



GVA's Approach Unconstrained Versus Constrained

By Todd Bassion, Portfolio Manager

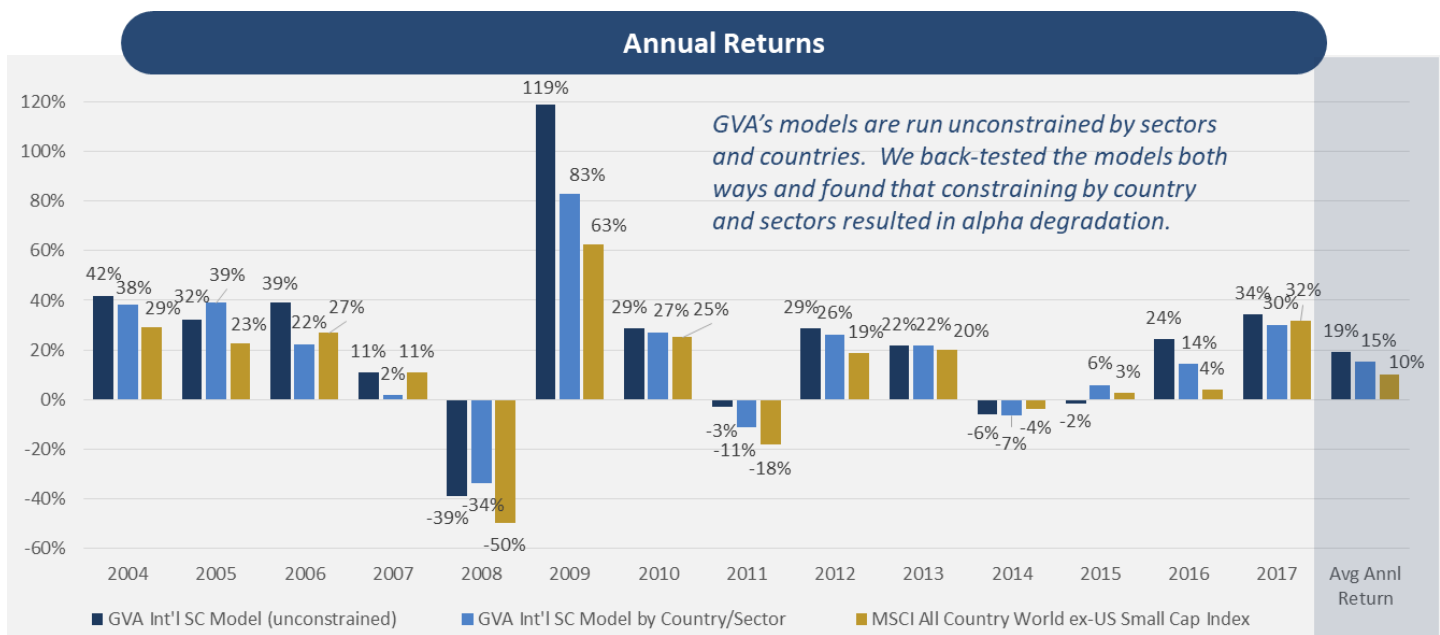
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GVA's approach is globally unconstrained and its models search the globe for companies with specific fundamental and valuation attributes. This results in a structurally Advantaged Subset of the universe, which has significantly outperformed the benchmark over time. Businesses we own:

- Have high and sustainable FCF generation over the last 7 years.
- Have high and sustainable Shareholder Yields over the last 7 years.
- Have strong balance sheets.
- Are in the cheapest 20% of our universe.
- Are undervalued due to non-structural, short-term factors.
- Generate sustainable positive FCF to maintain their assets, finance their growth and return capital to shareholders

GVA prefers to have as few restrictions in the model as possible. GVA's model is globally unconstrained by both sector and region. This allows GVA to take large bets vs the benchmark based on where in the world relative value is identified.

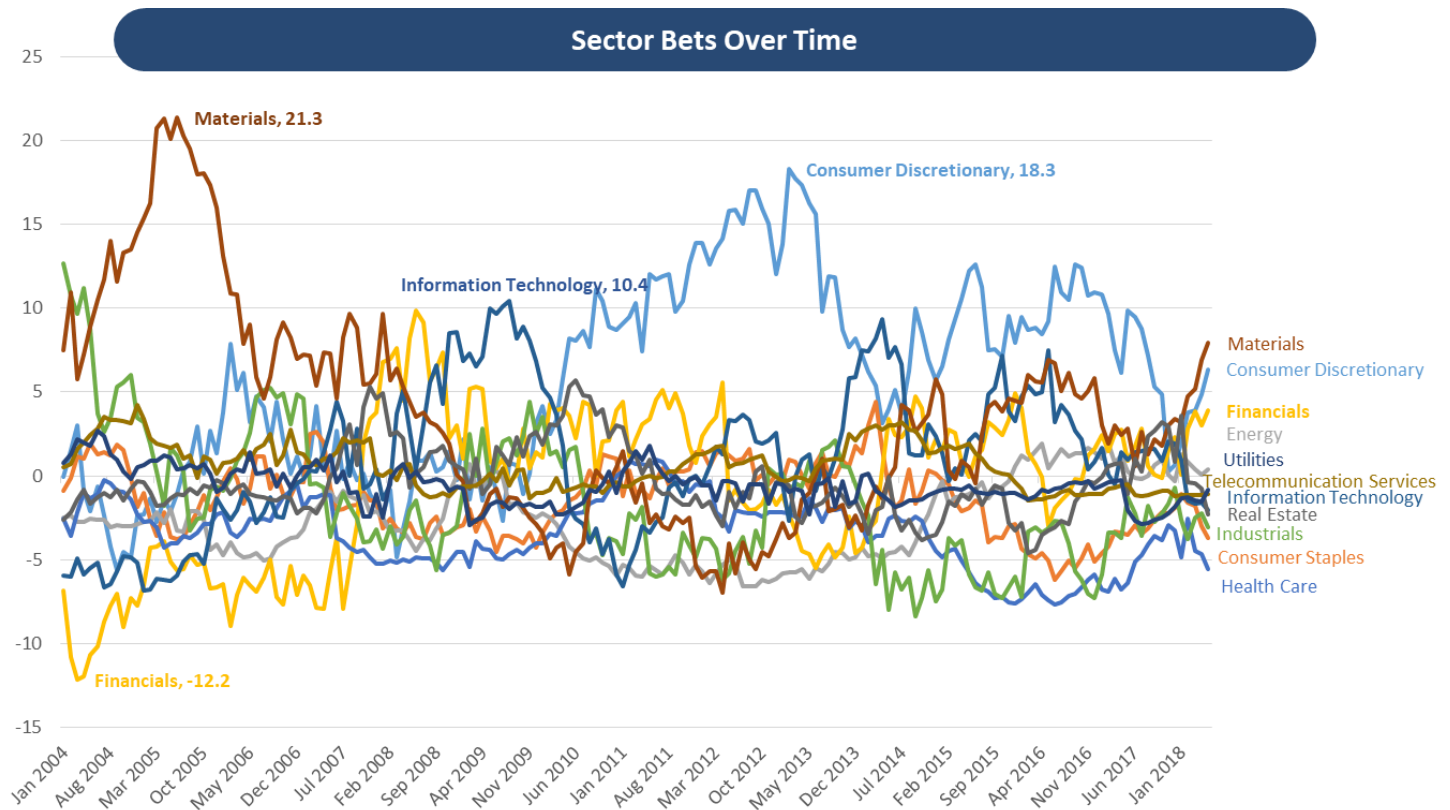
Superior returns: Exhibit 1 compares the historical returns of GVA's unconstrained International Small Cap model to the same model that is country and sector neutral. The unconstrained model produces 8.4% annualized Alpha with risk metrics close to the benchmark. This is superior to the country/sector neutral model, which produces 5.6% annualized Alpha, with similar risk metrics. In other words, the global unconstrained version produces almost 3% higher annualized Alpha, without sacrificing much in terms of risk.



Statistics	Alpha Annualized	Active Share	Beta	Standard Deviation	Tracking Error	Information Ratio	Excess Return Annualized*
GVA International Small Cap Model (unconstrained)	8.4%	95%	1.03	20.2%	7.1%	1.35	9.6%
GVA Int'l Small Cap Model by Country/Sector	5.6%	95%	0.96	18.5%	5.8%	0.89	5.2%
MSCI All Country World ex-US Small Cap Index			1.00	18.3%			

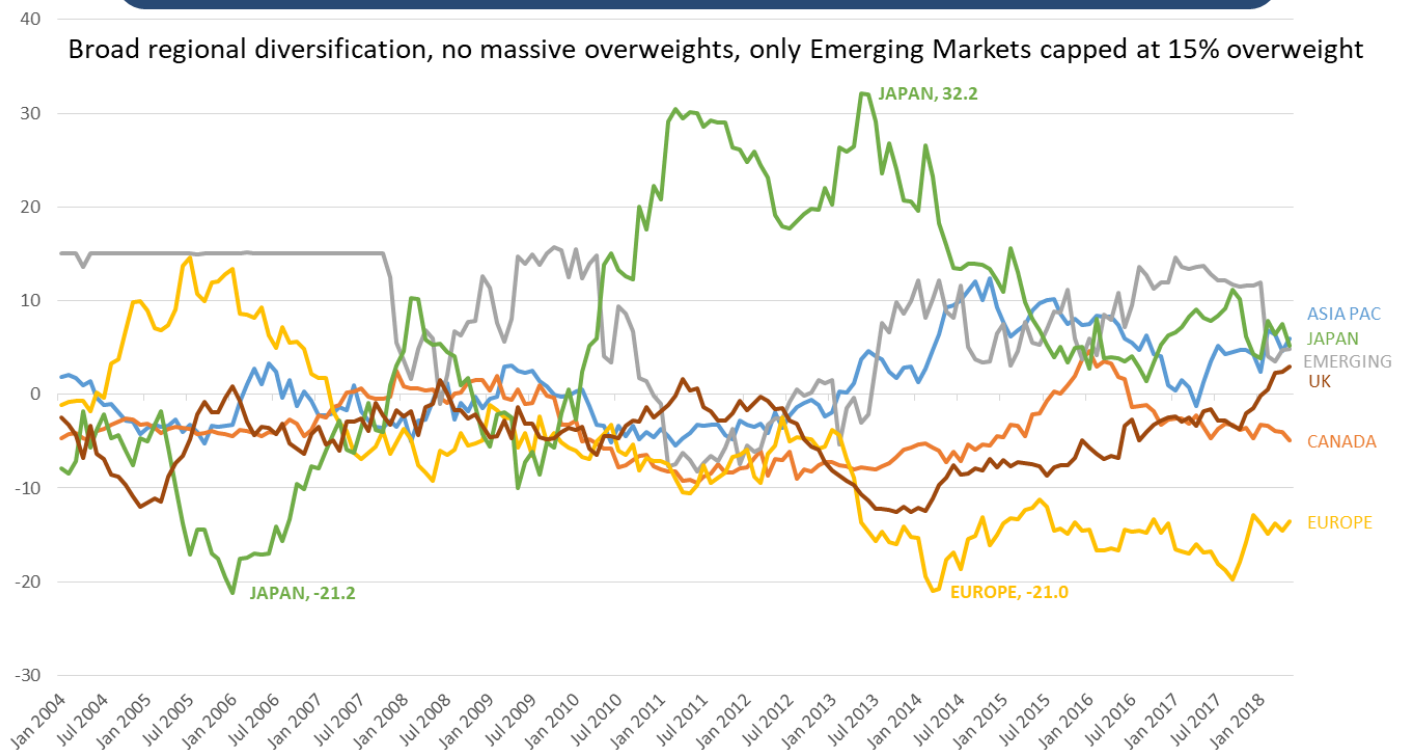
*Source: FactSet – (Aug 2018) GVA International Small Cap Model back test results are hypothetical and involve inherent limitations, please see disclosures at the end of this presentation. Results do not reflect fees or expenses. Each company is ranked against only companies within the same country and sector in Q1 “Blue Line” Quadrant in the liquid universe. Portfolio Construction does not change. Quantiles are market cap weighted in both models.

Sector Exposures Over Time: The following graph shows the historical sector exposures for GVA’s unconstrained International Small Cap model backtest. Anything above zero indicates an overweight position vs the benchmark and below zero indicates an underweight position. Over time, there is a fairly even distribution of overweights and underweights to any given sector. There are no sectors that the model ignores entirely. There are also no sectors that model favors every year. Note that the model does have a cyclical tilt, in that it is often overweight sectors such as Materials and Consumer Discretionary.



Country Exposures Over Time: The following graph shows the historical regional exposures for GVA's International Small Cap model backtest. Over time, there is a fairly even distribution of overweights and underweights to any given region. There are no regions that the model ignores entirely. There are also no regions that model favors every year. Leaving regions completely unconstrained, however, resulted in the International Small Cap model to take an unreasonably high overweight to emerging markets in 2004-2007 (60%+ overweight). As a result, GVA capped its Emerging Markets exposure to 15% overweight the benchmark, as can be seen in the gray line. Note that this same Emerging Market extreme was not seen in GVA's Global Equity model backtest, so there are no caps in place for that product.

Region Bets Over Time



*Source for the prior two slides: FactSet – GVA International Small Cap Model Backtest vs. MSCI ACWI ex US Small Cap Index 01/31/2004 – 05/31/2018

GVA does not anticipate putting any additional overweight caps on the portfolio, but reserves the right to do so if needed.

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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.