## Market Cap Breakdown



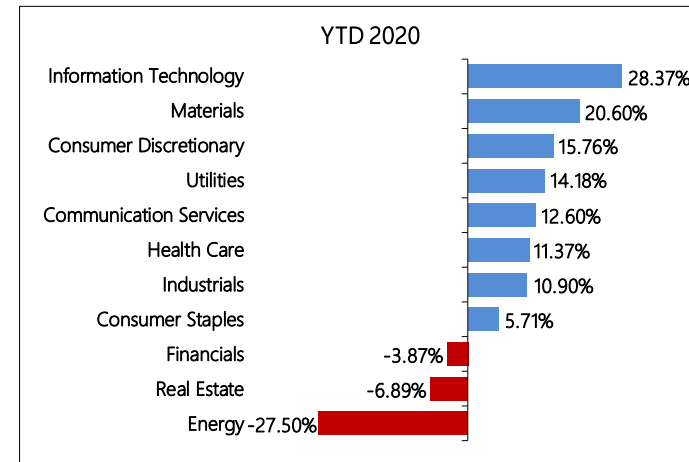
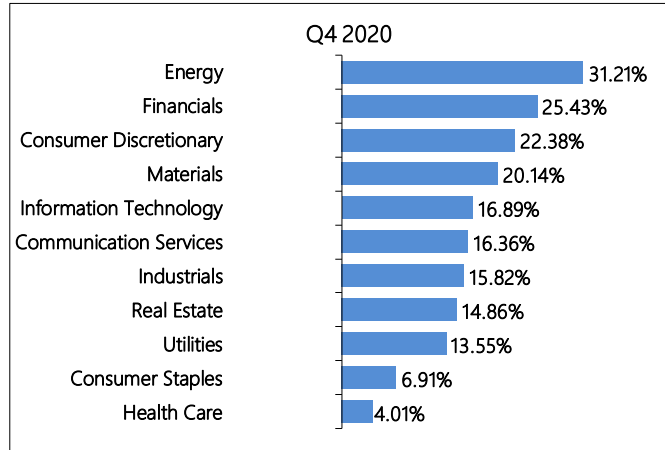
## Growth vs Value



- Small Caps outperformed Large and Mid Caps again in the fourth quarter.
- Value outperformed Growth by over 6% during the fourth quarter due to the cyclically oriented rally, yet trailed growth by over 20% for the full year.

# Global Scorecard

## MSCI EAFE Sector Performance



- All MSCI EAFE sectors posted positive results in concert with the market rally led by cyclically oriented stocks in the Financials, Energy and Materials sectors.
- The Consumer Discretionary sector was also a top performer as the travel, restaurant and retail sub-sectors were positively impacted by the vaccine approvals.
- Corporate earnings comparisons will likely matter more in 2021. Many cyclicals will have an easier time beating dismal 2020 results versus growth companies with a much higher bar to pass to impress investors.

# Q4 2020 Performance Attribution

Period	Eagle Return (Gross)	Eagle Return (Net)	EAFE Return	Excess Return (Gross)
Quarter	16.84%	16.57%	16.05%	0.79%

For the quarter ended 12/31/20

Attribute	Impact	Contributors	Detractors
STOCK SELECTION	<i>Positive</i>	+ Consumer Discretionary + Health Care + Communication Services	- Consumer Staples - Materials
SECTOR ALLOCATION	<i>Negative</i>	+ Overweight Consumer Discretionary + Overweight Technology + Underweight Consumer Staples	- Cash - Underweight Materials
COUNTRY ALLOCATION	<i>Positive</i>	+ Overweight Canada and Argentina + Underweight Germany	- Underweight Australia - Overweight China, Switzerland and Cash
LARGE CAP BIAS	<i>Negative</i>		EAFE Large Cap underperformed EAFE
GROWTH BIAS	<i>Negative</i>		EAFE Growth underperformed EAFE Value by over 600 bps

# Q4 2020 Stock Review

## OUTPERFORMERS

Magna International, Inc., MercadoLibre, Inc.	-	Consumer Discretionary
WPP Plc, Softbank Group Corp.	-	Communication Services
HFDC Bank Limited.	-	Financials
NICE Ltd., Amadeus IT Group SA	-	Technology
Hoya Corporation	-	Health Care

## UNDERPERFORMERS

Nestle S.A., Kao Corp., British American Tobacco Plc	-	Consumer Staples
Techtronic Industries Co., Ltd.	-	Industrials
SAP SE	-	Technology
Sampo Oyj	-	Financials
Yandex NV, Tencent Holdings Ltd.	-	Communication Services

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 4<sup>th</sup> Quarter

## Purchases / Increases

Action	Security	Country	Sector
Bought	Deutsche Boerse AG	Germany	Financials
Increased	Recruit Holdings	Japan	Industrials

## Sells / Trims

Action	Security	Country	Sector
Trimmed	ING Group NV ADR	Netherlands	Financials
Trimmed	Roche Holding LTD ADR	Switzerland	Health Care

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.

# Q4 2020 Purchases/Increases

## **Deutsche Boerse AG (DBOY) SECTOR: Financials; COUNTRY: Germany**

We initiated a new position in Deutsche Boerse, the second largest exchange group in Europe by market cap which operates several diverse businesses positively geared to secular growth. The company's two largest businesses are Eurex, a trading and clearing platform for financial derivatives and Clearstream, which is one of the two major settlement houses for fixed income in Europe. Eurex is benefitting from growing market share in Euro denominated interest rate swaps market, while EEX stands to benefit from market share gains as power trading migrates from OTC bilateral protocols to electronic execution and central clearing. Deutsche Boerse is expected to generate 4-5% secular annual revenue growth and 6-8% earnings growth per annum in the next few years with upside from cyclical effects and M&A; yet trades at an attractive valuation supporting our thesis to purchase the stock.

## **Recruit Holdings Co., Ltd. (RCRCY) SECTOR: Industrials; COUNTRY: Japan**

Recruit Holdings, which is tied to the global recovery, both through its employment services offerings and other consumer-based services is temporarily constrained due to COVID-19. Relative to expectations, the company has been delivering generally encouraging results, and we believe the longer-term value proposition of the company's offerings remains attractive. While operations have been trending in the right direction, a group of large corporate cross-holders sold shares for their own corporate purposes, creating what we saw as a temporary pricing dislocation and an attractive opportunity to add to our position.

# Q4 2020 Sells/Trims

## **ING Groep NV ADR (ING) SECTOR: Financials; COUNTRY: Netherlands**

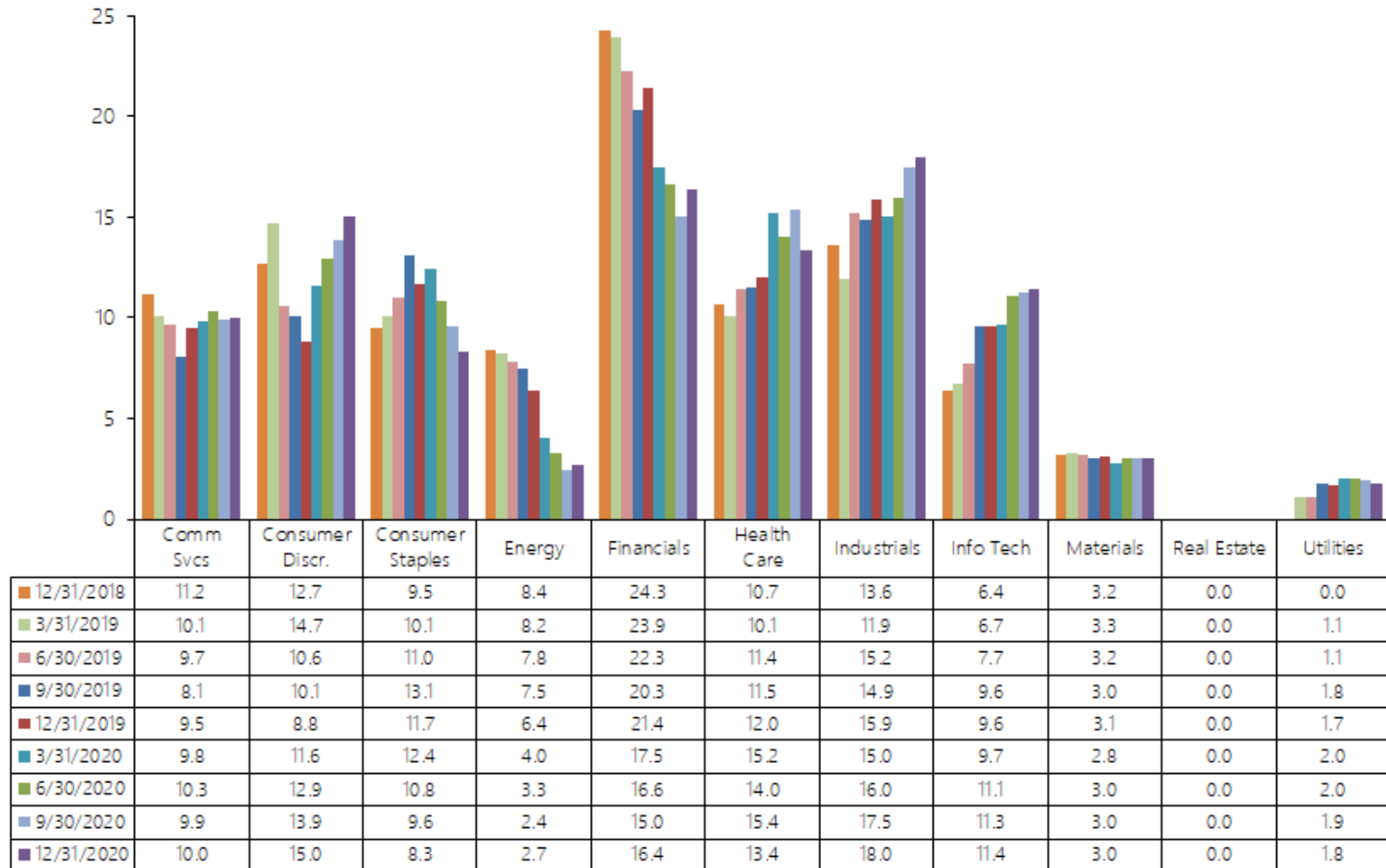
We trimmed ING Groep based on a deterioration in operating trends during 3Q 20 and a lack of catalysts to drive the stock price higher. We expect weak net interest income due to continued pressure from negative interest rates, the need for more cost reduction and a strict stance from the ECB on the payout of dividends to investors.

## **Roche Holding LTD ADR (RHHBY) SECTOR: Healthcare; COUNTRY: Switzerland**

While we remain constructive on Roche's prospects longer term, we trimmed our position as biosimilar competition pressures appear to be higher than anticipated in 2021. In addition, we took this opportunity to swap into more economically-sensitive companies given the recovery cycle in the economy. Roche's MS drug franchise could also face increasing competitive pressures in the medium-term versus prior estimates. That said, the company's drug pipeline remains strong and the company's long history of innovation and reasonable valuation makes this a continued core holding.

# Sector Analysis

EGA International Equity Sector Weights  
12/31/2018 to 12/31/2020



# Eagle Outlook For 2021

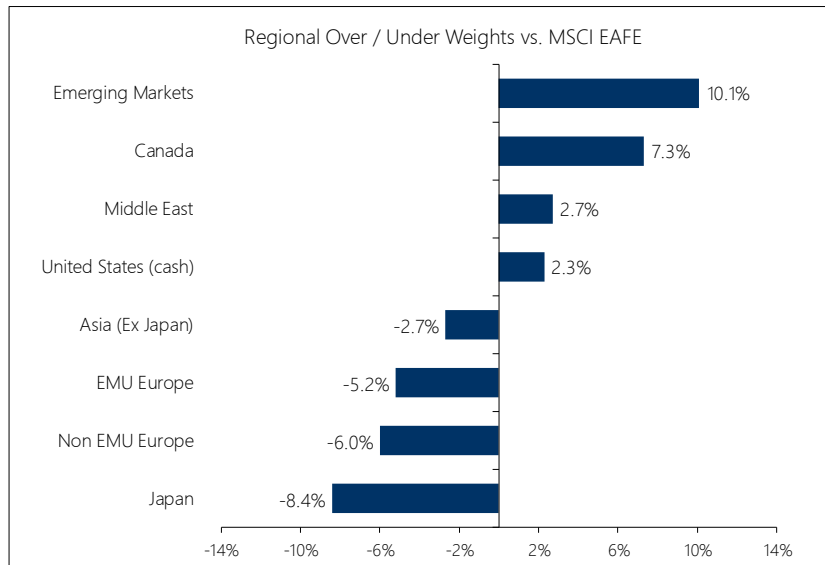
- Europe is struggling with a record number of infections, which have led to new restrictions. However, positive catalysts for an economic rebound include pent up consumer demand and the unwind of high savings ratios, which should drive economic growth. Continued government support schemes, broader fiscal spending and ultra loose monetary policy should also contribute to a strong 2021. After nine months of contentious negotiations, the U.K. and the EU finally reached a last-minute trade agreement. The economic partnership will govern bilateral trade worth more than £650 billion.
- Japanese equities continue to stand out for political stability, attractive valuation on an earnings, dividend yield and price-to-book basis as well as the potential for a strong recovery. Historically close correlations between Japanese equities and the global cyclical sectors likely indicate Japan being a strong beneficiary from a pandemic recovery in 2021.
- EM assets started the 2021 rally late last year, which we expect should continue given a better post-vaccine growth outlook, a U.S. administration seen as more supportive for EM, and near-term weaker developed market activity capping interest rate moves as central banks extend accommodation.
- 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 rate on their debt. Longer-term, higher inflation may require the need for higher interest rates, which would have a dampening effect on growth. However, in the short-term, highly accommodative fiscal and monetary policies are expected, which will likely boost risky assets further.
- Looking back one year, investors were concerned about a late-cycle economic backdrop with elevated valuations and heightened investor sentiment, which resulted in below consensus EPS expectations and single-digit future returns. Fast forward to today and we find the silver lining of the pandemic is an environment that has transitioned back to early-cycle, an indication of a strong rebound in profits not yet priced into stocks despite the rally over recent weeks. A sharp recovery in consensus EPS growth projections of 20%+ is expected across all regions for the next two years as developed and emerging economies transition out of recessionary conditions. While valuations have continued to re-rate higher with NTM (Next Twelve Month) P/E ratios at 22.4x for the S&P 500, 17.5x for MSCI EAFE, and 15.4x for MSCI EM, sustained policy support should allow for early-cycle elevated equity valuations as central banks leave the “punchbowl” in place with little to no policy tightening even as growth recovers.

# Geographic Allocation

As of 12/31/2020

Region	Eagle	MSCI EAFE
Emerging Markets	10.1%	0.0%
Canada	7.3%	0.0%
Middle East	3.3%	0.6%
United States (cash)	2.3%	0.0%
Asia (Ex Japan)	9.0%	11.7%
EMU Europe	27.0%	32.2%
Non EMU Europe	24.2%	30.2%
Japan	16.9%	25.3%

Country	Eagle	MSCI EAFE
Japan	16.9%	25.3%
Switzerland	11.0%	9.6%
France	10.2%	11.1%
United Kingdom	8.8%	14.0%
Germany	7.4%	9.4%
Canada	7.3%	0.0%
Hong Kong	6.7%	3.3%
China	4.4%	0.0%
Israel	3.3%	0.6%
Netherlands	3.0%	3.9%
Denmark	2.7%	2.5%
United States (cash)	2.3%	0.0%
Argentina	2.2%	0.0%
Singapore	2.2%	1.0%
Russia	2.2%	0.0%
Spain	2.0%	2.4%
Sweden	1.8%	3.4%
Italy	1.8%	2.4%
Belgium	1.6%	1.0%
India	1.3%	0.0%
Finland	1.0%	1.0%

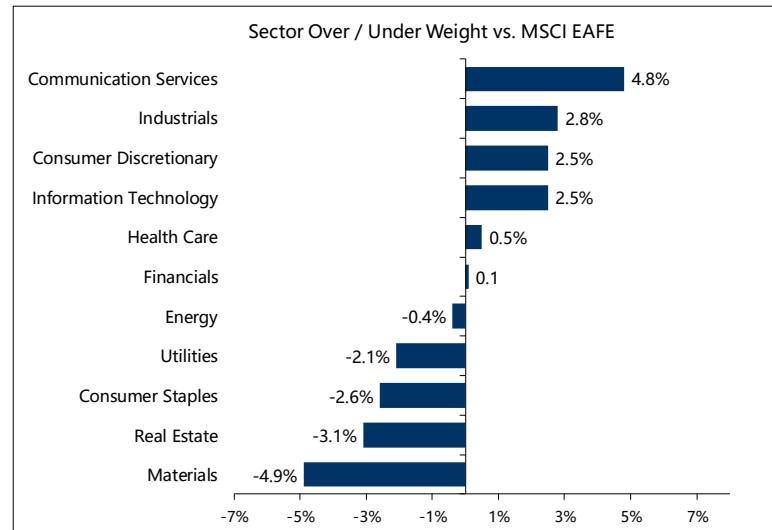


Source: MSCI EAFE

# Sector Allocation

As of 12/31/2020

Sector	Eagle	MSCI EAFE
Communication Services	10.0%	5.2%
Industrials	18.0%	15.2%
Consumer Discretionary	15.0%	12.5%
Information Technology	11.4%	8.9%
Health Care	13.4%	12.9%
Financials	16.4%	16.3%
Energy	2.7%	3.1%
Utilities	1.8%	3.9%
Consumer Staples	8.3%	10.9%
Real Estate	0.0%	3.1%
Materials	3.0%	7.9%



Source: MSCI EAFE

# Holdings and Characteristics

As of 12/31/2020

## Key Characteristics

... Large cap, high ROE, reasonable valuation

Characteristic	Eagle	MSCI EAFE
WA Mkt Cap	\$110 Billion	\$60 Billion
Wgt. Median MKT CAP	\$57 Billion	\$35 Billion
12M Trailing P/CF	11.88	10.93
12M Trailing P/E	26.98	23.07
12M Fwd P/E	18.54	17.50
Yield	1.4%	2.4%
P/B	2.76	1.76
ROE	10.7%	7.6%
ROE 5 Yr Avg	12.2%	NA
12M FWD EPS Growth	34.0%	33.9%
Earnings Growth Next 5 Years	8.71%	7.12%

## Top Ten Holdings

... Established global leaders with sustainable competitive advantages

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

EGA's top ten holdings represent our 10 largest holdings as of December 31, 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%	21.05%	20.78%	7.67%	7.42%	16.84%*	16.57%*	20.09%*	18.95%*	7.82%

\*Preliminary

	MRQ*	YTD*	1 Year*	Annualized Returns		
				3 Year*	5 Year*	10 Year*
EGA International Equity (% gross)	16.8	20.1	20.1	6.9	8.0	6.0
EGA International Equity (% net)	16.6	19.0	19.0	5.9	7.0	5.0
MSCI EAFE - ND	16.1	7.8	7.8	4.3	7.5	5.5

\*Preliminary

See p.19 for additional performance calculation information and GIPS performance disclosures.

# International Equity Composite

## EGA International Equity Composite January 1, 2010 through September 30, 2020

	Q3 20	Q2 20	Q1 20	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Total Return (%) Gross</b>	<b>7.67</b>	<b>21.05</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>Benchmark Total Return (%)*</b>	<b>4.80</b>	<b>14.88</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>
Composite 3 Year Std. Dev.	17.78	17.39	16.28	13.48	12.17	11.04	11.74	11.97	12.30	17.08	20.13	22.64	26.09
Benchmark 3 Year Std. Dev.	15.45	15.17	14.58	10.96	11.40	12.00	12.64	12.64	13.21	16.48	19.65	22.75	26.61
Number of Portfolios	35	36	37	43	81	108	131	155	151	178	181	318	403
Composite Dispersion (%)	0.41	0.61	0.54	0.64	0.40	0.61	0.61	0.80	0.38	0.58	0.82	0.69	0.76
Total Assets at End of Period (US\$ 000)	86,591	82,208	70,090	98,235	118,078	148,816	147,467	239,234	230,281	288,627	220,494	311,744	560,138
Percentage of Firm Assets	6.1	5.8	5.2	4.3	4.5	4.2	3.7	7.3	5.5	8.2	9.8	14.9	22.2
Total Firm Assets (US\$ 000)	1,408,692	1,415,525	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

\* Benchmark: MSCI EAFE Index.

Refer to p. 19 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.

- For GIPS purposes, 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. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. 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 trustee fees or custodian fees. The reporting currency is the U.S. dollar. Returns are calculated net of non-reclaimable foreign withholding taxes on dividends, interest, and capital gains. Reclaimable withholding taxes are not accrued, but are cash basis as received. 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. The 3 year annual standard deviation and internal dispersion are calculated using Gross of Fees returns. 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 only intended for investors qualifying as prospective clients as defined by GIPS.
- 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 assets 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. All performance returns assume the reinvestment of dividends, interest, and capital gains. Returns are calculated net of non-reclaimable foreign withholding taxes on dividends, interest, and capital gains.
- The benchmark is the MSCI EAFE (Europe, Australasia, Far East), a float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. Indexes are net of withholding tax.
- 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 does not currently use carve-outs. Prior to 1/1/2005, 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**

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.	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%

