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Investment Insight

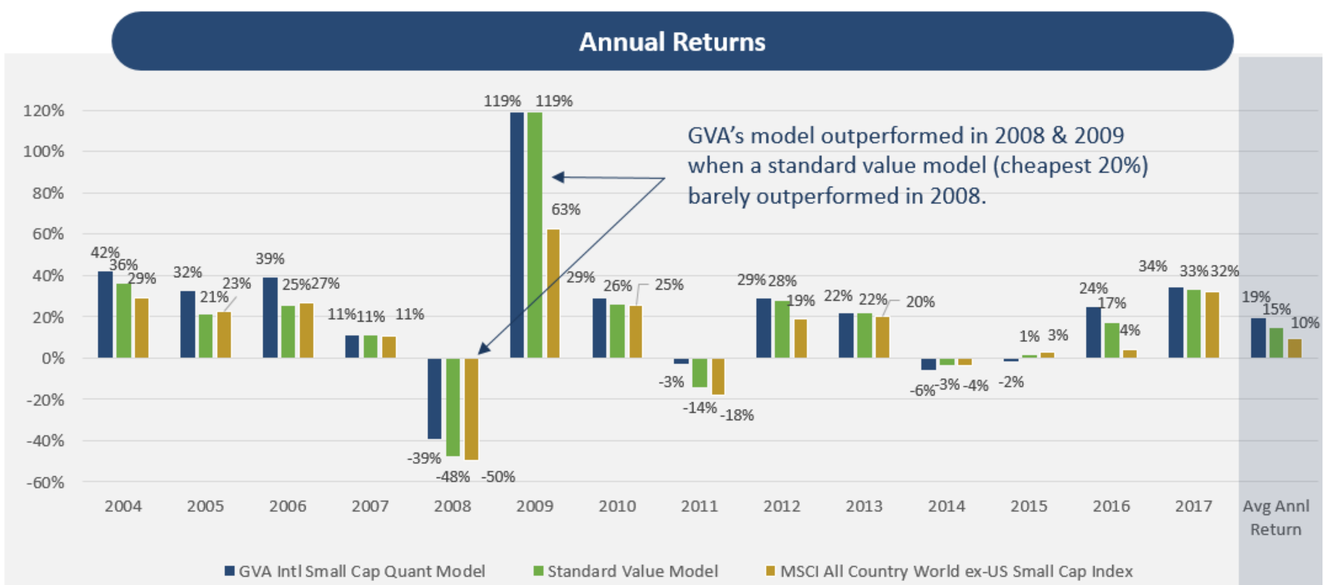
GVA's Approach Through the 2008-2009 Recession

GVA's back-tested model* outperformed the benchmark in both 2008 and 2009. Analyzing these two years is a good example of why GVA's back-tested model*, in our opinion, is notable to a standard value approach. As a reminder, GVA screens the globe for companies that have the following attributes:

1. High and consistent free cash flow.
2. High and consistent Shareholder Yield.
3. Strong balance sheet.
4. Valuation in the cheapest 20%.

Looking first at performance, a standard value model barely outperformed in 2008 and significantly outperformed in 2009 (green line below). GVA's International Small Cap back-tested model* beat the benchmark by 11% in 2008 and 56% in 2009. Note that the back-tested model* protected investors more on the downside in 2008 vs standard value and then still kept pace with the value rally in 2009.

Back Test: GVA Proprietary Model* vs Standard Value Model



Statistics	Alpha Annualized	Beta	Standard Deviation	Tracking Error	Information Ratio	Excess Return Annualized
GVA International Small Cap Model	8.4%	1.03	20.2%	7.1%	1.35	9.6%
Standard Value Model**	3.5%	1.16	22.2%	6.9%	0.66	5.0%
MSCI All Country World ex US Small Cap Index		1.00	18.3%			

*Source: Factset – (Aug 2018) GVA International Small Cap Quant Model backtest results are hypothetical and involve inherent limitations, please see disclosures at the end of this presentation. Results do not reflect fees or expenses. ** Standard Value Model measures the performance of the cheapest 20% of stocks in the MSCI ACWI ex-US Small Cap Index, rebalanced monthly, and based on the weighted ave of 6 valuation metrics (PE TTM, PE NTM, P/B, P/FCF, P/Gross Margin, and Div Yield).

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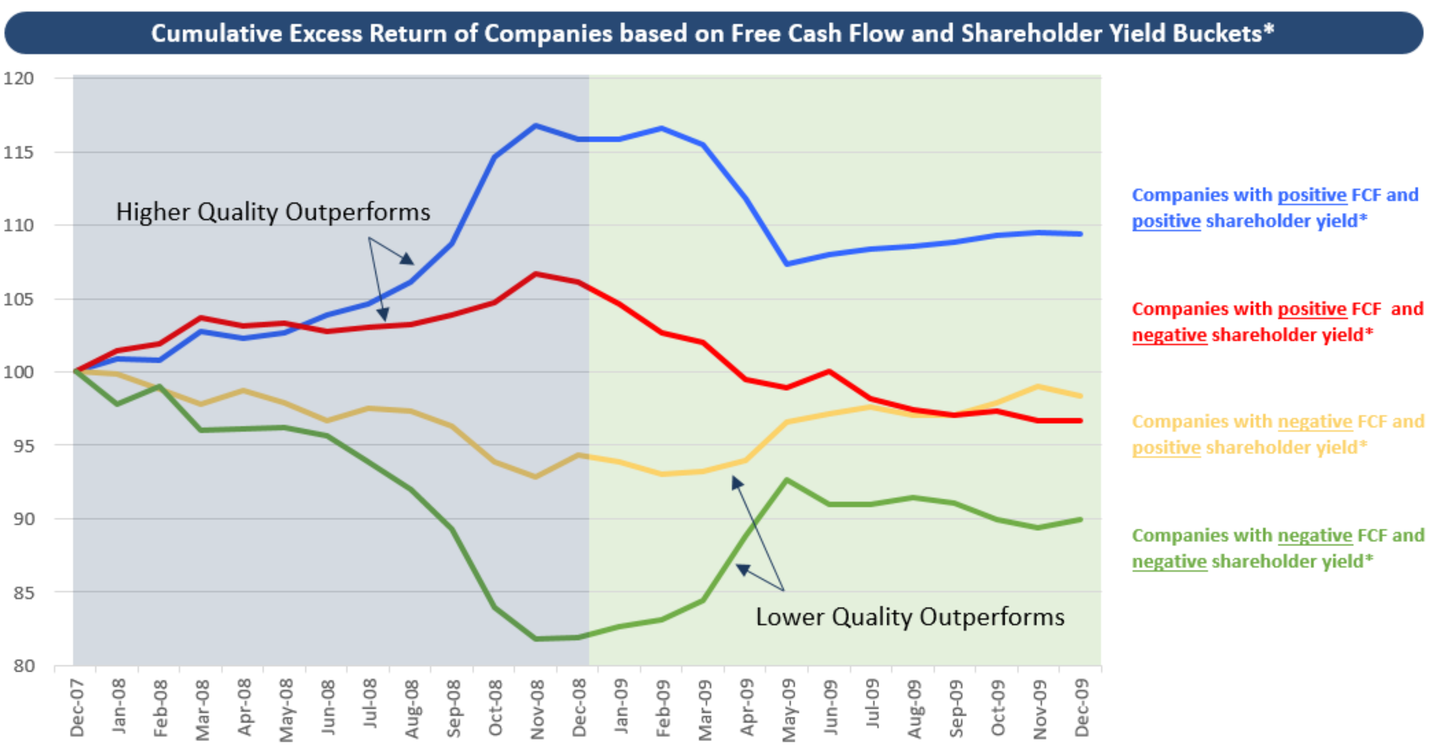
The markets in 2008 and 2009 showed very different dynamics. Investors experienced a flight to quality in 2008 and then a junk rally the following year. The chart below displays cumulative excess returns through the recession, broken down by FCF and Shareholder Yield subsets. The main reason GVA's back-tested model* was able to outperform both years is its focus *exclusively* on companies with positive free cash flows and positive Shareholder Yields (i.e. GVA's Advantaged Subset). This results in a structurally advantaged subset of the universe, as depicted by the blue line. Low quality companies with negative FCF and negative shareholder yield saw significant underperformance in 2008 and then a substantial rally in 2009, as depicted by the green line.

Flight to Quality in 2008 Followed by a Junk Rally in 2009



- GVA only invests in the "Blue-Line" segment above.
- So why did GVA's back-tested model* outperform in 2008?

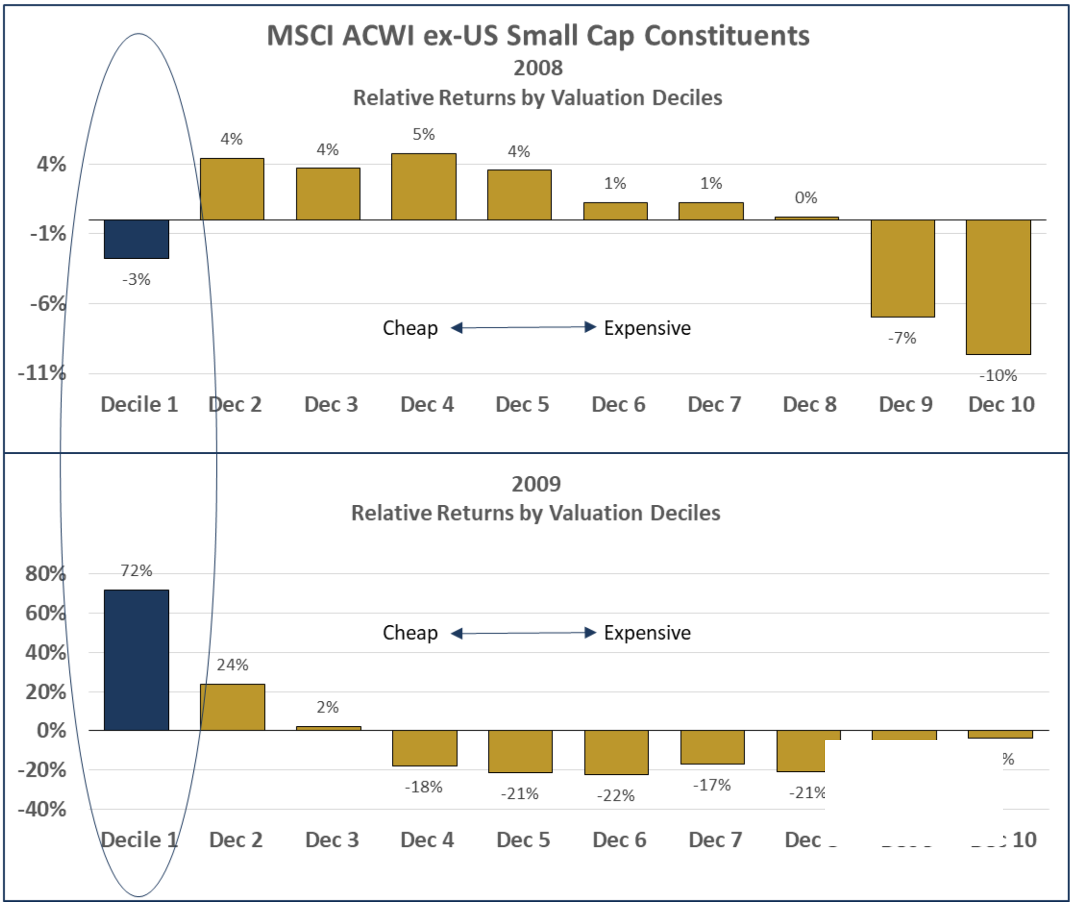
Source: Factset – this universe is made up of MSCI ACWI ex-US Small Cap Constituents. Returns are relative to the MSCI ACWI ex-US Small Cap Index. Shareholder Yield = Dividends + Net Buy Backs + Change in Debt. Free Cash Flow = Cash Flow from Operations minus CapEx.

GVA's investment approach is further supported by looking at performance by valuation buckets through the recession. The chart below shows the relative returns of each valuation decile in both 2008 and 2009. The cheapest valuation decile underperformed in 2008 and then significantly outperformed in 2009, as depicted by the blue bars. Note that the cheapest

20% of stocks outperformed by 0.5% in 2008 and 48% in 2009. In other words, value stocks were relatively flat in 2008 and then saw a massive rally in 2009.

The Value Factor Showed Very Different Dynamics in 2008 and 2009

The cheapest decile companies underperformed in 2008 and outperformed in 2009



Source: Factset. MSCI database.

Next we analyze relative performance of each valuation decile during the recession <u>within</u> GVA's Advantaged Subset (i.e. looking solely at companies that have positive FCFs and positive Shareholder Yields. As a reminder, GVA will *only* invest in companies with these characteristics. The main take-away from the chart below is that the cheapest decile of stocks actually outperformed in 2008, AND was the leader during the value rally of 2009. Note that if we look at the cheapest 20% of stocks (GVA's focus), the average outperformance was 8% in 2008 and 42% in 2009.

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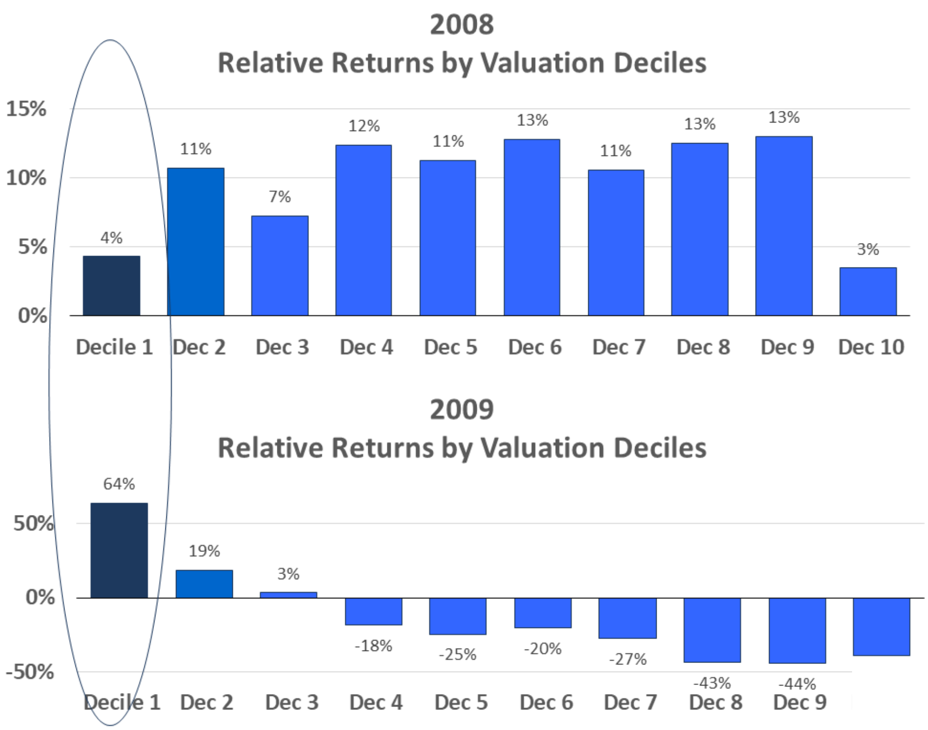
Value within the Advantaged Subset (+FCF & + Shareholder Yields)* Showed a Positive Return Pattern in 2008 & 2009

These Charts Only Include Companies with + FCF and + Shareholder Yields



Source: Factset. MSCI database.

GVA's investment approach is also unique to the peer group, as seen by the June 2008 snapshot below. Our average free cash flow yield and average Shareholder Yield was well above the benchmark and peers. Valuation is also attractive vs the benchmark and peers. Note the portfolio is similarly positioned in 2019.

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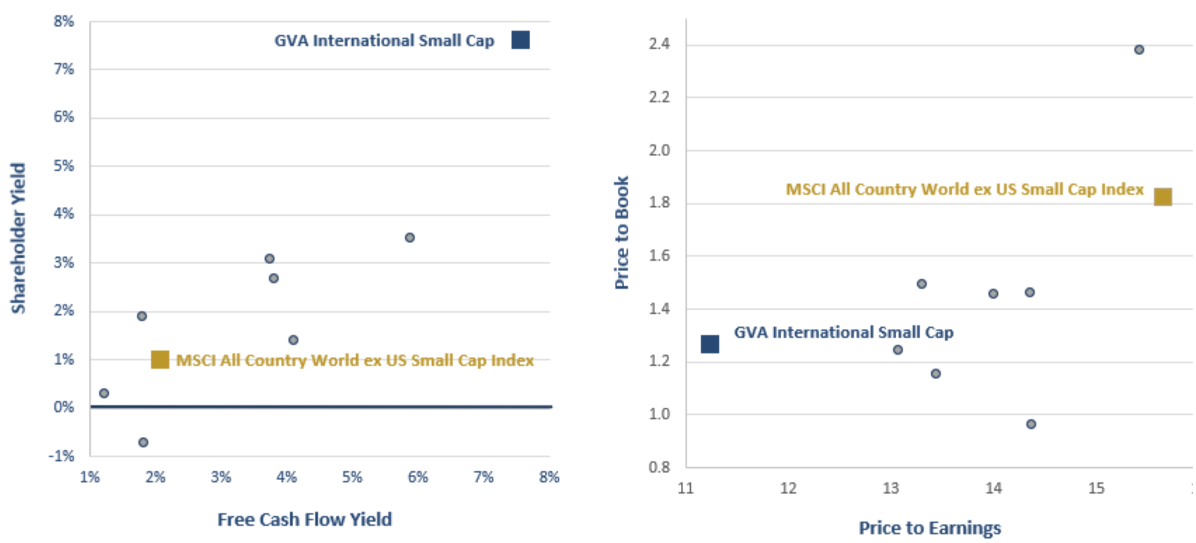
GVA's Disciplined Methodology Ensures a Deep Value Positioning <u>Within</u> a Structurally Advantaged Subset of the Universe

Exposures as of June 2008

Valuation vs. Morningstar Peers



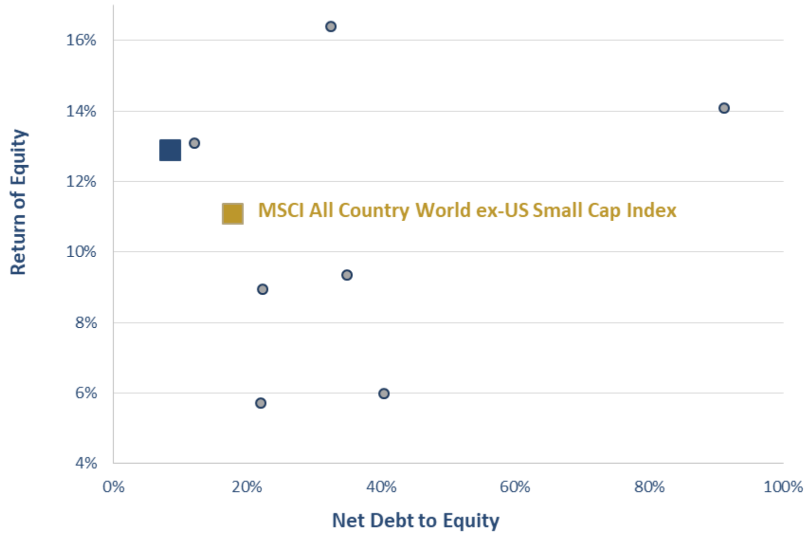
Source: Morningstar constituents in the Foreign Small Mid category as of June 30, 2008. Holdings, ex-financials, for each fund were analyzed in Factset.

It is important to note that GVA's deep value approach does not sacrifice profitability or balance sheet strength. The chart below is a second snapshot of GVA's International Small Cap back-tested model* in June 2008. Net debt to equity is well below the benchmark and the peer group, while GVA's ROE remains attractive, despite the portfolio holding close to no debt. Note that GVA's portfolio is similarly positioned in 2019.

GVA's Back-Tested* Portfolios are Very Cheap While Delivering Superior Profitability and Balance Sheet Strength

Exposures as of June 2008

Profitability and Leverage vs. Morningstar Peers



Source: Morningstar constituents in the Foreign Small Mid category as of June 30, 2008. Holdings, ex-financials, for each fund were analyzed in Factset.

Lastly, we can look at the attribution reports for GVA's International Small Cap back-tested model* in 2008 and 2009 to scrutinize the sources of value added. The main take-away is that the majority of alpha came from stock selection in both years of the recession. This further demonstrates that companies with positive free cash flow and positive Shareholder Yield outperform the market, despite periods of volatility.

In 2008, the market fell by 50%. GVA's back-tested model* beat the benchmark by 9%. Cyclical sectors were the single largest contributor to outperformance. The strategy was materially overweight cyclicals in a down market, but was able to make up for this through strong stock selection (model names -42% vs index -52%). Defensive sectors were a slight drag, due entirely to allocation effect.

In 2009, the market rallied 63%. GVA's back-tested model* beat the benchmark by 60%. Cyclical sectors were, again, the single largest contributor to outperformance. The strategy was similarly overweight cyclicals, but almost all the value added still came from stock selection (back-tested model* names +124% vs index +64%). Defensive sectors also added to outperformance, due mostly to stock selection. GVA's exposure to cyclical companies proved resilient in the downturn and participated in the rebound.

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	31-DEC-2007 to 31-DEC-2008								
Back tested	MODEL International Small *			MSCI AC World ex USA Small Cap			Attribution Analysis		
	Port. Average Weight	Port. Total Return	Port. Contrib. To Return	Bench. Average Weight	Bench. Total Return	Bench. Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Total	**100.0**	**-41.1**	**-41.1**	**100.0**	**-49.9**	**-49.9**	**-3.2**	**12.0**	**8.8**
Cyclical	88.3	-41.6	-36.4	75.2	-51.5	-38.7	-1.0	11.8	10.8
Consumer Discretionary	12.4	-49.9	-7.0	13.1	-53.8	-7.1	-0.0	0.3	0.3
Financials	21.6	-44.8	-9.5	15.6	-50.4	-7.5	-0.1	2.1	1.9
Industrials	19.0	-41.3	-7.7	20.9	-50.2	-10.7	-0.1	2.3	2.2
Information Technology	14.3	-45.4	-6.9	8.3	-50.7	-4.4	-0.2	1.1	0.9
Materials	15.1	-30.1	-3.5	12.5	-53.6	-6.8	0.0	4.1	4.1
Real Estate	5.9	-38.9	-1.7	4.8	-50.1	-2.2	0.0	1.1	1.2
Defensive	11.7	-38.3	-4.8	24.7	-44.7	-11.2	-1.5	0.2	-1.3
Communication Services	1.7	-81.3	-1.5	2.6	-51.9	-1.4	-0.1	-0.7	-0.8
Consumer Staples	2.7	-11.8	-0.2	5.7	-28.5	-1.2	-0.9	0.4	-0.5
Energy	2.7	-25.4	-0.9	7.1	-58.2	-4.9	0.4	1.0	1.4
Health Care	0.5	-29.3	-0.3	5.7	-36.4	-1.9	-1.1	-0.1	-1.2
Telecommunication Services	1.6	-53.5	-0.7	0.8	-60.5	-0.5	-0.2	-0.0	-0.3
Utilities	2.5	-40.1	-1.2	2.9	-47.1	-1.3	-0.1	-0.0	-0.1

	31-DEC-2008 to 31-DEC-2009								
Back tested	MODEL International Small *			MSCI AC World ex USA Small Cap			Attribution Analysis		
	Port. Average Weight	Port. Total Return	Port. Contrib. To Return	Bench. Average Weight	Bench. Total Return	Bench. Contrib. To Return	Allocation Effect	Selection Effect	Total Effect
Total	**100.0**	**122.6**	**122.6**	**100.0**	**62.6**	**62.6**	**3.3**	**56.7**	**60.0**
Cyclical	85.3	124.3	105.7	76.6	64.2	49.7	1.0	48.2	49.2
Consumer Discretionary	14.0	153.0	19.3	14.1	66.5	9.7	0.1	10.2	10.2
Financials	13.8	80.4	12.7	14.7	46.8	7.1	0.2	6.1	6.3
Industrials	22.3	98.7	21.6	21.1	55.2	11.5	0.1	8.1	8.3
Information Technology	18.3	154.5	27.6	9.2	94.1	8.6	3.0	9.3	12.3
Materials	10.7	149.6	16.3	12.4	79.0	9.6	-0.1	7.3	7.2
Real Estate	6.2	145.2	8.1	5.1	64.9	3.3	0.0	5.2	5.3
Defensive	14.7	114.9	16.9	23.3	57.6	12.8	1.4	8.5	9.9
Communication Services	2.7	113.5	2.4	2.7	56.7	1.5	0.1	1.2	1.3
Consumer Staples	3.3	122.6	4.7	5.8	34.3	1.5	1.1	4.1	5.2
Energy	6.3	115.7	8.6	5.7	108.1	5.8	0.3	0.4	0.7
Health Care	1.3	91.1	0.8	5.8	39.3	1.9	1.5	0.6	2.0
Telecommunication Services	0.5	60.6	0.4	0.8	93.5	0.8	-0.1	0.1	0.0
Utilities	0.6	42.9	-0.0	2.5	54.7	1.3	0.6	0.3	0.9

Source: Factset model back test results. GVA International Small Cap Quant Model back test results are hypothetical and involve inherent limitations, please see disclosures at the end of this presentation. Results do not reflect fees or expenses.

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*GVA Backtest Disclosure:

The information presented in the presentation represents back-tested performance based on the GVA Proprietary Model (the "Model") and does not include qualitative analysis or portfolio manager selections. The performance results shown represent a larger group of stocks than would be included if qualitative analysis was applied. Our Model narrows down our universe to approximately 125-175 stocks and then we conduct fundamental analysis in order to determine inclusion in the portfolio. The strategy being offered includes both the quantitative and qualitative analysis together however performance shown in the back-test only reflects the quantitative portion of analysis as the qualitative analysis cannot be applied retroactively. Back-tested presentations may not be relied upon for investment purposes and are not meant to represent actual current or future performance.

The Model is described on a previous slide. For more details on the Model please contact info@globalvalueadv.com. Back-tested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance had the portfolios been available over the relevant time period. Securities were selected with the full benefit of hindsight, after their performance over the period shown was known. There are inherent limitations of data derived from retroactive application of a model portfolio. The results may not reflect the impact that any material market or economic factors might have had on GVA's use of the back-test Model if the Model had been used during the period to actually manage client assets. GVA was not managing money during the period tested. For comparison purposes, the GVA International Small Cap Model performance is measured against the MSCI All Country World ex-US Small Cap Index. Results in back-test do not guarantee future results.

The Model identifies companies with positive free cash flows, that have positive total return to shareholders, excludes companies whose leverage is in the highest 20% of the starting universe, are the cheapest 20% of the starting universe and illiquid companies are eliminated. Foreign exchange is implicit in the total return. The Model assumes it is fully invested with no cash and includes the reinvestment of all income. The U.S. dollar is the currency used to express performance. All returns are presented gross of investment management fees, trading costs, and all other costs, expenses and commissions associated with client account trading. As there are no fees or expenses deducted, actual client returns could be materially different. The client may experience a loss.