FISHER INVESTMENTS EUROPE™

EQUITY OUTLOOK Q1 2022

EQUITY MARKETS OUTLOOK

Table of Contents

GLOBAL OUTLOOK

- The bull market should continue as a healthy global economy, strong corporate results, and rising investor sentiment support equities
- However, global economic growth and inflation likely moderate going forward
- Extraordinary fiscal and monetary measures have fueled economic optimism but will not stimulate as much as hoped
- After a temporary bounce, economic growth and inflation are likely to resemble slow-but-steady pre-COVID-19 conditions
- Inflationary pressures should prove temporary as supply-chain bottlenecks fade
- Worries about Chinese regulations & real estate, US political dysfunction, inflation, and quantitative easing (QE) tapering among others are bricks in the wall of worry bull markets climb
- Higher-quality growth equities remain better positioned for the period ahead though there are opportunities in value

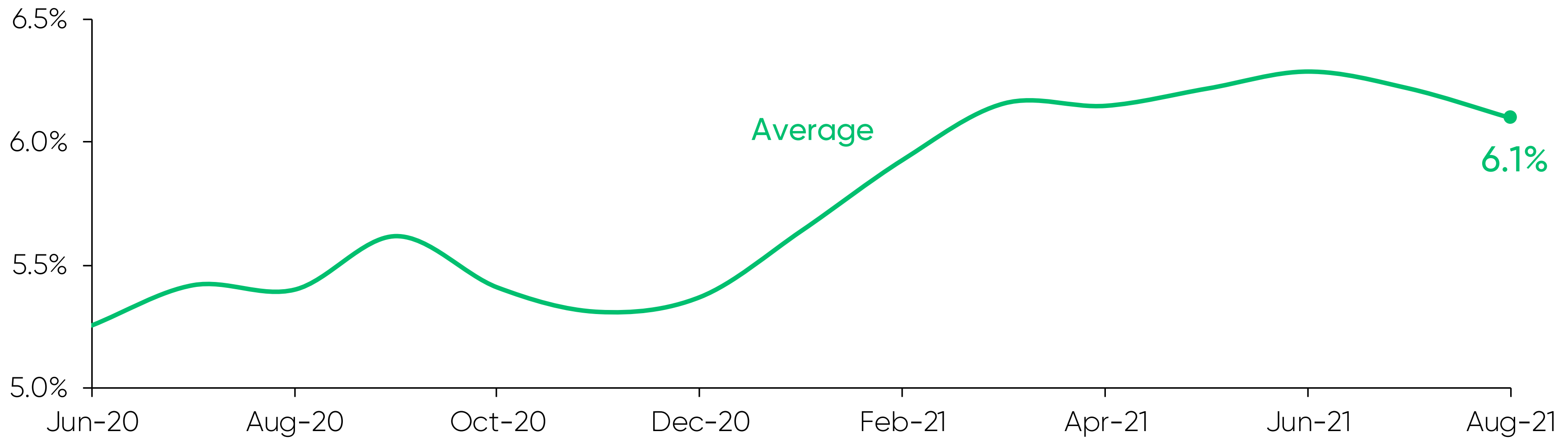
ECONOMIC

Economic expectations have risen substantially recently as investors eye economies reopening amid massive monetary and fiscal stimulus measures. While the economic picture looks bright, it may not be as strong as many hope.

Global GDP 2021 Forecast

Firms	6/30	7/31	8/31	9/30	10/31	11/30	12/31	1/31	2/28	3/31	4/30	5/31	6/30	7/31	8/31
Credit Suisse	4.4%	4.5%	4.5%	4.5%	4.0%	4.0%	4.1%	5.1%	5.1%	5.5%	5.5%	5.7%	6.1%	6.1%	6.0%
Goldman Sachs	6.5%	6.5%	6.7%	7.0%	6.3%	6.0%	6.0%	6.5%	6.6%	6.8%	6.6%	6.6%	6.6%	6.5%	6.3%
JP Morgan	5.1%	5.1%	5.1%	5.3%	5.1%	4.9%	4.7%	4.7%	6.5%	6.5%	6.5%	6.4%	6.4%	6.2%	6.1%
Citigroup	5.5%	5.6%	5.9%	5.4%	5.1%	5.1%	5.0%	5.0%	5.2%	5.5%	5.5%	5.8%	6.0%	5.9%	
Bank of America	5.8%	6.0%	5.6%	5.6%	5.6%	5.6%	5.4%	5.5%	5.5%	5.8%	5.8%	6.0%	6.1%	5.9%	5.8%
Barclays	5.2%	5.3%	5.2%	4.9%	4.8%	4.8%	5.6%	5.8%	6.0%	6.4%	6.5%	6.4%	6.3%	6.2%	6.1%
UBS	5.5%	5.4%	5.4%	5.8%	5.6%	5.6%	6.1%	6.2%	6.4%	6.5%	6.4%	6.5%	6.6%	6.6%	6.2%
Morgan Stanley	6.1%	6.1%	5.9%	6.6%	6.3%	6.3%	6.4%	6.4%	6.5%	6.6%	6.6%	6.5%	6.5%	6.5%	6.3%
IMF	5.4%	5.4%	5.4%	5.4%	5.2%	5.2%	5.2%	5.5%	5.5%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Wells Fargo	3.0%	4.4%	4.4%	6.0%	6.2%	5.6%	5.2%	5.7%	6.0%	6.0%	6.1%	6.3%	6.3%	6.3%	6.1%
Average	**5.3%**	**5.4%**	**5.4%**	**5.6%**	**5.4%**	**5.3%**	**5.4%**	**5.6%**	**5.9%**	**6.2%**	**6.2%**	**6.2%**	**6.3%**	**6.2%**	**6.1%**

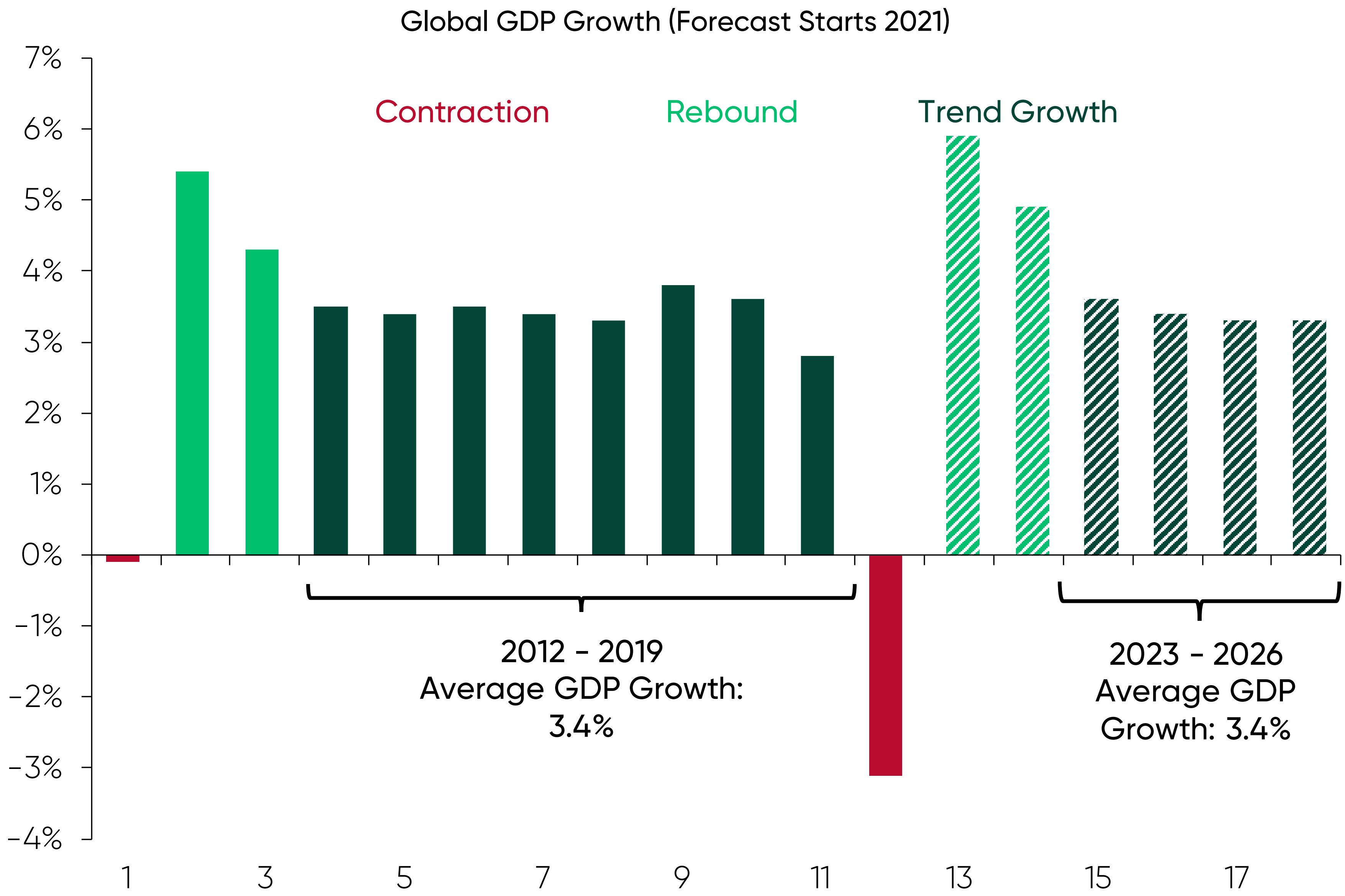
Global GDP 2021 Forecasts: Revised/ Affirmed



Source: Fisher Investments Research, Credit Suisse, Goldman Sachs, JP Morgan, Citigroup, Bank of America, Barclays, UBS, Morgan Stanley, IMF and Wells Fargo. Global real GDP 2021 forecasts from 6/30/2020 to 8/31/2021.

ECONOMIC

Economies often rebound strongly after economic contractions then settle into a trend growth rate. Global GDP growth after 2022 is likely to resemble most of the last economic expansion—a period when growth equities mostly led.

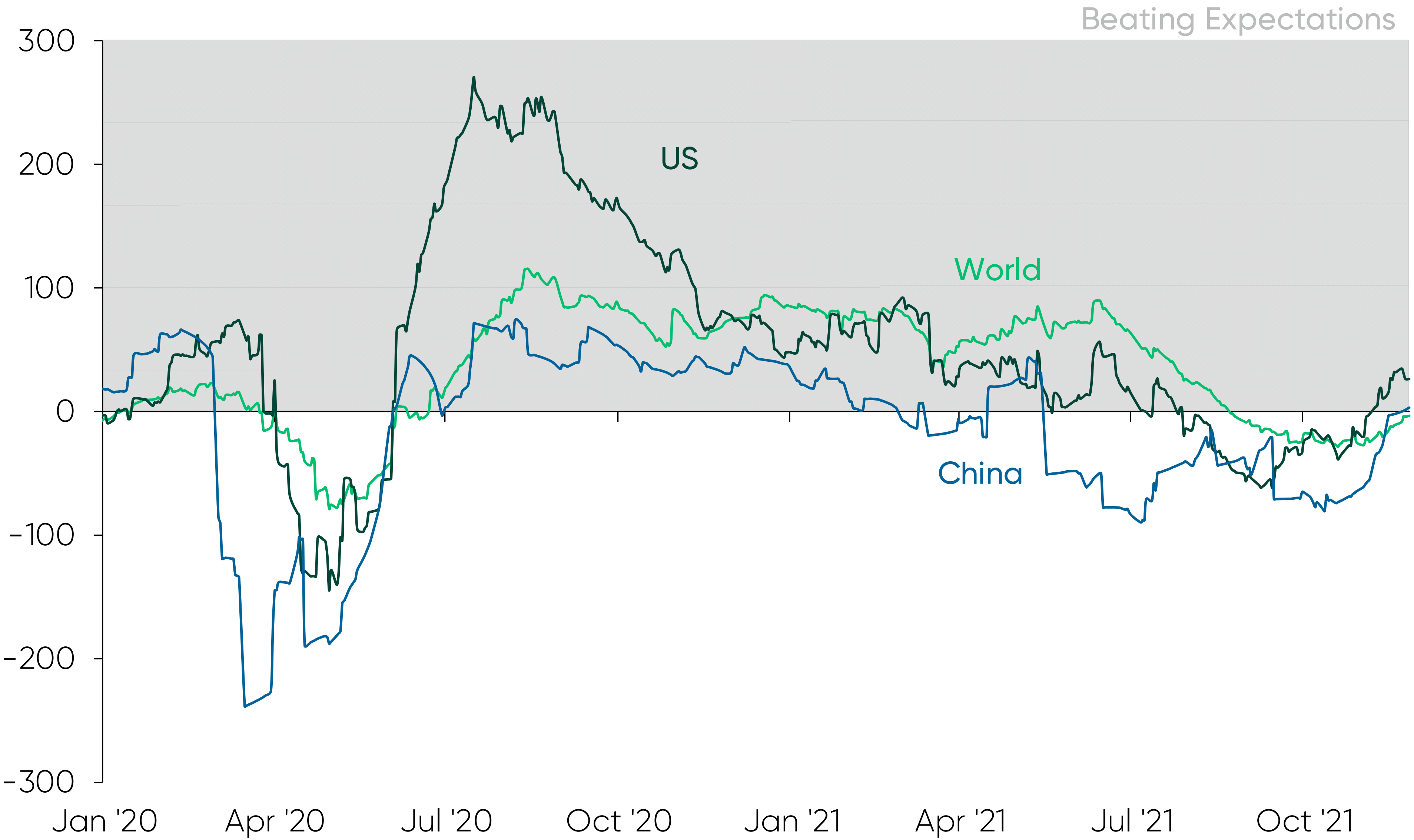


Source: International Monetary Fund, October 2021 World Economic Outlook. Real actual and forecasted global GDP growth, annually, 2009 – 2026. Forecasted data starts in 2021.

ECONOMIC

Economic surprise indexes track whether economic data is beating or missing expectations. They surged last year as expectations overshot to the downside but have fallen recently as data has fallen short of lofty forecasts.

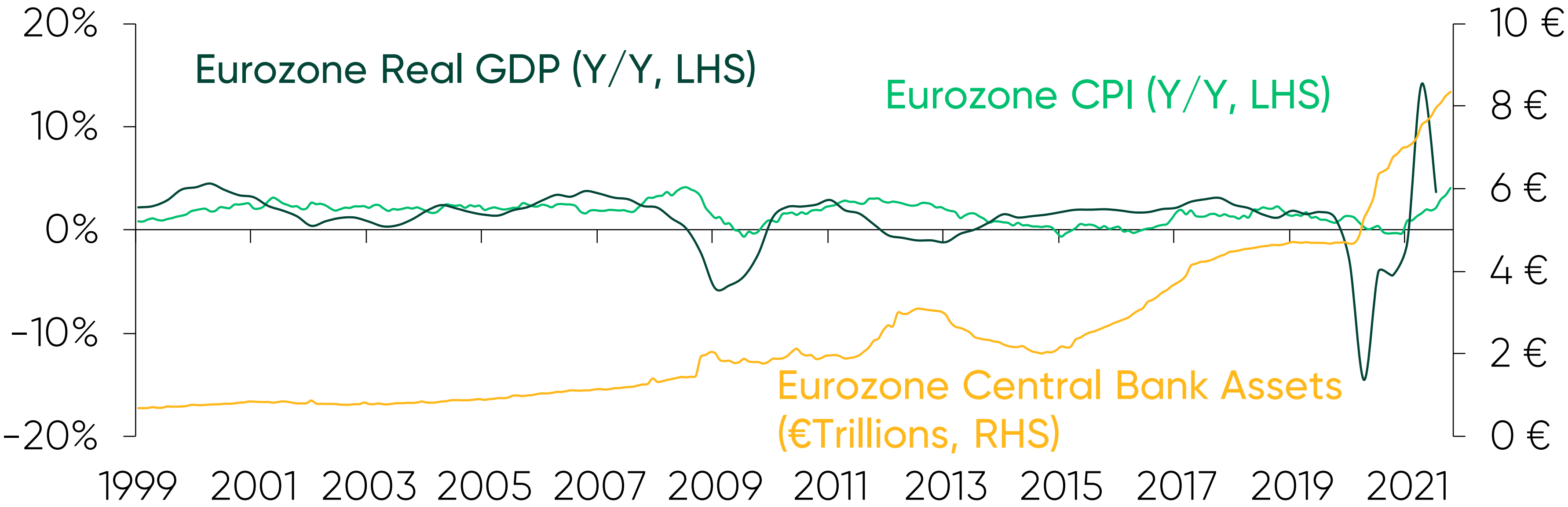
GDP Weighted Economic Surprise Index

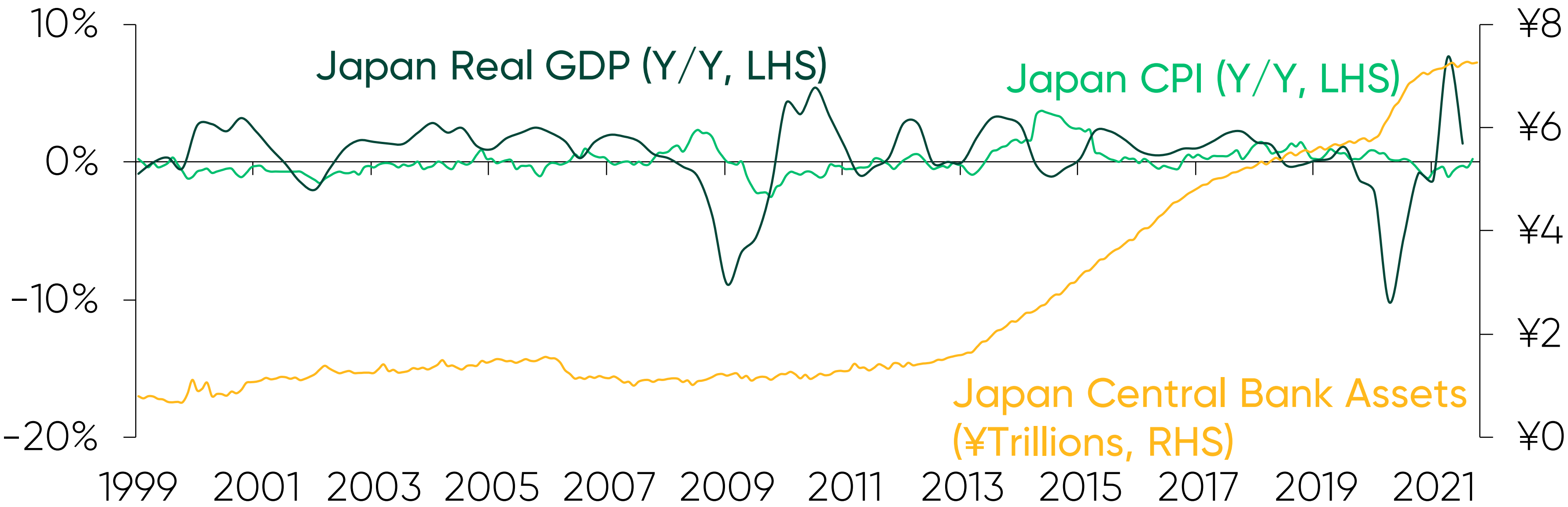


Source: FactSet. US, China and Global (GDP-weighted) Citi Economic Surprise Indexes, daily, 1/1/2020 – 11/26/2021.

ECONOMIC

Many expect low interest rates and QE to drive higher GDP growth and inflation. However, the ECB and BOJ have engaged in these policies for many years without any discernible economic or inflationary pick-up.



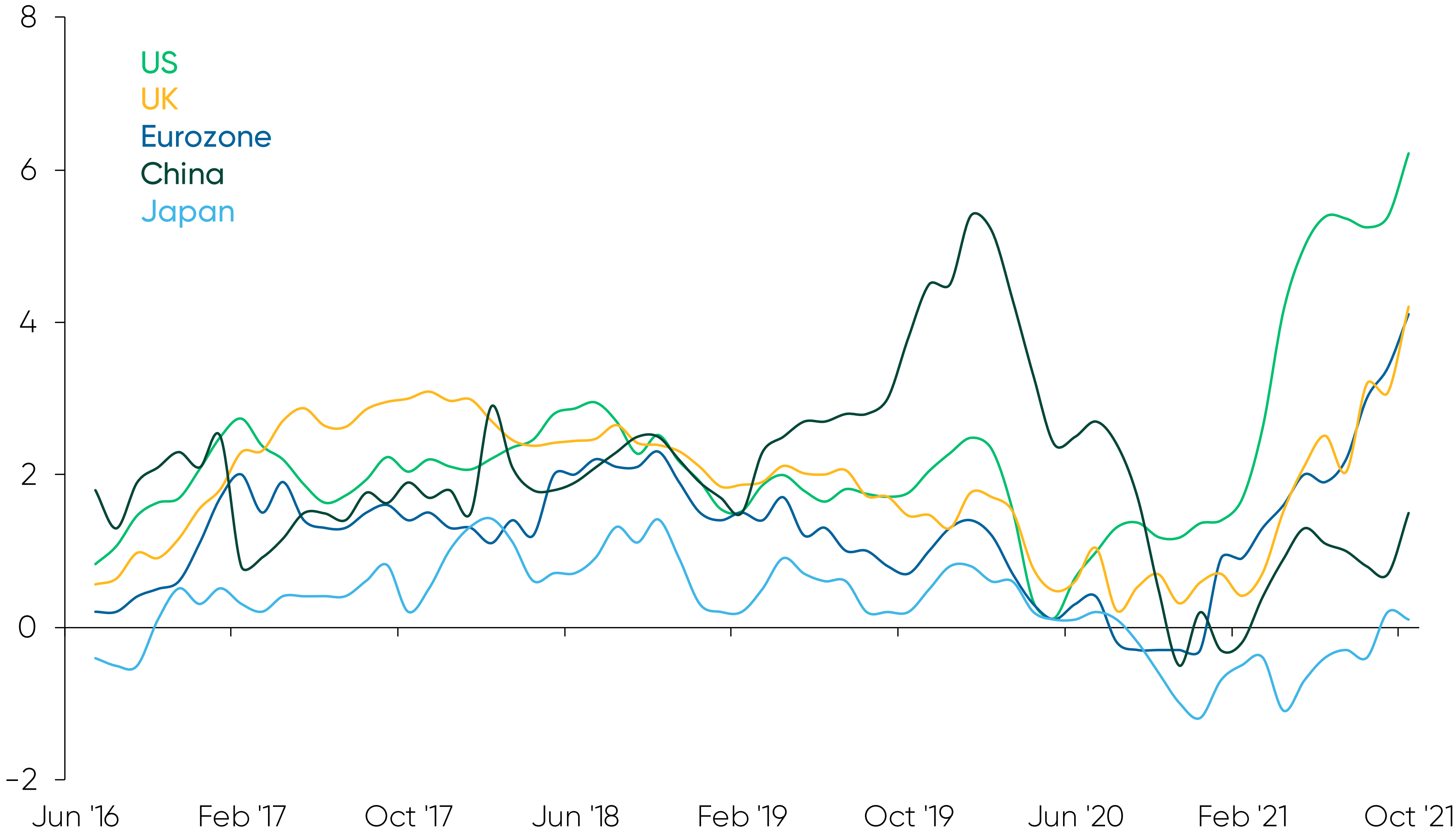


Source: Data retrieved from FRED, Federal Reserve Bank of St. Louis, as of 10/1/2021. Top chart shows year-over-year change in Eurozone real GDP to 7/1/2021, year-over-year change in CPI to 10/1/2021 and total central bank assets to 10/1/2021. Bottom chart shows year-over-year change in Japan real GDP to 7/1/2021, year-over-year change in CPI to 9/1/2021 and total central bank assets to 10/1/2021.

ECONOMIC

An inflation spike hit the US first as supply-chain bottlenecks drove up prices of certain goods, but some of those pressures are already starting to moderate. Europe is experiencing similar supply-chain issues along with a massive increase in natural gas and energy prices. Yet inflation in Asia's largest economies—China and Japan—remains relatively tame.

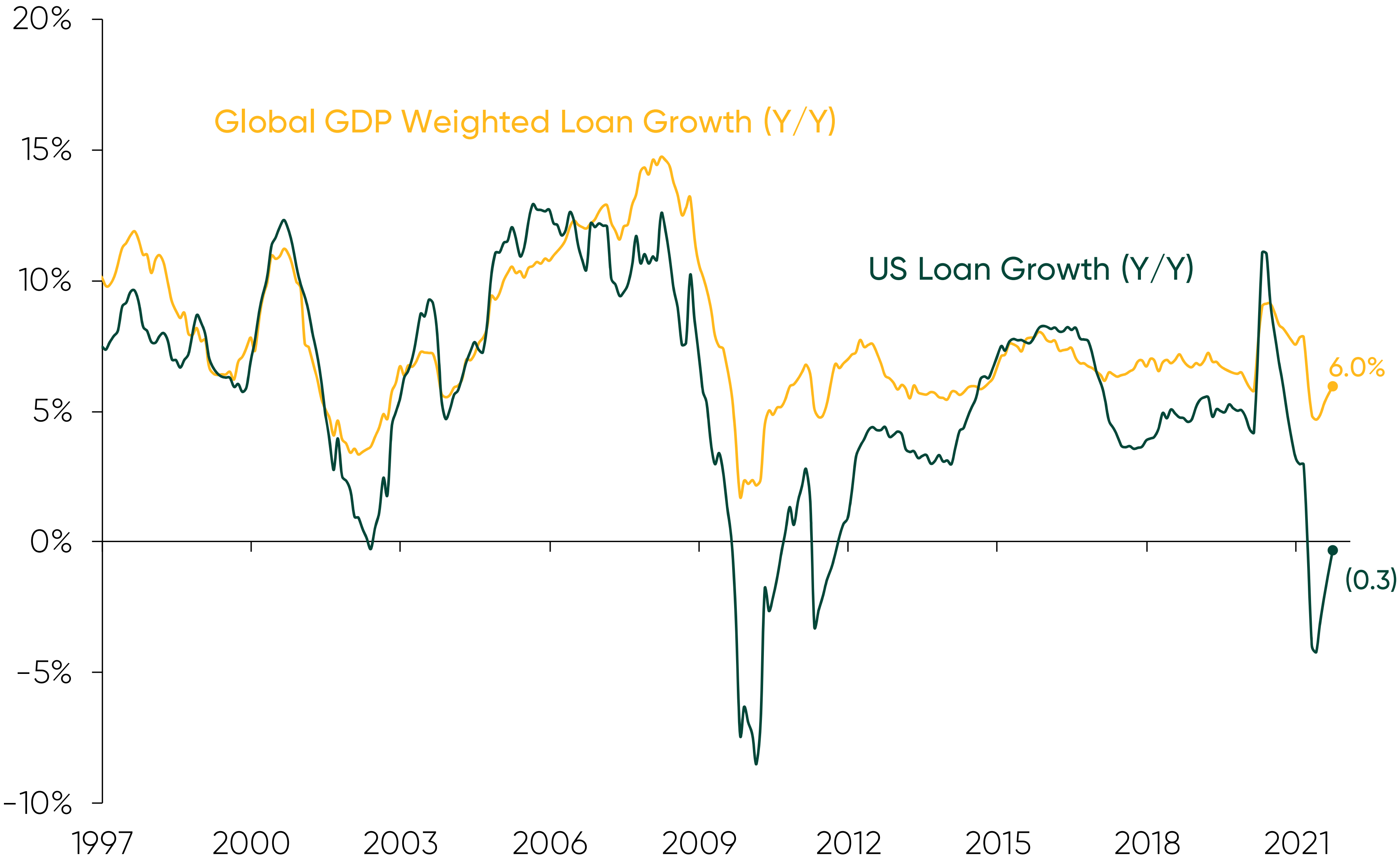
Country/Region Consumer Price Index, Year-Over-Year % Change



Source: FactSet, as of 10/31/2021. Y/Y percent change in Consumer Price Index for US, Eurozone, UK, Japan and China, monthly, 07/31/2015 – 10/31/2021.

ECONOMIC

Loan growth got a boost from stimulus measures providing aid to struggling companies in mid-2020. But loan growth has subsequently decelerated – a headwind to higher economic growth and inflation.

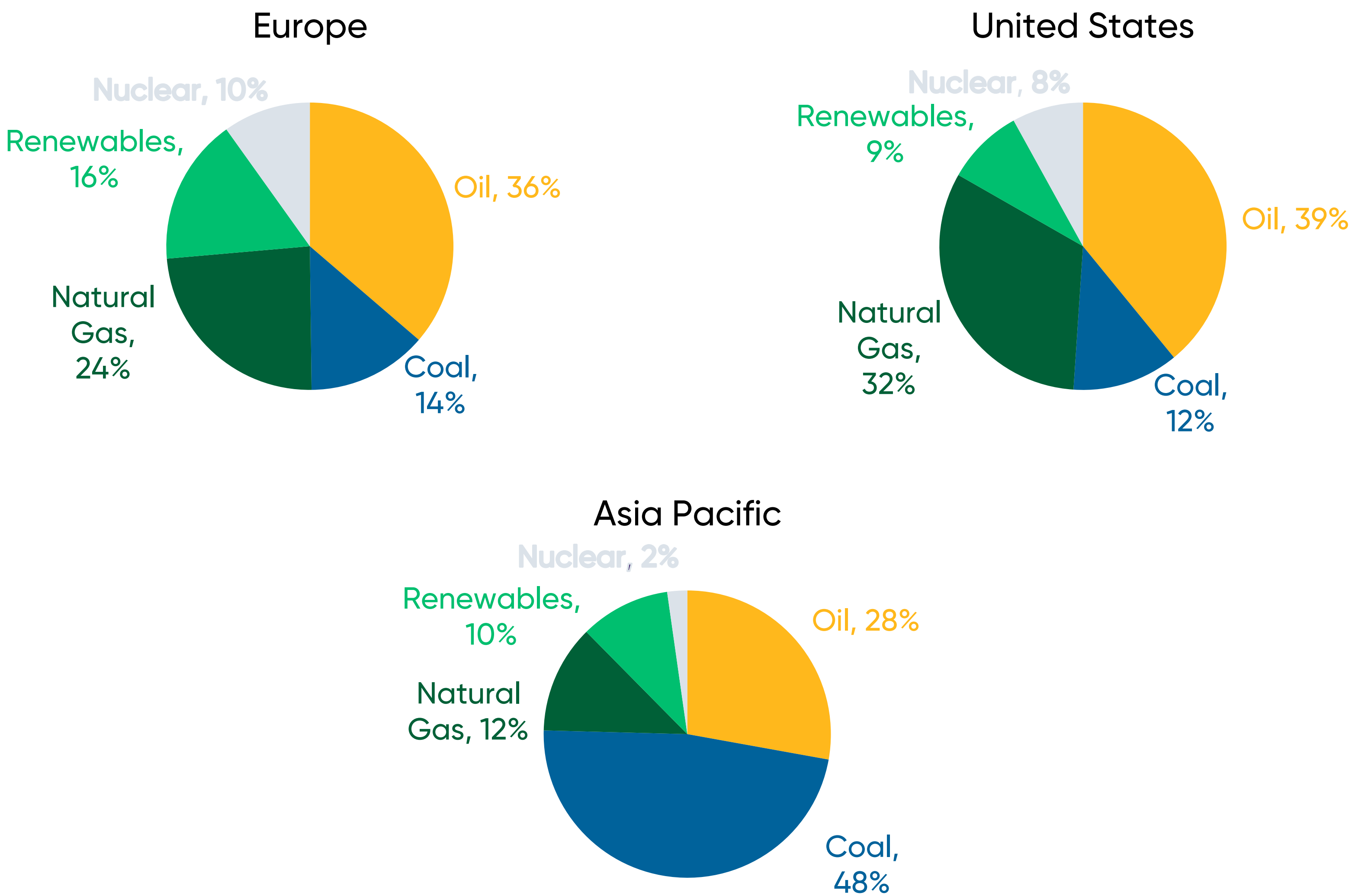


Source: FactSet. US & Global loan growth, year-over-year change, monthly, 1/1/1997 – 9/30/2021, latest available data. Global loan growth weighted by GDP. Global based on top countries by GDP.

ECONOMIC

Global energy prices have spiked as the cost of oil, gas, and coal has increased. The relative importance of those inputs varies considerably by region, and the production sources—whether domestic or imported—can determine the availability of supply and pricing.

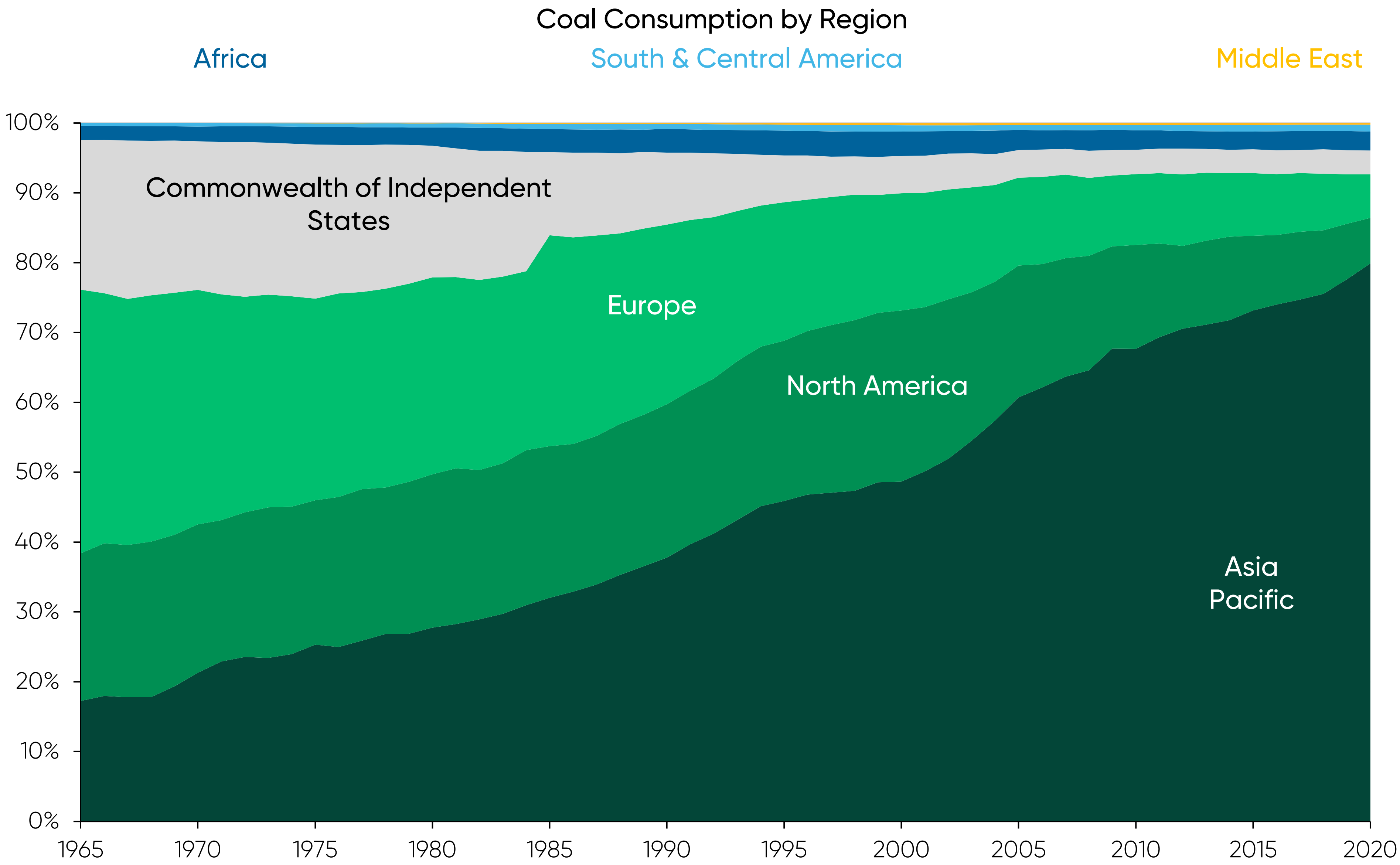
Energy Consumption by Source



Source: Our World in Data, as of December 2019.

ECONOMIC

Coal consumption has been declining globally, especially in the US and Europe, but remains a primary energy source in Asia.

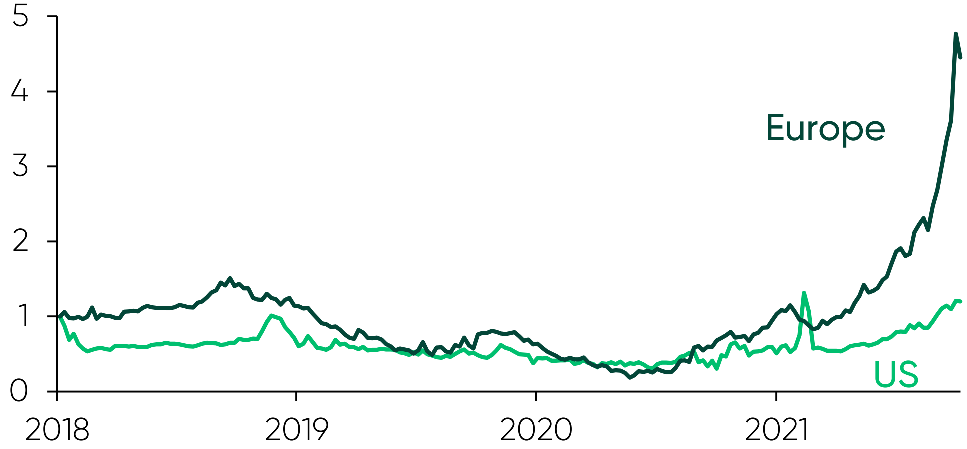


Source: Our World in Data, annual data, as of December 2020. Commonwealth of Independent States consist of the following countries: Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Uzbekistan and Ukraine.

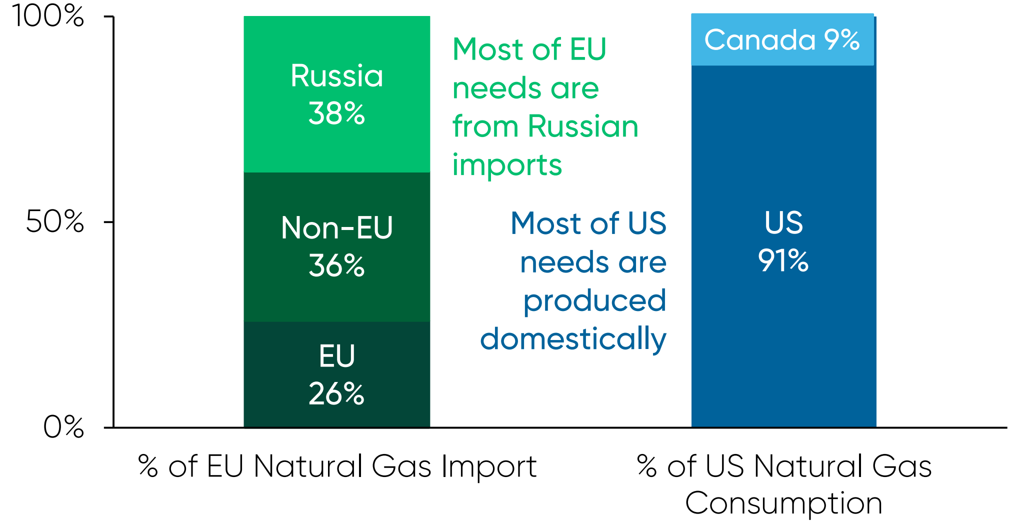
ECONOMIC

Europe is highly dependent on imports for natural gas supplies, while US gas comes from domestic sources. As a result, US gas supply and prices are more insulated from disruptions that have pushed European gas prices to all-time highs.

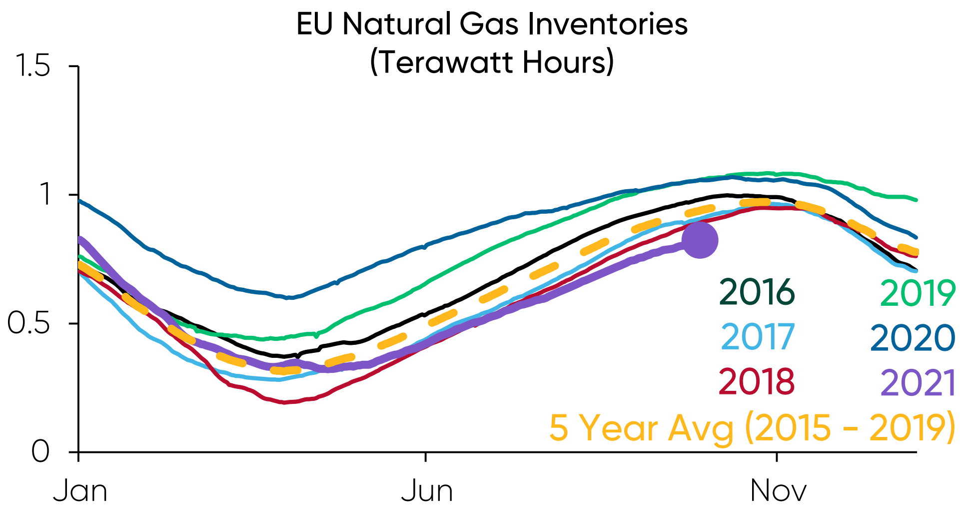
Natural Gas Price by Region
(Indexed to 1)

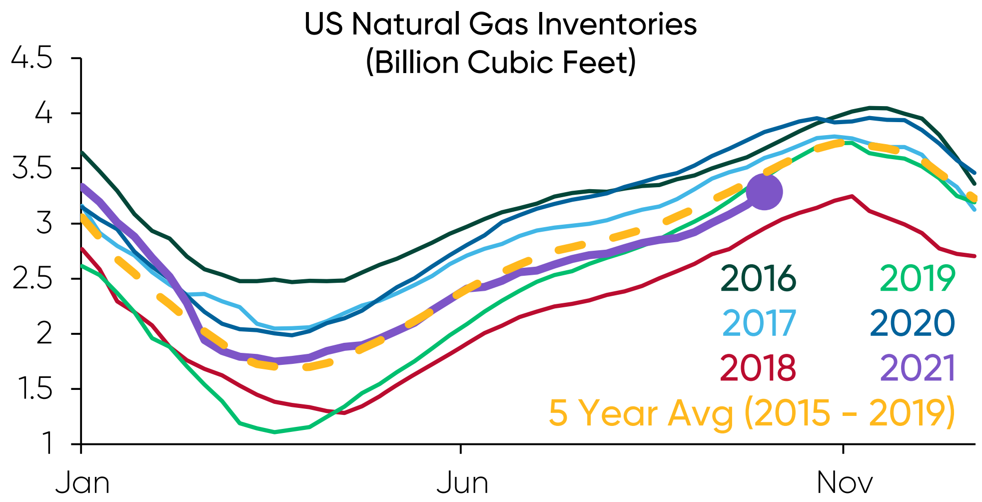


Sources of Natural Gas



European Natural Gas Supply is Well Below Average Compared to US

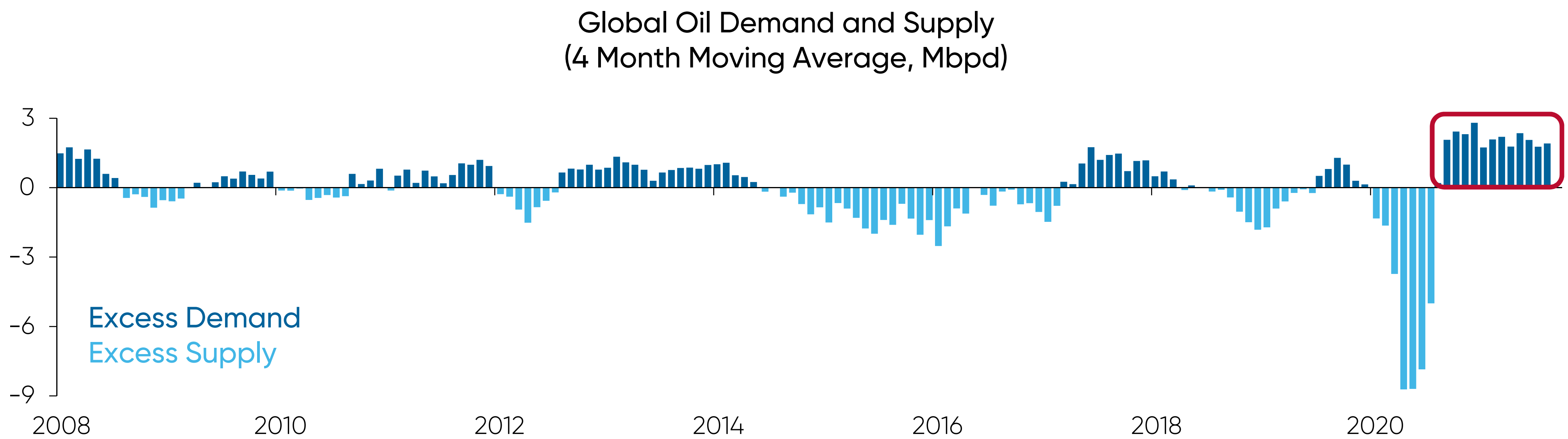


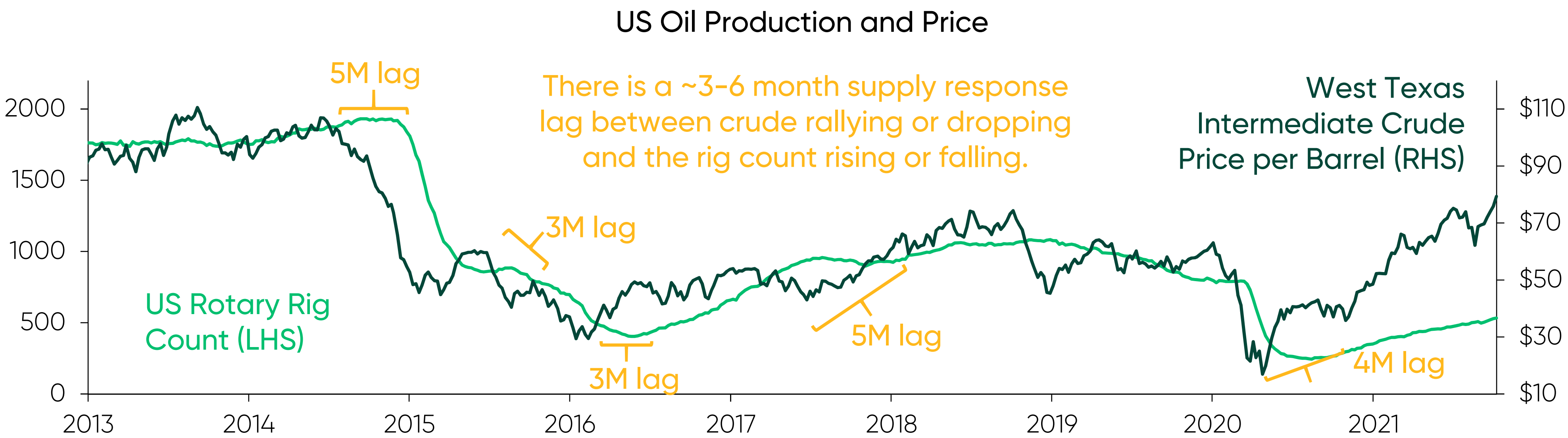


Top Left Chart Source: FactSet, daily, indexed to 1 on 01/05/2018. Europe data based on Dutch TTF Gas Futures. US data based on Natural Gas Henry Hub Spot. Top Right Chart Source: EIA & Eurostat, US data based on June 2020 and EU data based on 2019. Bottom Left Chart Source: UK Department for Business, Energy and Industrial Strategy, daily, 01/01/2016 – 09/28/2021. Bottom Right Chart Source: FactSet, weekly, US data based on Lower 48 States Natural Gas Working Underground Storage, 01/01/2016 – 10/01/2021.

ECONOMIC

The global economic recovery is driving strong oil demand and pushing prices higher. Underinvestment may lead to longer-term supply shortages, but increased US and OPEC+ production could alleviate near-term supply/demand imbalances.

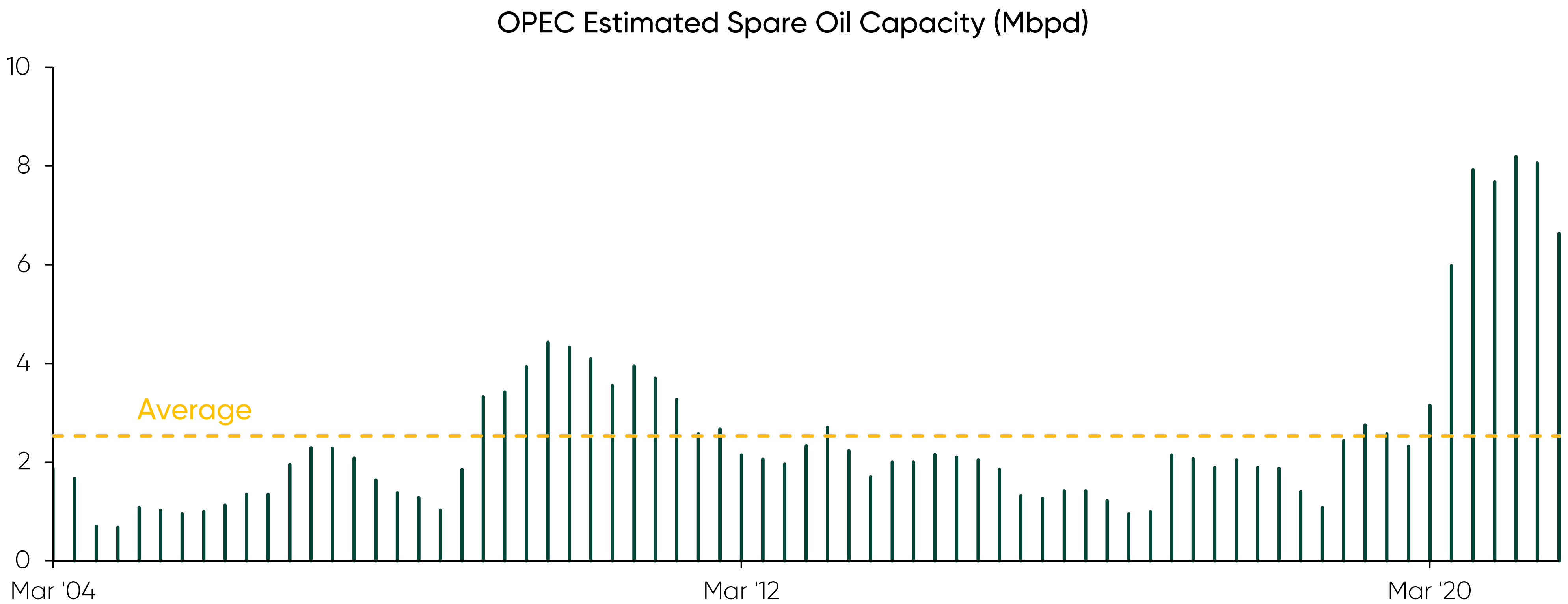




Top Chart Source: FactSet, daily, EIA, International Crude Oil and Liquid Fuels Consumption, Total World Consumption, Forecast and International Oil Supply, 01/01/2008 – 09/01/2021. Bottom Chart Source: Baker Hughes & FactSet, weekly, Total US Rig Count by Basin and West Texas Intermediate Crude Oil Price Per Barrel, 01/01/2013 – 10/08/2021.

ECONOMIC

OPEC+ countries have ample spare capacity, though production problems have some countries still producing below their quotas.

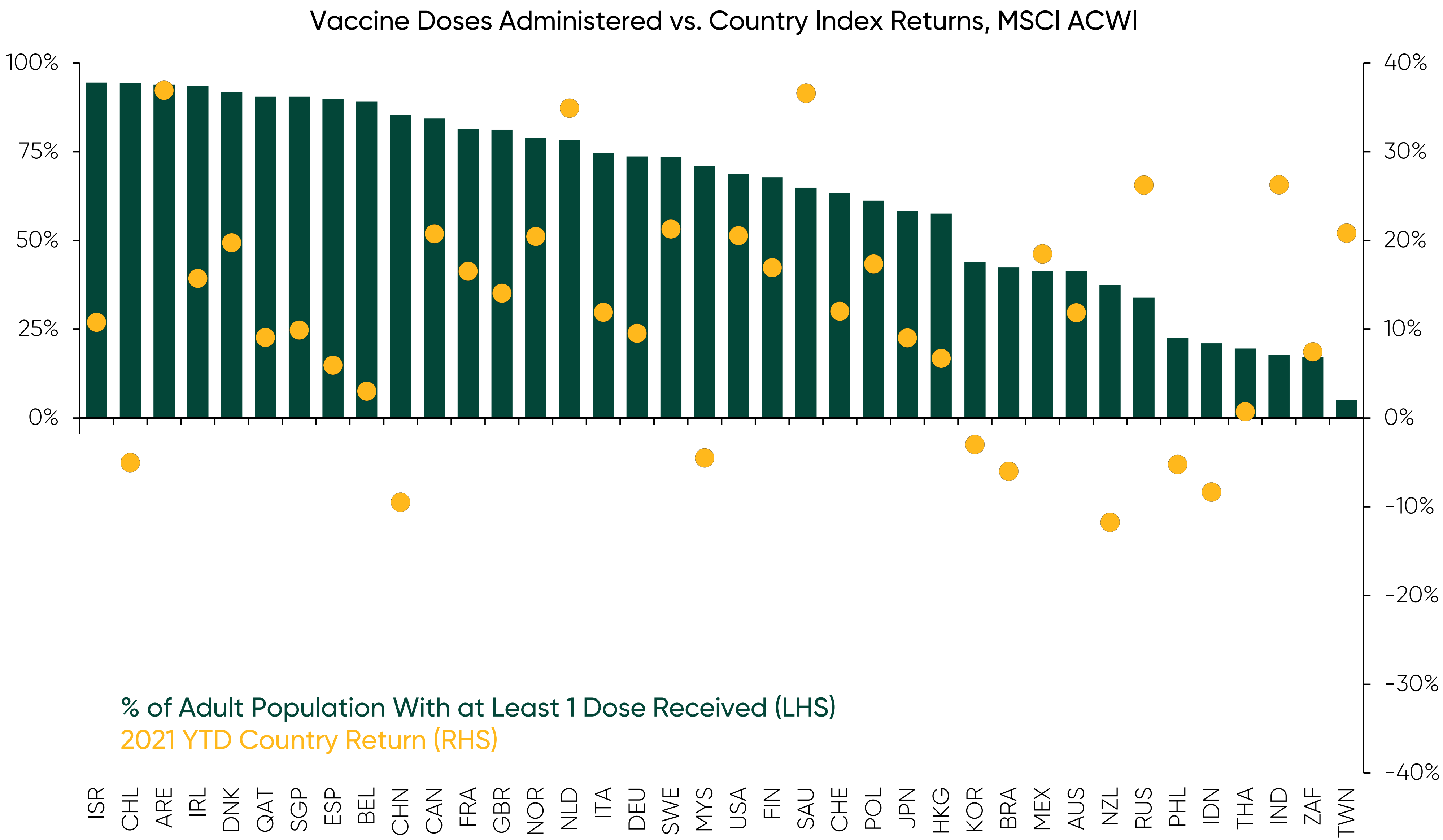


	Monthly Production Levels (Mbpd)									Over(+)/Under (-) Supply	
OPEC	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Quota	Prod. - Quota
Angola	1.19	1.10	1.16	1.12	1.07	1.14	1.05	1.05	1.14	1.35	***-0.21***
Nigeria	1.26	1.43	1.47	1.45	1.43	1.41	1.39	1.34	1.50	1.61	***-0.11***
Non-OPEC											
Kazakhstan	1.41	1.53	1.50	1.51	1.50	1.49	1.52	1.28	1.34	1.51	***-0.17***
Malaysia	0.46	0.46	0.44	0.42	0.46	0.43	0.45	0.38	0.33	0.53	***-0.20***

Top Chart Source: Argus Media & OPEC, based on individual country oil production survey response data, monthly, 01/01/2021 – 09/30/2021. Bottom Chart Source: US Energy Information Administration. Spare capacity in millions barrels per day, quarterly, Q1 2004 – Q3 2021.

ECONOMIC

Some countries have been more successful distributing vaccines than others, but vaccine rollouts have not impacted relative country returns much.

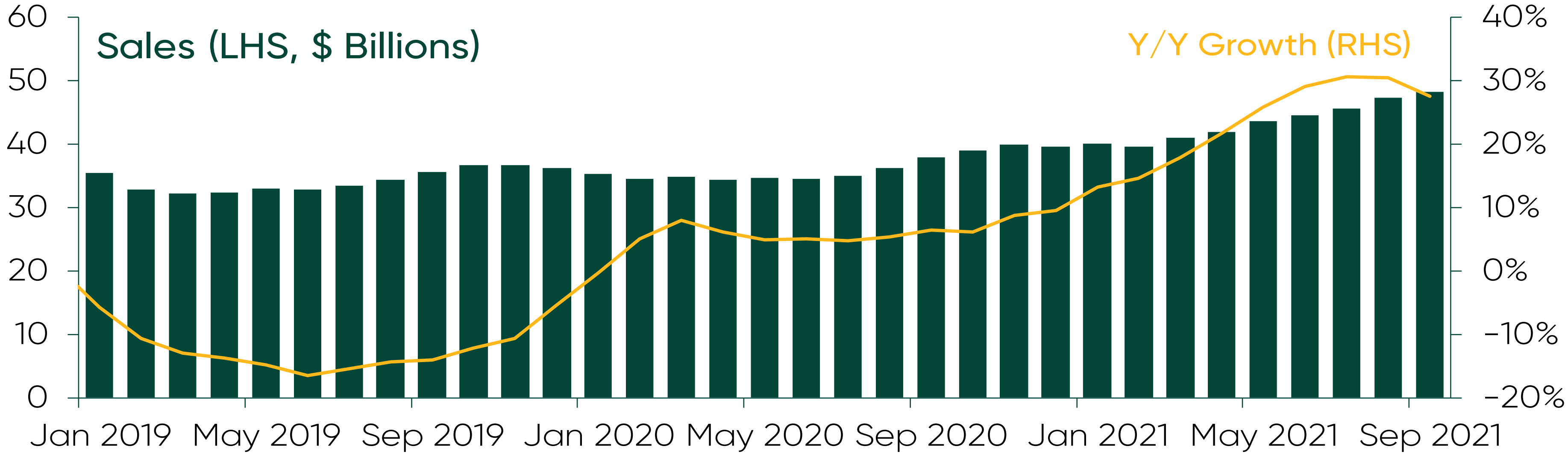


Source: FactSet, Fisher Investments Research, Johns Hopkins & Our World in Data as of 09/08/2021. Shows the % of the adult population in MSCI All Country World Index that have received a minimum of one vaccine jab. Returns shown for relevant country index, 01/01/2021 – 09/08/2021.

ECONOMIC

Despite ongoing shortages, chip sales continue to be robust and grew +27.5% y/y in September 2021. Long-term secular growth drivers remain strong, with chip content rising in a variety of applications.

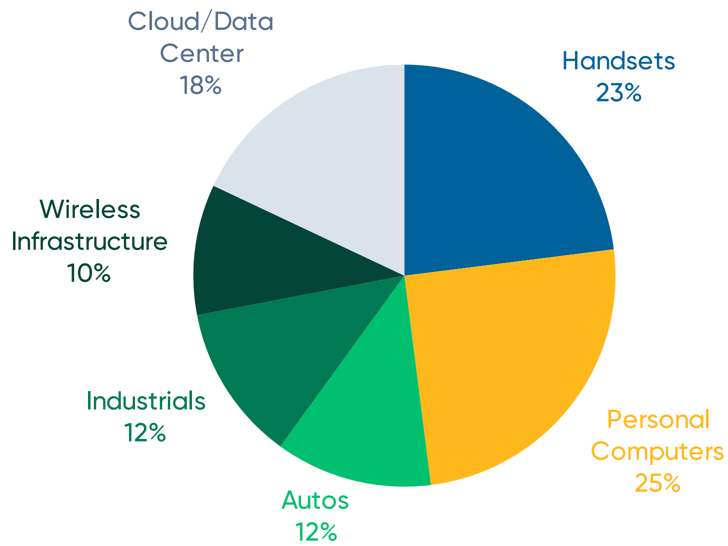
Global Semiconductor Sales



Semiconductor Content Rising

Semi Content per Unit	2015	2020	2025F
High End Smartphone	$ 100	$ 170	$ 275
Auto (Global Average)	$ 310	$ 560	$ 690
Datacenter Server (CPU + Accelerator)	$ 1,620	$ 2,810	$ 5,600
Smarthome (Global Average)	$ 2	$ 4	$ 9

Semiconductor Demand by End Market

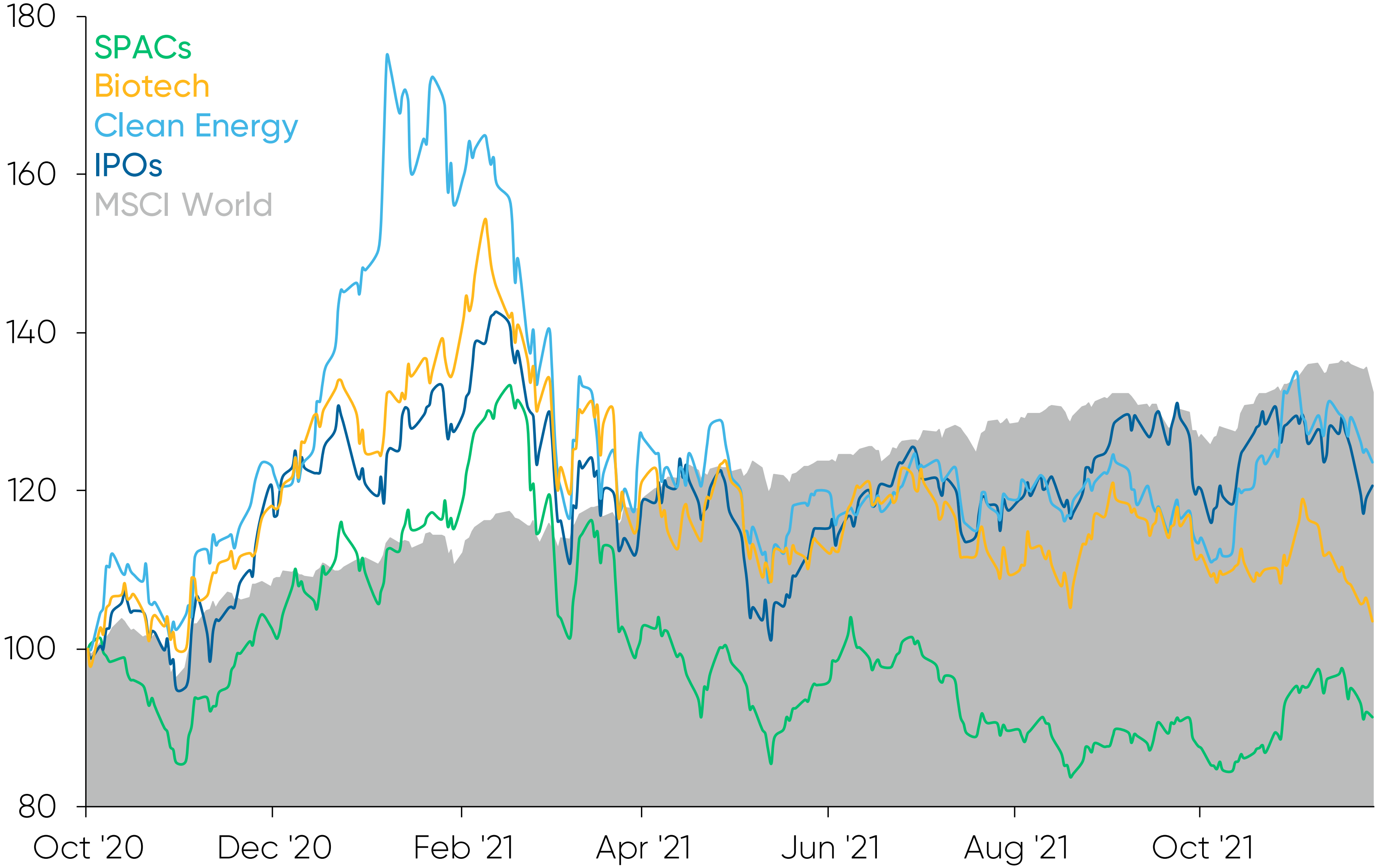


Top chart source: FactSet & Semiconductor Industry Association, as of September 2021. Bottom left chart source: Applied Materials Presentation, as of April 2021. Bottom right chart source: Department of Defense – 2018 Defense Strategy of the US.

SENTIMENT

Some of the highest-flying categories have fallen significantly from their peaks, yet broad indexes remain near all-time highs. This may suggest pockets of euphoria were category-specific and contained, not broad based.

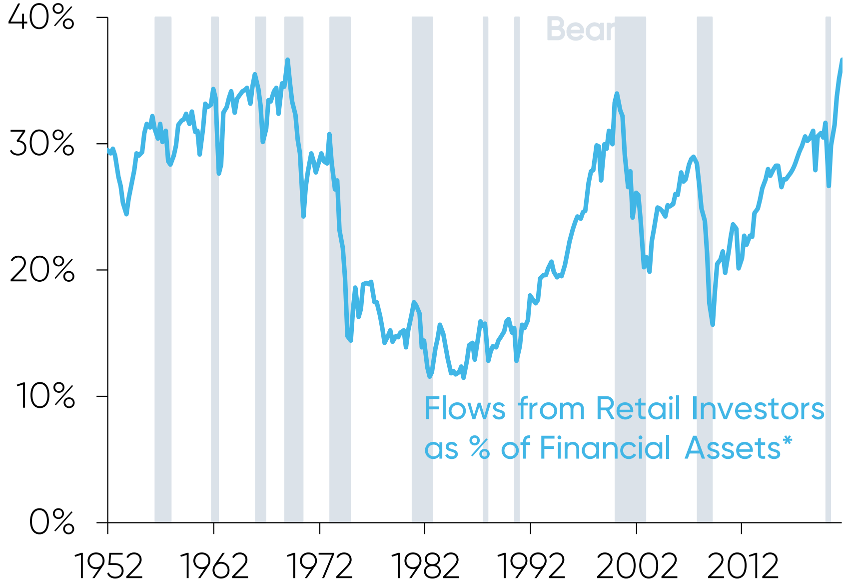
MSCI World, Category ETF's and Bitcoin Price Indexed to 100

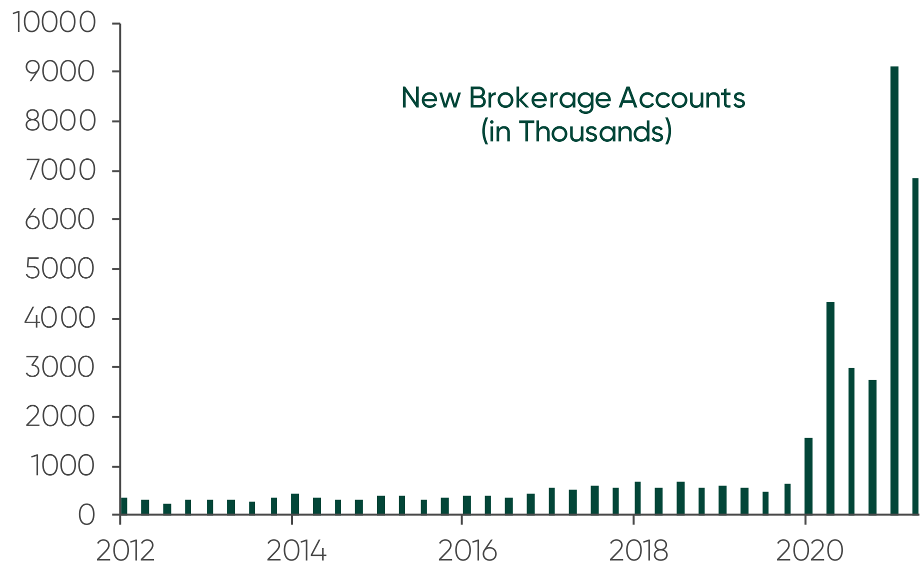


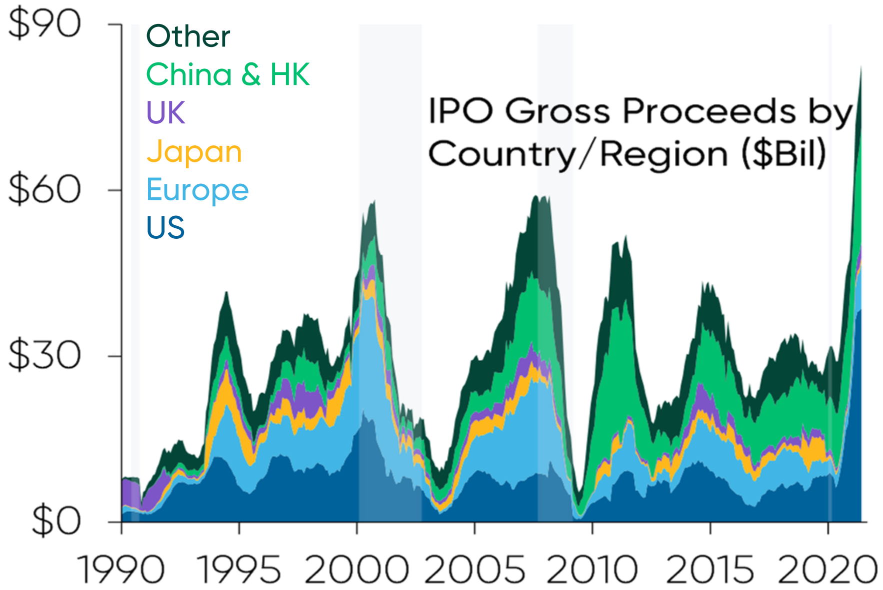
Source: FactSet, CoinMarketCap. MSCI World Price Index, Defiance Next Gen SPAC ETF close price (SPAK, USD), Renaissance IPO ETF close price (IPO, USD), iShares Global Clean Energy close price (ICLN, USD) and Bitcoin price in USD, indexed to 100 on 10/1/2020, daily, 10/1/2020 – 11/26/2021.

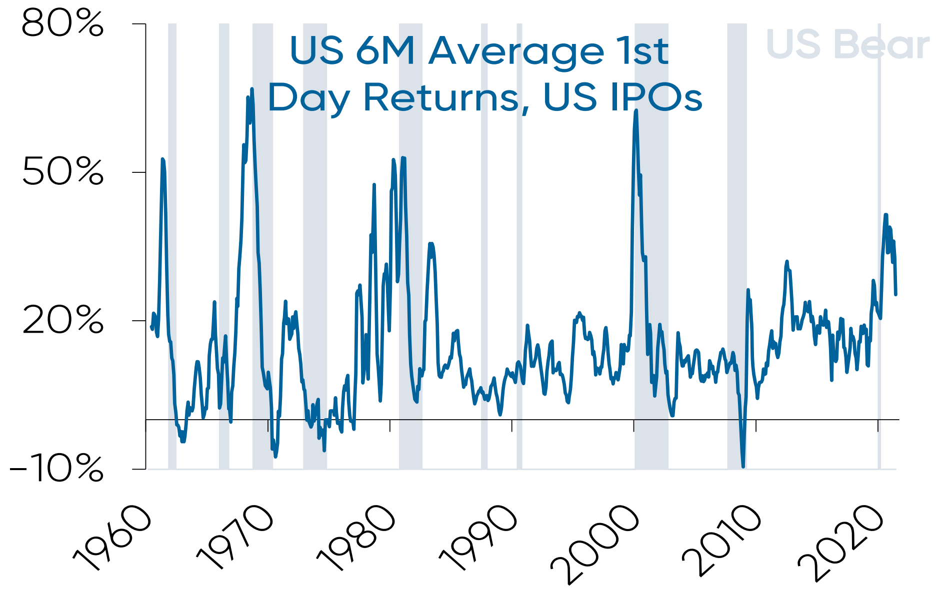
SENTIMENT

Retail investor sentiment is high—consistent with a late-cycle market environment—but not extreme relative to solid economic and corporate fundamentals.







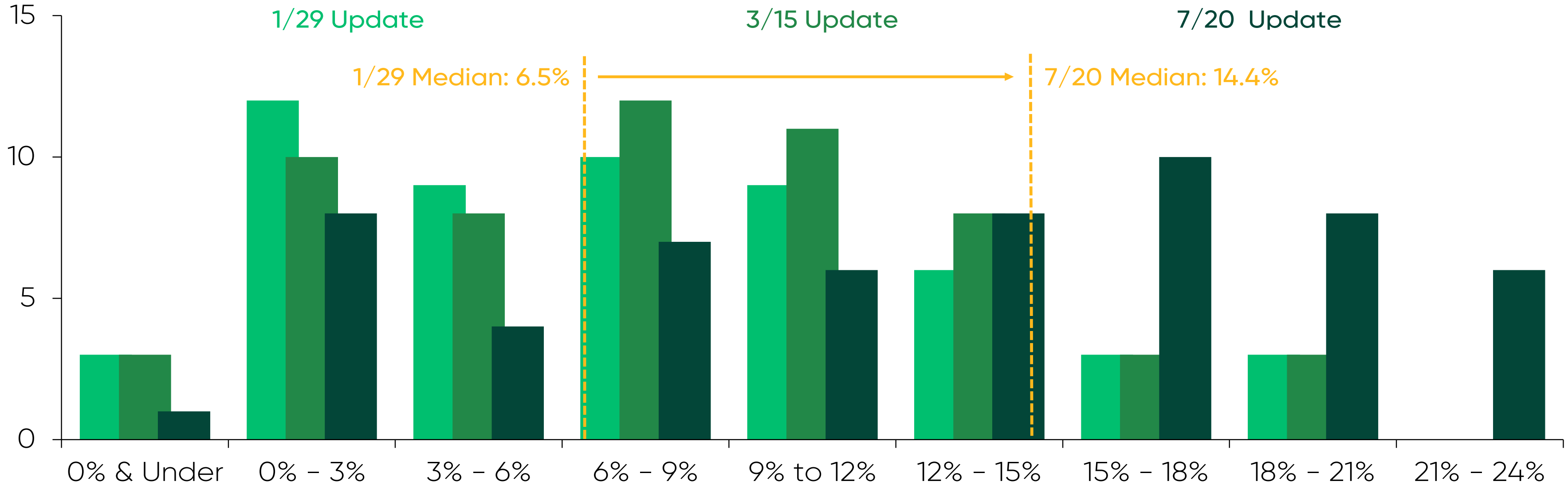


*Source: FactSet, Federal Reserve, Refinitiv, Datastream as of 8/31/2021. Flow of funds, households and non-profit organizations, *allocation to equities and equity mutual funds as a percentage of assets, quarterly, 12/31/1951 – 6/30/2021. Net new retail brokerage accounts opened, not including accounts gained via acquisition, Schwab, TD Ameritrade and Interactive Brokers, reported quarterly, 1/1/2016 – 6/30/2021. TDA count discontinued in Q3 2020 due to Schwab's acquisition. IPO proceeds by region, trailing 12-month (TTM), inflation-adjusted, shown in 1971 dollars, monthly, 1/1/1979 – 6/30/2021; US IPOs average 1st day return, 6-month average, monthly, 12/31/1960 – 6/30/2021.*

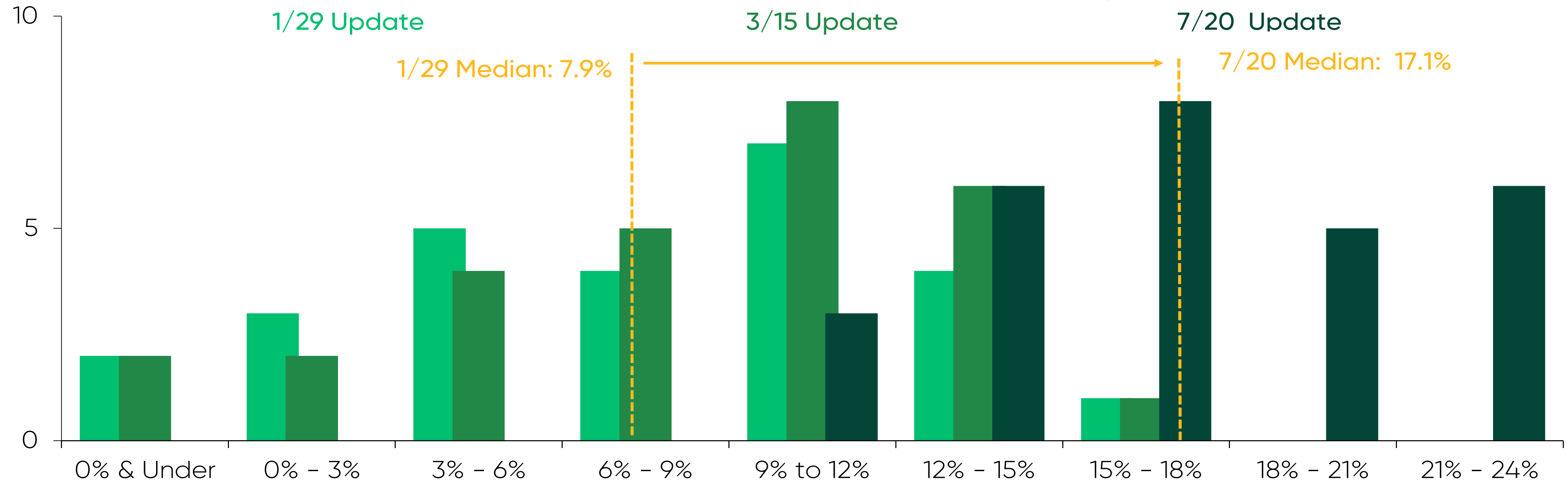
SENTIMENT

Markets rarely do what most expect. Understanding consensus views can be an effective aid in determining potential positive and negative surprises. Starting 2021, professional investors were cautiously optimistic. As equities have moved up, many have ratcheted their forecasts higher but only to current market levels.

S&P 500 2021 Forecasts: Count of Total Observations by Growth Rate



S&P 500 2021 Forecasts: Count of Revised Observations by Growth Rate



Source: Fisher Investments Research, as of 7/14/2021. Top chart shows all S&P 500 Price Index level guru forecasts for 12/31/2021 in January 2021 (55), March (58) and July 2021 (58). Bottom chart shows only revised 12/31/2021 price level observations in January 2021 (25), March (28) and July 2021 (28).

POLITICAL

A busy election period in late 2021 and 2022 could mean more heightened political uncertainty in some countries.

September through December 2021

September 19: Russian Federal Duma Election

September 20: Canadian Federal Election

September 25: Icelandic Parliamentary Election

September 26: Germany Parliamentary Election

September 29: Japan Liberal Democratic Party Leadership (LDP) Election

October 31: Japanese General Election

November 14: Argentina Legislative Election

November 21: Chile Presidential Election

2022

March 9: South Korean Presidential Election

April 10: France 1st Round Presidential Election

April 24: France 2nd Round Presidential Election

April 30: Austrian Presidential Election

May 21: Australian Senate & House of Rep. Election

June 30: National Assembly of France Election

September 11: Swedish Parliamentary Election

October 2: Brazil Presidential Election

November 8: United States Midterm Election

Source: Fisher Investments Research and various news outlet, as of 10/19/2021.

COUNTRY DRIVER ANALYSIS

OVERWEIGHT UNITED STATES

US stocks should benefit from its concentration of high gross margin, mega-cap firms, particularly in the Technology sector. Additionally, the first year of a new Democratic president historically benefits for US stocks, and narrow Democratic majorities help ensure major regulatory disruption remains unlikely.

ECONOMIC DRIVERS

+ **Mega-Cap Exposure:** The US has a high concentration of the world's mega-cap stocks. These globally competitive firms typically grow earnings more consistently than smaller peers.
+ **Tech Strength:** The global Technology sector is heavily concentrated in the United States, and we expect the ongoing shift toward mobile and cloud computing to continue supporting the Technology sector. Our portfolio positioning in the US has sizeable Technology exposure.
+ **Housing Market:** Mortgage rates remain accommodative and loans remain available for borrowers with good credit. Additionally, US mortgage debt servicing ratios are at multi-decade lows, and recent supply-side bottlenecks appear to be easing.
+ **Pace of Economic Growth:** Value stocks outperformed in the first quarter of 2021. However, we believe the rapid pace of economic growth associated with re-opening likely decelerates going forward. – This creates a tailwind for the less economically sensitive mega-cap growth stocks concentrated in the US.
± **Inflation:** Some inflation is presently apparent due to tight manufacturing supply chains and shortages associated with re-opening, but we believe those bottlenecks are likely a temporary phenomenon that should clear in the coming months, particularly if the rapid pace of growth begins to decelerate, as it frequently does following a post-recession bounce.

POLITICAL DRIVERS

+ **Intra-Party Gridlock:** Market participants continue expecting large legislative changes. However, this is the narrowest Democratic majority in modern history. We believe high legislative expectations are unlikely to materialize with only 50 Democratic Senate seats, particularly given the presence of several moderate Democratic senators.
+ **New Democratic President:** Historically, markets perform below average in the election year of new Democratic presidents, but then perform above average in the subsequent inaugural year. Market participants' fears about potential legislative changes are likely factored into election year returns, but those fears are rarely realized in full, which may explain why markets usually surprise to the upside the following year.
± **Taxes:** President Biden is proposing a variety of tax hikes, including moving the corporate tax rate from 21% to 28%. In our opinion, the narrow Democratic majority probably makes a large tax hike unlikely. Even if taxes rise, US tax policy has not historically been a dominant driver of US equity returns.

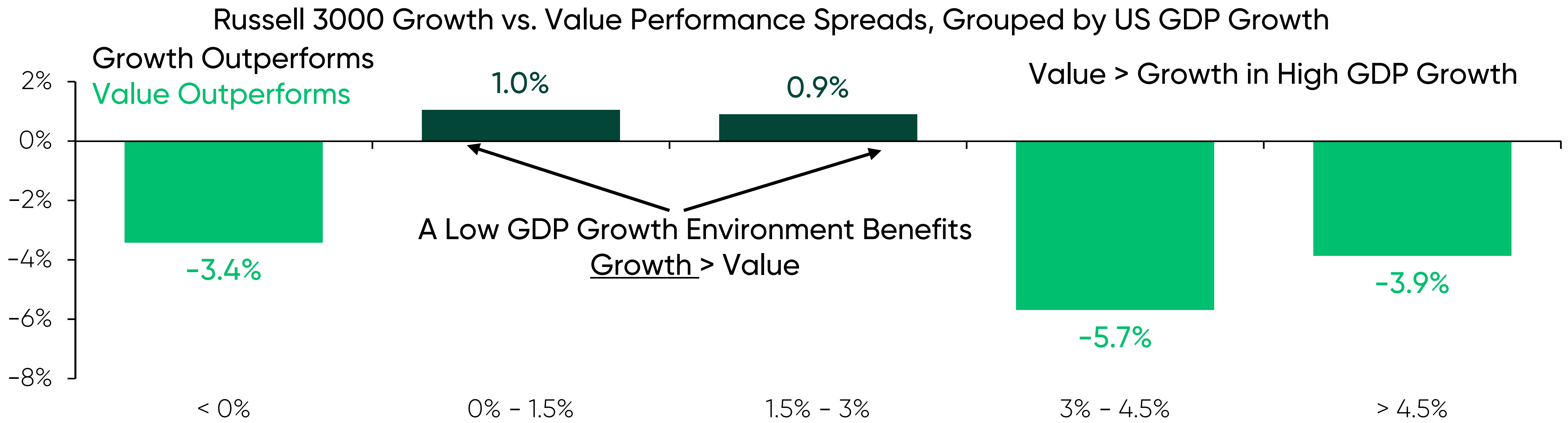
SENTIMENT DRIVERS

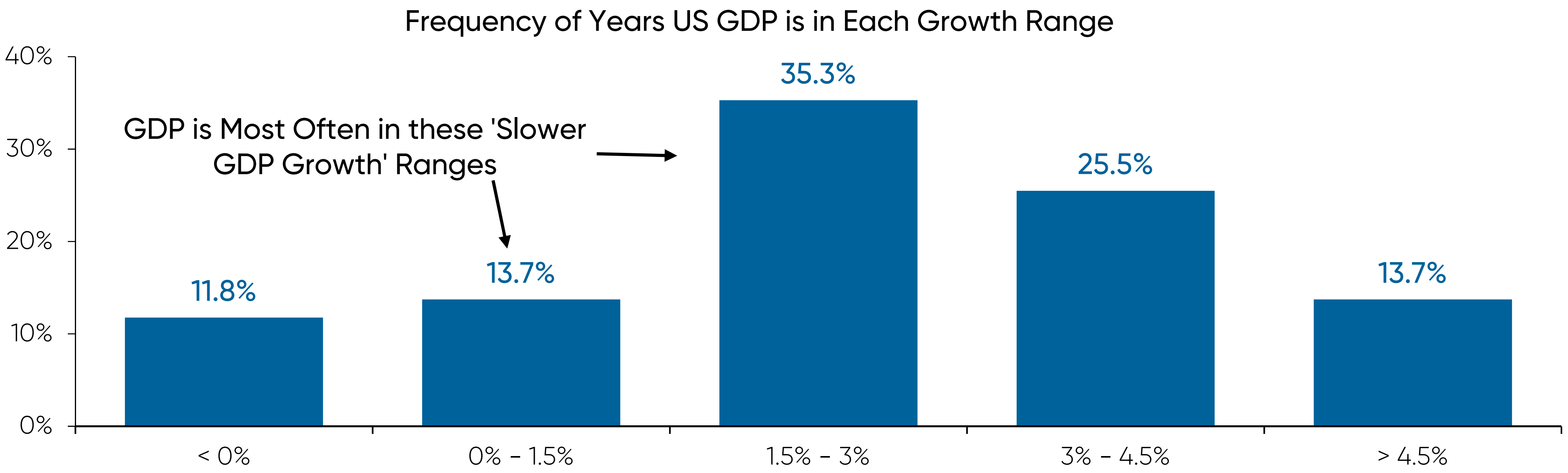
- **IPO Activity Rising:** US IPO activity remains elevated, but it is still below levels observed in prior historical IPO crazes.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Equities often fall ahead of economic contractions but can thrive in any level of economic growth. Value equities tend to do best when growth is strong, but growth equities often lead when GDP grinds slowly.

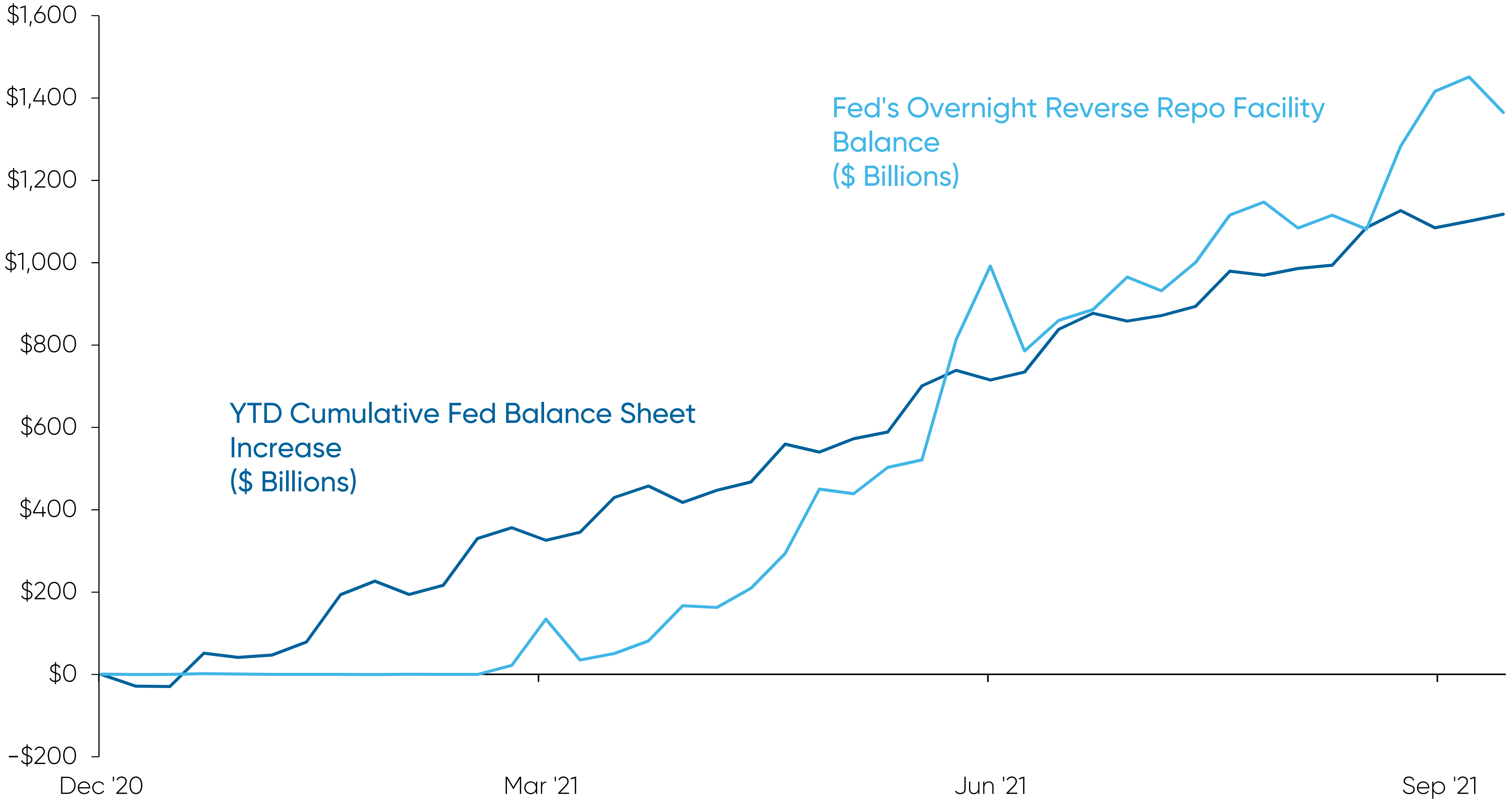




Source: FactSet. Shows relative performance spread of Russell 3000 Growth vs. Russell 3000 Value indexes for a given level of real US GDP growth. Based on annual data from 12/31/1968 – 12/31/2020.

ECONOMIC

The US Federal Reserve has not yet begun tapering, and its balance sheet is growing as QE continues. However, the Fed is simultaneously withdrawing funds from the financial system by way of its standing reverse repo facility. The reverse repo facility enables non-banks to repurchase funds back to the Fed at modestly positive interest rates. YTD this reverse repo balance exceeds the Fed's QE purchases, essentially mitigating QE liquidity.

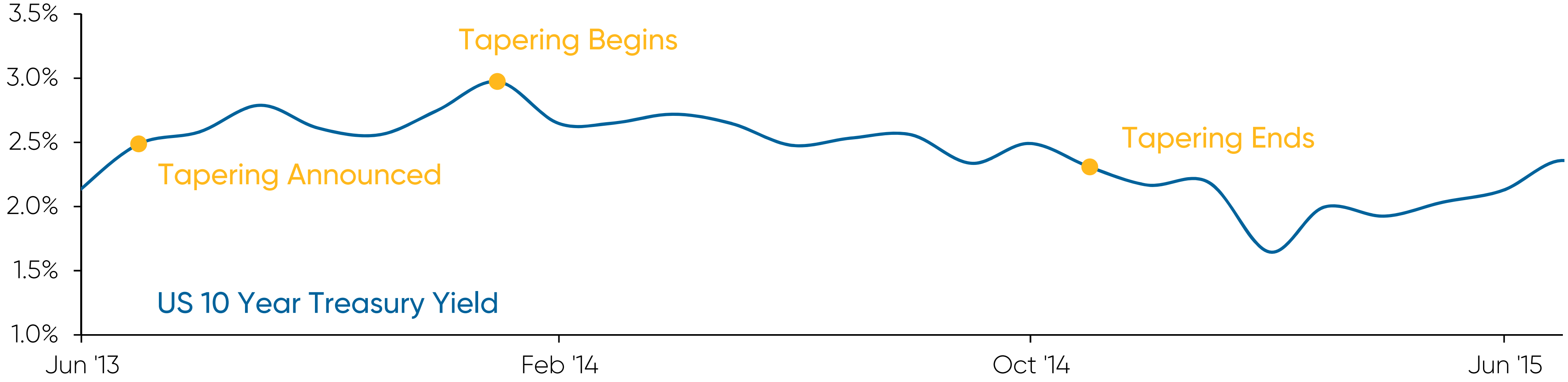


Source: Data retrieved from FRED, Federal Reserve Bank of St. Louis, weekly, not seasonally adjusted, 12/31/2020 - 10/13/2021. YTD Cumulative Fed Balance Sheet Increase is from 12/30/2020.

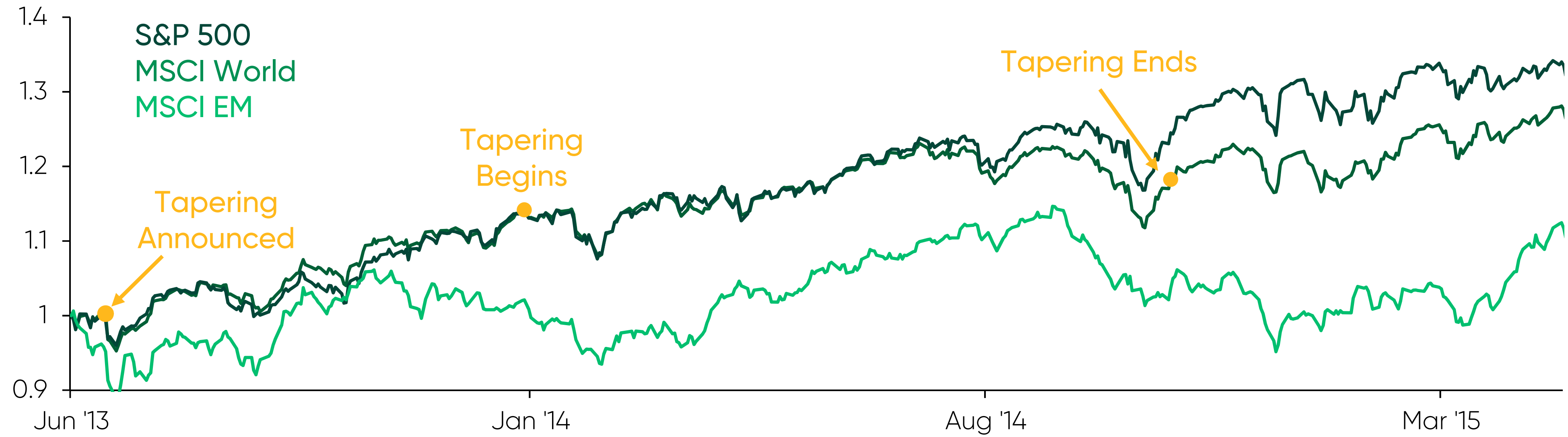
ECONOMIC

QE tapering in 2013-14 did not cause long-term bond yields to spike or affect developed equities much. Emerging markets were rockier but are likely in a fundamentally better position to weather tapering today.

Rate Moves Post-Taper Announcement & Implementation



Market Moves Post-Taper Announcement & Implementation

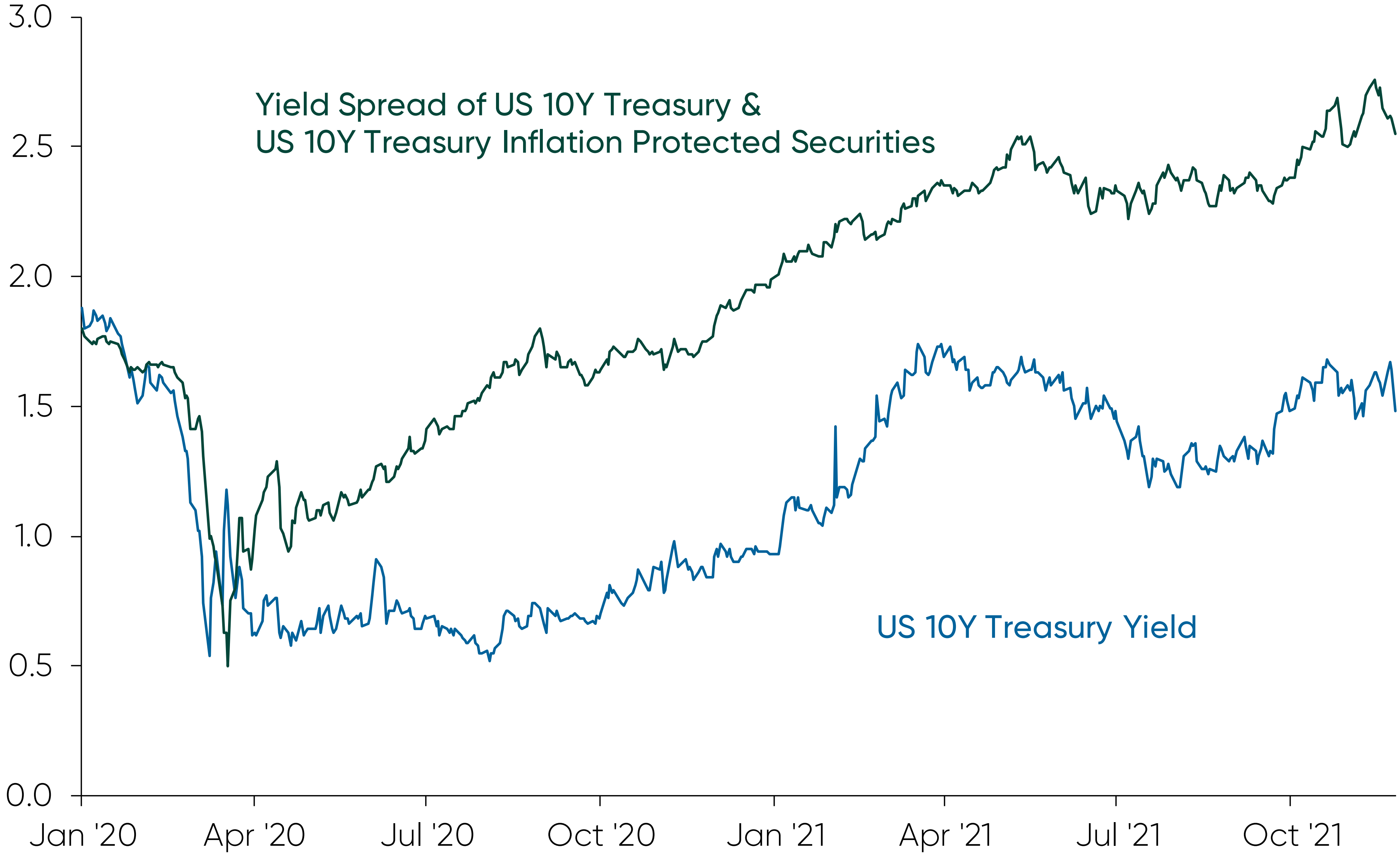


Source: FactSet, from 06/01/2013 to 06/30/2015. Top chart data: US Treasury 10-Year Yield, monthly. Bottom chart data: S&P 500, MSCI World, MSCI EM, daily returns, USD, indexed to 1 on 06/01/2013. Tapering announced on 06/19/2013, begins on 12/31/2013, ends on 10/28/2014.

ECONOMIC

Inflation expectations and long-term bond yields rose steadily from their March 2020 lows but have levelled off recently.

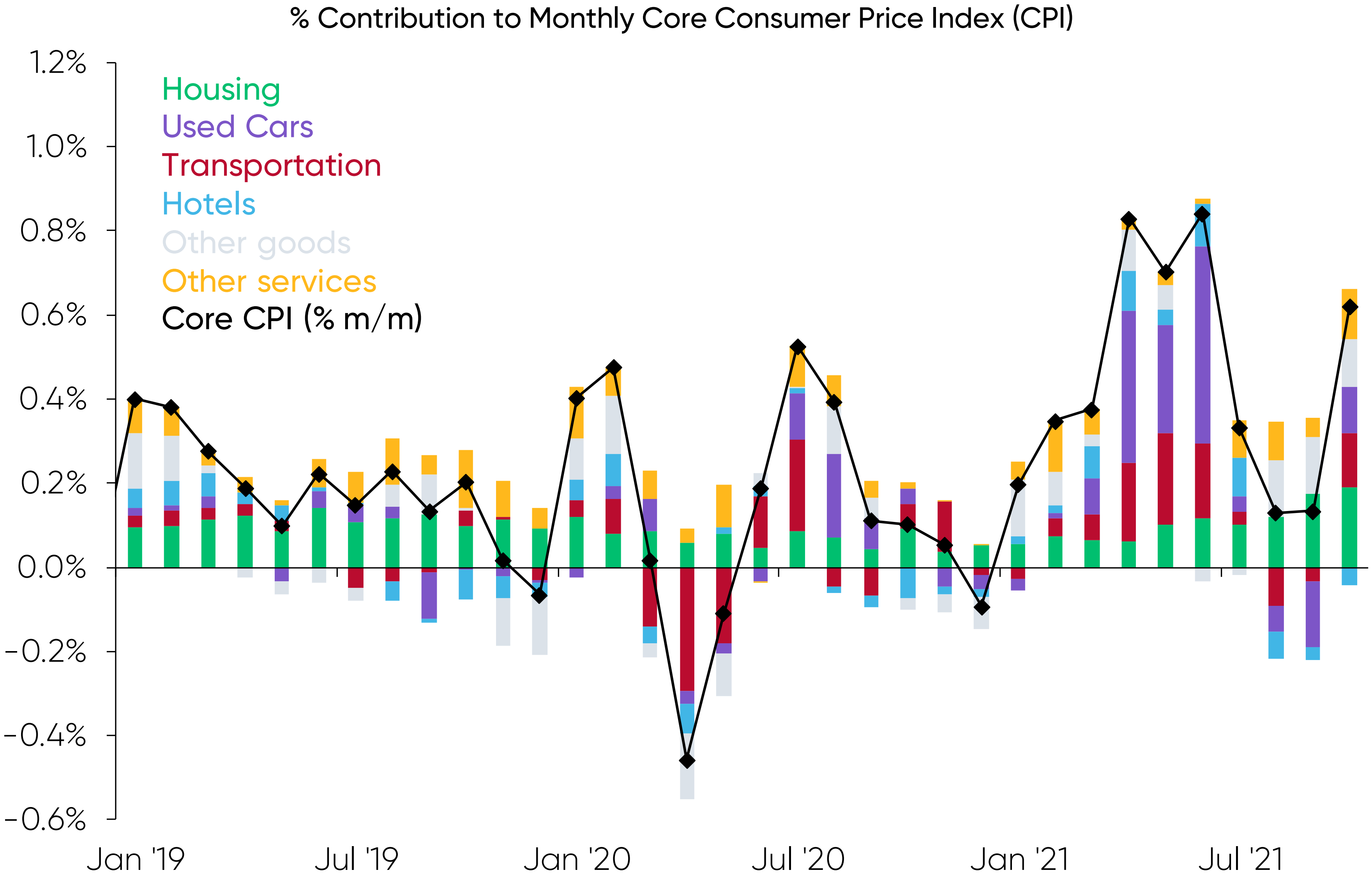
US 10-Year Treasury Yield & US 10-Year Breakeven Inflation Rate



Source: FactSet, US Treasury 10-Year Yield and spread with 10-Year TIPS, daily, 1/1/2020 – 11/26/2021.

ECONOMIC

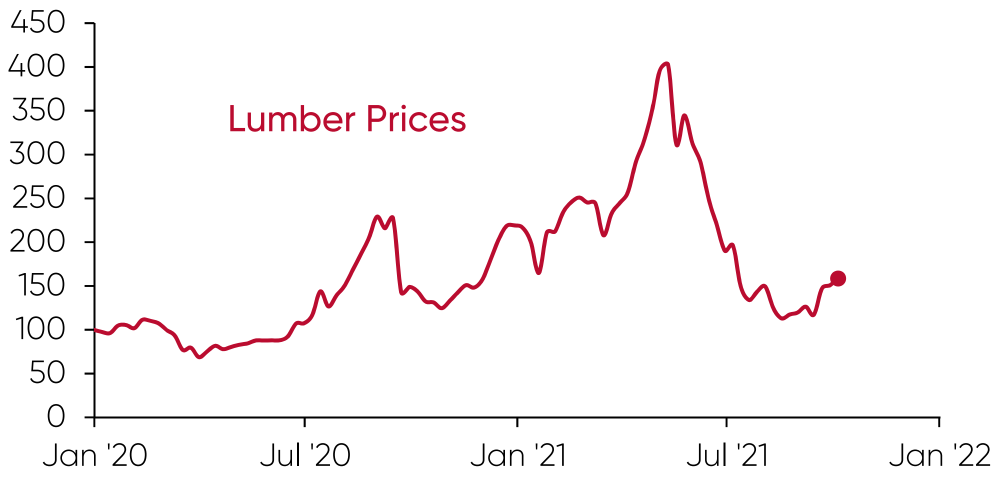
Year-over-year inflation numbers remain elevated, but monthly figures have experience volatility. Moreover, although areas like used cars and transportation have spiked intermittently, the factors influencing these categories have a transitory nature.

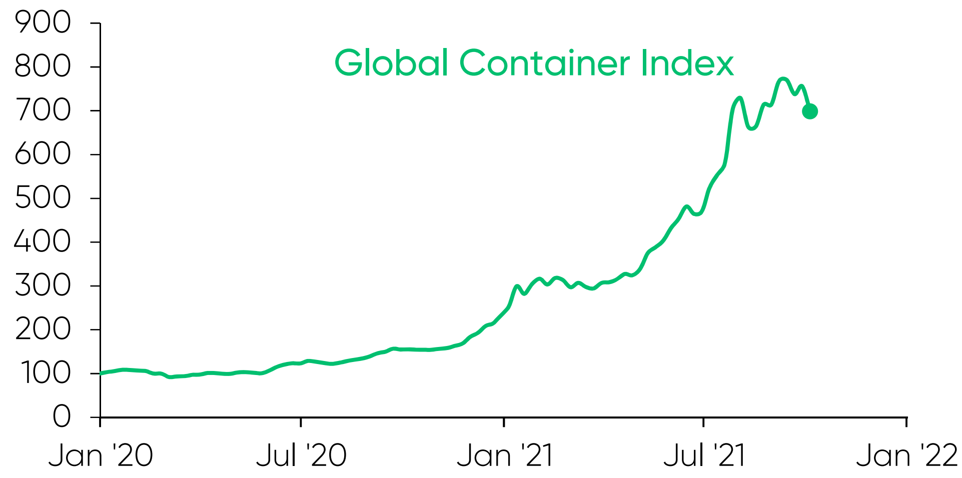


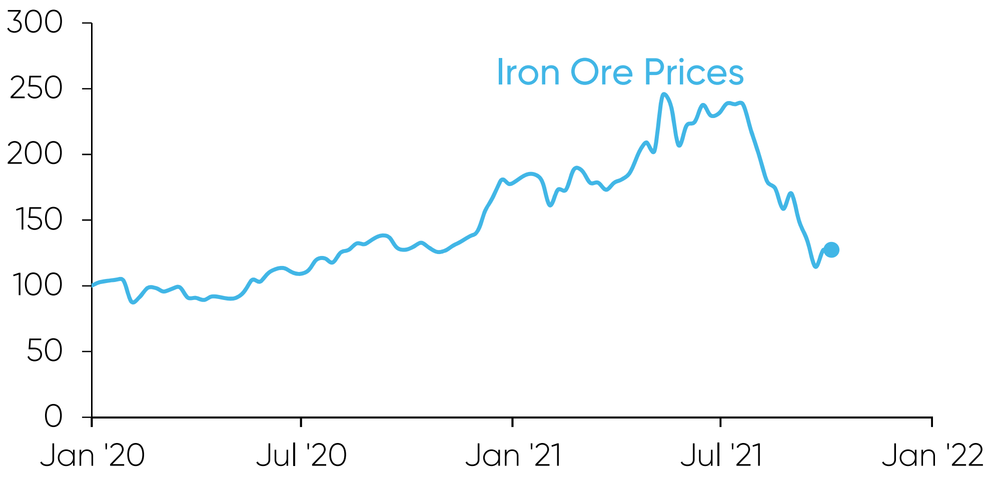
Source: FactSet & US Bureau of Labor Statistics. US Core Consumer Prices Index (CPI), not seasonally adjusted, month-over-month change, monthly, 01/01/2019 – 10/31/2021. Breakdown is based on custom grouping/components of core CPI. August and September 2021 weights are based on July 2021 weights, the latest available data.

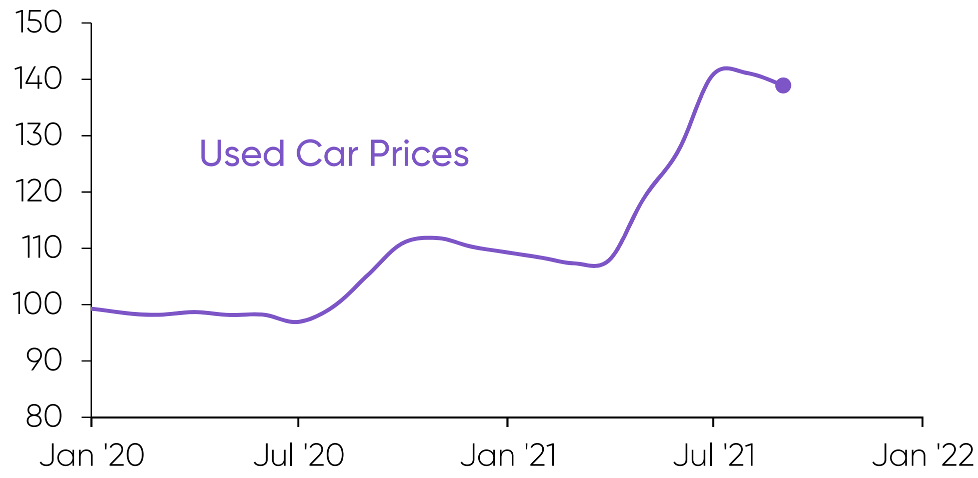
ECONOMIC

Logistical bottlenecks have contributed to spikes in certain categories, but some have already eased considerably while others show signs of topping.





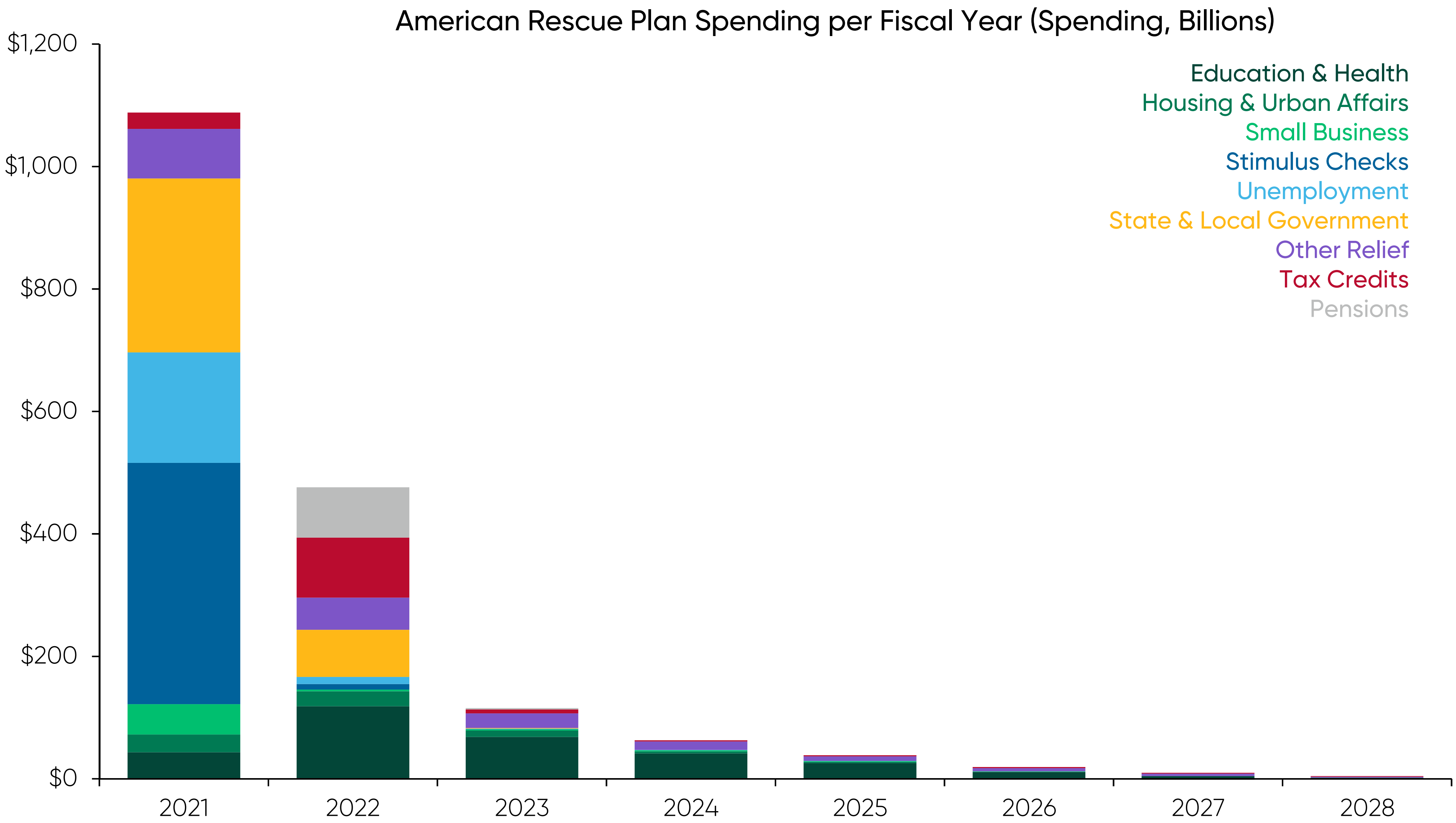




Top Left Source: Chicago Mercantile Exchange (CME), Lumber pricing random length, 1st position conditional futures, weekly data as of 10/13/2021. Top Right Source: Freightos Baltic Global Container Index, Price of Container freight, weekly data as of 10/13/2021. Bottom Left Source: Steel Iron Ore Australia Cost per metric ton including insurance & freight to China, weekly data as of 10/13/2021. Bottom Right Source: US Bureau of Labor Statistics (BLS), Used Car Inflation data, monthly price index seasonally adjusted, monthly data as of 09/30/2021.

ECONOMIC

61% of the roughly $1.8* trillion American Rescue Plan (ARP) spending will occur in 2021** with the bulk going to stimulus checks, and state/local government relief. About 38% of ARP spending, roughly $691 billion, will go out from 2022 though 2025, with the bulk going to education & healthcare, pension relief and increased tax credits.

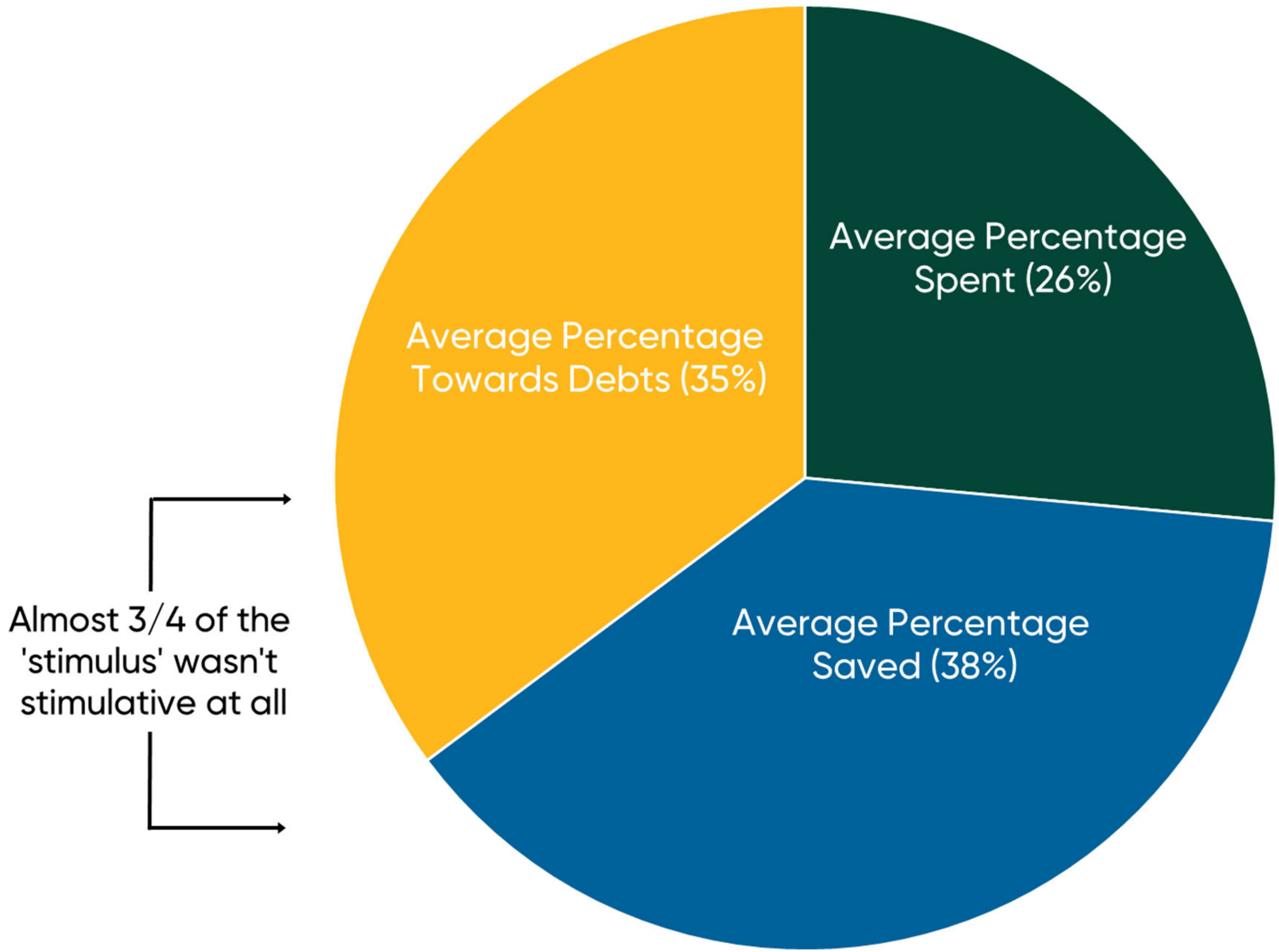


*Source: Congressional Budget Office, US House of Representatives archives. Estimated budgetary effects as passed by the senate on March 6th, 2021. Estimates are relative to CBO's February 2021 baseline. Components may not sum to totals because of rounding. *This study only looks at the actual cash outflows from the American Rescue Plan Act valued at $1.9 trillion when including estimated tax revenue losses. **Government fiscal year ends on September 30th.*

ECONOMIC

Surveys suggest the majority of US stimulus checks went to savings and paying down debt rather than spending.

How are Households Using Their Stimulus Checks?



Source: Federal Reserve Bank of New York, as of 4/7/2021. Survey of Consumer Expectations, average respondents who reported receiving a stimulus check.

POLITICAL

Many fear potential tax increases will weigh on markets, but history suggests tax changes often don't have the impact investors expect.

Corporate Hikes

Effective Date	New Tax Rate	S&P 500 Return +12M
2/26/1926	14%	89%
1/1/1930	12%	-29%
6/6/1932	14%	98%
6/22/1936	15%	2%
5/28/1938	19%	23%
10/8/1940	24%	-5%
9/20/1941	31%	-16%
10/21/1942	40%	25%
9/23/1950	42%	20%
10/20/1951	51%	4%
1/1/1952	52%	12%
6/28/1968	53%	-2%
8/10/1993	35%	2%
Average:		11%

Personal Hikes

Effective Date	New Tax Rate	S&P 500 Return +12M
1/1/1930	25%	-29%
6/6/1932	63%	98%
1/1/1936	79%	28%
6/25/1940	81%	1%
10/21/1942	88%	25%
5/29/1944	94%	23%
9/23/1950	84%	20%
10/20/1951	91%	4%
1/1/1952	92%	12%
6/28/1968	75%	-2%
12/30/1969	77%	1%
1/1/1991	31%	26%
8/10/1993	40%	2%
1/2/2013	40%	25%
Average:		17%

Capital Gains Hikes

Effective Date	New Tax Rate	S&P 500 Return +12M
1/1/1968	27%	8%
1/1/1969	28%	-11%
1/1/1970	32%	0.1%
1/1/1971	34%	11%
1/1/1972	37%	16%
1/1/1976	40%	19%
1/1/1987	28%	2.%
1/1/1991	29%	26%
1/1/1993	29%	7%
1/1/2013	25%	30%
Average:		11%

Source: Tax Policy Center and Global Financial Data, as of 1/31/2018. Corporate, income, and capital gains tax hikes, S&P 500 Price Index, 1/1/1929 - 1/2/2014.

POLITICAL

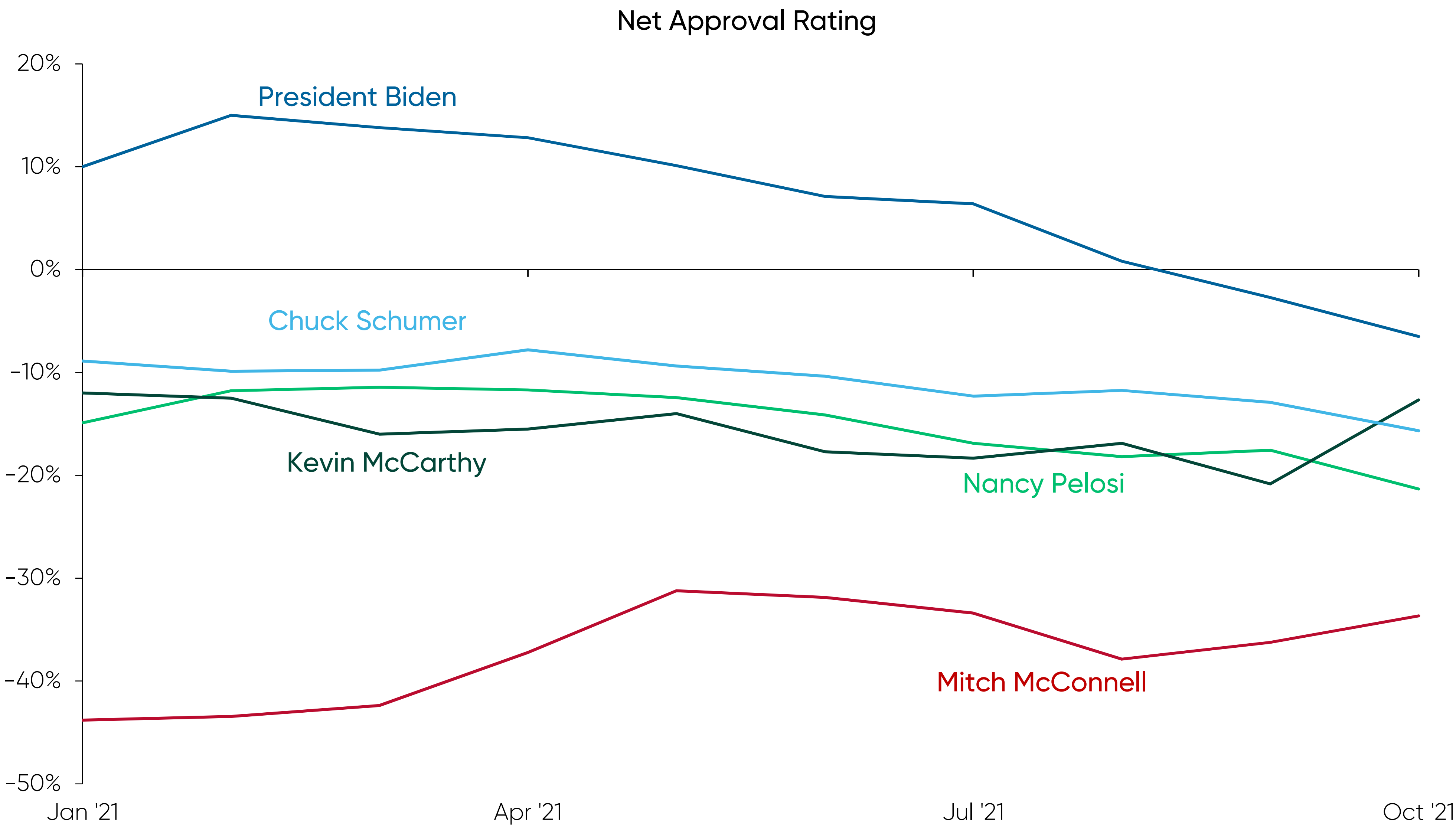
Historically, fiscal stimulus programs have not increased near-term growth much.

		Real GDP Growth Rate Y/Y	
Date	Fiscal Package	Base Year	+1 Year
12/8/1971	Revenue Act of 1971	4.4%	6.9%
3/29/1975	Tax Reduction Act of 1975	-2.3%	6.2%
10/4/1976	Tax Reform Act of 1976	4.3%	5.0%
5/13/1977	Economic Stimulus Appropriations Act of 1977	4.5%	6.1%
11/6/1978	Revenue Act of 1978	6.7%	1.3%
8/13/1981	Economic Recovery Tax Act of 1981	4.3%	-2.6%
6/7/2001	Economic Growth and Tax Relief Reconciliation Act of 2001	1.1%	1.3%
3/9/2002	Job Creation and Worker Assistance Act of 2002	1.3%	1.8%
5/28/2003	Jobs and Growth Tax Relief Reconciliation Act of 2003	2.0%	4.2%
2/13/2008	Economic Stimulus Act of 2008	1.1%	-3.3%
10/3/2008	Emergency Economic Stabilization Act of 2008	-2.8%	0.2%
2/17/2009	American Recovery and Reinvestment Act of 2009	-3.3%	1.7%
12/17/2010	Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010	2.6%	1.6%
2/22/2012	Middle Class Tax Relief and Job Creation Act of 2012	2.7%	1.6%
1/2/2013	American Taxpayer Relief Act of 2012	1.6%	1.4%
12/22/2017	Tax Cuts and Jobs Act of 2017	2.7%	2.5%
	Average	1.9%	2.2%
	Median	2.3%	1.7%
	Frequency Positive	81%	88%

Source: FactSet, St. Louis FRED, Fisher Investments Research, as of 3/31/2021. Real median GDP (Gross Domestic Product) y/y growth, quarterly, 1971 – 2020.

POLITICAL

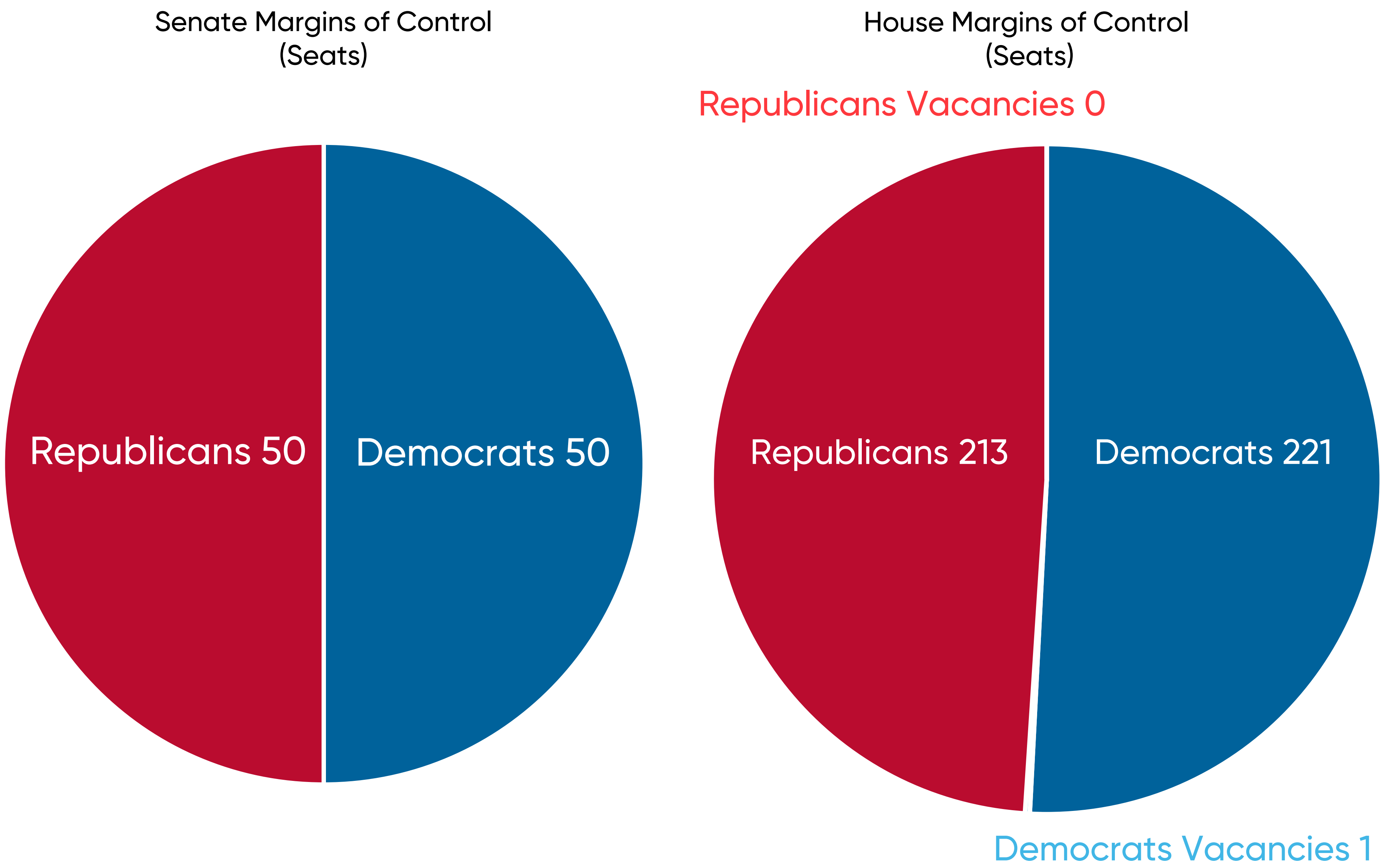
President Biden began his term with a strong approval rating, which has since faded. Other prominent political figures have also seen their approval ratings fade. A lack of political capital and a divided congress makes passing controversial legislation exceedingly difficult.



Source: RealClearPolitics, as of 10/12/2021. Political approval minus disapproval ratings of political leaders in the US throughout 2021.

POLITICAL

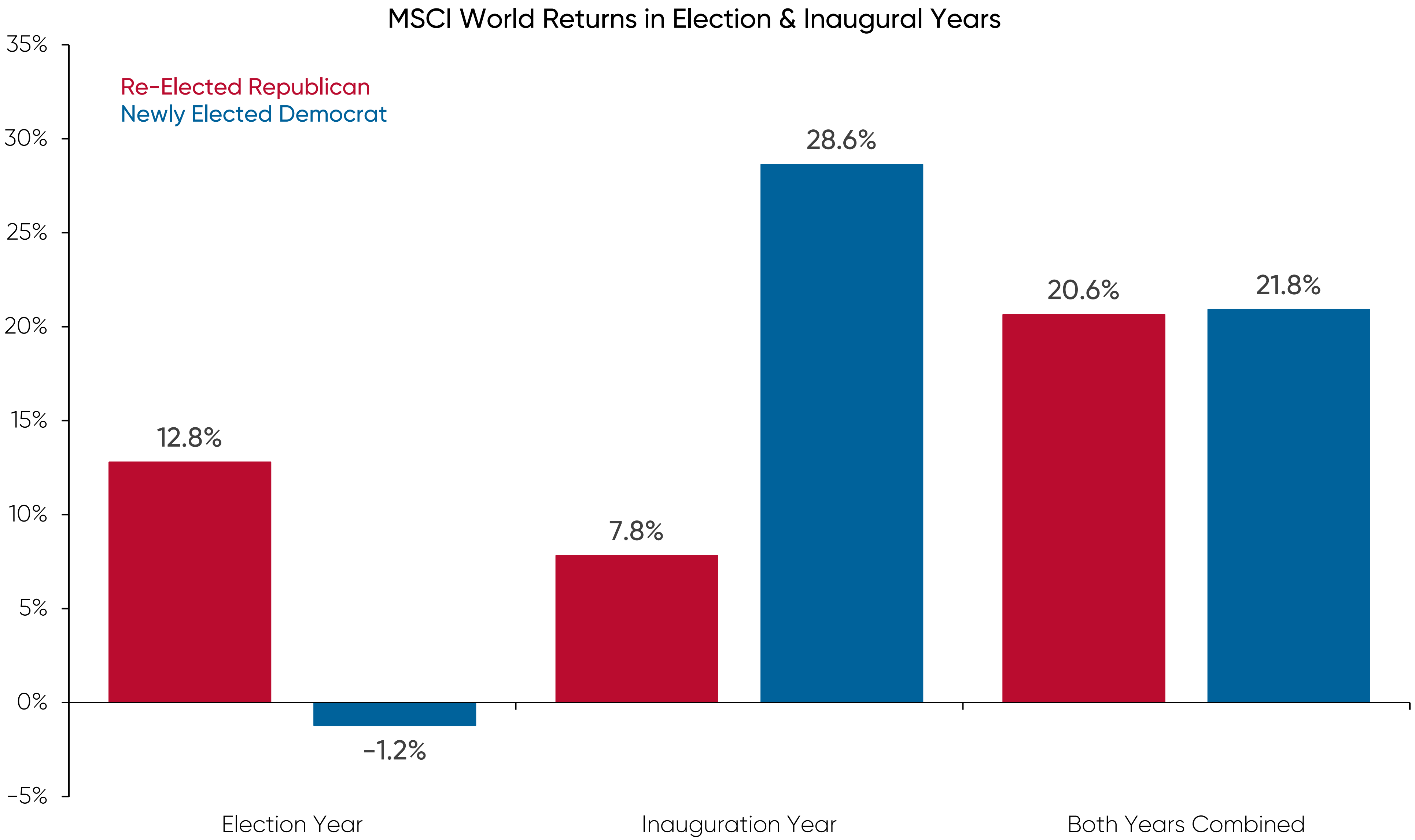
Democrats control the White House, House of Representatives and Senate, but by some of the slimmest margins in history. The resulting gridlock means a low risk of controversial legislation.



Sources: US Senate & House of Representatives Party Divisions, as of 11/26/2021.

POLITICAL

US Elections can have a big impact on global equities. Investors tend to celebrate Republican victories in election years, whereas equities struggle when a new Democrat is elected. But those trends usually reverse in inaugural years.



Source: Global Financial Data, as of 12/31/2020. MSCI World Total Return Index 1925 to 2020. Based on average calendar year returns. A proxy for MSCI World is used for data prior to 1970.

COUNTRY DRIVER ANALYSIS

NEUTRAL EUROPEAN MONETARY UNION

European markets are dominated by value-oriented manufacturing industries and large defensive consumer staples or pharmaceutical companies. Europe claims few of the high-margin, growth-oriented companies we expect to outperform. However, Europe boasts underappreciated financial health, with healthy bank balance sheets and many high-quality large-cap firms. Most of Europe has vaccinated a large portion of their populations and re-opened their economies, but the surge in the Delta variant has dented confidence in the economic recovery. Recently held elections in Germany resulted in new leadership, but gridlock is likely to continue.

ECONOMIC DRIVERS

+ **Quality Mega Cap Balance Sheets:** Large-cap EMU companies have top quality balance sheets, large cash balances, solid net debt/EBITDA ratios and exceptionally low interest costs.
+ **Bank Balance Sheets Dramatically Improved:** After nearly a decade of skepticism over the health of EMU bank balance sheets, nearly every government COVID-19 relief scheme used banks – thanks to their improved balance sheets – as the conduit of getting funds into businesses deprived of cash flow.
± **China Connection:** EMU-China trade is a primary source of incremental growth and EMU relative returns. China has exceeded its pre-pandemic level of economic activity, but currently slowing Chinese credit growth likely creates a headwind for Europe.
± **High Market Beta & Economic Sensitivity:** The EMU – more sensitive to changes in global economic growth than most other developed regions – underperforms most often in down big markets, but also typically bounces back more on the upside.
– **Negative Interest Rates and Massive QE:** Negative rates and massive quantitative easing remain headwinds to bank profitability.

POLITICAL DRIVERS

+ **New Joint Debt Issuance:** NextGenerationEU, the new €750B recovery fund, is a significant part of the 7-year EU budget. This package, largely funded with new jointly issued EU bonds, represents a big breakthrough after decades of entrenched opposition to risk sharing. While the package is meant to be one-off, it establishes a precedent and increases the chances of more risk sharing in the future – a positive step towards fiscal and capital markets integration.
+ **TLTRO at Below Policy Rates:** The European Central Bank (ECB) authorized €1.8T in targeted longer-term refinancing operations (TLTRO) and will conduct three TLTRO operations in 2021, each with a maturity of 3 years. TLTRO is an effective arbitrage for banks to borrow below policy rates and provide loans to the private sector.
+ **Covid-19 Vaccine Rollout:** Europe's vaccine rollout greatly improved after a slow start earlier this year. Now a greater share of the population is vaccinated relative to the US. Social and mobility restrictions related are being lifted across the continent, although the surge in the Delta variant has raised concerns.
± **Fiscal Stimulus:** Member state governments are set to start spending loans and grants issued through NextGenerationEU. There has been some infighting over how to spend these funds, particularly in Italy, which helped bring about a technocratic government led by Mario Draghi. Overall fiscal stimulus is a much lower percentage of GDP in Europe than the US, and in Europe these funds will be spent over a 7-year time frame, likely limiting economic impact.
± **German Elections:** After 16 years with Angela Merkel as chancellor, the German federal election resulted in large gains for the Social Democrats (SPD) but the makeup of the next coalition remains uncertain. A three party centrist coalition of the SPD, Greens and FDP seems the most likely, but it's also possible a coalition with the Christian Democratic Union (CDU) could be formed. Either way the next government is likely to be centrist, and it may take months of negotiations to form a government.
± **French Elections:** France elects its president and legislature in April 2022. Incumbent Emmanuel Macron and his centrist, pro-European La République En Marche (LREM) party will be seeking re-election. France's two-round presidential election tends to result in more centrist candidates winning. There should be a large field of challengers for the French presidency, including National Rally's Marine Le Pen.
- **Revived Immigration Concerns:** Turkey is no longer adhering to the deal with the EU to absorb the flow of migrants from the Middle East in exchange for cash. Refugee camps have begun to disperse and are flocking around many EU/Turkey borders. This could create a repeat of ugly political battles of 2015-2016.

SENTIMENT DRIVERS

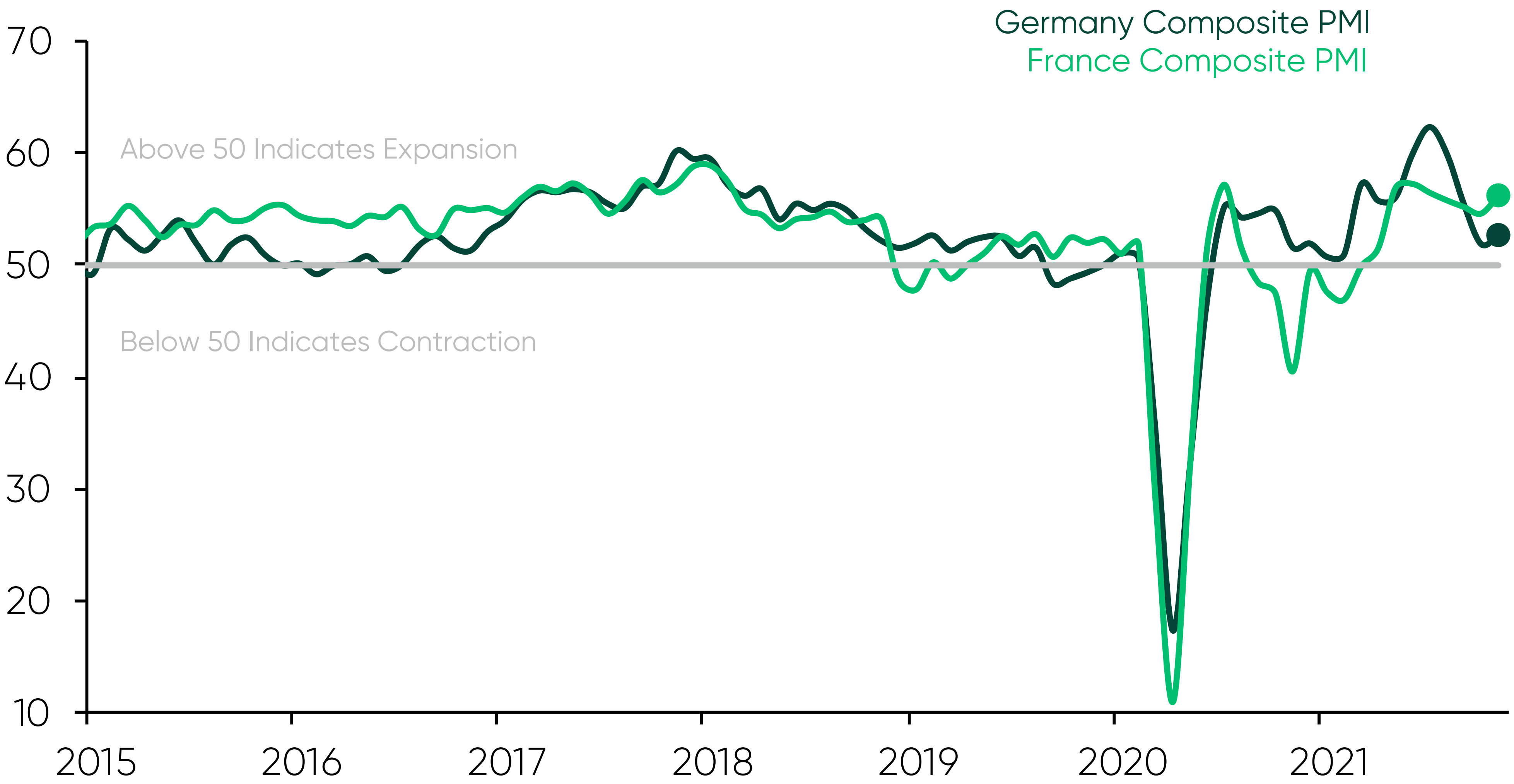
– **Limited Growth Universe & High Degree of Interest Rate Sensitivity:** Europe typically outperforms with value and with rising global interest rates. We don't think either are probable outcomes moving forward.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

European economic growth has improved since the recent acceleration of the vaccine rollout, with PMIs increasing significantly in Q2 of 2021.

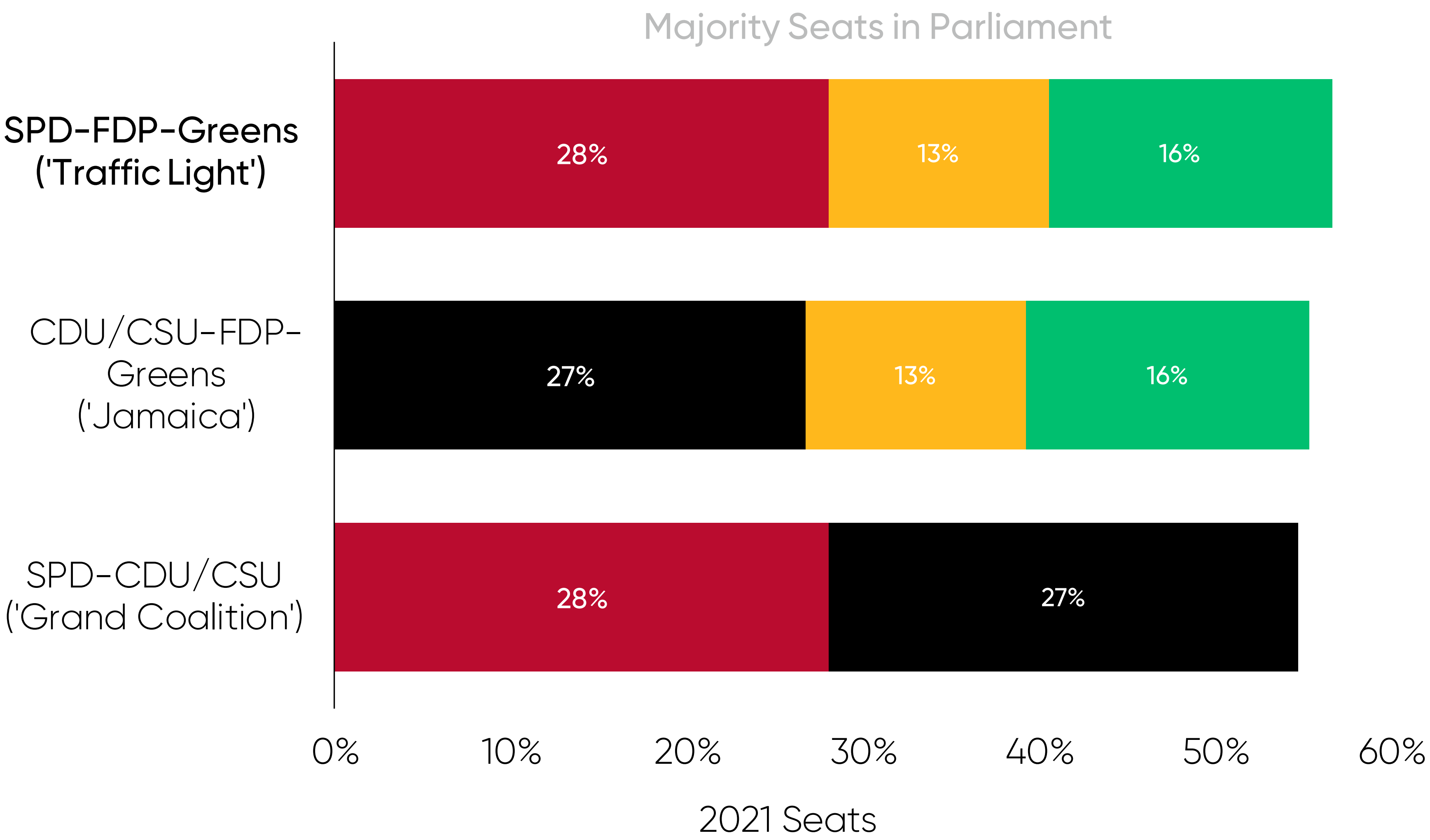
European Economies Accelerating as Covid-19 Restrictions Lifted



Source: Markit Economics as of 10/31/21. Country Composite Purchasing Manager Index (PMI).

POLITICAL

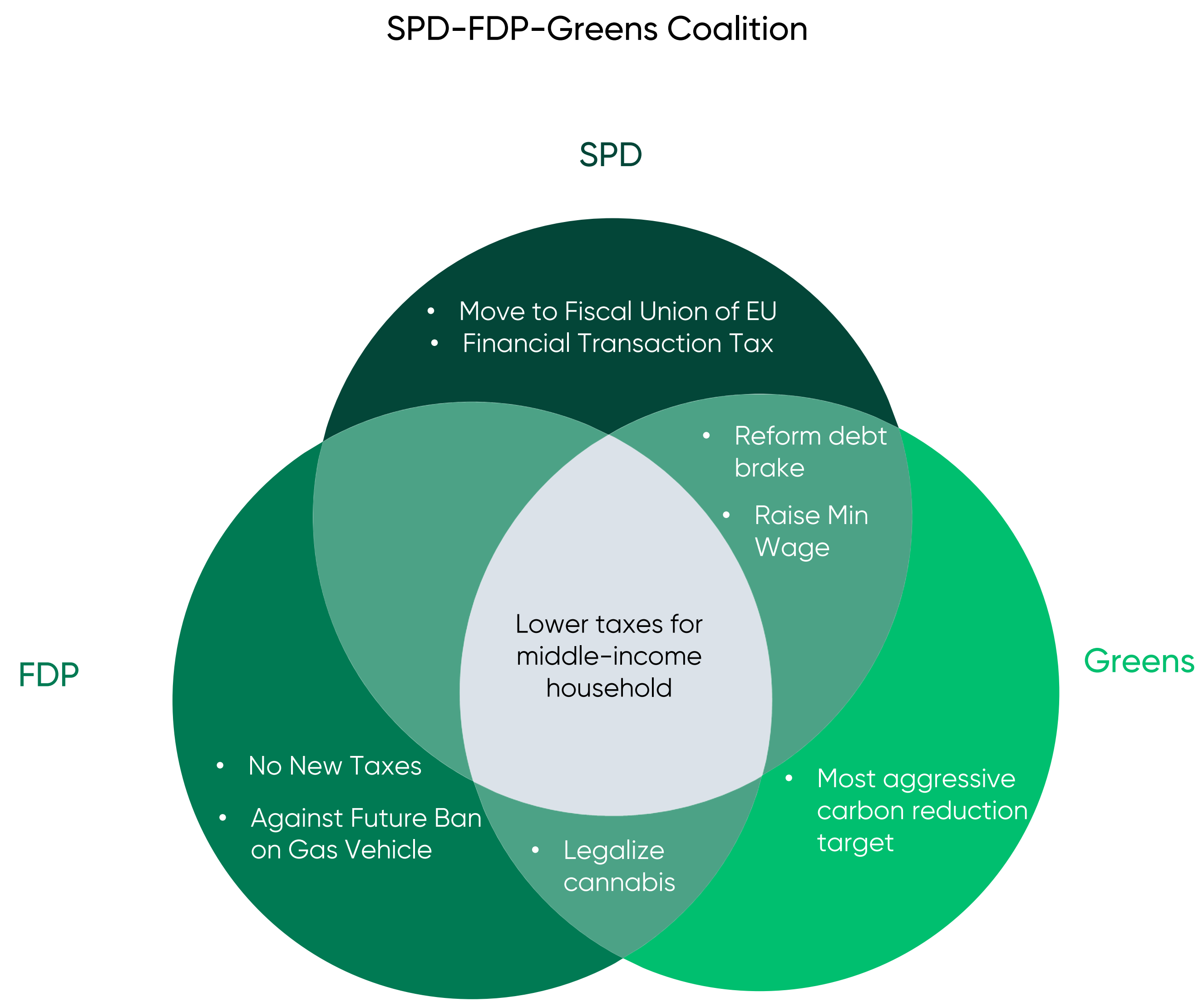
The "Traffic Light" coalition reached a deal to form Germany's new government in November. This confirms that the countries two largest parties, the Social Democratic Party of Germany (SPD) and Christian Democratic Union of Germany (CDU)/Christian Social Union in Bavaria (CSU), will not be governing together.



Source: Deutscher Bundestag, based on distribution of seats in the 20th electoral term., as of 11/26/2021.

POLITICAL

Lack of agreement on key issues means legislation is likely to be watered down or abandoned.



Source: Various German Political Party Website and news outlet, as of 10/14/2021.

COUNTRY DRIVER ANALYSIS

NEUTRAL UNITED KINGDOM

The passing of a post-Brexit trade deal between the UK and EU removed uncertainty, benefitting UK stocks. Some headwinds remain, particularly tied to continued disagreements related to the implementation of the Northern Ireland protocol, which could create some near term uncertainty. Additionally, the UK stock market tilts towards value-oriented companies, a potential headwind in a growth-led bull market.

ECONOMIC DRIVERS

± **Recovering Domestic Growth:** Economic data continues to recover from the economic disruptions associated with the containment of COVID-19 and adaptation to new trading rules with the EU. However, growth expectations are beginning to slow as the recovery matures.

\+ **Monetary Policy:** The Bank of England maintains a low policy rate and remains prepared to act as needed, introducing a number of easing and stimulus measures in response to COVID-19 to help cushion the economic impact.

± **Commodity Exposure:** UK equity markets' heavy exposure to Energy and Materials companies, benefits it as supply and demand growth roughly balanced. The ongoing resumption of global economic activity helped commodity prices recover and should further benefit the category.

\- **Reduced Investment:** Despite the announcement of a trade agreement with the EU, uncertainty remains and foreign investment and hiring plans likely continued to be delayed. This effect is particularly acute in the services sector (~80% of UK economy), which was not covered by the trade deal.

POLITICAL DRIVERS

± **Attractive Corporate Tax Policy:** The United Kingdom's corporate tax rate stands at 19%—among the OECD's lowest. The recent budget announcement includes plans to raise corporate taxes to 25% by 2023, though this remains attractive relative to developed countries.

± **Limited Domestic Policy Shifts Likely:** Following the announced a trade deal with the EU, government focus now shifts to implementing the deal and securing trade deals with other countries. Continued disagreements between the UK and EU on the Northern Ireland protocol likely limit prospects for major sweeping domestic legislation or regulatory changes, reducing uncertainty.

\- **Scottish Independence Referendum:** May's Scottish parliamentary elections in May did not result in the Scottish National Party receiving an outright majority. However, there is a pro-independence majority when accounting for the Green Party's eight seats. As a result, continued separatist rhetoric and potential moves towards a second independence referendum could weigh on sentiment.

SENTIMENT DRIVERS

\+ **Valuations:** The UK currently trades at a significant discount to World equities, indicating weak sentiment tied to Brexit related uncertainty and fears over Covid-19's potential economic impact.

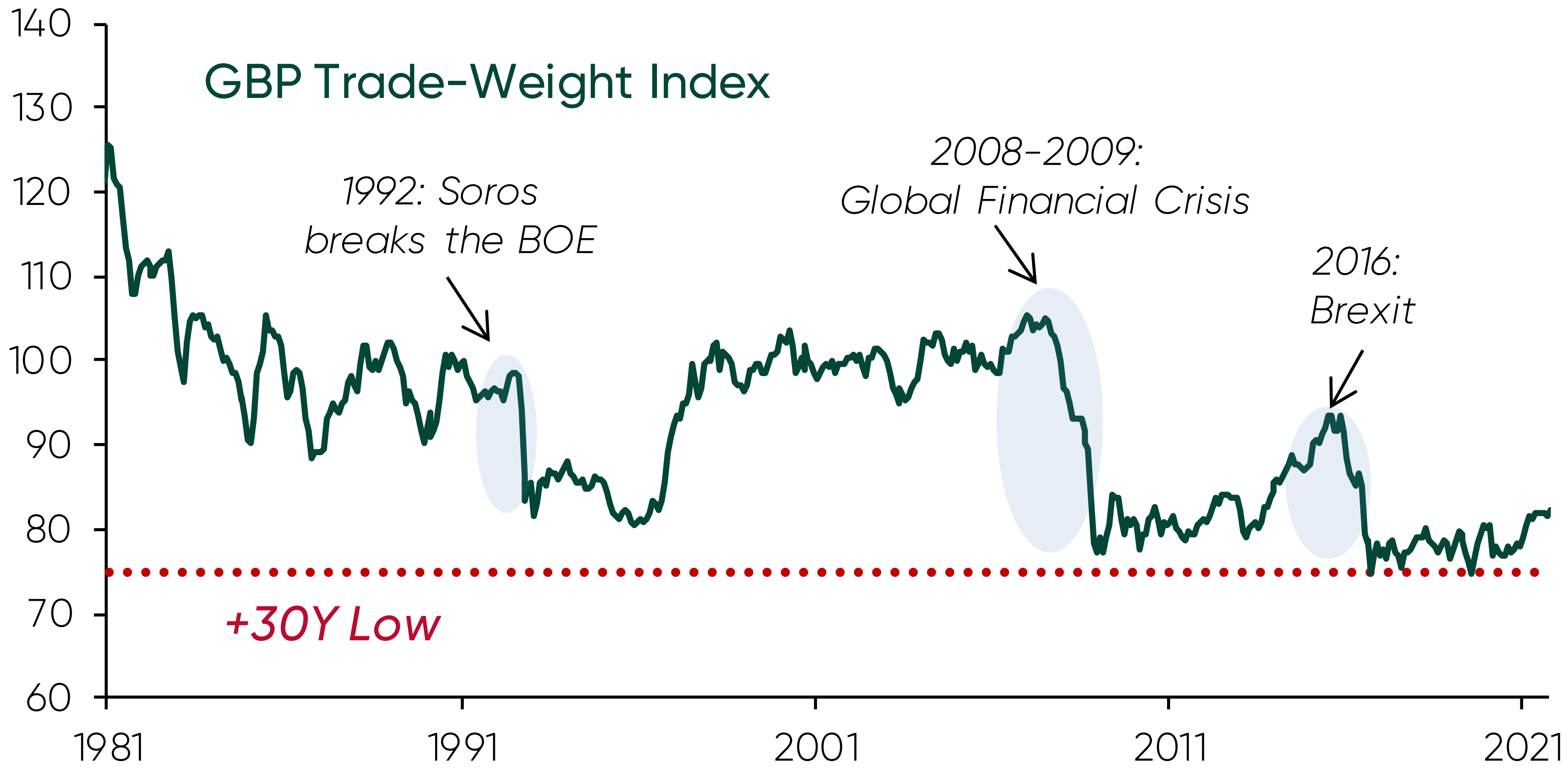
\- **Investor Preference for Growth:** Given the UK stock market is heavily weighted towards value oriented companies, a growth led bull market likely weighs on UK relative performance.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Following the official exit from the EU and the post-Brexit trade agreement between the UK and EU, the Pound Sterling has started to show signs of recovering after floating around 30-year lows since the Brexit referendum. The new agreement decreases uncertainty and should increase visibility for businesses, benefitting UK equities.

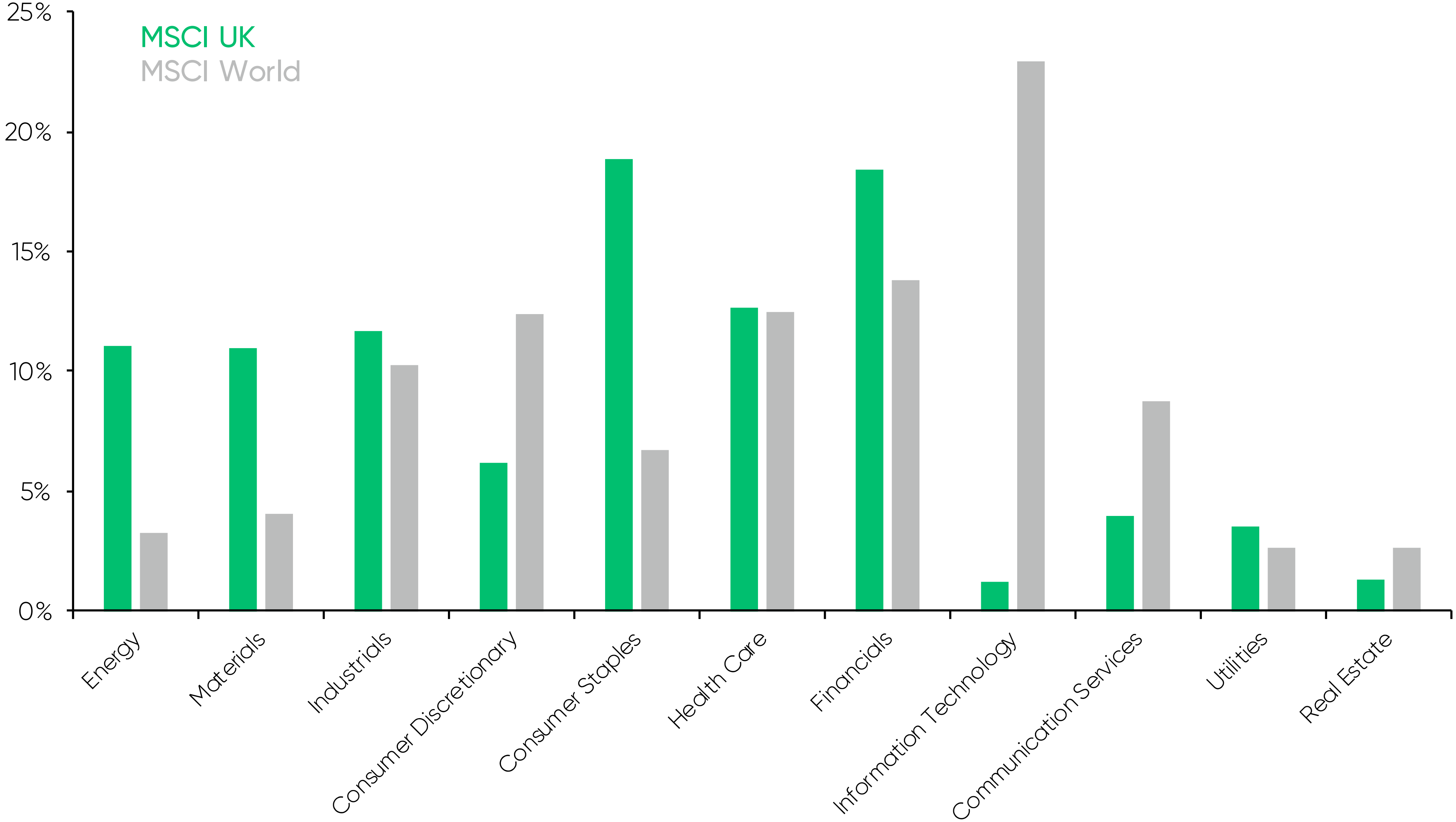
British Pound remains near lowest levels in over thirty years



Source: UK Office for National Statistics as of 10/29/2021.

ECONOMIC

Given that UK equites are heavily weighted towards value oriented sectors, a growth led bull market likely weighs on UK relative performance.

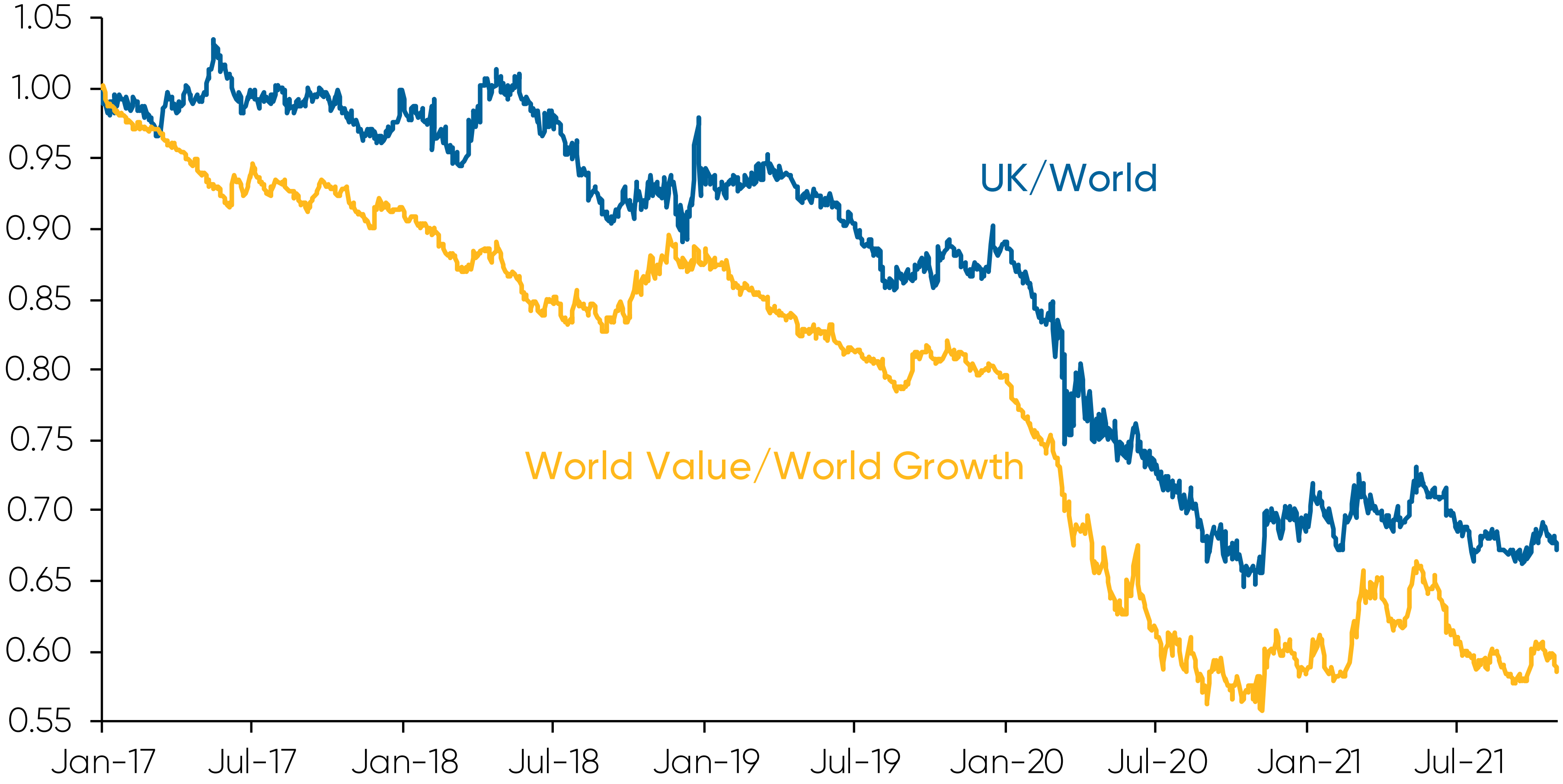


Source: FactSet, data as of 10/29/2021.

SENTIMENT

The UK closely tracks value over time which likely weighs on performance in a growth led bull market.

MSCI UK Tracks Value



Source: Factset, Inc as of 7/20/2021. MSCI UK, World, World Value and World Growth index data from 12/31/2016 – 10/29/2021.

COUNTRY DRIVER ANALYSIS

UNDERWEIGHT JAPAN

Japanese equities likely underperform as the economy remains held back by an aging and shrinking population, a labor shortage, stagnant wages, and heavy exposure to less competitive conglomerates. Newly elected Prime Minister Fumio Kishida is a status quo candidate unlikely to make meaningful reform progress towards these structural challenges.

ECONOMIC DRIVERS

± **Overseas Demand:** Japanese exports and industrial production are rebounding following a slowdown in global demand from measures to contain Covid-19, recovering to near pre-pandemic levels. Japanese firms relying on foreign demand, especially in factory automation or high-tech end markets, should benefit from a bounce back in economic growth over the next 6-12 months.

± **Corporate Governance:** Recent administrations have made efforts to improve corporate governance and raise ROEs. Those efforts have included the creation of equity indices comprised of strong corporate governance firms—aimed to attract government and private capital. While ROE's have modestly improved, Japan still has the worst corporate governance of any developed country.

± **Currency Effects:** A strengthening yen may hurt Japanese exporters. However, Japan is reliant on imported natural resources such as oil and natural gas, and a stronger yen makes these imports less expensive. Additionally, a stronger yen is a tailwind to investor returns denominated in other currencies.

± **Bank Lending:** Quantitative easing and sustained commitment to yield curve control continues depressing long-term interest rates and bank profit margins, while negative interest rates act as a tax on banks. The Bank of Japan (BoJ) has acknowledged its policies hurt banks and revised policy so a smaller amount of bank assets are subject to negative interest rates. Recently, the BoJ also moved to encourage regional bank consolidation, yet thus far is unable to offer compelling incentives. Overall the BoJ's policies remain contractionary—flattening the yield curve and decreasing banks' willingness to lend. These policies are unlikely to end any time soon as the Covid-19 pandemic led the BoJ to suggest interest rates won't increase until at least 2023.

\- **Limited Domestic Growth Drivers:** Japan faces stagnant wages, a shrinking and aging population, and a low birth rate—all likely weighing on domestic demand. In the near-term, a plodding Covid-19 public health response has also held back domestic consumption. Former Prime Minister Shinzo Abe's attempts to reinvigorate Japan's economy largely ignored these structural issues and, similarly, interim Prime Minister Yoshihide Suga has been unable to meaningfully address these issues. Japan is allowing up to 345k foreign workers to immigrate–insignificant to a labor force of over 63 million people.

POLITICAL DRIVERS

± **Political Stability:** Following Shinzo Abe's resignation in 2020, the recent resignation of Suga tied to unpopularity and poor Covid response risks a return to Japan's tradition of a revolving door at PM. With new PM Kishida unlikely to implement fresh policies, concerns are likely to persist over fatigued "Abenomics" policy and lack of structural reform.

± **Fiscal and Monetary Policy:** Large fiscal stimulus should somewhat dampen the fallout of the Covid-19 outbreak, but Japan's economic trajectory continues to lag developed peers despite enacting one of the most aggressive pandemic stimulus programs. Previous fiscal measures from the Abe/Suga administrations and monetary policy from the BoJ have proven insufficient or counterproductive to overcome Japan's more important structural challenges.

SENTIMENT DRIVERS

\+ **Low Sentiment and Outflows:** Investor expectations largely reset after the disappointing pace and scope of "Abenomics". Equity flows suggest expectations have soured – foreigners have net sold 25 trillion yen of Japanese equities since June 2015.g

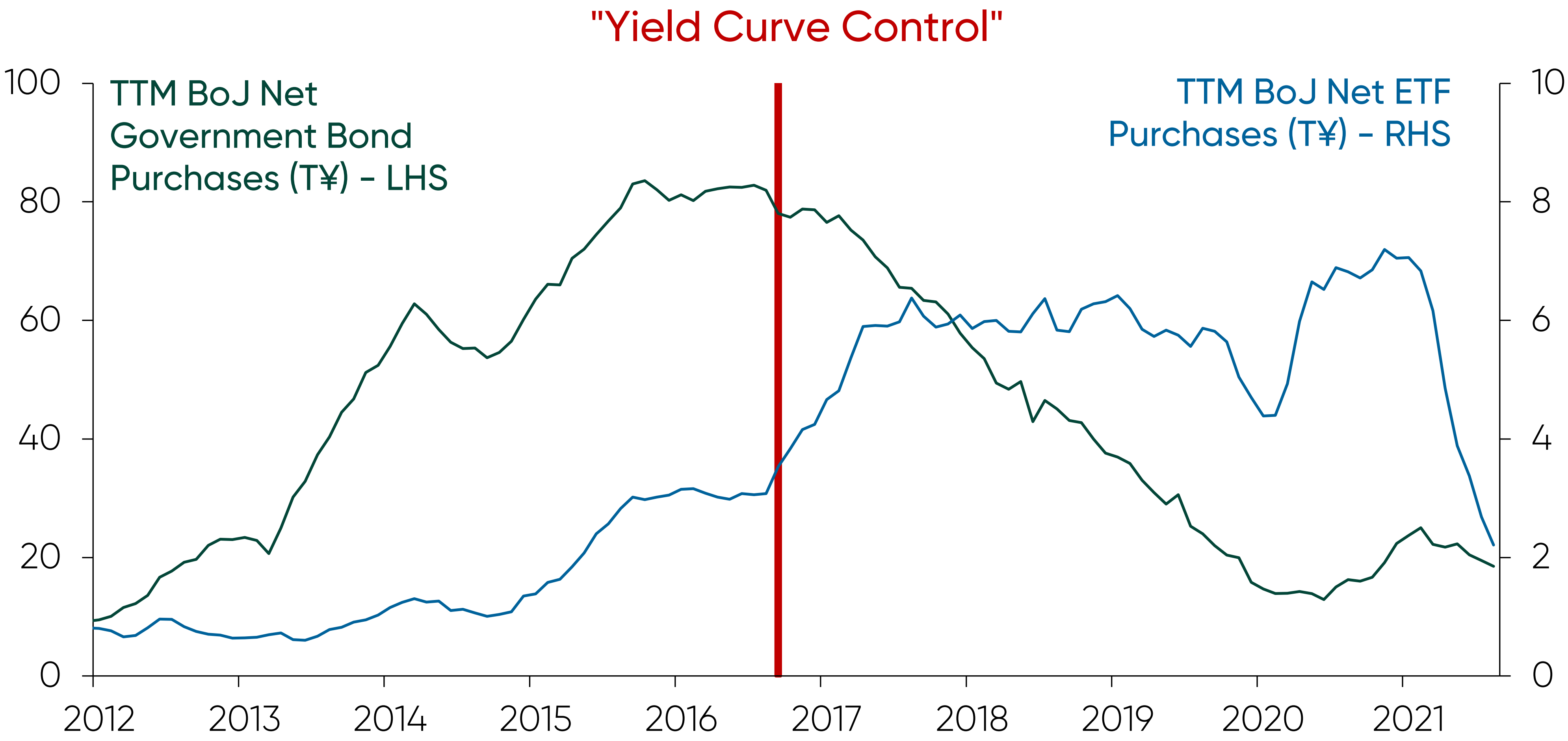
\+ **Valuations:** Japanese stock market valuation discounts have widened to 20-year highs despite improving ROEs, economic improvements and shareholder-friendly decision making starting to surface.

\- **Investor Preferences for Larger, Higher Quality Companies:** Japan has relatively few mega-cap companies and few high margin Technology or Biopharmaceutical companies — categories we expect to outperform.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Many investors question how equity and debt markets will respond to QE tapering, but central banks have already started tapering in various ways.

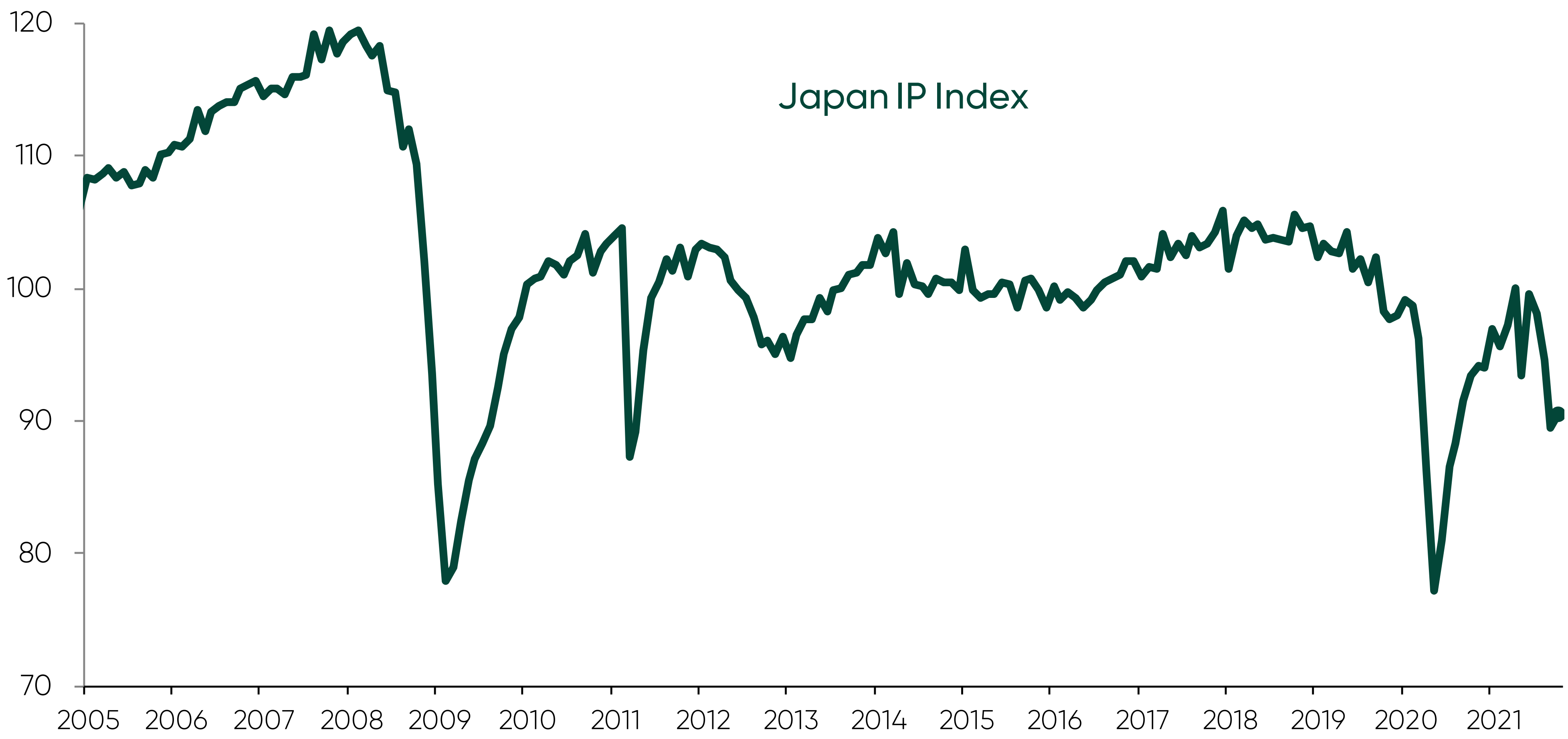


Source: FactSet, monthly, JPY, as of 08/31/2021. Yield Curve Control on 09/30/2016. 01/31/2012 – 08/31/2021.

ECONOMIC

Japan's industrial production (IP) has recovered from the lows of May 2020, reflecting rebounding global capex despite sluggish domestic demand. However, as we move past the initial reopening bounce, Japanese industrial production should revert back to the long term trend of lackluster growth seen over the past decade.

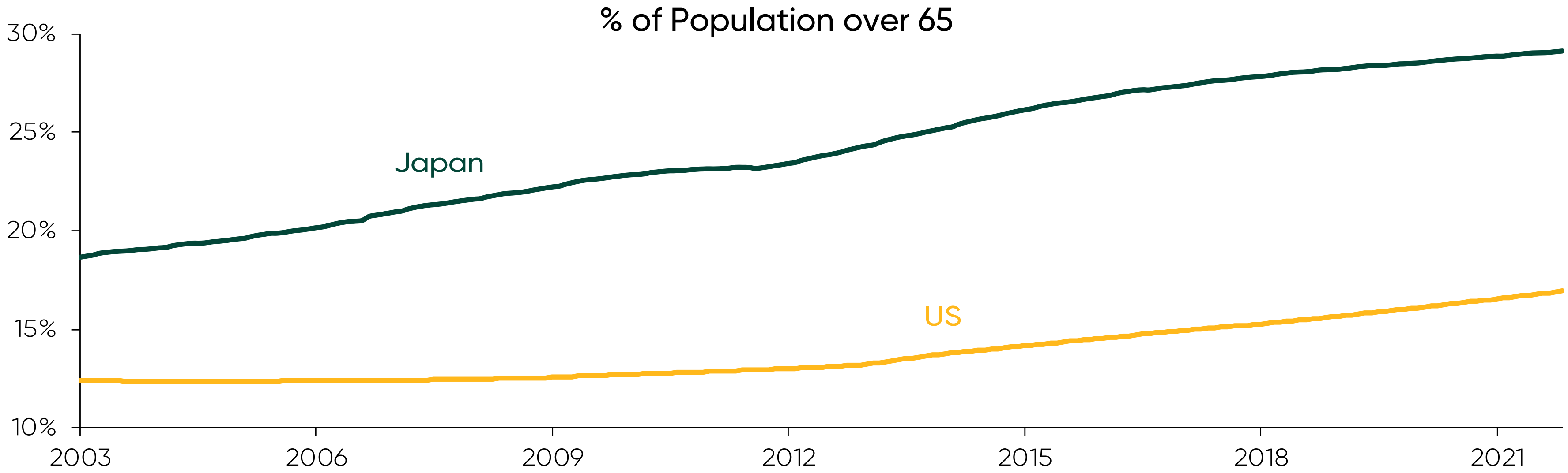
Japanese Industrial Production

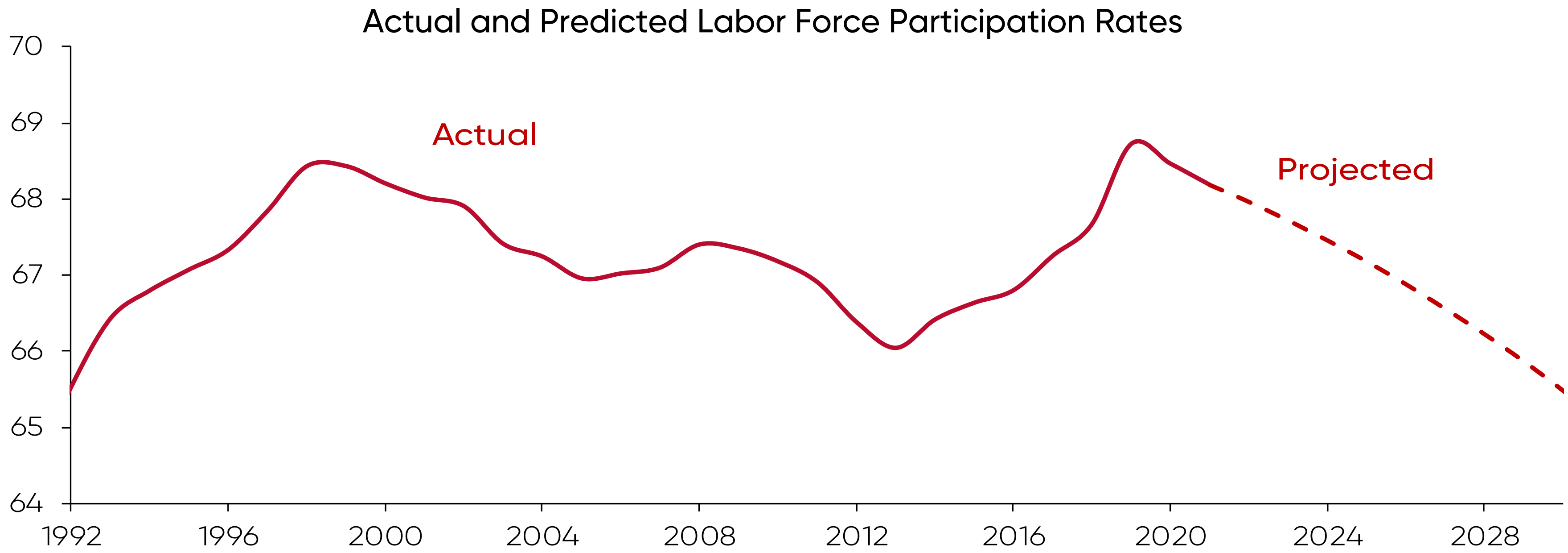


Source: METI as of 10/31/21.

ECONOMIC

Japan faces stagnant wages, a shrinking and aging population, and a low birth rate – all likely weighing on domestic demand. Recent administrations have been unable to address these structural issues and Japan's low immigration rate is not significant enough to impact economic growth.

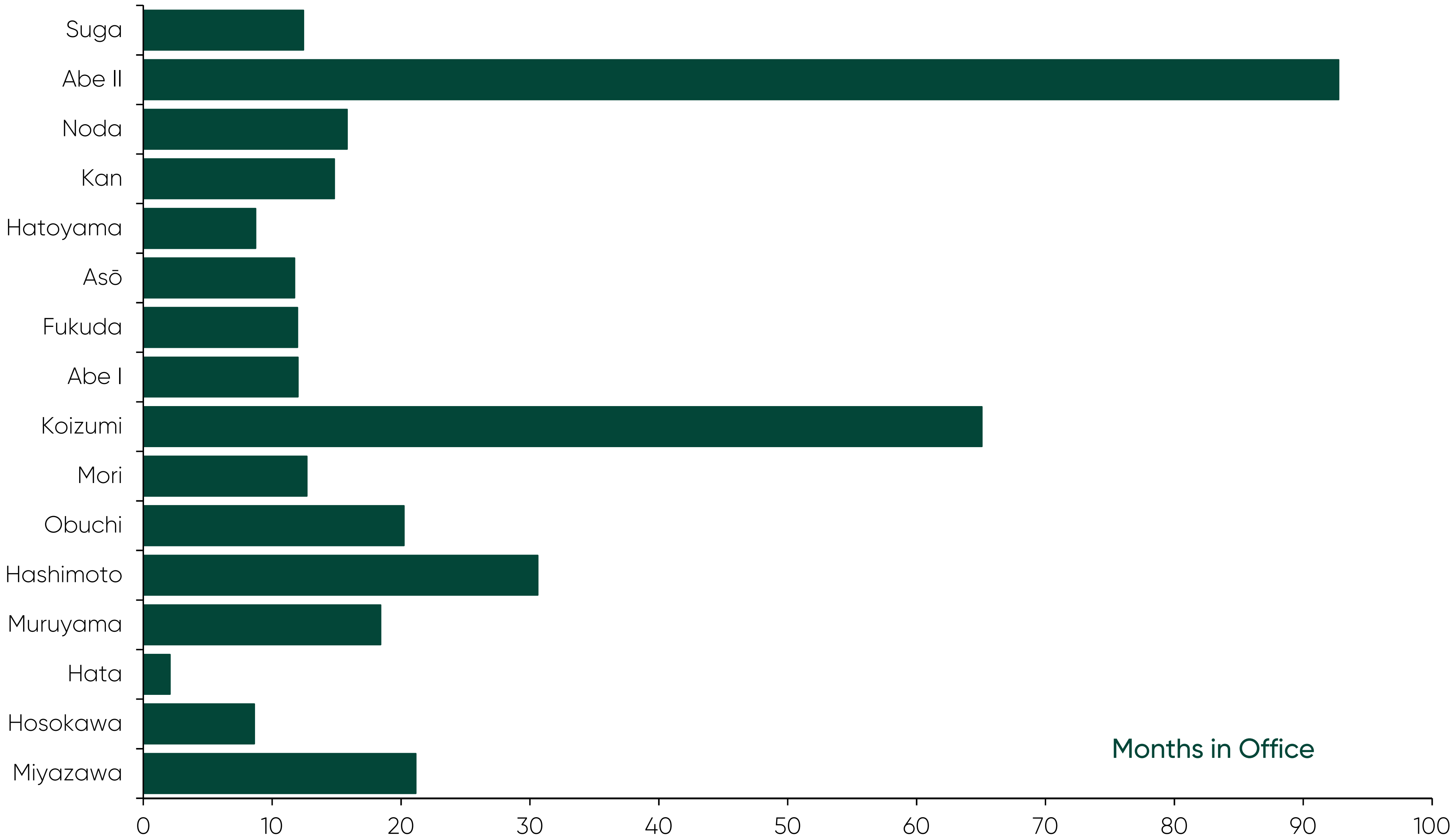




Source: Top Chart: Ministry of Internal Affairs and Communications as of 10/31/2021, US data is an annual, using a trailing 12 month average. Bottom Chart: International Labor Organization. Data available through 12/31/2020. Last updated 6/30/2021.

POLITICAL

The Liberal Democratic Party (LDP) dominates Japanese politics, but competing intra-party interests and high prime minister turnover limits possible reforms.

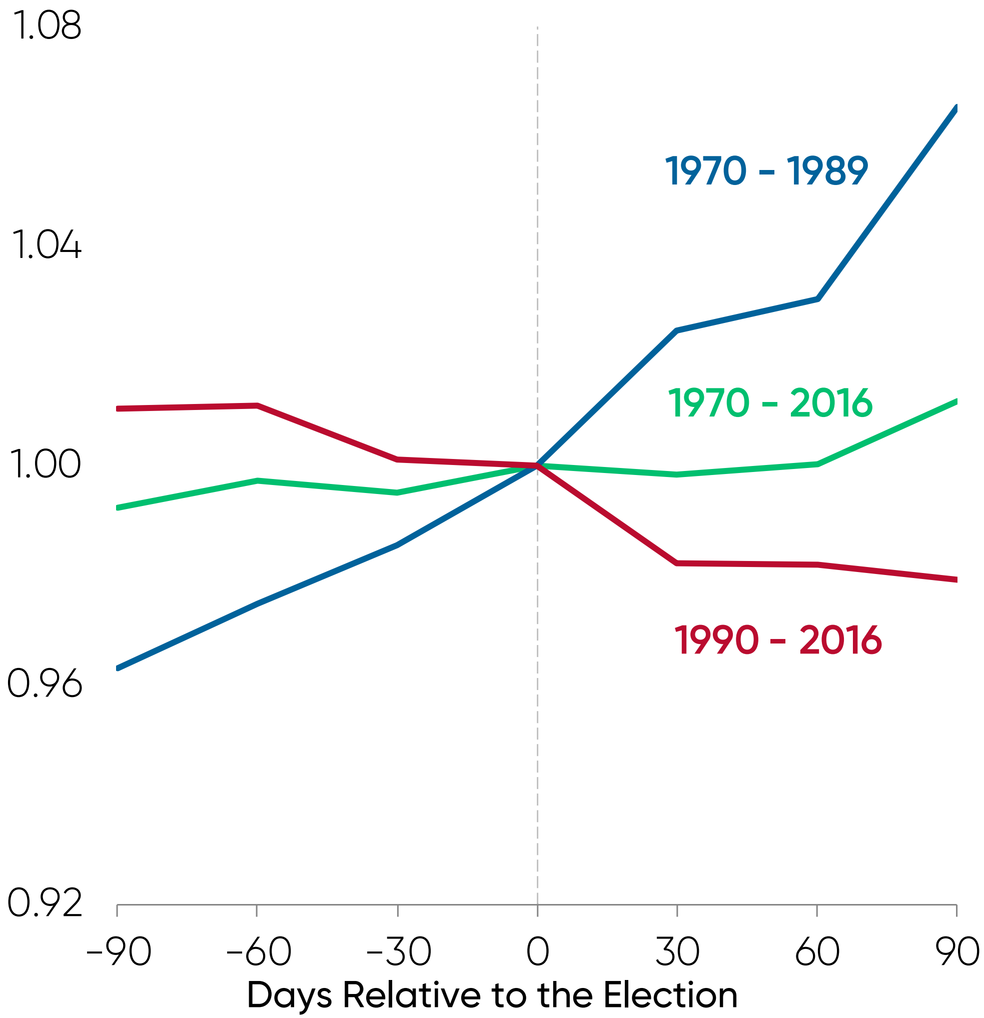


Source: Japan.Kantei.Go.JP, as of 09/29/2021.

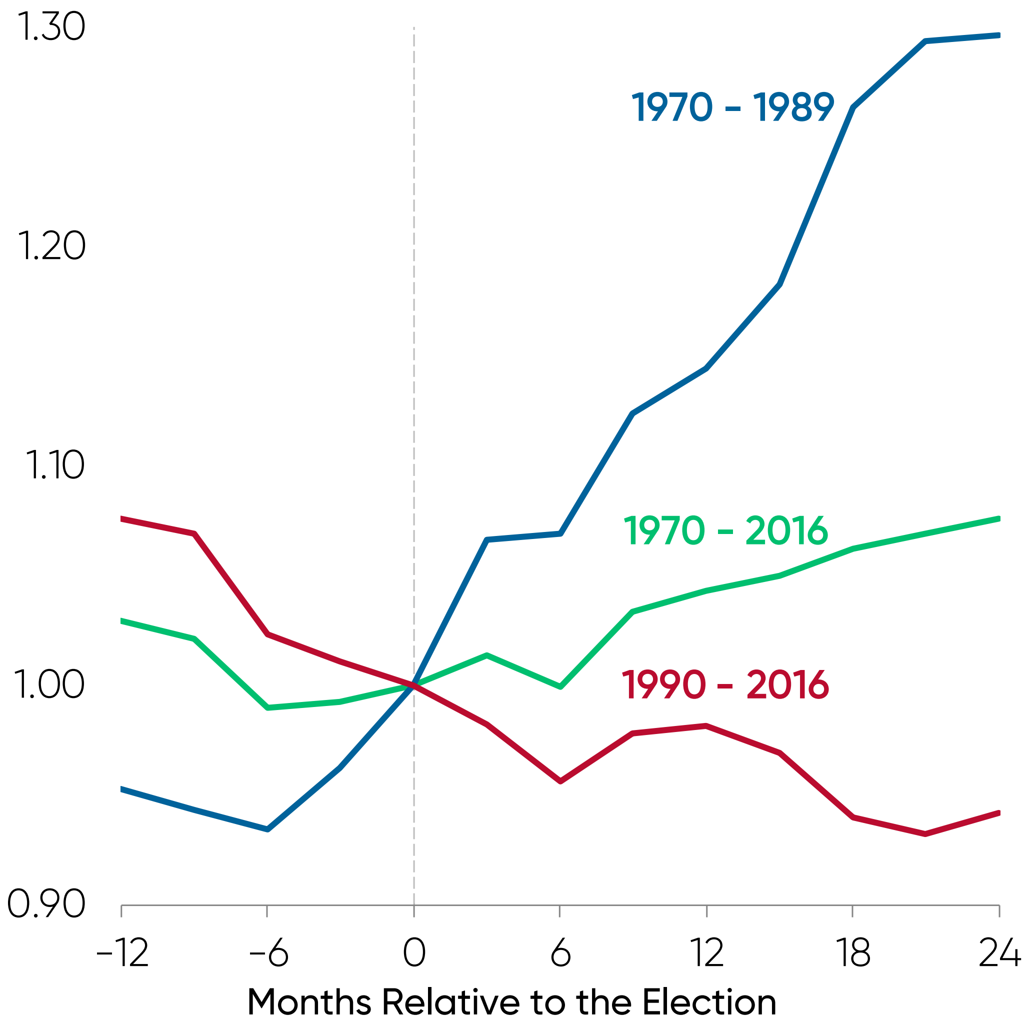
POLITICAL

Historically, elections generally have not had a meaningful influence on Japan's relative equity returns.

Japan / World Relative Performance Indexed to 1
90 Days Before and After Election



Japan / World Relative Performance Indexed to 1
12 Months Before to 24 Months After Election



Source: FactSet, as of 8/31/20211. Shows average returns for respective days/months to election during each time period.

COUNTRY DRIVER ANALYSIS

OVERWEIGHT EMERGING MARKETS

Emerging Markets (EM) remains attractive on a selective basis. Despite a reputation as value-dominated, EM is no longer a homogeneous category, and many of the world's largest and highest quality growth firms are located in EM – desirable attributes at this stage of the bull market. The recent increase in inflation expectations and US Treasury yields renewed fears of 2013's Taper Tantrum and related EM volatility. We find these concerns to be overwrought, as EM is fundamentally in better economic shape and recent inflationary pressures are temporary, in our view.

ECONOMIC DRIVERS

- \+ **Consumption Growth:** Expected gains in per capita GDP have an outsized impact on aggregate consumption, and hundreds of millions of EM households are graduating into the middle class. Penetration rates for key durable goods, like automobiles, remain low. Online finance is also democratizing consumption.
- \+ **Infrastructure Growth:** Fast-growing populations, industrialization and urbanization require robust spending on infrastructure projects. Emerging Markets countries expected to spend $35 trillion over the next 20 years on infrastructure.
- \+ **US Dollar Liquidity Abundant:** Faced with the large dollar liquidity needs generated by the COVID-19 crisis, the US Federal Reserve has strengthened swap lines with EM central banks. Favorable dollar funding means EM financial institutions do not need to resort to a fire sale of dollar assets.
- ± **Relative Economic Growth:** COVID-19 recovery varies widely across EM, and several countries are lagging with vaccine rollouts and re-opening. In the longer-term, EM economic growth should continue to outpace the developed world, boosting per capita income and spending levels, benefiting companies exposed to EM economies.
- ± **Well Capitalized Financials:** While China's regulators are limiting off-balance sheet lending to continue its goal of deleveraging , the country has also offered support through tax cuts and a mandate for banks to increase lending to small and private firms. Emerging Market financial institutions remain well capitalized and positioned to expand credit growth in most markets, with little exposure to ongoing regulatory uncertainty in the developed world that continues in the wake of 2008's financial crisis.
- ± **Greater Concentration of Natural Resources:** Roughly 12% of the MSCI Emerging Markets index is in the Energy and Materials sectors. Metals supply growth has begun to decelerate following years of declining capital expenditures, while oil supply growth remains strong absent geopolitical disruptions. Prior to the COVID-19 pandemic and large-scale government mandated shutdowns to much of global activity, commodity demand was healthy, with the economy continuing to expand, a trend we expect to resume relatively soon as governments begin to reduce lockdown measures. China's shift toward consumption and away from investment-led growth likely prevents a demand surge from driving most commodity prices significantly higher on its own.
- ± **Reliance on Developed Markets:** Many EM countries remain reliant on export demand from developed-world trading partners. This may be a headwind or tailwind depending on the relative economic strength of an EM country's major trading partners and their reliance on foreign direct investment.

POLITICAL DRIVERS

- \+ **Pro-Growth Reforms:** Many Emerging Market countries are enacting pro-growth oriented reform, such as lowering taxes, liberalizing financial markets and opening state-run industries to private competition. These measures should help drive future economic growth through more efficient allocation of resources.
- ± **Free Trade:** Globalization and the expansion of free-trade agreements continue to allow EM countries to better capitalize on comparative advantages and specialization of labor. The UK's exit from the EU, recent tariffs enacted between major countries, and additional tariffs between China and US may create uncertainty for global trade in the near-term but likely have little material long-term impact. Additionally, free trade continues to advance elsewhere with the Japan-EU Economic Partnership Agreement (JEEPA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) including eleven nations, and African Continental Free Trade Area (AFCFTA) including forty-four nations all signed since November 2017.
- ± **Legislative Uncertainty:** Many governments lack well-established institutions with a track record of consistent policymaking. As such, political risk is more volatile, subject to sudden shifts in the regulatory or legislative landscape for particular industries.

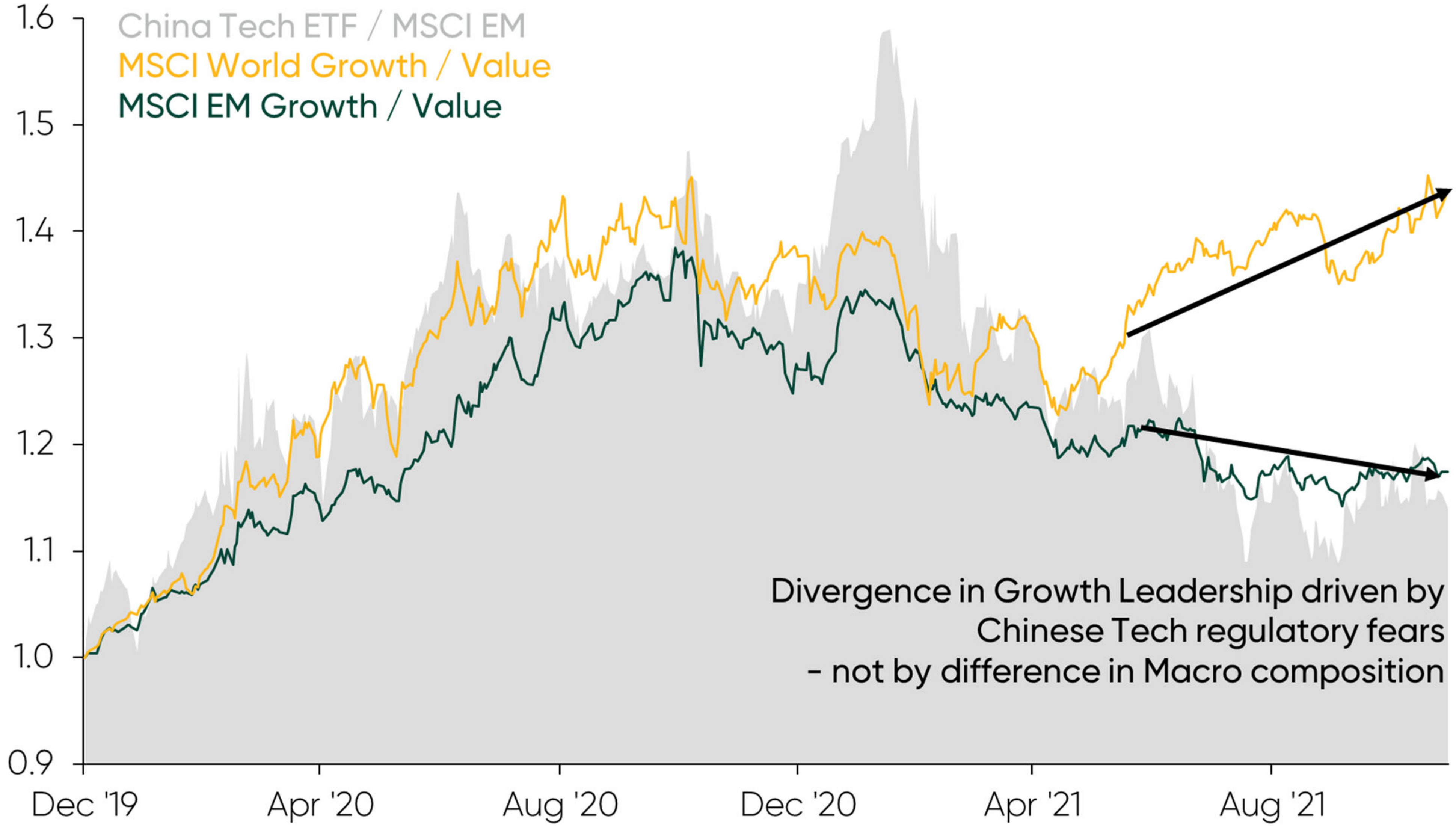
SENTIMENT DRIVERS

- \+ **Sentiment Remains Overly Pessimistic:** The MSCI Emerging Markets Index trades at a discount relative to the MSCI World slightly below its three- and five-year average, suggesting investors' remain cautious.
- ± **Diverse Universe:** Investors think of EM as a homogenous category, but country and sector drivers create distinct opportunities.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

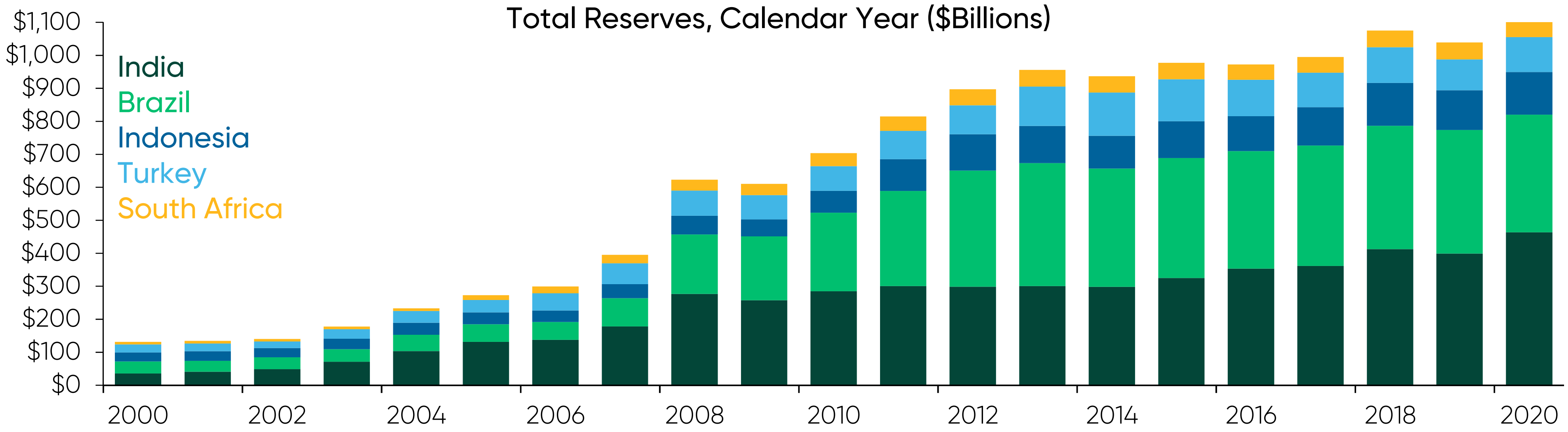
Growth/value leadership trends usually track closely in developed and emerging markets (DM/EM). However, regulatory concerns have weighed on Chinese technology and other growth industries, leading to extended value outperformance in EM while growth surged in DM.

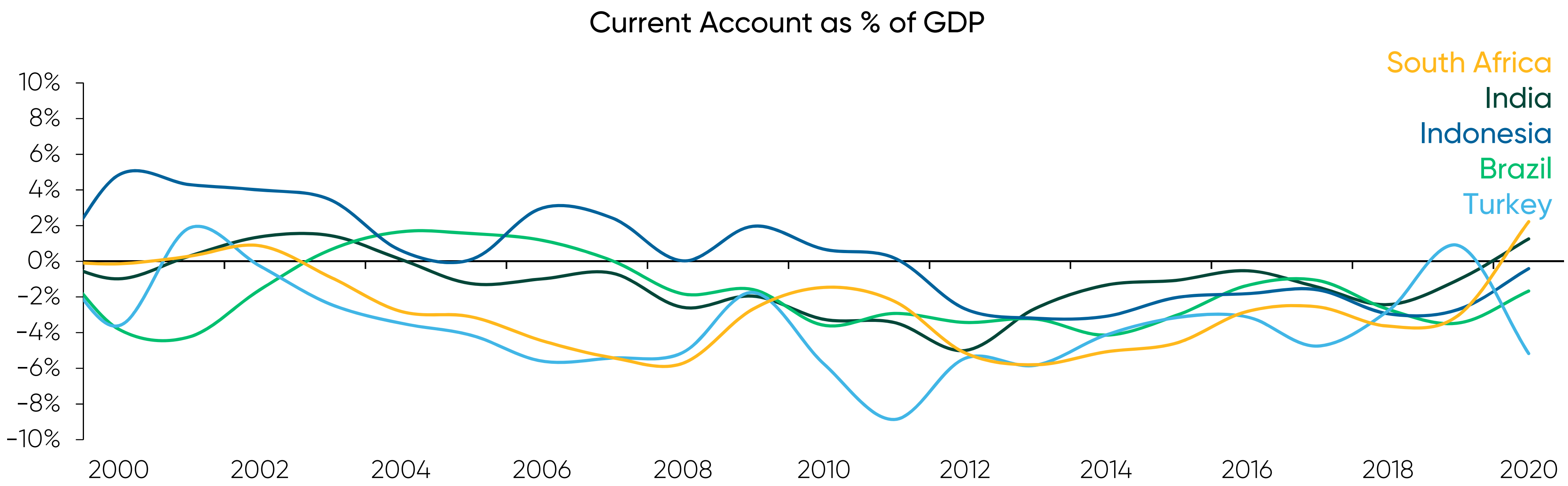


Source: FactSet. Shows relative performance of the Invesco Chinese Technology ETF (CQQQ) and MSCI Emerging Market, MSCI EM Growth Index and MSCI EM Value index, MSCI World Growth index and MSCI World Value index, indexed to 1 on 12/31/2009. Daily USD returns from 12/31/2019 – 11/29/2021.

ECONOMIC

The so-called "Fragile Five" emerging markets suffered during prior QE tapering but are mostly in fundamentally better positions today.

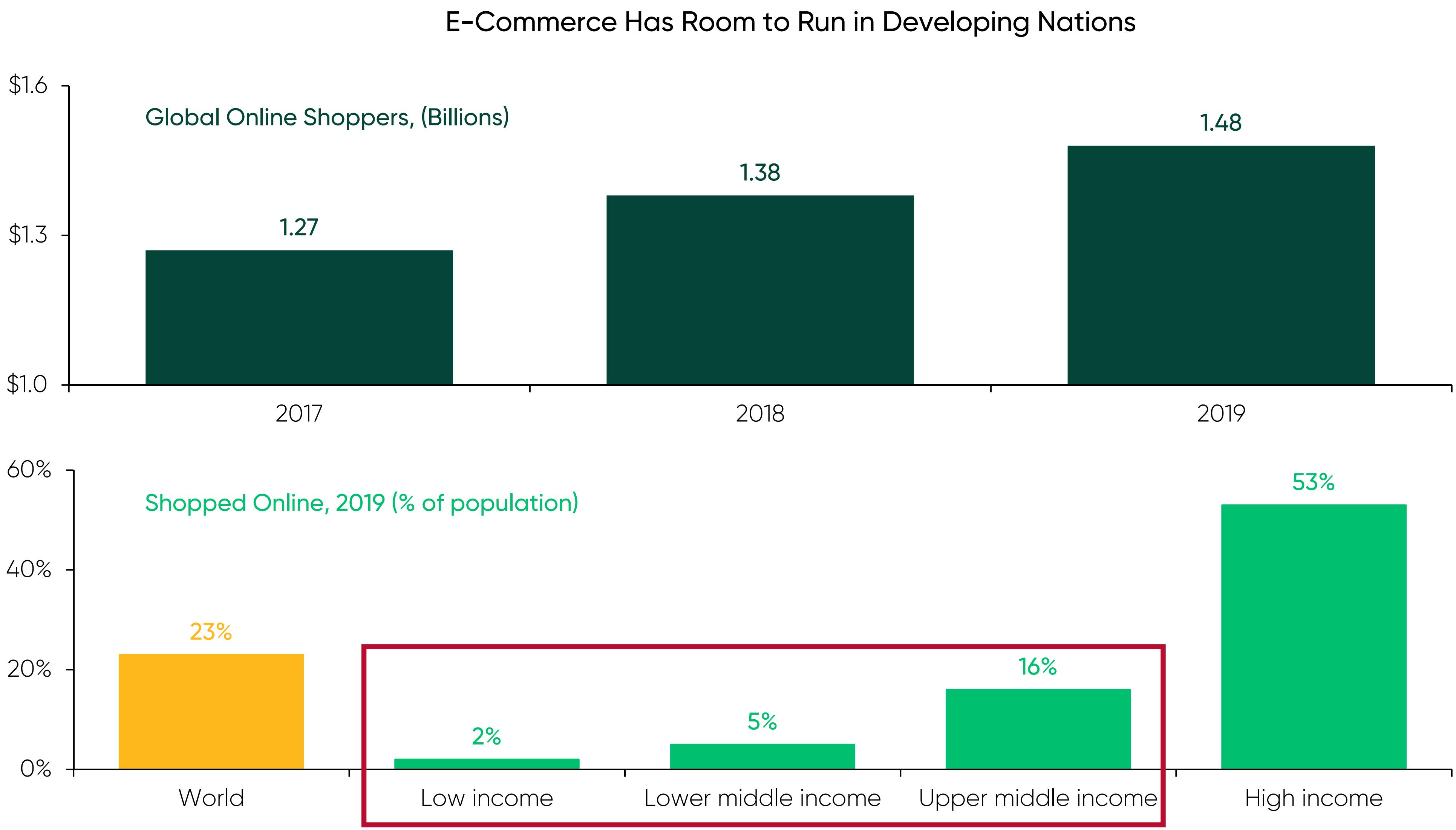




Source: World Bank. Shows aggregate total reserves and current account balance for India, Brazil, Indonesia, Turkey and South Africa. Based on annual data from 2000 – 2020, the latest available data.

ECONOMIC

Global adoption of online shopping has been incrementally growing, though a stark divergence exists between high income and developing countries. As an emerging markets middle class develops, e-commerce should have ample room to grow.



Source: United Nations, Conference on Trade and Development (UNCTAD). UNCTAD B2C e-commerce index 2020. Shows global online shoppers, 2017-2019 and penetration by income group.

COUNTRY DRIVER ANALYSIS

UNDERWEIGHT CHINA

Economic activity continues to moderate after quickly recovering from its COVID-19 nadir, but we expect growth to settle near its pre-COVID trend. Monetary and fiscal stimulus remain supportive, but the government's priority has shifted to financial stability and "common prosperity". As a result, credit growth is likely to near nominal GDP growth, with heightened regulatory scrutiny over non-bank financial activity. Despite recent regulatory fears, we continue to favor the consumer and service portions of the market relative to the state-owned heavy industry and financial sectors. Reform progress also provides the potential for positive surprise, although the reality has been slow and uneven to date.

ECONOMIC DRIVERS

+ **Positive Online Consumption Trends:** Since 2012, the government has produced more than 20 measures to encourage cross-border e-commerce, easing customs procedures and formalizing payment systems. Moreover, mobile payments are surging, as new entrants democratize finance. Recent Covid-19 restrictions have weighed on consumption, but the impact is likely temporary. Current positioning is focused on beneficiaries of these trends in the Consumer Discretionary and Communications Services.

± **Economy to Settle Back to Pre-Covid Trend:** COVID-19 badly hit the economy in 2020, but activity rebounded quickly, led by trade and investment. Most segments of the economy are now at pre-pandemic levels or better. However, activity has been modestly weaker than expected and uneven in Q3 due to power rationing in September and renewed mobility restrictions around the widest COVID outbreak since early 2020 (the government takes a "zero tolerance" approach to containment). These factors are likely temporary and underlying momentum remains relatively healthy. As a result, we expect solid, if unspectacular growth, with increasing focus on quality over quantity – a positive in the long run.

± **Fiscal and Monetary Policy Remain Supportive:** Moderating economic growth and new variant outbreaks have turned policymakers more supportive, with recent public comments promoting the supply of credit and assistance to SMEs. In addition, tighter restrictions on property developers last fall drove concerns around large scale defaults, led by China Evergrande. However, interbank and interest rates outside the high-yield USD debt market show little effect. Policymakers have eased financing for developers and home buyer at the margins.

\- **Defaults Again Raising Systemic Fears:** Bad loans and defaults have risen steadily in recent years, with several high profile cases again raising systemic fears. Last year's default by local SOE Yongcheng Coal & Electricity called into question assumptions of government guarantees and credit risk, but the recent bailout of Huarong Asset Management suggests the concept of "too big to fail" remains, and policymakers will likely provide support if systemic concerns are present. With attention now focused on property developer China Evergrande's financing difficulties, authorities intervened to ask for payment felicity from banks. Additional support is likely, given Evergrande's size and financial needs.

POLITICAL DRIVERS

+ **Growth Tends to Accelerate in Party Congress Years:** The 15th National People's Congress happens next year, and historically credit and economic growth accelerate. This phenomenon is likely a function of the government trying to ensure a positive economic backdrop for the nation's largest political showing.

± **Financial System Liberalization:** With geopolitical tensions rising, Beijing desires the development of robust domestic capital markets. The government recently announced a new stock exchange composed of technologically advanced SMEs and explicitly endorsed the launch of the first offshore index futures contract on the MSCI A50 Connect Index (a measure of the 50 largest A-shares investable through the Connect program). However, change is happening slowly, and increased foreign competition likely brings additional headwinds to local financial institutions, one reason portfolios remain underweight to the Financials sector.

\- **Regulatory tightening:** President Xi's administration mounted a regulatory offensive in recent months, targeting a wide range of industries and activities in technology, education, gaming, and gambling, among others. Some of these measures fall under the government's "common prosperity" mantra and have significantly hindered the profitability of certain industries (i.e. education). However, most are simply bringing an underdeveloped regulatory framework closer in-line with Western standards, as companies in the internet and technology space have benefited from previously lax rules during their initial growth phases.

\- **Heightened Geopolitical Tensions:** Relations with the US and the western world are at decade lows. The spectrum of disputes varies widely, ranging from repression of Uighur minorities to the legal status of Hong Kong and US concerns around technology and intellectual property. Tensions with Taiwan are also escalating, with more than 50 Chinese warplanes sent into Taiwan air defense space in October.

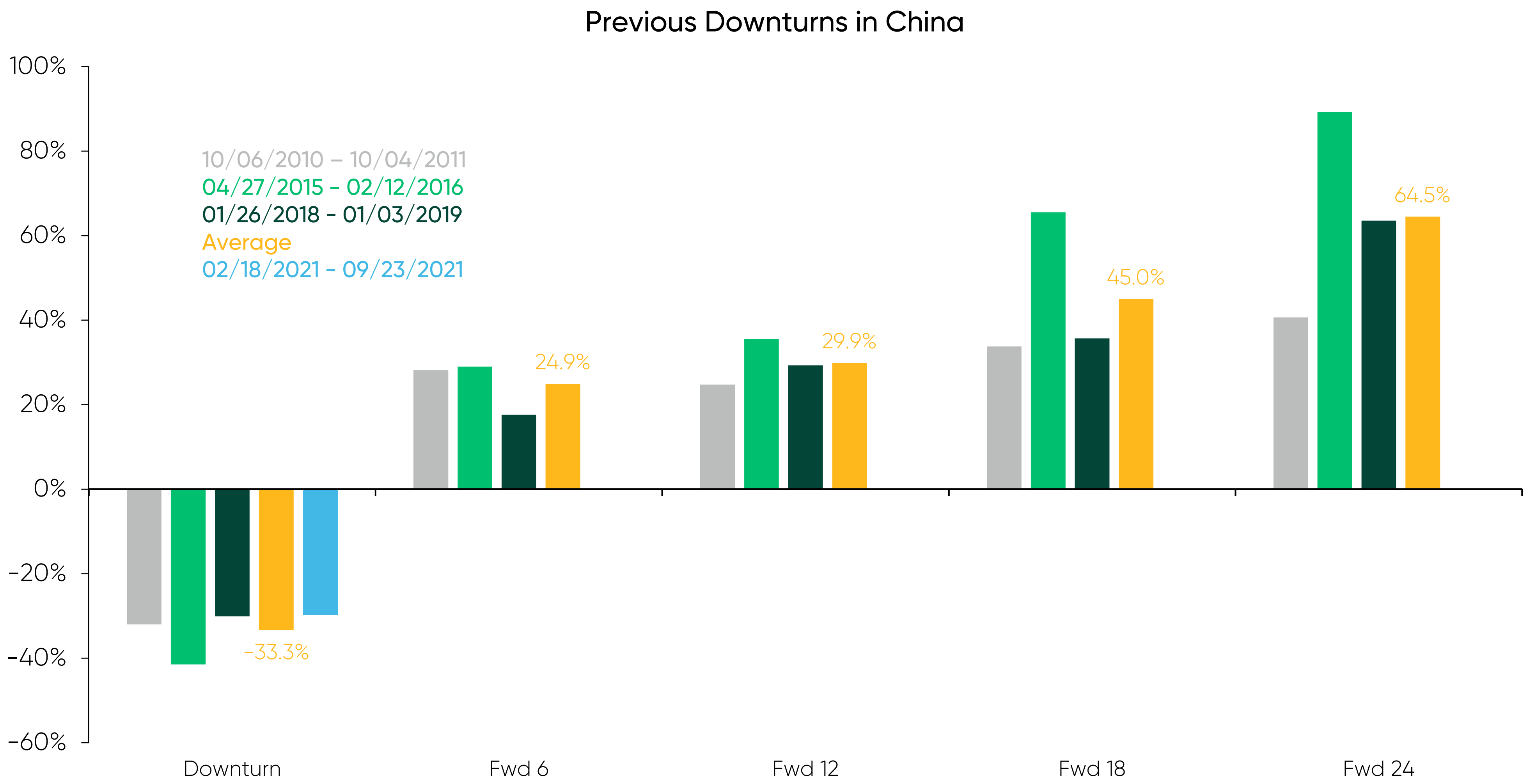
SENTIMENT DRIVERS

+ **Regulatory Fears Likely Overblown:** The government's push to increase regulation and oversight led an exodus from Chinese shares and a bear market. Fundamentals remain healthy yet valuations are at multi-year lows. While tighter regulation will likely negatively impact some companies, we believe the market is overestimating the ultimate effect – many targeted activities represent small portions of overall revenues at large-cap firms.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

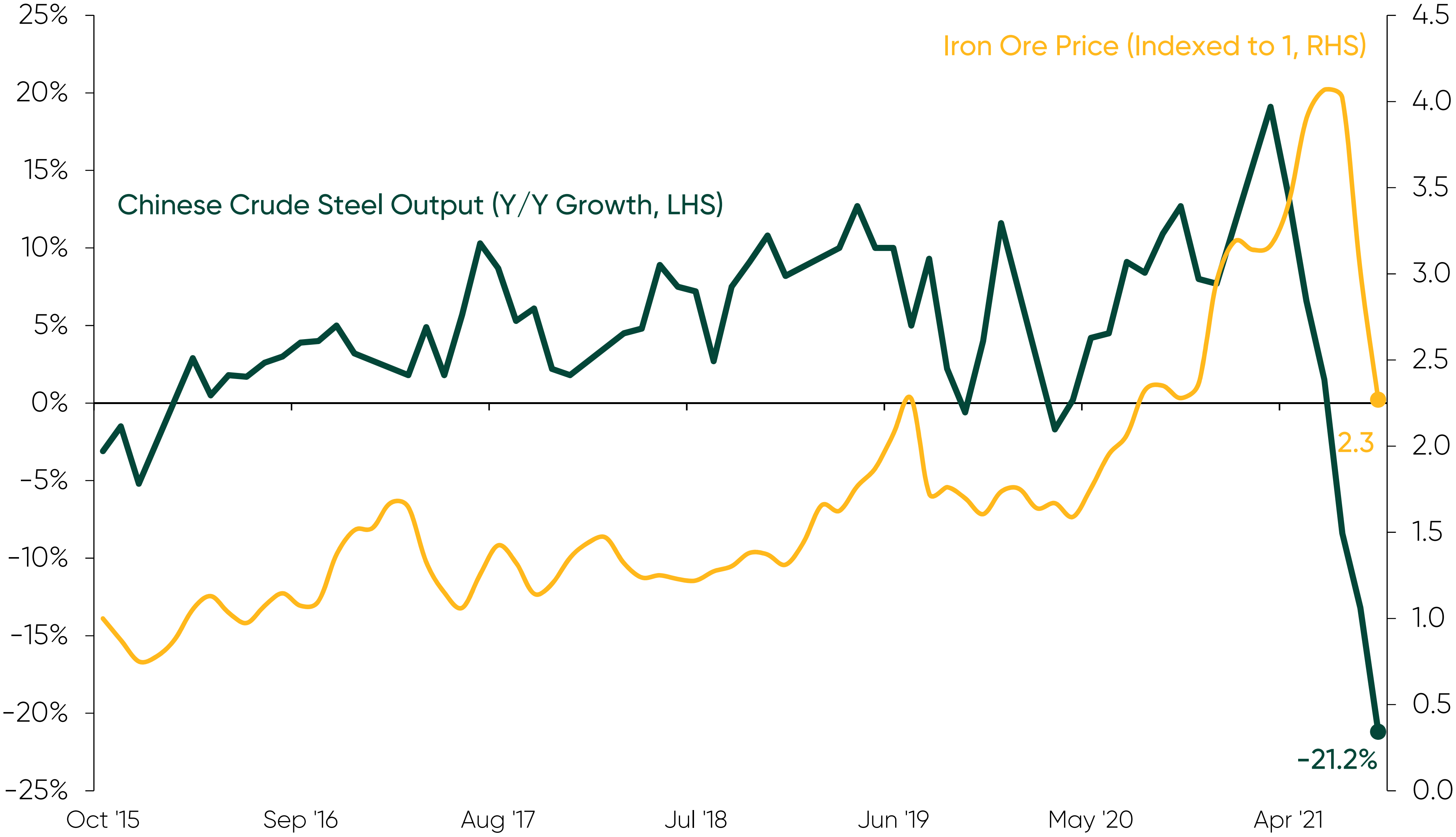
Over the past decades, Chinese equities have experienced several significant drawdowns of similar magnitude to the recent decline. Encouragingly, these prior periods were followed by significant rebounds.



Source: FactSet as of 09/23/2021, based on daily returns for MSCI China in USD. Chart shows previous bear markets within MSCI China and the subsequent forward returns over 6, 12, 18 and 24 months.

ECONOMIC

Concerns about steel demand amid property-market turmoil and curtailed steel production are weighing on iron ore prices. However, steel output is likely to ramp up in the coming months.



Source: FactSet & National Bureau of Statistics of China, monthly, as of Sep 2021. Based on output of crude steel year-over-year growth rate, Oct 2015 – Sep 2021. Iron Ore Price in USD, indexed to 1 on 10/31/2015.

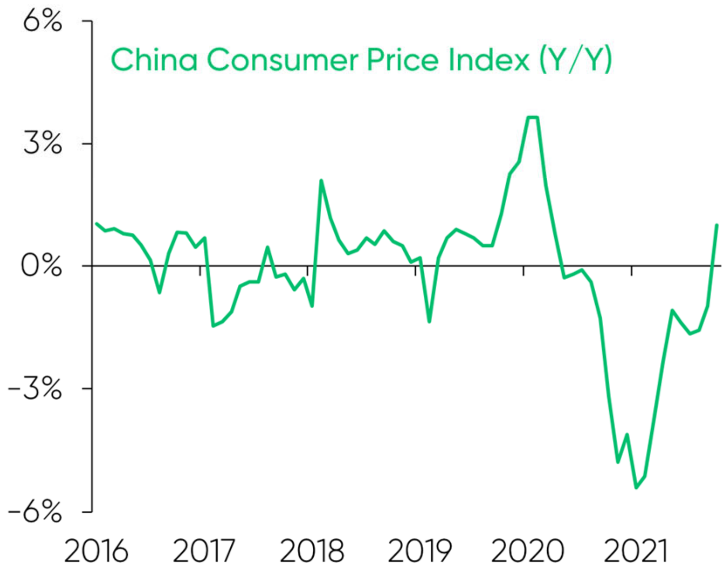
ECONOMIC

Volatility in Chinese technology is common. Chinese technology firms have outperformed emerging markets overall during the past decade despite experiencing significant pullbacks along the way.

Source:. Shows relative performance of the Invesco Chinese Technology ETF (CQQQ) and MSCI Emerging Market, indexed to 1 on 12/31/2009. Daily returns from 12/31/2009 – 11/24/2021.

ECONOMIC

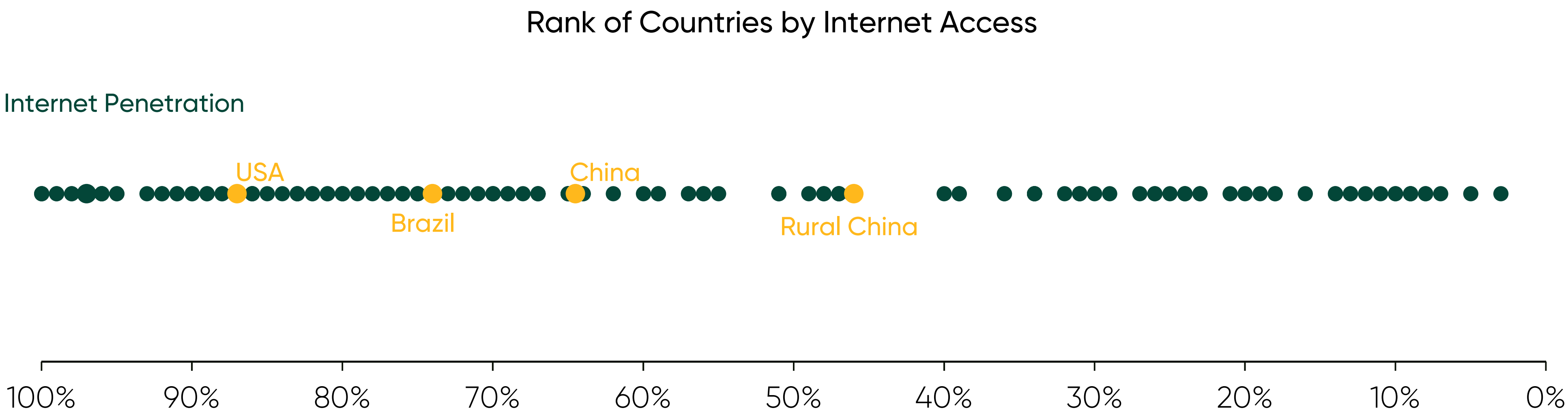
Following a strong rebound, signs of moderation and a return to trend are showing in Chinese economic data.

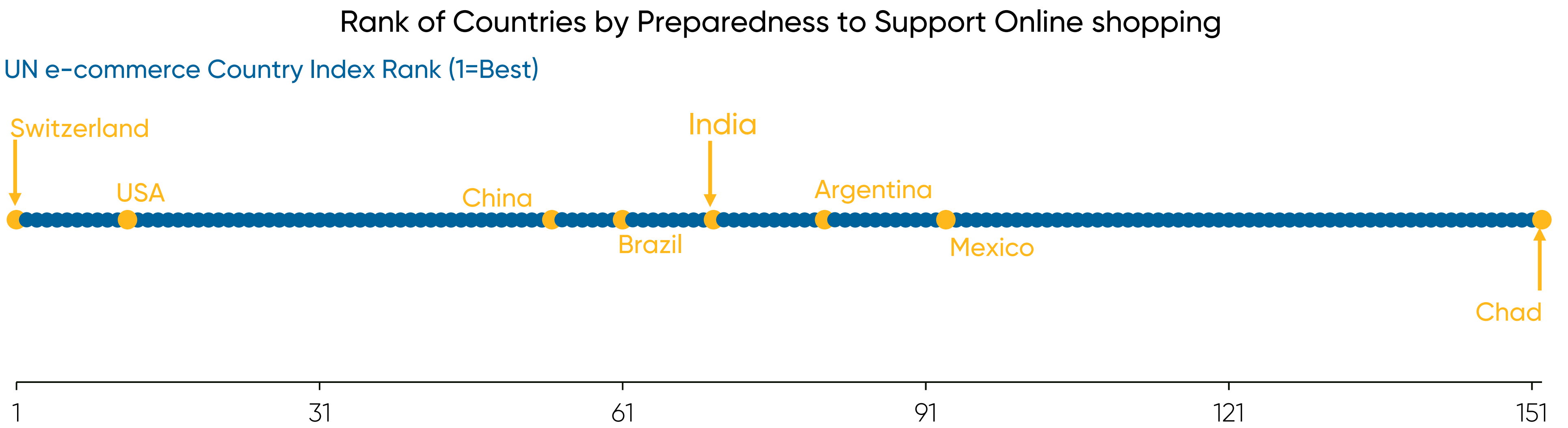


Source: National Bureau of Statistics China (NBS), Citi, FactSet. Top left chart shows industrial production index year-over-year change, top right shows retail sales of consumer goods year-over-year change, bottom left shows Citi Economic Surprise Index for China, bottom right shows China consumer price index year-over-year change. All based monthly data from 1/31/2015 – 10/31/2021.

ECONOMIC

China still has relatively low internet and e-commerce penetration, leaving significant room for growth.

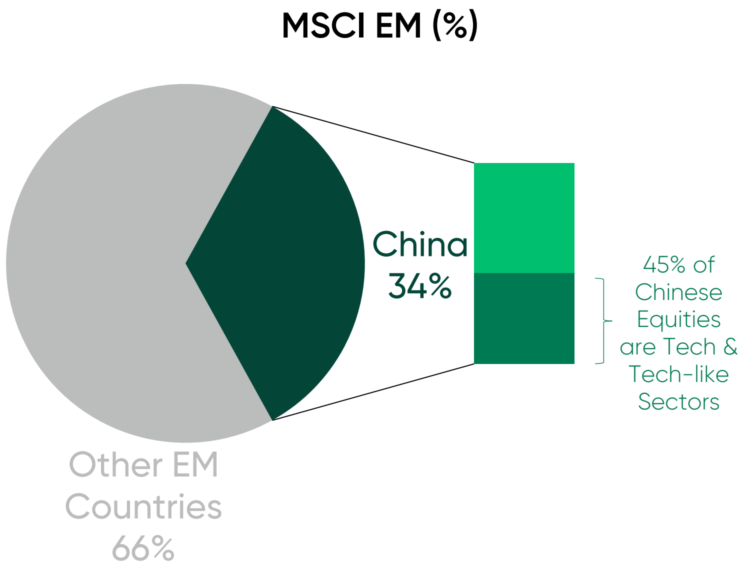


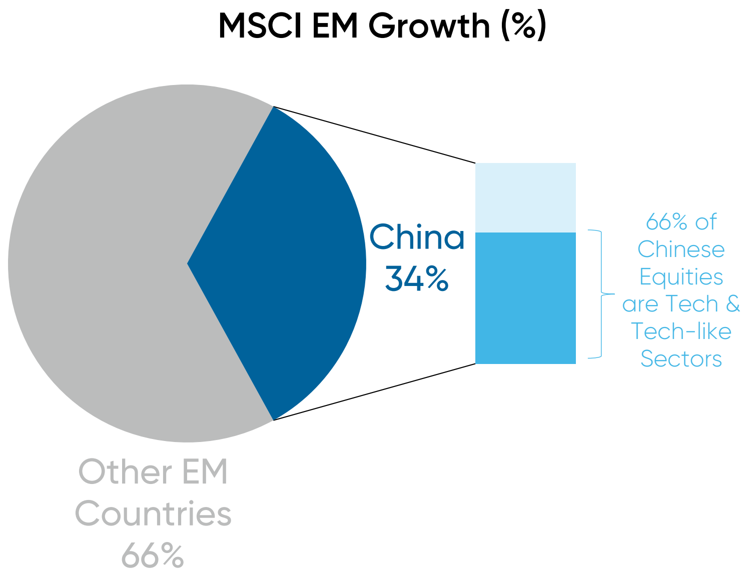


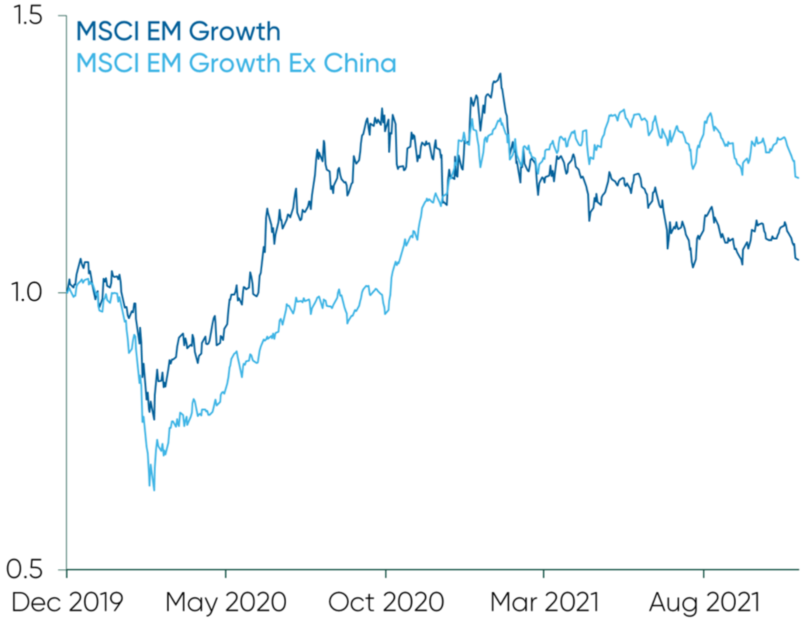
Source: United Nations, Conference on Trade and Development (UNCTAD). UNCTAD B2C e-commerce index 2020.

SENTIMENT

A significant portion of the EM index is made up of Chinese equities. Excluding them from headline numbers show most of the recent decline in performance is from Chinese regulatory fears.







Top Chart: Data as of 08/31/2021. Bottom Charts: Data as of 11/29/2021.

POLITICAL

Regulatory crackdowns have weighed on shares in several industries, but not all regulation is created equal. For example, shares of online education firms are down massively, but their business models have also been completely disrupted. Other industries have also experienced meaningful share price declines even though new regulations likely have modest fundamental impacts.

Regulatory Impact Level	Industry	Regulatory Outlook Commentary	2021 YTD Performance
Low	Information Technology (Software)	Minor gaming impact near zero, but recent decline is due to license delay and regulatory uncertainty for planned game releases	-20.5%
	Communication Services (Gaming, Social, Video)	Limited impact from regulations. Companies within the industry either are largely already in compliance or in conversation with regulators regarding future guidelines/restrictions	-20.5%
	Internet & Direct Marketing (E-Commerce)	Limited impact from regulations. Companies within the industry indicated regulatory changes are manageable, and costs are largely expected to be passed through to customers, though investments could continue for longer in order to meet growth goals and adjust for regulations	-35.7%
Medium	Real Estate	Real estate firms will be forced to reduce leverage on their balance sheet, likely slowing new construction and sales	-27.7%
High	Education	New regulations that require tutoring firms to convert large portions of their operations into non-profits materially impact the longer term growth outlook for the industry	-87.2%

Source: Fisher Investments Research & FactSet, from 1/1/2021 to 11/29/2021, USD. Performance is based on respective industry & sector returns of MSCI China Index.

COUNTRY DRIVER ANALYSIS

UNDERWEIGHT INDIA

India's economic fundamentals are rebounding tied to base effects, but were deteriorating prior to COVID and sustained acceleration is unlikely. Additional pro-market reform from Prime Minister Modi's administration likely proves more challenging moving forward. Moreover, claw backs to some of the key pieces of reform implemented in his first term are concerning.

ECONOMIC DRIVERS

+ **Rising Credit Penetration:** Efforts to boost "financial inclusion" led to over 1 billion people added to the digital grid through its biometric identification program. When combined with the Unified Payment Interface, a government standardized payment platform allowing money transfers by text messages, banking penetration should significantly increase moving forward. Digital payments are estimated to rise by 20% CAGR through 2023, according to KPMG.
+ **Commodity Prices Remain Supportive of Positive Balance of Payments Trends**: With oil imports accounting for roughly 9% of GDP, trade deficit concerns eased as commodity prices softened in recent years. Oil prices have recovered off recent lows, but spare capacity likely keeps a lid on prices.
+ **Inflation Remains Reasonable**: Inflation grew 4.4% in September, within the RBI's targeted range of 2% to 6%, and monetary policy remains accommodative.
– **Economic Growth Slowing Prior to COVID:** India's economic fundamentals were deteriorating prior to the outbreak of COVID-19 in the country, which was one of the worst in the world. The country's growth slowed to a six-year low of below 5% y/y in Q4 19, and during COVID-19, India had one of the largest economic contractions globally, with GDP falling -24%. Base effects will boost growth in 2021, but underlying trends are less positive.
– **Banking Fears Continue to Weigh on Sentiment**: Bad debts at a significant number of state-run banks and non-financial banks have depressed lending. While the government announced a $32 billion (~1.4% of GDP) recapitalization program in October 2017, non-financial banks began picking up the lending slack, representing around 20% of new loans in the past three years. This development came under scrutiny after the default of non-banking financial firm IFLS in Q3 18. While not large enough to drive a solvency crisis, loan growth slowed amid asset quality concerns, with Yes Bank notably requiring RBI intervention in March 2020.

POLITICAL DRIVERS

± **Covid-19 Response:** India has the third most Covid-19 cases globally, and new cases did not reach a peak until September, taking longer than in most other places. Meanwhile, many migrant workers left cities, potentially posing headwinds to a fast economic recovery. However, stimulus measures could provide a boost to recovery. A larger than expected deficit spending target of 6.8% of GDP for 2021 helps bring India's response closer to the rest of the world and is supportive of a "V" recovery, but hurts India's fiscal credibility. A stamp duty cut boosted real estate, particularly in Mumbai. Additionally, a second wave of COVID-19 delayed India's economic recovery.

\- **Reform Expectations:** While Modi handily won reelection in 2019, most of the large items on his agenda (i.e., tax cuts, liberalization of bond market, comprehensive bankruptcy code) have been accomplished, suggesting positive surprise power is more limited, and claw backs are a risk. Additionally, Modi's policy focus has shifted towards Hindu nationalism, which could pull political capital away from further market-friendly reform. Upcoming state elections in 2022 also reduce the likelihood of controversial or politically painful, but needed, reform. Despite these headwinds, recent incremental reforms in manufacturing, agriculture and labor could begin a renewed period of reforms efforts.

\- **Haphazard Approach to Foreign Investment:** While the government has allowed additional foreign direct investment in some industries, disjointed treatment of foreign companies and fund managers creates uncertainty. The country introduced tax incentives to encourage manufacturing investment in September 2019 but then restricted Chinese investment, banned many Chinese mobile applications and restricted new card issuance from several US payments firms. These actions follow a capital gains tax introduced for the first time, exchanges no longer providing data to foreign exchanges for creation of derivative products and disbanding the foreign board – where foreign investors traded with each other to ensure they weren't surpassing the foreign investor maximum.

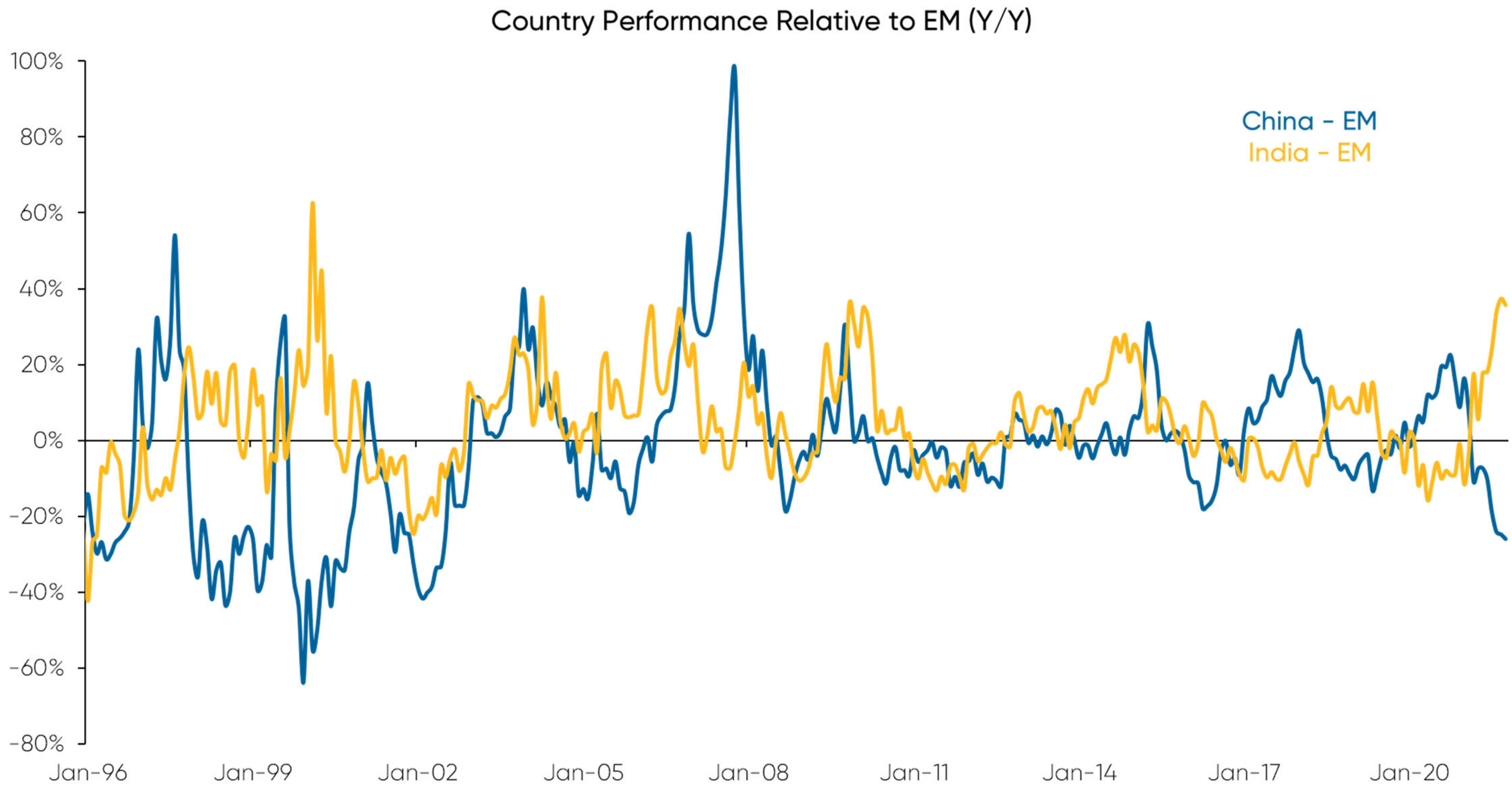
SENTIMENT DRIVERS

\- **Valuations Quickly Recovered:** India's historical premium to EM is at a decade high tied to economic recovery from Covid and more recently with the downturn in China. However, less positive economic growth expectations and a weakening political appetite for structural market reform make the premium level difficult to justify.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

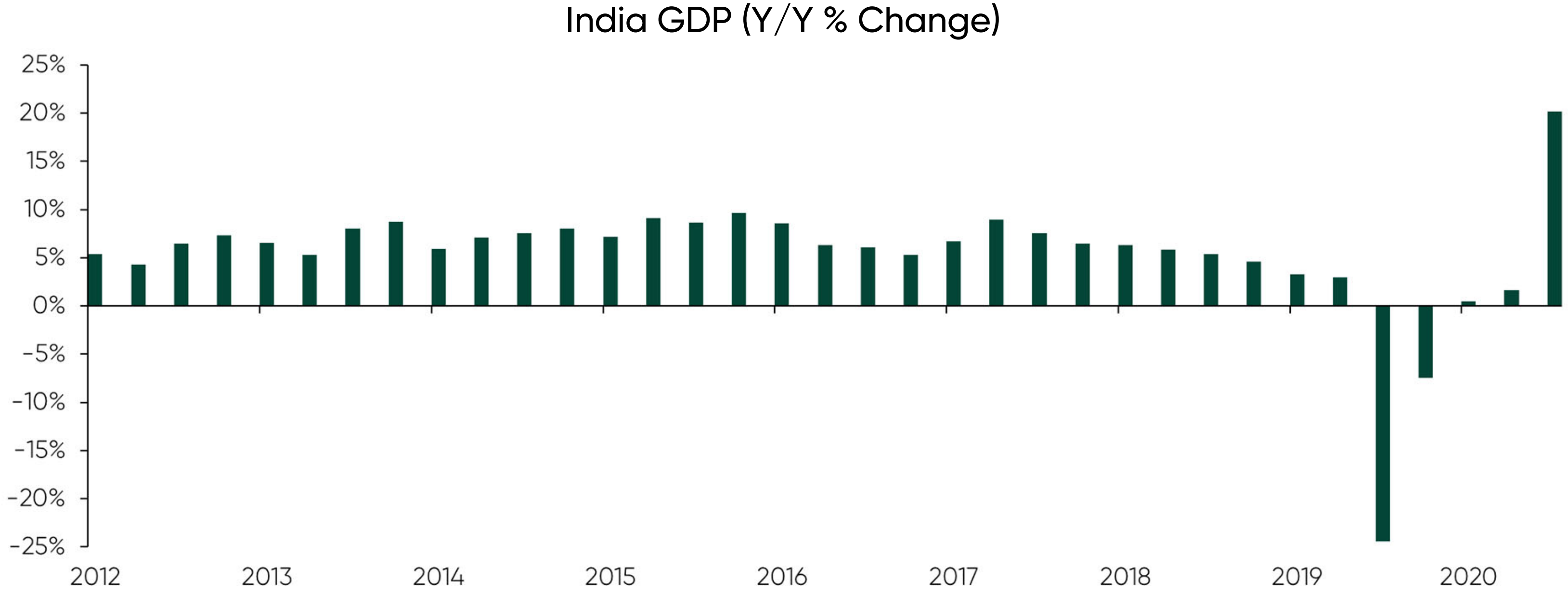
Chinese and Indian equities usually move independently of one another. Since 1996, the year-over-year relative performance of China and India has been close to zero. Recently, a very strong inverse relationship has developed and money rapidly leaving of China has flowed to India. However, we believe this strong short-term, inverse relationship will prove fleeting.

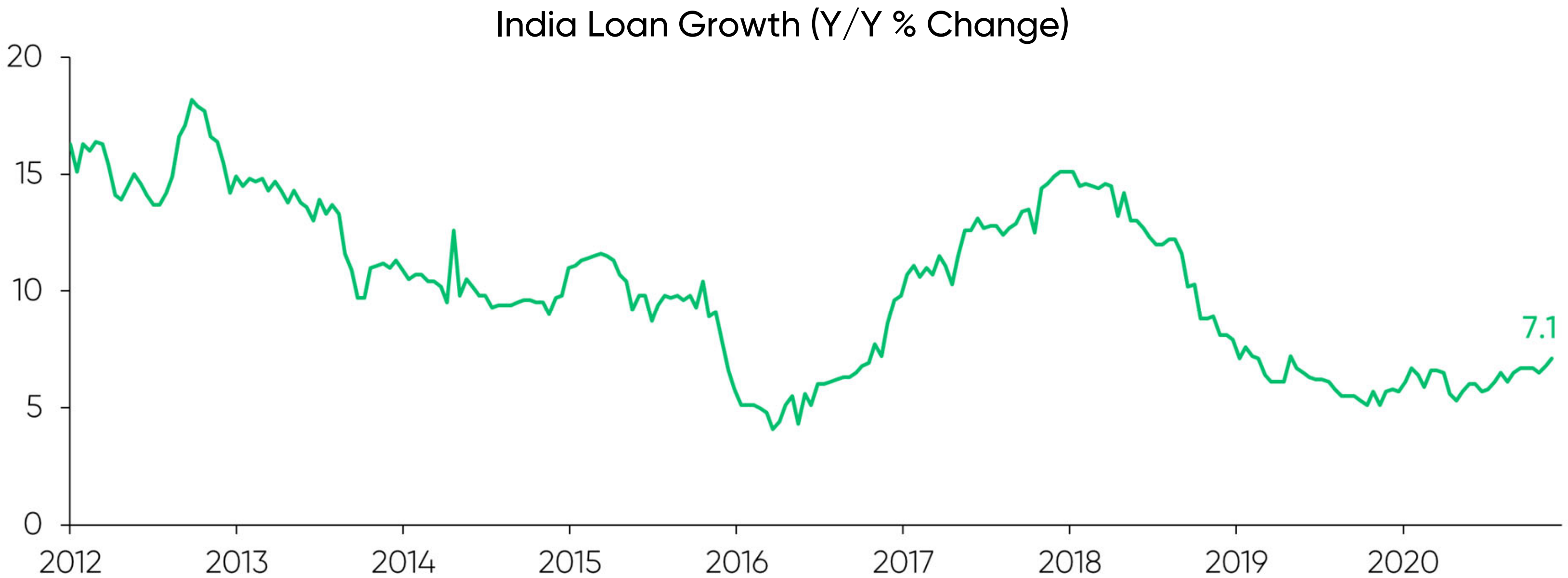


Source: FactSet, USD, based on MSCI EM, MSCI China and MSCI India, monthly total return, 12/31/1996 – 10/31/2021.

ECONOMIC

Expect a short-lived economic bounce off the COVID-lows, but long-term growth to return to pre-COVID trend. With GDP and loan growth slowing before COVID amid asset quality concerns for banks, India's economic growth post-bounce is unlikely to be positively differentiated vs. emerging markets peers.

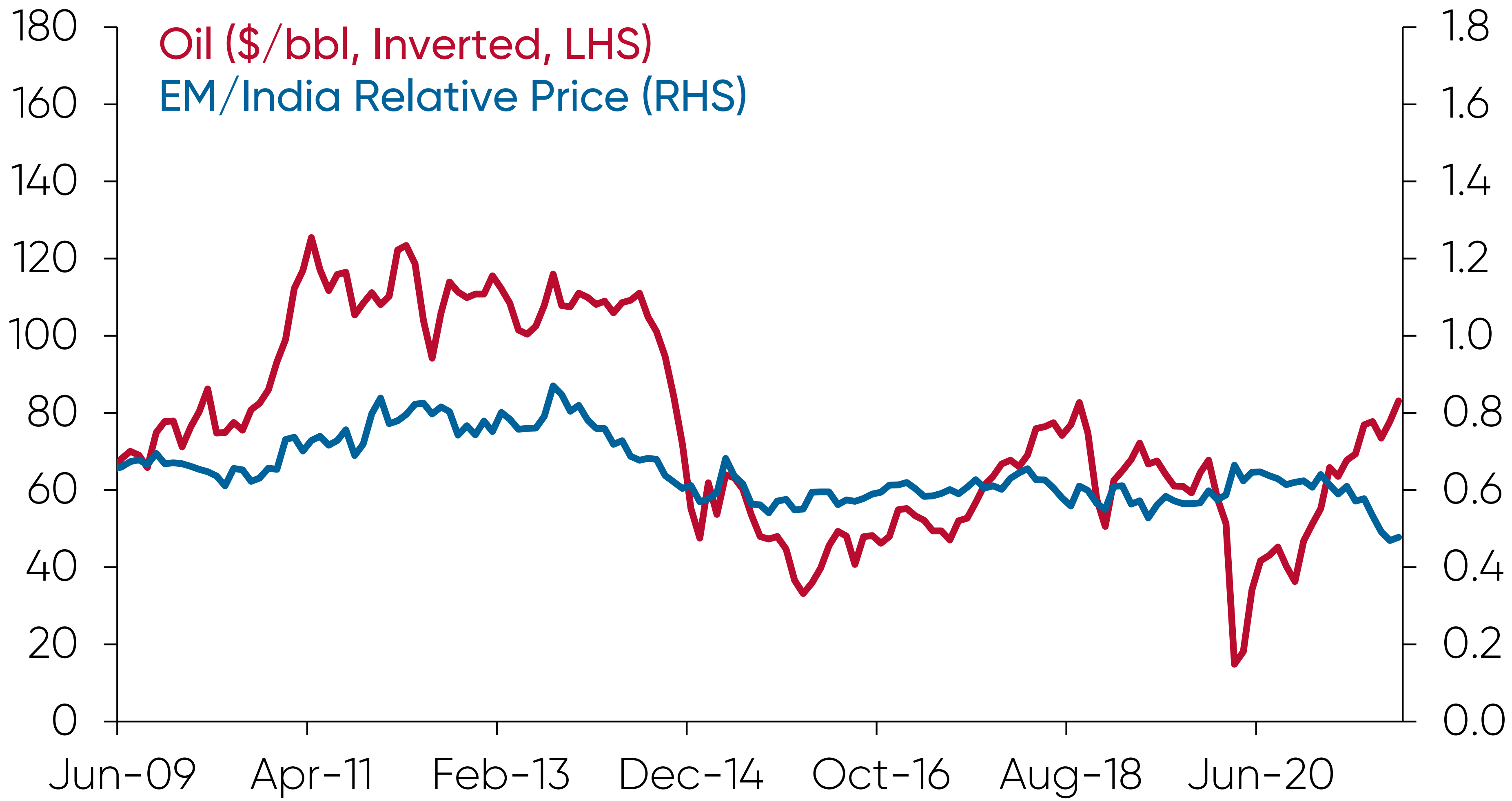




Top source: Ministry of Statistics and Programme Implementation (MOSPI) and FactSet, as of 06/30/2021. Bottom source: Reserve Bank of India (RBI) and FactSet, as of 11/05/2021.

ECONOMIC

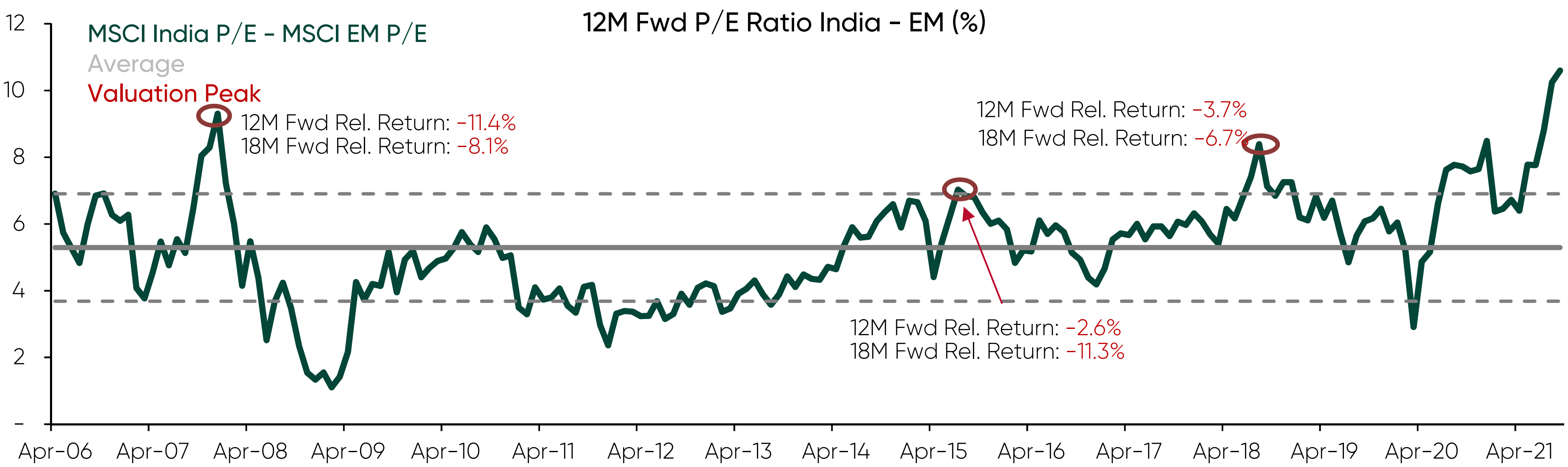
As a significant oil importer, India's relative performance typically moves inverse to oil prices. However, that relationship has broken down recently, possibly suggesting a temporary decoupling of India's relative performance from fundamentals.

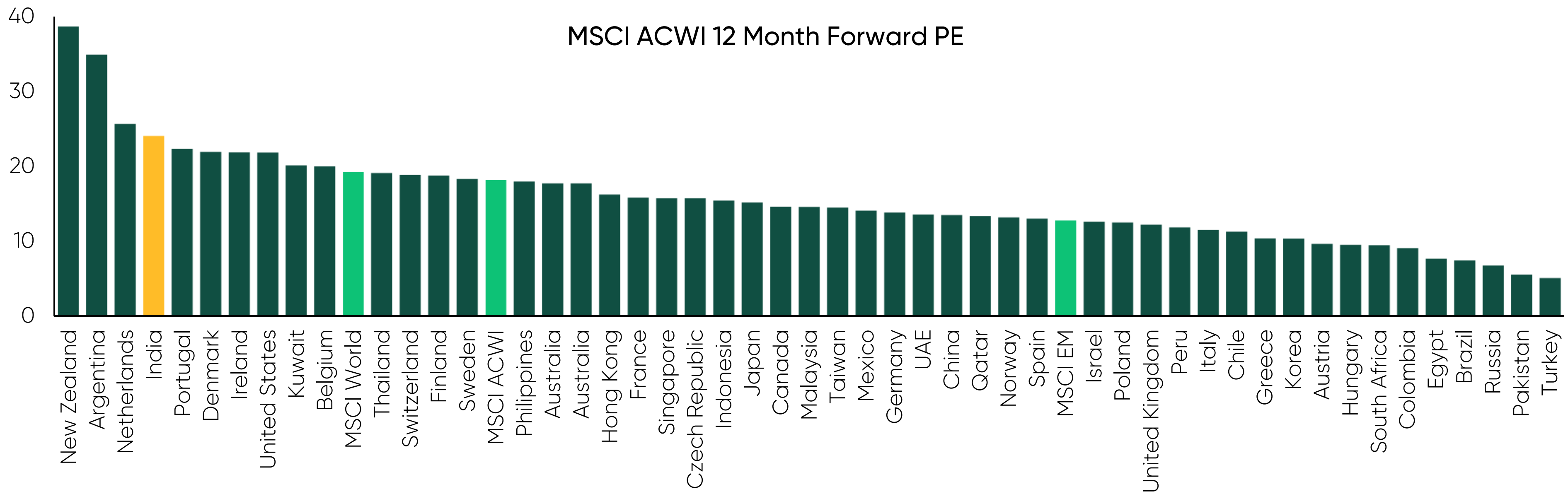


Source: FactSet, as of 10/31/2021. EM/India relative price indexed to 1 on 12/31/1992.

SENTIMENT

India's historical premium to EM is at a 15 year high tied to economic recovery from COVID-19 and more recently with the downturn in China. However, less positive economic growth expectations and a weakening political appetite for structural market reform make the premium level difficult to justify, and prior valuations peaks have been followed by underperformance.

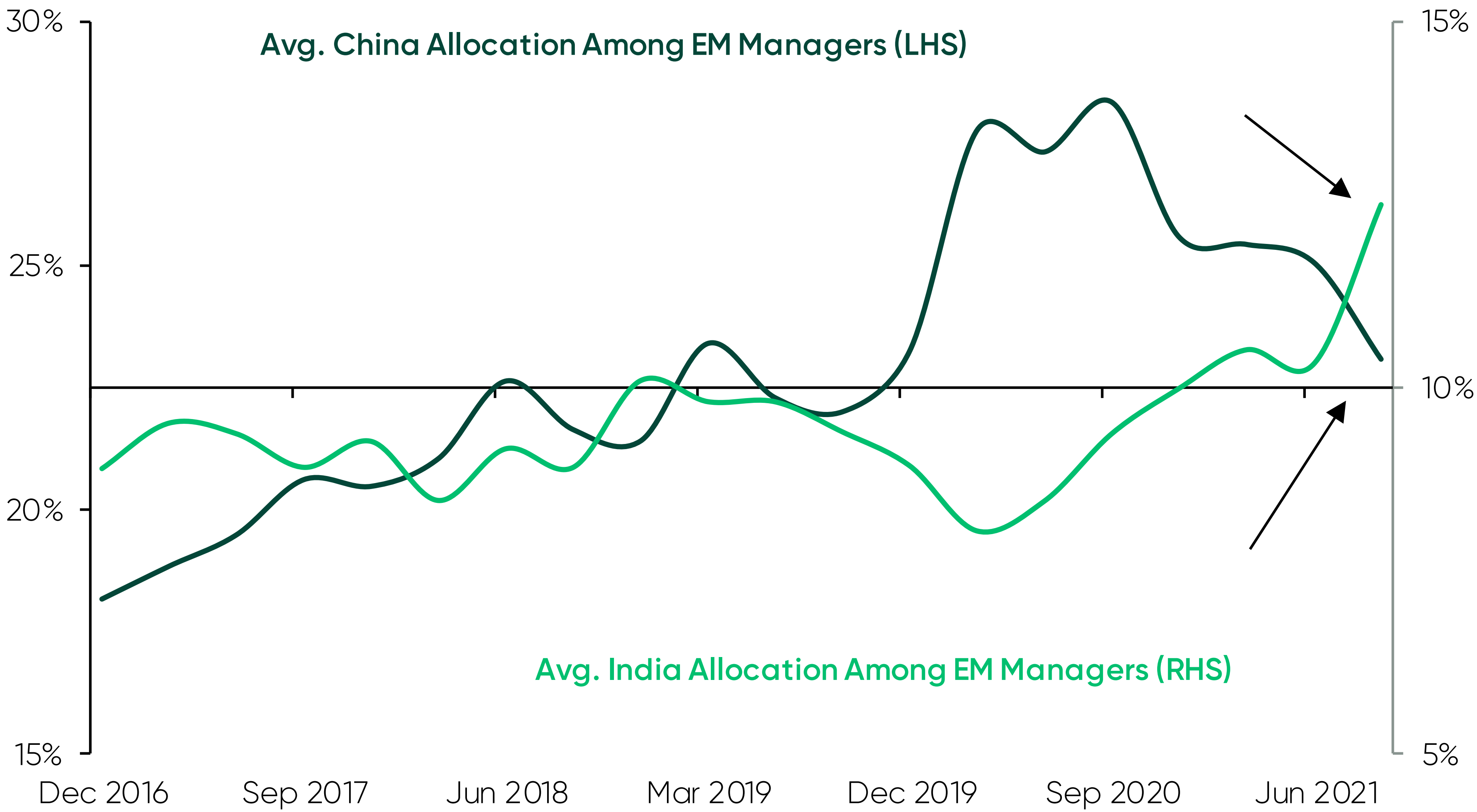




Source: Factset, data as of 9/30/2021. Forward Relative Return is based on MSCI India and MSCI EM index, USD.

SENTIMENT

Indian equity inflows and recent outperformance have largely been a sentiment-driven expression of a bearish bet on China's issues. Without a strong fundamental reasoning, we believe this trend is likely temporary.



Source: eVestment, quarterly, 12/31/2016 – 9/30/2021. Based on the eVestment All Emerging Markets Equity Universe.

COUNTRY DRIVER ANALYSIS

OVERWEIGHT SOUTH KOREA

As the world economy recovers from the COVID-19 outbreak, renewed growth in developed-market demand should support export-oriented countries like South Korea. The country's market structure is favorably weighted towards higher margin sectors expected to outperform. Political stability following a string of scandals should also provide a boost to sentiment, though President Moon's policy agenda is geared more toward welfare spending than reform.

ECONOMIC DRIVERS

\+ **Favorable Sector Composition:** South Korea's Technology sector is over 45% of the MSCI Korea and accounts for a quarter of the Information Technology sector in the MSCI Emerging Markets Index. Moreover, the sector consists of higher margin companies compared to other Emerging Market countries, a characteristic desirable at this stage of the cycle. The country's Health Care sector is also the second largest in emerging markets.

\+ **Exports Recovering Quickly from Trade Fears and Covid-19:** External trade continues to exceed expectations and recover quickly following the shock from the COVID-19 outbreak. In the first eight months of the year, total exports and exports to China rose by 28% and 23% y/y, respectively. We remain optimistic of recovery in global demand as the virus is increasingly contained, which should provide a boost to trade. Rising exports historically coincide with higher domestic equity prices.

\- **Consumer Debt Levels:** Household debt was 105% of GDP and 187% of disposable income at the end of the first quarter, compared to 95% and 173% at the end of 2019 prior to the onset of the pandemic. The government remains highly sensitive to fears of another crisis like the credit card bubble following the Asian Financial Crisis. As such, the Minjoo government has introduced more than two dozen measures to cool the property markets*. In December, it banned mortgages on properties worth more than KRW1.5 billion (~$1.3 million), lowered the maximum loan-to-value ratio on properties more than KRW900 million from 40% to 20%, and recent announced plans to increase property taxes on owners of expensive homes or multiple properties.

POLITICAL DRIVERS

\+ **Significant Investment in Semiconductor Industry:** The government announced it would invest $450 billion in the semiconductor industry over the next decade. The plan will include tax breaks, lower interest rates, eased regulation and improved infrastructure. While the exact timing is still being discussed, the amount is significantly more than proposals to support the chip industry in the US ($50 billion) and EU (€30 billion). The plan isn't likely to create overcapacity concerns, in our view, given the long timeline and structural increase in demand for semiconductors across various key industries with increasingly complex applications across the automotive, industrial and technology industries.

± **Moon's Redistributionist Policies Lack Surprise Power:** President Moon Jae-in's Democratic Party of Korea, along with an affiliated bloc, have 180 seats in the legislature – a crucial threshold, as 60% of the vote is required before bills can be put for vote during a plenary session. Much of the first half of Moon's term was focused on welfare spending over reform. Korea's spending in response to the COVID-19 outbreak was significantly less welfare related than other countries in the world, though this appears to be a one-off. About a third of the aggressive spending increase in the final budget proposal of Moon's five-year term will be allocated for welfare and jobs. Presidential elections are scheduled for March 2022, and Korean leaders can stand for only one term. Leading candidates have pledged to unveil a raft of additional welfare programs, such as a universal basic income.

\- **Chaebol Still Receive Special Treatment:** Revenues of the family-controlled chaebol conglomerates account for nearly 60% of South Korea's GDP, suggesting their influence may be too powerful. This sentiment was seemingly validated by the surprising announcement that Samsung heir Lee Jae-yong's prison sentence was suspended and reduced, letting him walk free. A retrial earlier this year sentenced him to a meagre two and a half years of prison for bribery – and he was released after only six months this August.

\- **Geopolitical Risks Weigh on Sentiment:** Tensions with North Korea remain an ongoing concern. Several missile tests from both Koreas was just the latest sign that ties between the two longtime adversaries remains strained. Moreover, Kim Jong-un's long absences from public view have spurred speculation about whether he was seriously ill and what might happen to its nuclear program if he became incapacitated.

\- **Corporate and Income Tax Hikes:** To finance President Moon's welfare pledge, the government previously raised corporate taxes to 25% from 22% for large-capitalization companies and higher rates for wealthy individuals (making more than $275,000 per year).

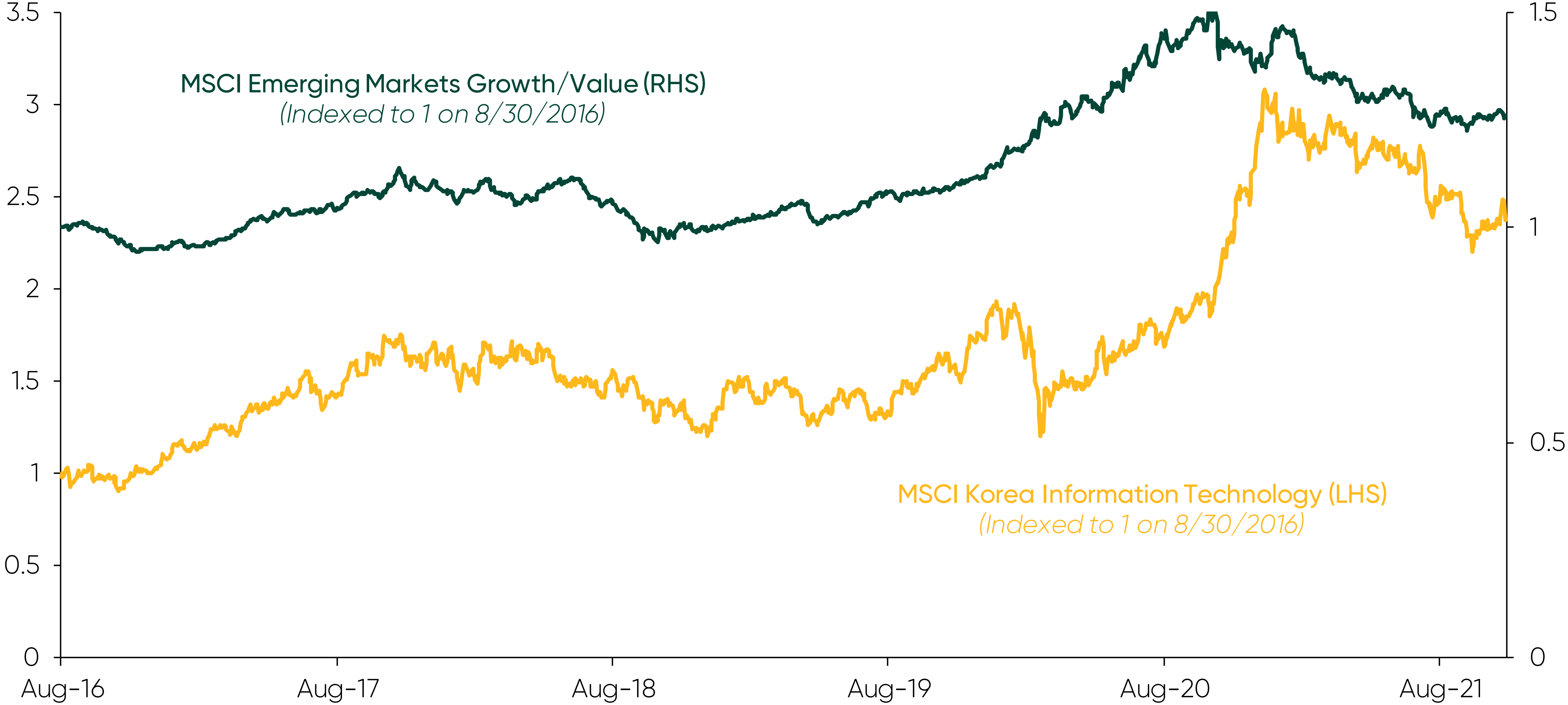
SENTIMENT DRIVERS

\+ **Wide Valuation Discount:** Korean equities have faced a number of headwinds in the past few years: corporate restructuring in sectors employing nearly 15% of its workforce, scandals at several chaebol, a massive recall of the Samsung Note 7, elevated geopolitical uncertainties with China, the US and North Korea, and the impeachment of its president. This discount has narrowed on enthusiasm for its technology shares but sentiment remains depressed.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

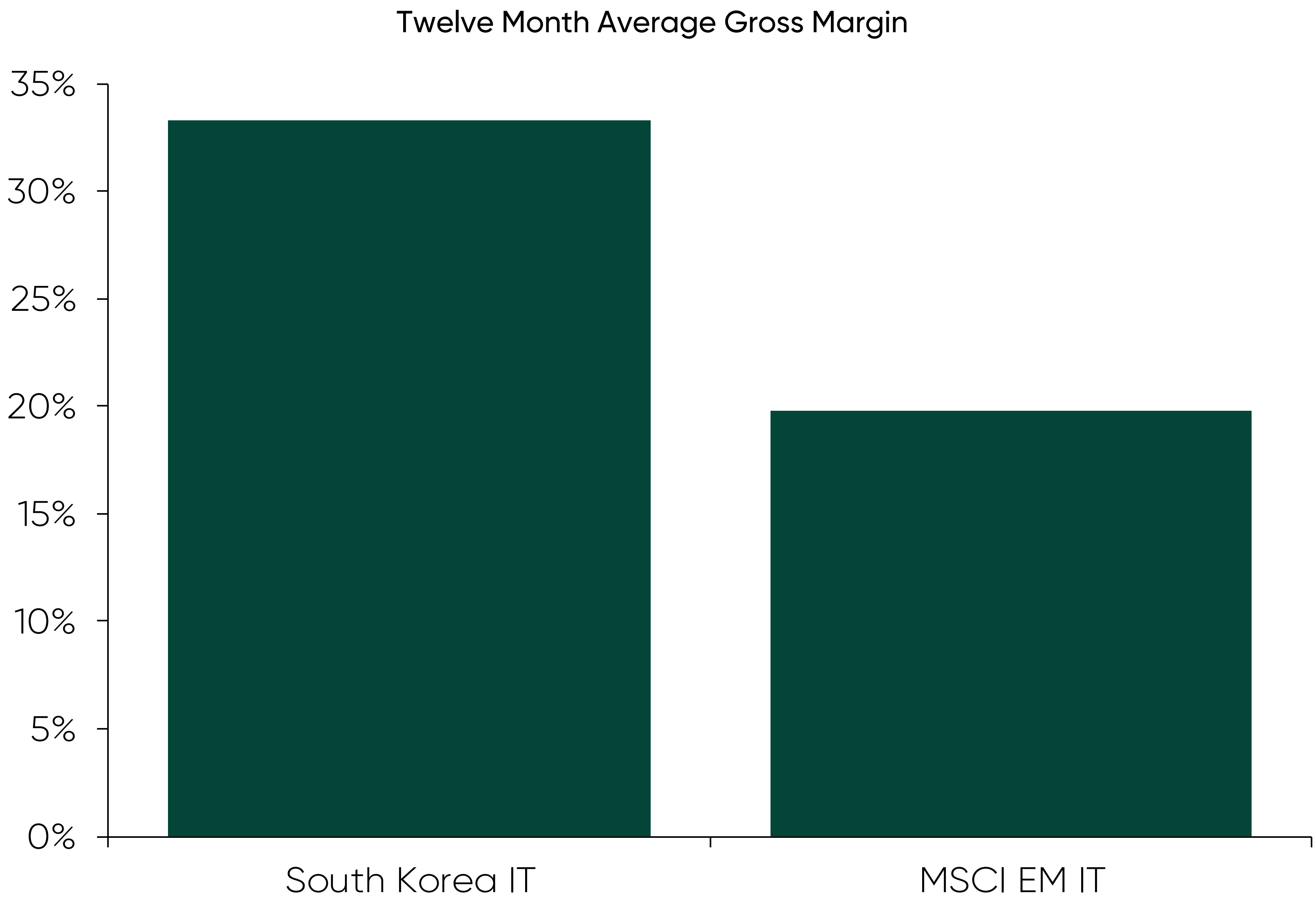
South Korea tends to outperform when growth leads value, in large part due to Korea's significant weight to Information Technology equities.



Source FactSet. Total % return change of the MSCI Korea Information Technology Index, MSCI EM Growth Index and MSCI EM Value index. Data indexed to 1 on 08/30/2016. Shown from 08/30/2016 – 11/26/2021. Data in USD.

ECONOMIC

Korean Equities are dominated by high margin Information Technology firms relative to Emerging Markets peers. We continue to see high margin Information Technology as desirable characteristics for now.

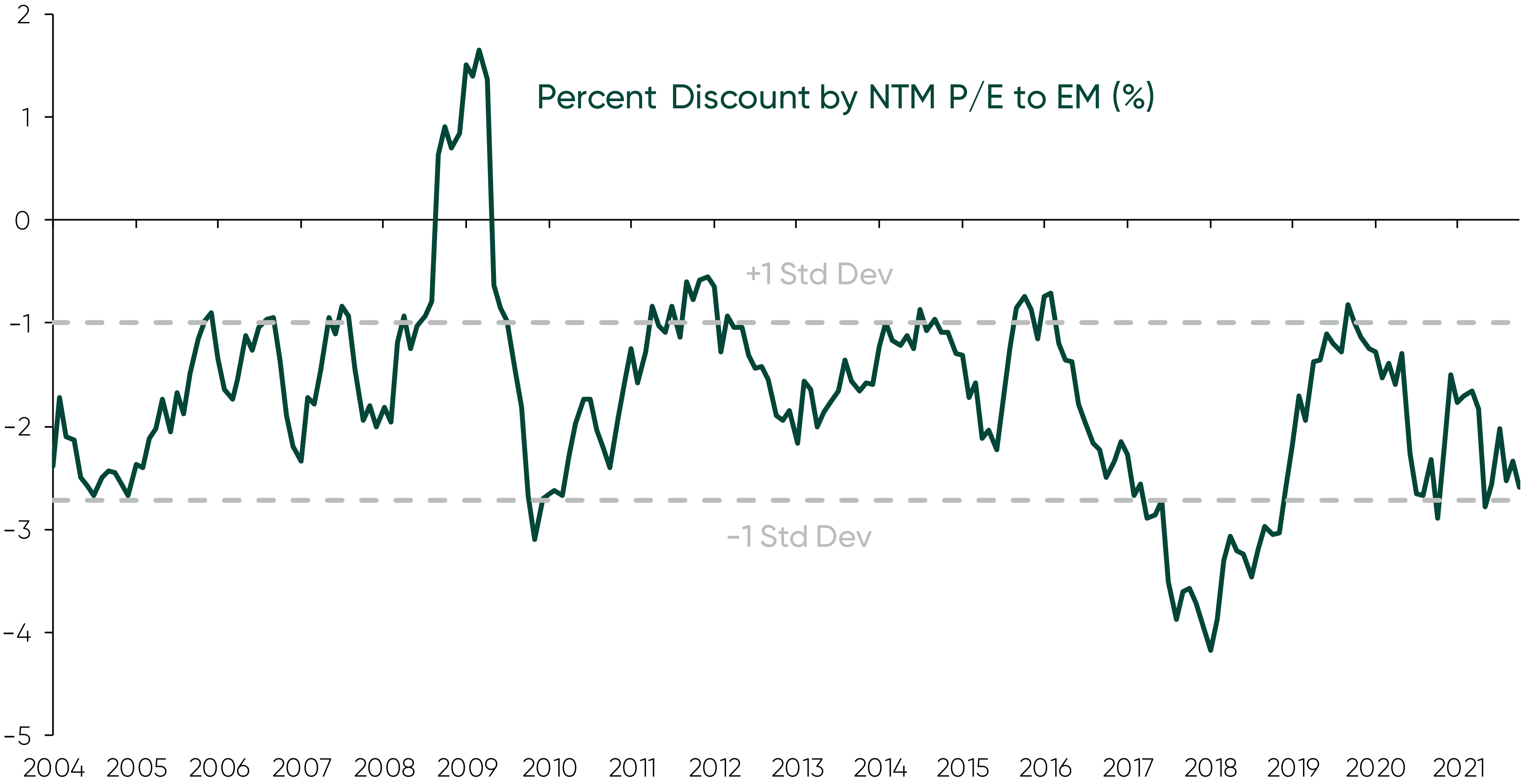


Source: FactSet based on a trailing 12-month period as of 10/31/2021.

SENTIMENT

Korean equities have faced a number of headwinds in the past few years: corporate restructuring in sectors employing nearly 15% of its workforce, scandals at several chaebols, a massive recall of the Samsung Note 7, elevated geopolitical uncertainties with China, the US and North Korea, and the impeachment of its president. This discount has narrowed on enthusiasm for its technology shares but sentiment remains depressed.

Valuation Discount Has Narrowed Significantly But Not At Extreme



Source: Factset Inc., data from 1/30/2004 - 10/31/2021.

COUNTRY DRIVER ANALYSIS

UNDERWEIGHT EASTERN EUROPE (POLAND, CZECH REPUBLIC, HUNGARY)

A limited universe of high-quality growth companies make Eastern Europe less attractive than other regions. On the positive side, many Eastern Europe countries have strong and resilient domestic economies and deep integration with developed Europe manufacturing supply chains. Most of Europe has vaccinated a large portion of their populations and re-opened their economies, but the surge in the Delta variant has dented confidence in the near-term economic recovery. Eastern Europe should likely benefit from a faster vaccine rollout than most other Emerging Markets in 2021.

ECONOMIC DRIVERS

- + **Bank Balance Sheet Quality:** Eastern European banks have never been in better shape to weather financial stresses, with record capital levels as well as some of the best asset quality in generations. While both have deteriorated during the pandemic, it's unlikely to amount to a financial crisis like 2008-09.
- + **Employment within the EU:** Eastern Europe has increasingly become the preferred trade partner of Germany and France—taking share from southern Europe.
- ± **Covid-19 Impacts:** With its heavy reliance on global trade, Covid-19 disruptions dented the region's exports and overall economy. However Eastern Europe is likely benefit from a faster rollout of an effective Covid-19 vaccine than other Emerging Markets.
- - **Record Low Interest Rates:** The negative interest rate policy of the ECB has spilled over to record low rates in Eastern Europe, weighing on bank profitability.
- - **Small Cap & Value Bias:** Eastern Europe mainly consists of value-oriented and small cap companies, areas we believe are less favorable in the current market environment. There are very few high-quality, growth or Tech-like companies compared to regions like Emerging Asia.
- - **Underdeveloped Capital Markets:** Eastern Europe has fragmented and under-developed capital markets, even when compared to the rest of Emerging Markets. This often leads to illiquid trading that can become distorted during times of market stress.

POLITICAL DRIVERS

- + **New Joint Debt Issuance:** Eastern Europe will receive funding from NextGenerationEU, the new €750B recovery fund. The first disbursements should reach EU member countries in the coming months. This package will be funded largely with new jointly issued EU bonds – a big breakthrough after decades of opposition to risk sharing. While this relief package is meant to be one-off, it establishes a precedent and increases the chances of more risk sharing in the future – a step towards fiscal integration.
- + **A Part of the European Union but not Eurozone:** Being a part of the free trade and free movement union has led to reduced cost of doing business and encouraged trade. Not being a part of the euro common currency has allowed for Eastern European exports to remain competitive and encouraged international investment.
- + **Covid-19 Vaccine Rollout:** Europe's vaccine rollout has greatly improved since early in the year. Social and mobility restrictions related are being lifted across the continent, although the surge in the Delta variant has raised concerns. Eastern Europe will likely benefit from a faster vaccine rollout than most other Emerging Markets, thanks to the EU's joint vaccine procurement program.
- ± **Fiscal Stimulus:** Member state governments are set to start spending loans and grants issued through NextGenerationEU. Eastern Europe is set to receive a much higher percentage of GDP in stimulus than Germany and France, however impact may be limited due to the long 7-year time frame, likely delays in implementation, and challenges in finding productive projects.
- - **Pressure from the European Commission on the Rule of Law:** EU leadership continues to threaten sanctions and other measures against Poland and Hungary due to their governments eroding liberal democratic values. Poland and Hungary, along with other Eastern European countries, have pushed towards 'illiberal democracy' over the last decade which features opposing views on the value of immigration, LGBTQ rights, free movement, freedom of the press, and independence of the judiciary.
- - **A Willingness to Intervene in Financial Markets:** Both Hungarian and Polish governments have intervened during this cycle to force private banks to absorb foreign currency losses on Swiss Franc denominated mortgage loans in the name of consumer protection, at the expense of private bank capital.

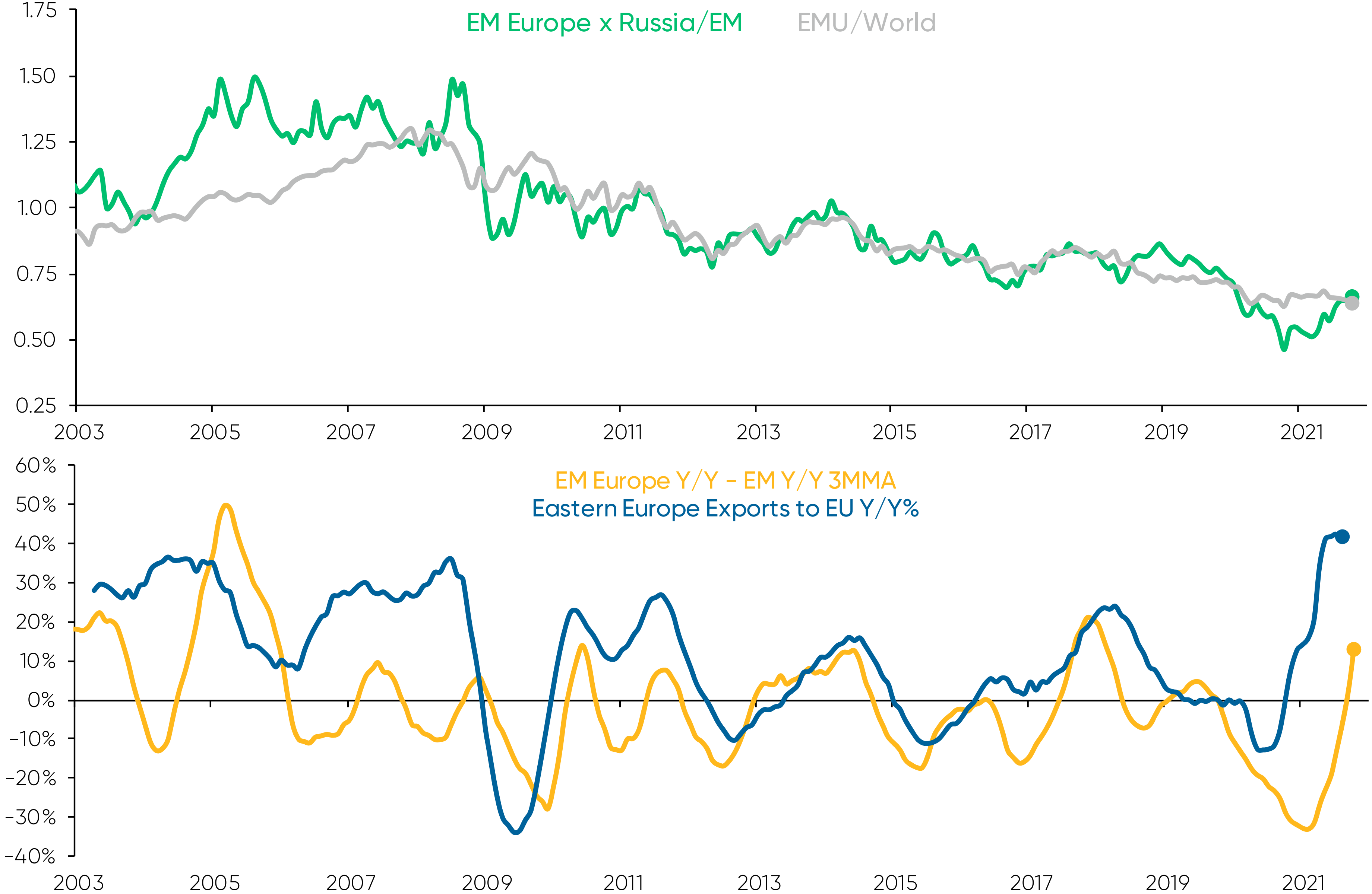
SENTIMENT DRIVERS

- + **Relative Valuations:** Eastern Europe's Price to Book ratio is at a significant discount relative to ACWI and modestly below EM.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Eastern European performance is strongly linked with developed European countries as their economies rely on exports to them. Eastern Europe should benefit from an accelerated vaccine rollout in their developed neighbors, however we don't expect it to lead in the near term.



Top Chart sources: FactSet as of 10/31/21. Bottom chart sources: Monthly FactSet (MSCI Eastern Europe ex Russia Y/Y – MSCI EM Y/Y). IMF Sum of Poland, Hungary and Czech Rep Exports to the EU Y/Y USD. Data as of 10/31/21.

COUNTRY DRIVER ANALYSIS

UNDERWEIGHT SOUTH AFRICA

We expect South Africa to underperform as domestic economic growth and insufficient infrastructure is exacerbated by a challenging fiscal trajectory, making already politically problematic infrastructure improvements and market friendly reforms difficult. Additionally, the country's benchmark composition outside of Naspers consists mainly of value-oriented banks, gold and precious metals firms unlikely to benefit from the growth-led environment expected ahead.

ECONOMIC DRIVERS

± **Monetary Policy Loose:** The central bank cut rates to 3.5% last year as a response to recession and Covid-19. Inflation has recently been rising, which may prompt the central bank to pursue more restrictive policy.

± **Relative Performance Highly Correlated to Precious Metals:** As a major precious metals exporter, South Africa has significant exposure to gold and platinum group metals prices. Rising precious metals prices provided a tailwind in the bounce off the market bottom in March 2020, but have been choppy and volatile YTD. We expect precious metals to underperform in the period ahead, likely weighing on South Africa's overall performance.

\- **Vulnerable to External Shocks:** Unlike the other perceived EM "Fragile Five" countries, South Africa is more at risk to external shocks given the size of its budget deficit, minimal foreign currency reserves and economic reliance upon precious metal exports.

\- **Power Shortages:** South African state-owned utility Eskom (produces 95% of the nation's power), continues struggling to produce and distribute electricity. Until power is delivered reliably, ongoing investment remains questionable—particularly in energy-intensive sectors like Metals & Mining and heavy manufacturing. Recent moves to deregulate smaller production amounts may be a positive step, however.

\- **Struggling Economy:** South Africa has reported six of the last twelve quarters of GDP growth in negative territory. Consensus expectations are for low single digit GDP growth in 2021 and 2022, however. Additionally, South African unemployment reached at 20 year high in 2Q21 as the country struggled with increasing COVID rates and political unrest.

POLITICAL DRIVERS

\+ **Highly Functional & Efficient Capital Markets:** South Africa also has a very developed-world-like capital markets system with an emphasis on common law. In many cases it is easier to conduct capital markets activity in South Africa than it is in Latin America, much of Asia, and many developed European countries.

± **ANC Infighting and Land Reform:** Since Cyril Ramaphosa took over for Jacob Zuma, ousted for corruption charges, the ruling ANC party faced intraparty gridlock from factions supporting each leader, preventing needed reforms. Interparty tensions increased after widespread rioting followed Zuma's July arrest for contempt of court. Ramaphosa proposed controversial land reform allowing government appropriation of some land, eroding property rights and likely having a significantly negative effect on investment. Passage in the near term appears unlikely as the ANC remains deeply divided, and the country devolved into riots and protests following Zuma's arrest in July. Other land reforms, such as a program to lease unused state agricultural land to disadvantaged farmers, likely provide a modest positive impact.

\- **Elevated Deficit Leading to Fiscal Consolidation.** The budget deficit has perpetually been above target despite pledges to pare it. While the most recent budget anticipates deficit reduction over the coming years, it is reliant on a multi-year public employee wage freeze that may prove politically difficult. Additionally, South Africa received a $3.4b loan from the IMF in July 2020. While the loan did not have explicit conditions attached, the government made assurances about lowering the country's debt to GDP ratio.

\- **Lack of Political Checks and Balances:** With the African National Congress (ANC) currently holding 58% of Parliament, the risk of extreme legislation is high and the risk of challenge to the ongoing implementation legislation is low, including Black Economic Empowerment (BEE), seizing property without compensation and greater state control of strategic sectors.

\- **Basic Income Grant Under Consideration:** President Ramaphosa discussed consideration for a basic income grant in July. While the proposal is still being investigated and debated, it likely raises uncertainty regarding the country's debt trajectory if government spending is significantly increased.

\- **Coronavirus Response:** South Africa remains significantly behind EM peers in vaccine distribution, which has been hampered by insufficient dose procurement and the AstraZeneca vaccine's lack of efficacy against the South African Covid variant. In addition, the new Omicron variant adds to uncertainty.

SENTIMENT DRIVERS

\+ **Valuations:** Forward P/E is below EM peers and below its historical premium, implying investors may be discounting headwinds.

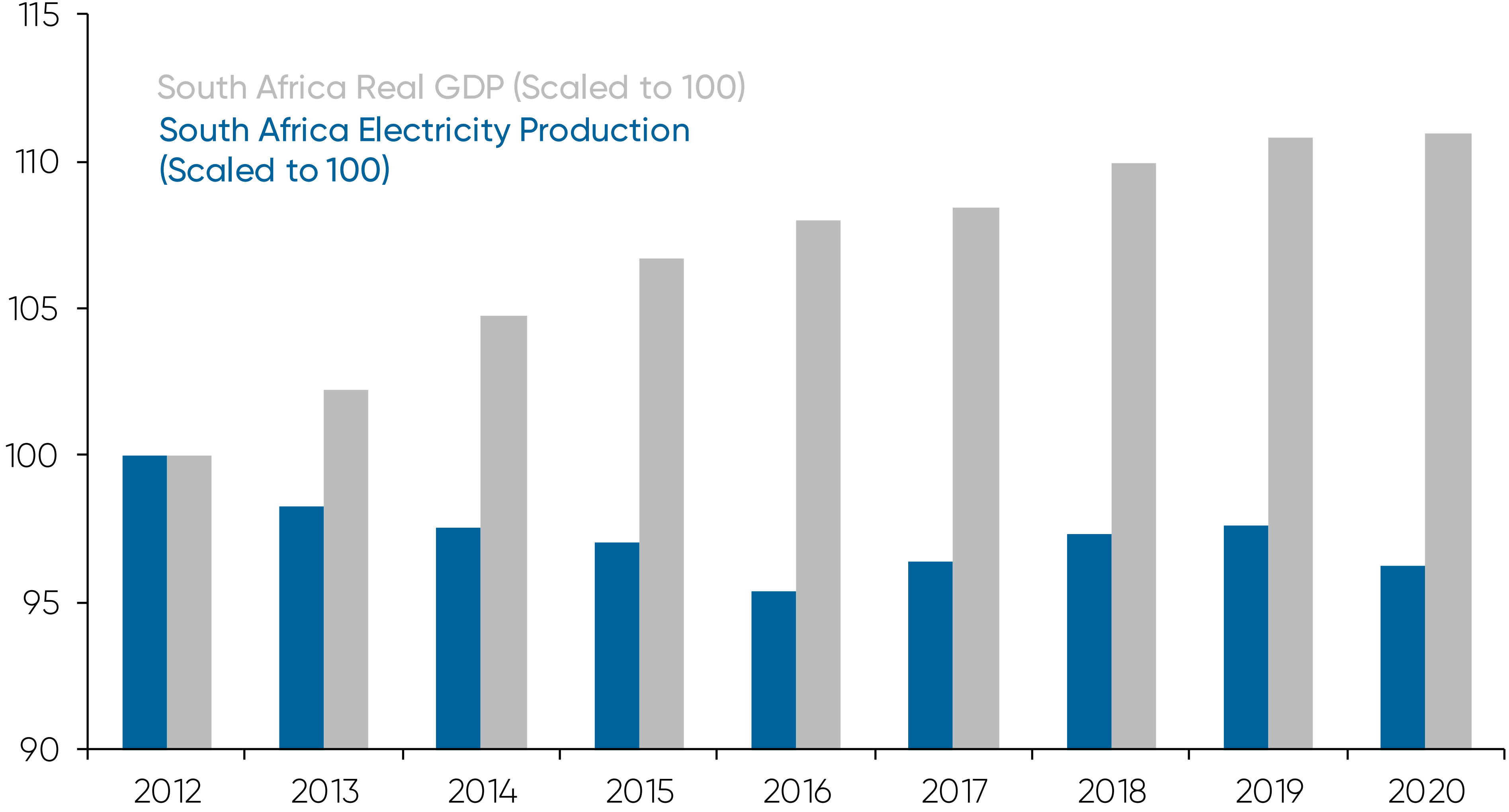
± **South Africa Acts Defensive within EM:** South Africa typically underperforms when EM absolute returns are rising, and also typically outperforms when EM absolute returns are weak.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

South African state-owned utility Eskom (produces 95% of the nation's power), continues struggling to produce and distribute electricity. Until power is delivered reliably, ongoing investment remains questionable—particularly in energy-intensive sectors like Metals & Mining and heavy manufacturing.

South Africa Electricity Production Declining in Recent Years

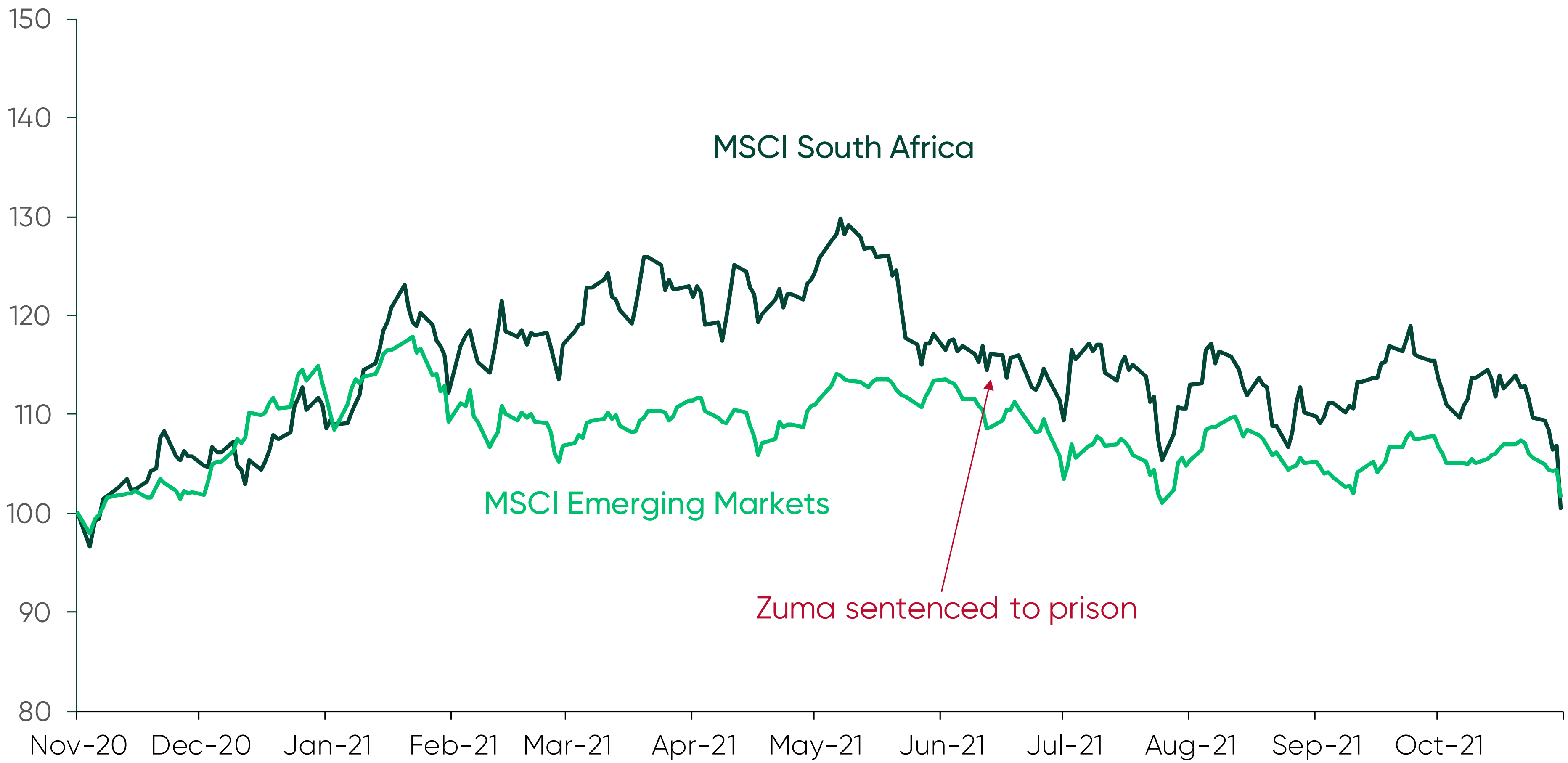


Sources: Factset, data from 12/31/2012 - 12/31/2020. Last updated 10/31/2021.

POLITICAL

The arrest of former South African President Jacob Zuma and ensuing riots have occupied global headlines, but had little impact on South African equities. The unrest has had limited market impact due to low expectations for political stability in the country, as South Africa has a long history of political turmoil. Equities have traded in-line with Emerging Markets over the past year, reflecting this reality.

South African Equity Performance In-line with EM, Despite Riots



Source: Factset, MSCI South Africa and MSCI EM Total Return 11/27/20-11/26/21.

COUNTRY DRIVER ANALYSIS

NEUTRAL RUSSIA

With its substantial dependence on natural resource revenues and low budget breakeven prices, Russia likely benefits as oil demand continues to stabilize following COVID-19 shutdowns. Russia also continues diversifying its stock market away from commodities and bolstering its Tech sector. Still, Russia's weak private property rights and President Vladimir Putin's willingness to geopolitically isolate Russia, deter foreign investment and weaken sentiment.

ECONOMIC DRIVERS

+ **Increasing Tech Sector Opportunities:** The Tech sector weight on Moscow Exchange doubled in 2020 and Russia's IT sector continues to grow and reflect new economy companies, which likely outperform in a growth-led market.
+ **Private Sector Deleveraging:** International sanctions forced many companies to reduce their reliance on debt, leading to unintended – if positive – deleveraging and reduced solvency risk across Russia.

± **Market Overweight to Natural Resources:** MSCI Russia heavily tilts towards commodity-oriented sectors and is highly correlated to the global Energy sector. We remain neutral on Energy. We recognize that oil markets are well supplied, but that there is potential for a swift recovery in commodity-sensitive markets as demand expectations improve and economies continue to recover from COVID-19 shutdowns.

± **Potential Return of Rising Dividend Yields:** Prior to COVID-19, Russian companies paid substantially higher dividends than in the past, after the Ministry of Finance pressured state owned firms to increase payout ratios. With strong payouts, the dividend yield differential vs. EM peers expanded. If these dividend policies resume as oil prices stabilize, Russia likely becomes more attractive to yield-seeking investors.

± **Tightening Monetary Policy:** Russia's central bank raised rates by 2.25% this year in response to stronger than expected economic growth and inflation expectations, and to potentially to offset the impact of further US sanctions.

- **Economic Nationalism & Backtracking on Reform:** The government's history of appropriating firms (e.g., Yukos, 2003 and Bashneft, 2016), revoking licenses (e.g., Royal Dutch Shell, 2006) or changing tax royalties (e.g., Mechel, 2008) creates a drag on sentiment and deters foreign direct investment. The central bank also seized several private banks—while stemming a potentially larger banking crisis, this also increased the government's role in markets.

POLITICAL DRIVERS

+ **Free Floated Ruble & Inflation Targeting:** In the past several years, the central bank abandoned its currency intervention goals and focused exclusively on inflation targeting. This allowed the ruble to float freely while helping the central bank quickly regain control of inflation.

± **Oil Drives Government Budget:** With roughly 50% of total government revenues tied directly to the Energy sector, a $10 move in oil prices impacts government revenues by an estimated by 1.5% of GDP. Based on its tax dependence, marginal tax rates on oil production amount to roughly 90%.

± **Uncertain Fiscal Balance:** Given the dependence upon oil, lower prices typically push the government into deficit spending. Though Russia enjoyed a surplus over the past several years and renewed strength in crude oil has helped bolster finances – oil volatility will continue to contribute to an uncertain fiscal balance.

- **Western Capital Markets Sanctions:** Since its annexation of Crimea in the Ukraine, Russia's private sector suffered the effect of sanctions. Most acutely impacting banking and energy companies, firms were effectively blocked from raising debt or issuing new equity offerings in all every major developed markets, increasing the cost of capital. The E.U. recently refused a summit with Russia following a buildup of Russian troops on the Ukrainian boarder. Tensions recently escalated following the poisoning of Russian opposition leader Aleksei Navalny, Russia's involvement in a massive hack of U.S. government agencies and companies, and charges of interference in U.S. elections.
- **Putin's Grip on Power:** Putin may remain president through 2036, which would make him Russia's longest-serving leader. Combined with his willingness to confront western powers, his reign likely continues deterring long-term foreign capital investment. Additionally, the Putin-aligned United Russia party recently won enough government seats to maintain a super-majority – the antithesis of gridlock.

SENTIMENT DRIVERS

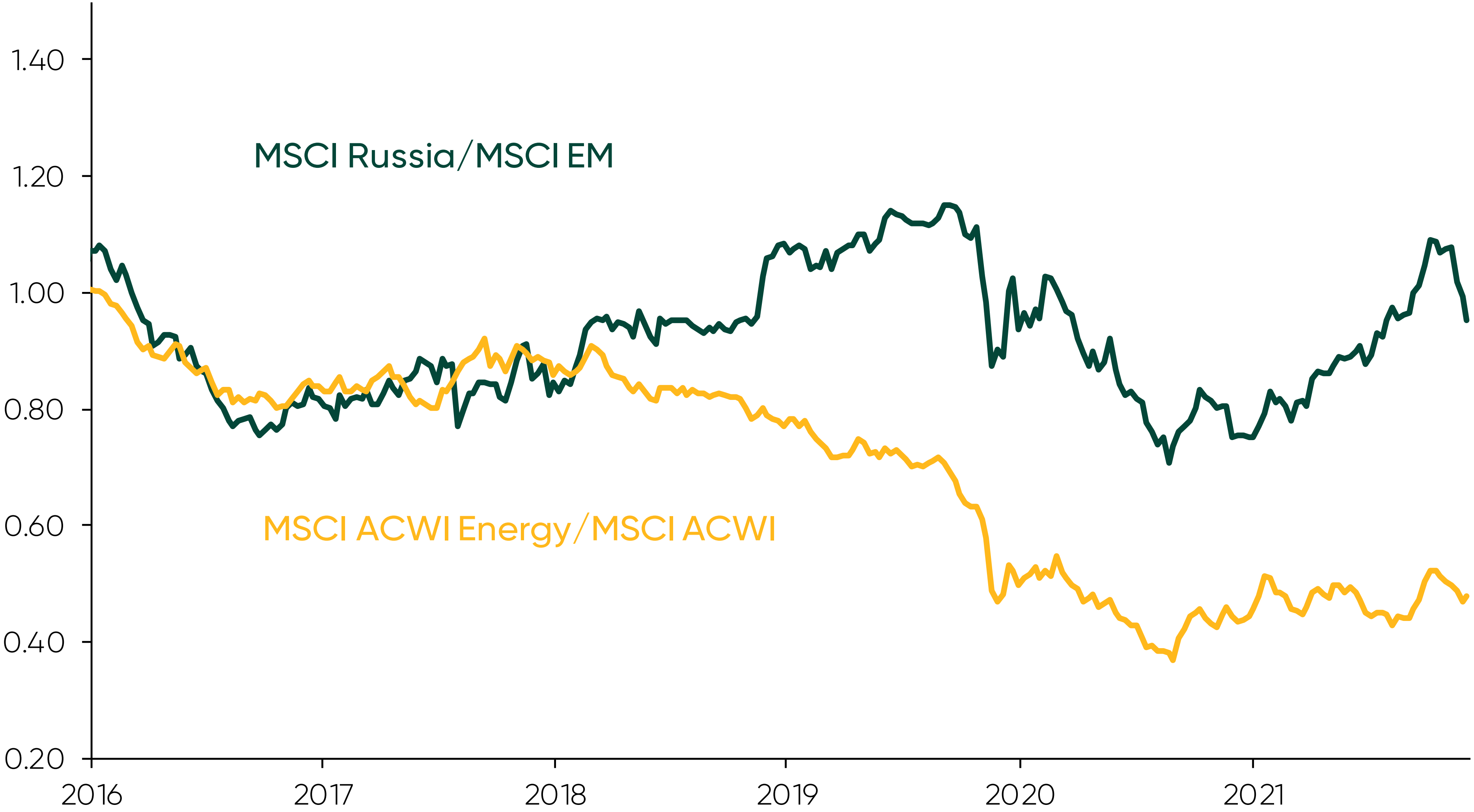
± **Relative Valuations are Neutral:** While still trading at a discount to EM peers, Russia's trades at a premium to its long-term averages.

- **Putin's Record:** Putin's history of meddling with private enterprise exacerbates fears of government intervention in the private sector, likely keeping investors away. Putin's nationalistic streak has reached post-Cold War highs with the Crimea annexation and recent unrest in Belarus increases geopolitical uncertainty.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

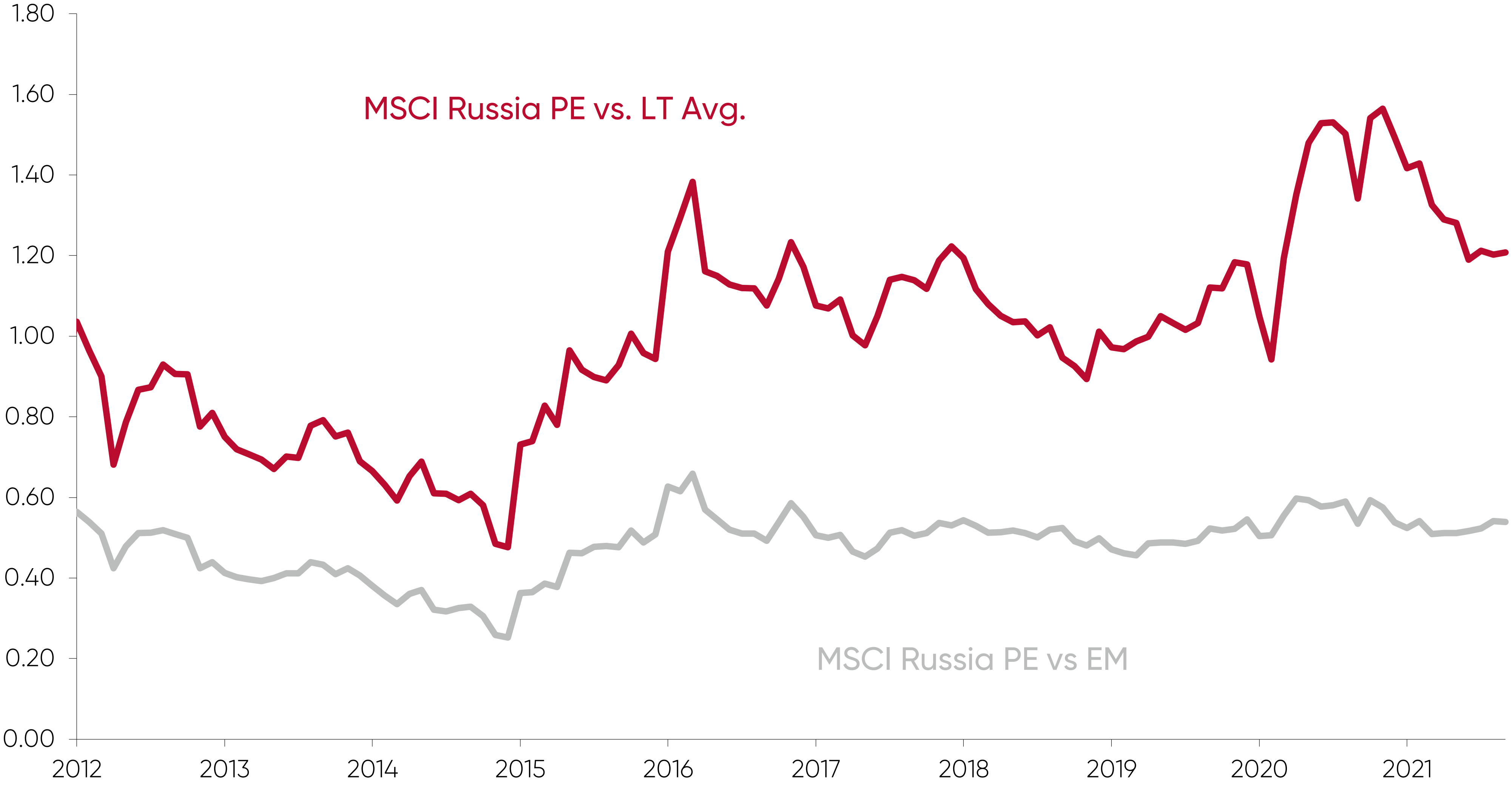
The performance of MSCI Russia is largely determined by the global Energy sector and Russian oil exports. After a short hiatus, the index has resumed its correlation to Energy. We remain neutral on Energy and therefore Russia as well. While we recognize that oil markets are well supplied, there is potential for a swift recovery in commodity-sensitive markets as demand expectations improve and economies continue to recover from COVID-19 shutdowns.



Source: FactSet, data from 9/9/2016 – 11/26/2021.

SENTIMENT

With oil prices recovering form COVID lows, Russia now trades at a premium to its long term average, although it is still relatively cheap when compared to EM peers.



Sources: FactSet, data as of 10/31/2021.

COUNTRY DRIVER ANALYSIS

OVERWEIGHT BRAZIL

The Covid-19 outbreak disproportionately affected the commodity-sensitive country throughout 2020. While domestic growth and credit availability have been recovering, and economic data generally positive, expectations have softened recently. Notably, Brazilian equities have underperformed broader emerging markets since the end of July tied to weak iron ore prices amid concerns over Chinese demand and as renewed inflation and rising political turmoil exacerbated fiscal concerns and weighed on growth expectations. While political uncertainty ahead of 2022's presidential election and inflation likely remain key risks, stabilizing iron ore and soybean prices (key Brazilian exports) and improving Chinese demand should help alleviate economic concerns and provide a tailwind for Brazil's equity market performance moving forward, particularly as sentiment remains overly dour.

ECONOMIC DRIVERS

+ **Economic Recovery Gaining Momentum:** Prior to the Covid-19 outbreak, Brazil was emerging from one of its worst recessions in history. While 2019 GDP growth was only modestly positive, recovery in business activity, investment and consumption was gaining momentum and held up much better in 2020 than other LatAm countries. The country should return to growth in 2H21 as the global economy recovers and supports commodity prices.
+ **Rapid E-commerce Growth:** Covid-19 led lockdowns and social distancing measures are increasing consumer adoption of online shopping, with e-commerce sales revenue growing by over 50% in the first half of 2020.
± **Vigilant Monetary Policy:** The Banco Central do Brasil hiked rates to 7.75% and is expected to continue tightening in response to increasing inflation levels and a worsening fiscal environment. Notably, a severe drought in Brazil has put upward pressure on food and energy prices, exacerbating inflationary pressures. While some view this as a headwind to the economic recovery, the vigilance of the central bank should improve investor confidence and sentiment towards the country's longer-term recovery.
± **Commodity Sensitivity:** Commodities account for 80% of Brazil's exports. Positively, commodities demand and EM Materials companies rebounded in 2019 and off the March 2020 lows. However, lower shipments of manufactured goods weighed on exports, which could continue to decline if Covid-19 causes lengthy disruptions.
- **Fiscal Deficit Remains Elevated:** Despite efforts to contain discretionary spending via the constitutional spending cap, the government continues to struggle reining in fiscal spending, and public debt dynamics remain a source of concern. Congress passed a "war budget" to contain Covid-19 relief measures from carrying over into 2021 and beyond, but direct payments and other social spending programs have continued into 2021.

POLITICAL DRIVERS

± **Political Reform Hopes:** President Jair Bolsonaro and Minister of the Economy, Paulo Guedes, have a lofty reform agenda to make Brazil more business-friendly and open up opportunities for outside investors. Proposals include pension reform, an overhaul and simplification of the tax system, privatization of state-owned companies and reducing the budget deficit. Those goals have been largely delayed or watered down as Congress focused on containing the impact of Covid-19, but the reform agenda has since resumed with containing the 2021 budget within the spending ceiling and tax reform as the primary focuses.

± **Bolsonaro Support at Risk:** Bolsonaro left his political party over prolonged friction regarding his far-right social agenda and created the "Alliance for Brazil" party in November. 2020 brought several high profile resignations within the health and economy ministries and Bolsonaro lost ground in the November municipal elections. While recent polling suggests his disapproval rating is high, recently it appears Bolsonaro has tried to ease tensions in government.
- **History of Corruption:** Despite running on an anti-corruption platform, President Bolsonaro and his family are embroiled in corruption allegations similar to the accusations of bribery, electoral fraud and influence peddling that have plagued Brazilian governments since the transition away from a military dictatorship in 1985. Political tension and uncertainly have likely dampened investor sentiment.
- **President Moving Left:** Right-leaning Brazilian Presidents have a history of softening their business-friendly and austerity-focused stance in order to increase popularity ahead of reelection. Bolsonaro is no exception, worrying investors that he will continue to delay reform efforts or encourage the breech of the spending ceiling in favor of more fiscal stimulus. Additionally, former president Lula da Silva is likely to run against Bolsonaro in the 2022 elections, adding to fears over government spending, particularly as he is garnering a fair amount of support.

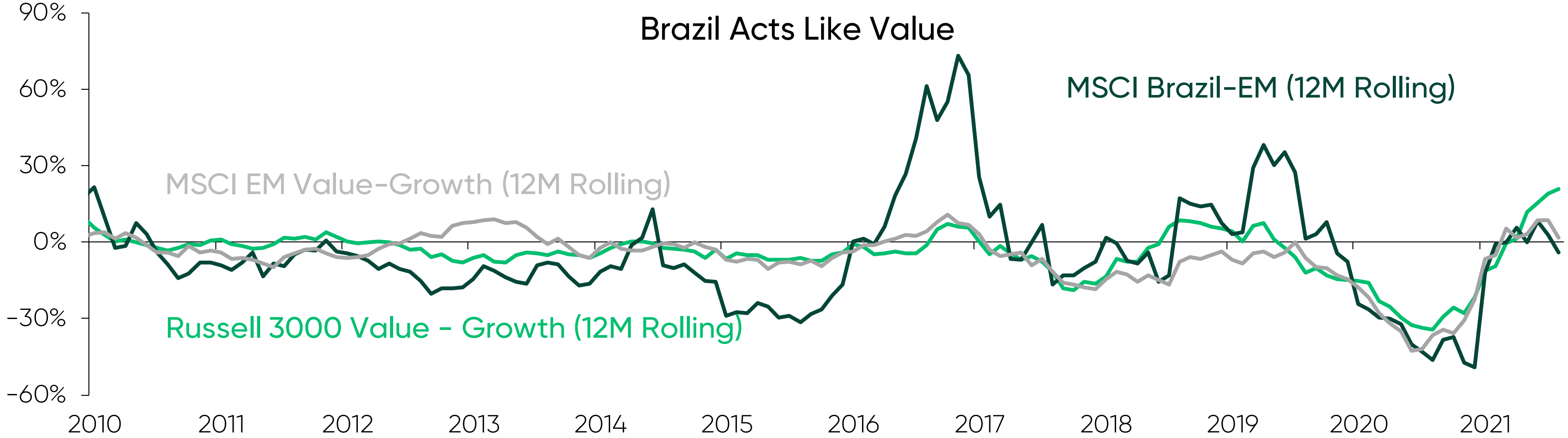
SENTIMENT DRIVERS

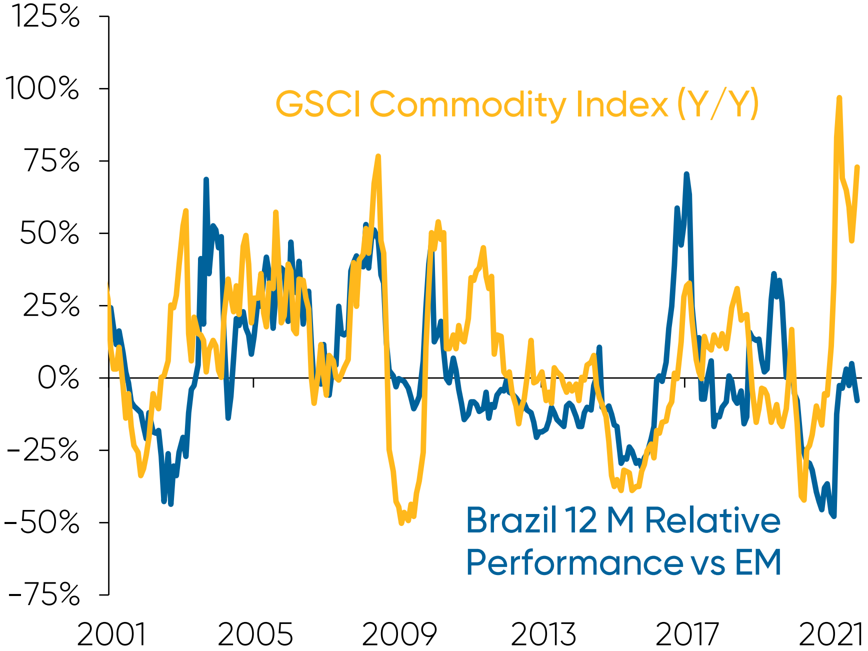
+ **Outperformance After Bears:** Equities in Brazil have a long history of bouncing out of EM bear markets as recession tends to drive reform efforts and better fiscal management in the subsequent recovery. Current sentiment is overly dour tied to the country's dual deficit and budget issues, and Brazil's status as a Covid-19 hotspot. As the vaccine rollout picks up steam, these fears are abating and providing a tailwind to stocks.
+ **Low Valuations:** Forward P/E's first fell in early 2018 tied to the truckers strike and uncertain political environment, and again in response to Covid-19 restrictions. While valuations have moved off multi-year lows, they remain muted—in line with MSCI EM valuations and modestly below its own longer term average.

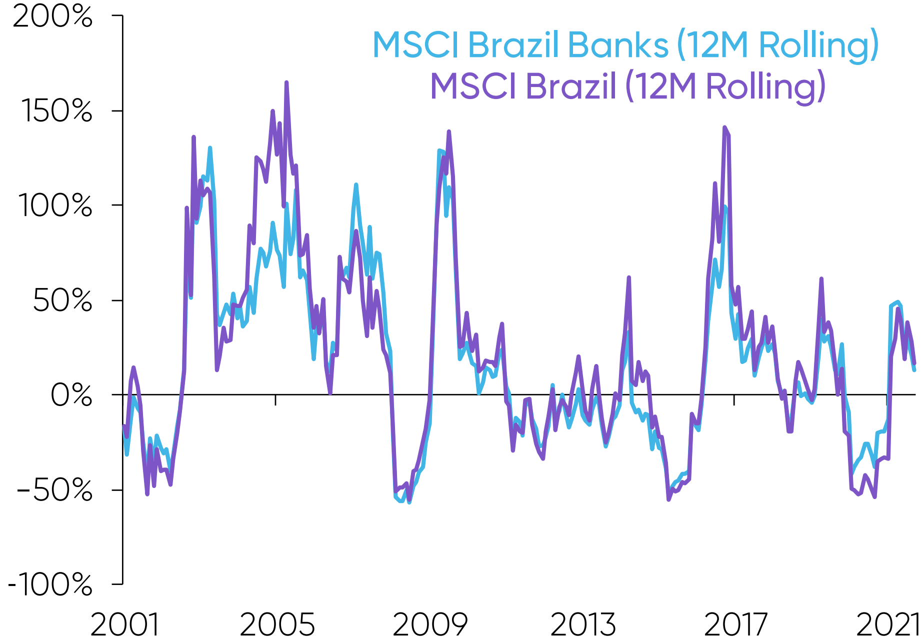
As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Brazil typically outperforms the MSCI Emerging Markets index when value leads growth, tied in part to Commodities and Financials being important weights in the country benchmark. Brazil positioning reflects our optimism for E-commerce, and select value exposure acts as a counterstrategy to our overall growth tilt.





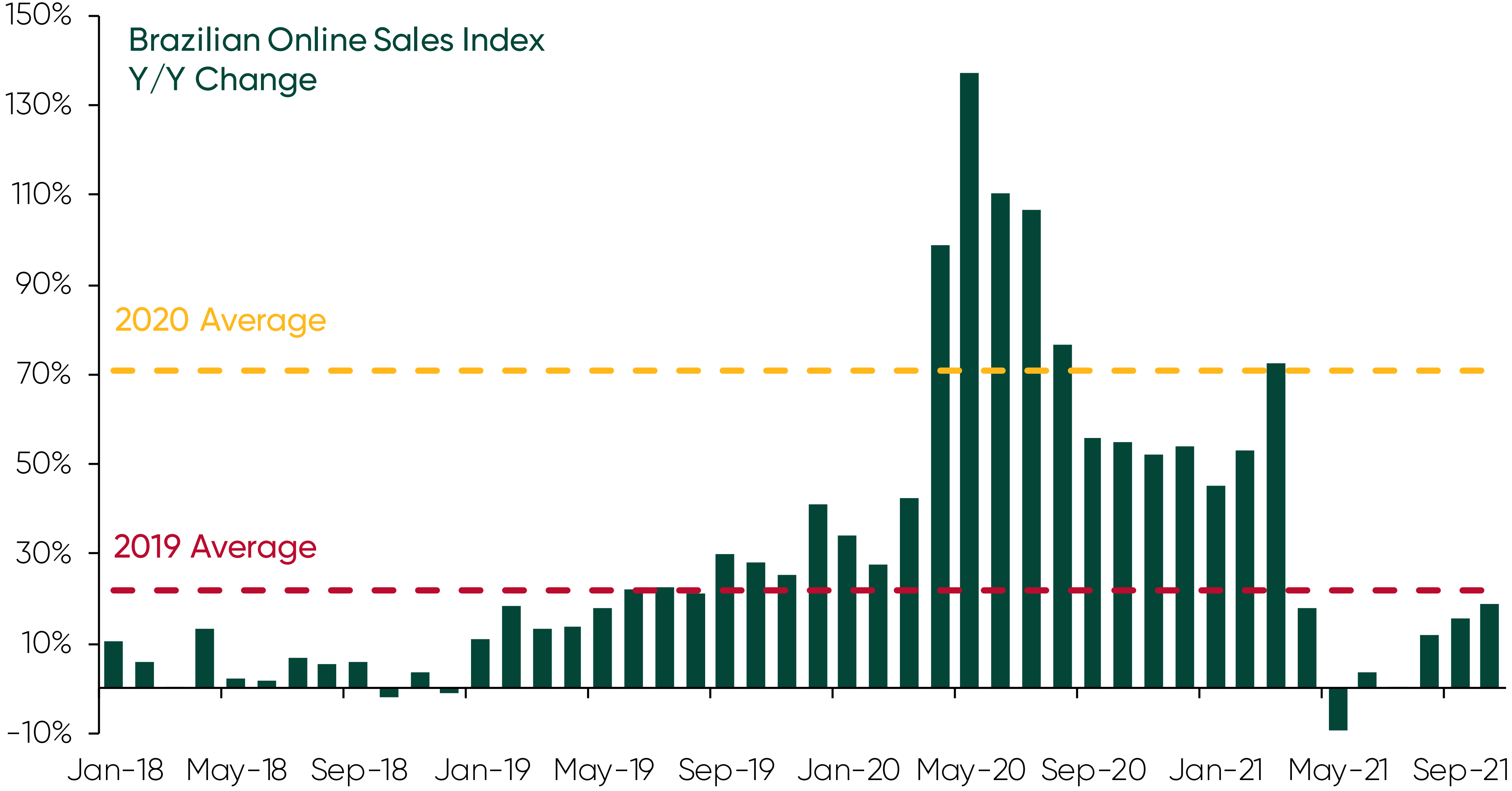


Source: FactSet. Top chart shows performance for MSCI Brazil, Emerging Markets (EM), EM Value, EM Growth, Russell 3000 Growth and Russell 3000 Value, year-over-year change of rolling 12-month total returns, monthly, 1/31/2009 – 10/31/2021. Bottom left chart shows year-over-year performance of the GSCI Commodity Index, MSCI Brazil and MSCI EM, monthly, 1/31/1997 – 10/31/2021. Bottom right chart shows rolling 12-month performance of MSCI Brazil and MSCI Brazil Banks, monthly, 1/31/2001 – 10/31/2021.

ECONOMIC

COVID-19 led lockdowns and social distancing measures are increasing consumer adoption of online shopping, with quantity of online sales rapidly growing in the first half of 2020. Latin American E-commerce names should benefit and contribute to portfolio outperformance.

Raid E-Commerce Growth in Brazil



Source: MCC-ENET, accessed 10/31/2021. "Indice de Vendas Online e Variacoes – Brasil." Shows value of index (2017=100) against the value of the same month of the previous year. Online sales based on quantity of products sold over given period as opposed to total value.

COUNTRY DRIVER ANALYSIS

NEUTRAL MEXICO

Mexico should benefit from strong linkages with the US economy and lower legislative risk following the 2021 midterm election. However, the Mexican stock market possesses few of the large growth stocks we currently favor.

ECONOMIC DRIVERS

+ **US Proximity:** Mexico's proximity to the US economy is a key advantage relative to competing low-cost suppliers.
+ **Competitive Labor:** Mexican labor costs (e.g., manufacturing wages) have been fairly stagnant over the past decade, while labor costs for competing exporters such as China and Brazil have risen sharply—increasing Mexico's attractiveness for foreign investment.
+ **Oil & Gas:** Following years of decline, Mexico's oil and gas drilling rig count has recently been rising. The benefits of the prior administration's energy reforms may become increasingly apparent in the coming years.

± **Inflation & Monetary Policy:** Mexican inflation has remained stubbornly high, driving several recent rate hikes. However, on a forward-looking basis, we expect the resolution of shortages associated with the re-opening of the global economy to place downward pressure on inflation.

\- **Unfavorable Market Composition:** Mexico's market is concentrated in smaller cap stocks in industries with more limited growth opportunities, such as Consumer Staples and Industrials. It also lacks many of the large growth categories we prefer, such as Technology.

POLITICAL DRIVERS

+ **US-China Conflict:** The US-China conflict is likely to promote marginal investment growth in Mexico as some US corporations seek to diversify supply chains away from China.
+ **Midterm Election:** The 2021 Mexican midterm election resulted in a reduced Congressional majority for the ruling government, reducing the risk of disruptive legislation.

± **USMCA Trade Deal:** The USMCA trade deal went into effect on July 1, 2020. USMCA has some negative elements for Mexico, such as more stringent labor regulations, but its completion reduces previous uncertainty, helping promote future capital investment in Mexico.

± **Fiscal Policy:** Leftist President Andres Manuel Lopez Obrador (AMLO) has maintained a surprisingly conservative fiscal policy, although the 2022 budget mildly eases the fiscal stance relative to 2021.

\- **AMLO Administration:** AMLO has generally created an environment of uncertainty through various project cancellations, referendums and centralization of power away from local and private groups.

SENTIMENT DRIVERS

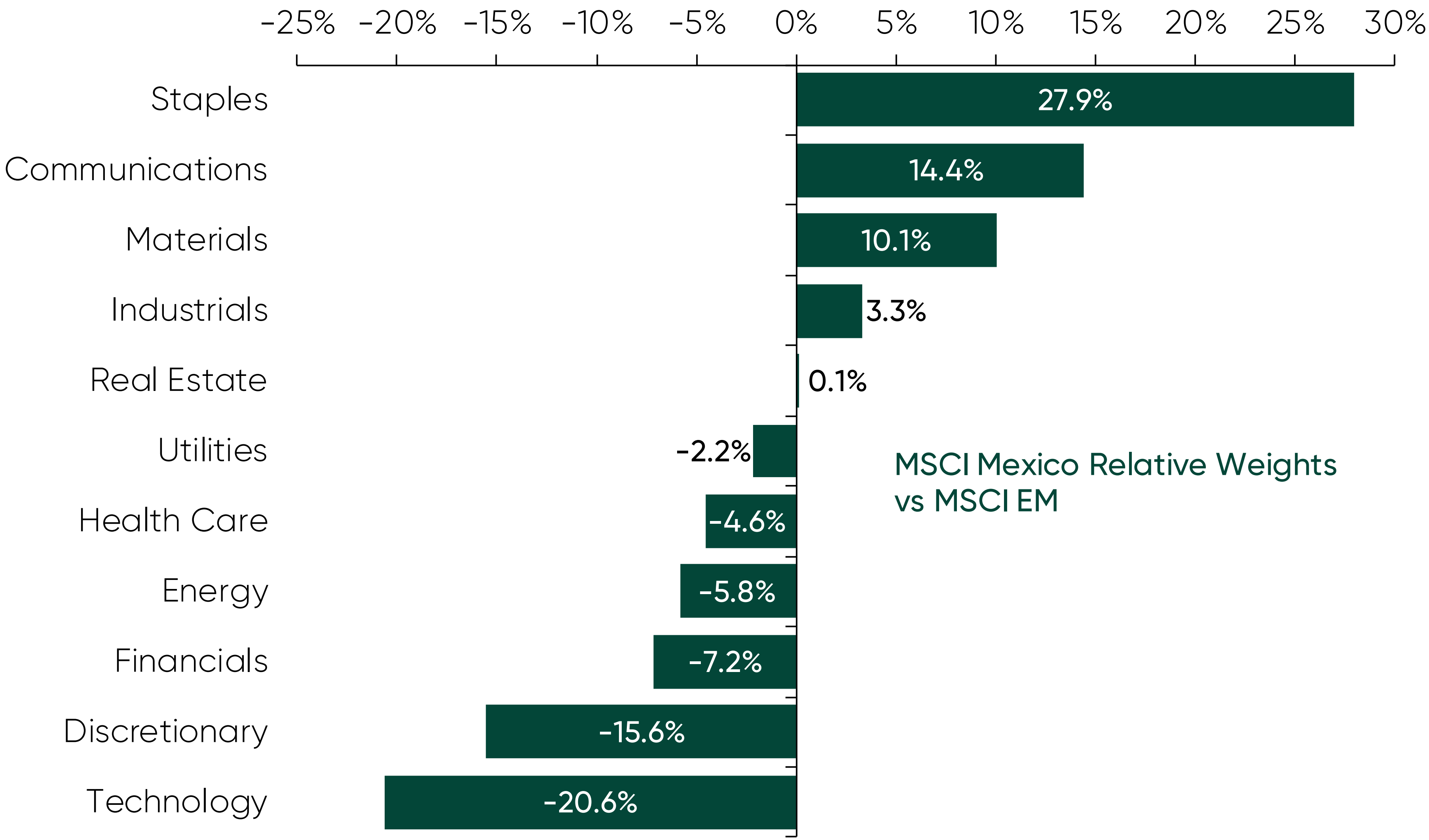
± **Safe Haven:** Mexico has outperformed EM this year in part due to its perception as a safe haven during a period of turmoil in China. Negative sentiment toward China is currently extreme, leaving Mexican relative returns vulnerable to a reversing flight-to-safety trade should conditions in China begin to improve.

As of November 2021. We have provided our general comments to you based on information we believe to be reliable. There can be no assurances that we will continue to hold this view; we may change our view at any time based on new information, analysis, or reconsideration.

ECONOMIC

Mexico's market is concentrated in smaller cap stocks in industries with more limited growth opportunities, such as Consumer Staples and Industrials. It also lacks many of the large growth categories we prefer, such as Technology.

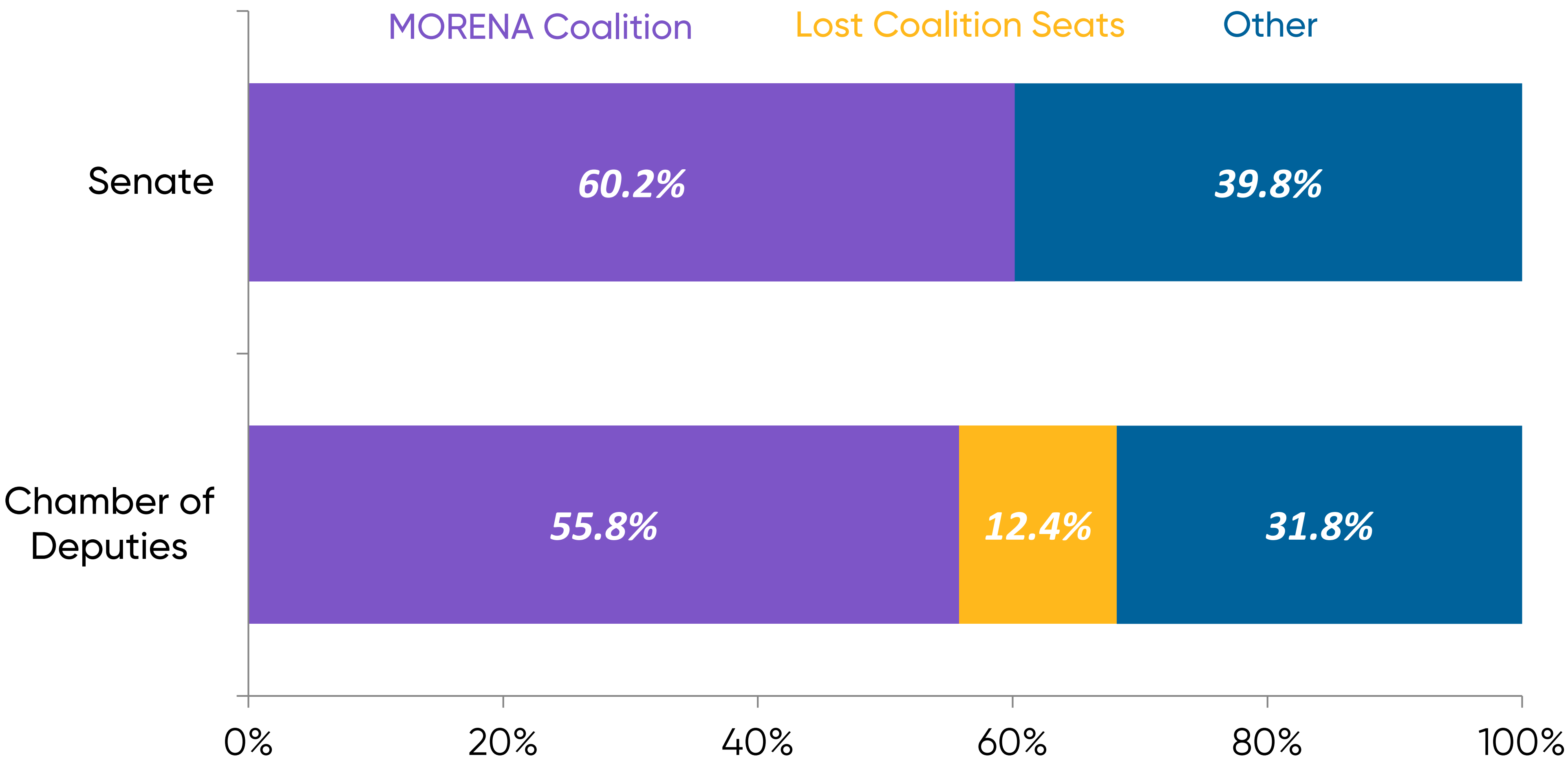
MSCI Mexico Relative Weights vs. MSCI Emerging Markets



Source: FactSet Data Systems, Inc., as of 10/31/2021.

POLITICAL

The 2021 Mexican midterm election resulted in a reduced Congressional majority for the ruling government, the MORENA Coalition led by President Andrés Manuel López Obrador, reducing the risk of disruptive legislation.



Source: INE, as of 10/31/2021.

DISCLOSURES

FIRM

Fisher Investments Ireland Limited trades as Fisher Investments Europe (FIE) and is regulated by the Central Bank of Ireland. Fisher Investments Ireland Limited and its trading name Fisher Investments Europe are registered with the Companies Registration Office in Ireland under numbers 623847 and 629724 . Fisher Investments (FI) is an investment adviser registered with the United States Securities and Exchange Commission. FIE is wholly-owned by Fisher Asset Management, LLC, trading as Fisher Investments, which is wholly-owned by Fisher Investments, Inc. This document has been approved and is being communicated by Fisher Investments Ireland Limited.

Fisher Investments (FI) is an investment adviser registered with the Securities and Exchange Commission. As of 30 September 2021, FI managed $187 billion, including assets sub-managed for its wholly-owned subsidiaries. FI and its subsidiaries maintain four principal business units - Fisher Investments Institutional Group (FIIG), Fisher Investments Private Client Group (FIPCG), Fisher Investments International (PCGI), and Fisher Investments 401(k) Solutions Group (401(k) Solutions). These groups serve a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations and endowments, insurance companies, healthcare organisations, governments and high-net-worth individuals. FI's Investment Policy Committee (IPC) is responsible for investment decisions for all investment strategies.

For purpose of defining "years with Fisher Investments," FI was established as a sole proprietorship in 1979, incorporated in 1986, registered with the US SEC in 1987, replacing the prior registration of the sole proprietorship, and succeeded its investment adviser registration to a limited liability in 2005. "Years with Fisher Investments" is calculated using the date on which FI was established as a sole proprietorship through 31 March 2021.

FI is wholly owned by Fisher Investments, Inc. Since Inception, Fisher Investments, Inc. has been 100% Fisher-family and employee owned, currently Fisher Investments Inc. beneficially owns 100% of Fisher Investments (FI), as listed in Schedule A to FI's Form ADV Part 1. Ken and Sherrilyn Fisher, as co-trustees of their family trust, beneficially own more than 75% of Fisher Investments, Inc., as noted in Schedule B to FI's Form ADV Part 1.

Investing in securities involves a risk of loss. Past performance is never a guarantee of future returns. Investing in foreign stock markets involves additional risks, such as the risk of currency fluctuations. Nothing herein is intended to be a recommendation or a forecast of market conditions. Rather it is intended to illustrate a point. Current and future markets may differ significantly from those illustrated herein. Not all past forecasts were, nor future forecasts may be, as accurate as those predicted herein.

This content constitutes the general views of Fisher Investments and should not be regarded as personal investment advice. No assurances are made we will continue to hold these views, which may change at any time based on new information, analysis or reconsideration. In addition, no assurances are made regarding the accuracy of any forecast made herein.

"We", "our," "us" and "the firm" generally refer to the combined capabilities of Fisher Investments and its subsidiaries.

TERMS OF BUSINESS

1. **Fisher Investments Europe**

Fisher Investments Ireland Limited is a private limited company incorporated in Ireland that trades under the name Fisher Investments Europe ("Fisher Investments Europe"). Fisher Investments Ireland Limited and its trading name Fisher Investments Europe are registered with the Companies Registration Office in Ireland under numbers 623847 and 629724. Fisher Investments Europe's registered address is: 2nd Floor, 3 George's Dock, International Financial Services Centre, Dublin 1, D01 X5X0 Ireland. Fisher Investments Europe is regulated by the Central Bank of Ireland ("CBI"). You can check this on the CBI's register by visiting the CBI's website http://registers.centralbank.ie/ or by contacting the CBI at +353 1 2246000. The CBI's address is New Wapping Street, North Wall Quay, North Dock, Dublin 1, D01 F7X3, Ireland.

2. **Communications**

Fisher Investments Europe can be contacted by mail at Second Floor, 3 George's Dock, IFSC, D01 X5X0 Dublin 1 Ireland; by telephone on +353 (0) 1 4876510; or by email to institutional@fisherinvestments.co.ir. All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is **https://institutional.fisherinvestments.com/en-ie**. Fisher Investments Europe is required to record telephone conversations that relate to activities in financial instruments; accordingly, certain telephone calls between you and Fisher Investments Europe will be recorded.

3. **Services**

These Terms of Business explain the services offered to professional clients and will apply from when Fisher Investments Europe begins to advise you. Fisher Investments Europe offers restricted advice only (meaning it does not offer independent advice based on an analysis of the whole of the market and does not recommend investment management services of companies other than Fisher Investments Europe or its affiliates). As part of its services, Fisher Investments Europe seeks to:

a) Reasonably determine your client categorisation;

b) Understand your financial circumstances and investment aims to determine whether the full discretionary investment service described in Clause 4 and the proposed investment mandate and accompanying benchmark(s) (or an Undertaking for Collective Investment in Transferable Securities ("UCITS") with a similar mandate and benchmark for which Fisher Investments Europe's parent company serves as investment manager) are suitable for you;

c) Explain features of the investment strategy;

d) Describe investment performance as it relates to the investment strategy;

e) Provide a full explanation of costs;

f) Assist in the completion of documentation;

g) Where specifically agreed, review your position periodically and suggest adjustments where appropriate.

Fisher Investments Europe is conducting business in the European Economic Area (EEA) on a cross-border basis.

Fisher Investments Europe will not provide ongoing services unless you enter into an agreement for discretionary investment management services or invest in a UCITS as described in Clause 4.

4. **Discretionary Investment Management Service and Investments**

To help you achieve your financial goals, Fisher Investments Europe may offer its discretionary investment management services. In such case, Fisher Investments Europe will outsource the portfolio management function and may outsource servicing and trading functions to its affiliates. In particular, the portfolio management function will be outsourced to Fisher Investment Europe's parent company, Fisher Asset Management, LLC, trading as Fisher Investments ("Fisher Investments"), which is based in the USA and is regulated by the US Securities and Exchange Commission (SEC). Client servicing functions may be carried out by Fisher Investment Europe, its affiliate, Fisher Investments Europe Limited, trading as Fisher Investments UK ("Fisher Investments UK"), which is based in the UK and is regulated by the UK Financial Conduct Authority (FCA), or other affiliates. In addition, trading functions may be carried out by Fisher Investments Europe, its affiliate, Fisher Investments Luxembourg, Sàrl ("FIL"), which is based in Luxembourg and is regulated by the Commission de Surveillance du Secteur Financier (CSSF), Fisher Investments, or other affiliates (each, a "Trading Delegate"). Fisher Investments Europe may also outsource certain ancillary services to Fisher Investments, Fisher investments UK, or other affiliates.
Subject to applicable regulations, for qualified investors Fisher Investments Europe may recommend an investment in UCITS regulated by the Central Bank of Ireland and for which Fisher Investments serves as investment manager.

5. **Client Categorisation**

Fisher Investments Europe deals with both retail clients and professional clients. All clients and potential clients who deal with Fisher Investment Europe's institutional directors (sales) ("Institutional Directors"), will be treated as professional clients, either through qualification as a professional client or, in the case of local municipal authorities, through opting up to be treated as a professional client. Accordingly, you are categorised as a professional client. You have the right to request re-categorisation as a retail client which offers a higher degree of regulatory protection, but Fisher Investments Europe does not normally agree to requests of this kind.

6. Investor Compensation Scheme ("ICS")

Whilst the activities of Fisher Investments Europe are covered by the ICS, compensation under the ICS in the event Fisher Investments Europe is unable to meet its liabilities because of its financial circumstances is only available to eligible claimants. Because you have been categorised as a professional client, you are unlikely to be eligible. In addition, the protections of the ICS, do not apply in relation to the services of Fisher Investments UK, FIL, Fisher Investments or any affiliates or entities located outside of Ireland. In addition, to the extent your assets are invested in non-Irish funds or ETFs, these protections will not apply. In the event you are eligible and do have a valid claim, the ICS may pay 90% of net loss up to a maximum of €20,000. You can contact Fisher Investments Europe or the ICS (www.investorcompensation.ie/) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

7. Risks

Investments in securities present numerous risks, including various market and currency fluctuation, political, economic and political instability, differences in financial reporting, liquidity risk, interest rate risk, credit risk, and other risks, and can be very volatile.

Investing in securities can result in a loss, including a loss of principal. Using leverage to purchase and maintain larger security positions will increase exposure to market volatility and risk of loss and is not recommended. Investments in securities are only suitable for clients who are capable of undertaking and bearing a risk of loss. Specific risks associated with particular types of securities that may be held in your account are explained further below.

Past performance is not a guarantee nor a reliable indicator of future investment returns. Fisher Investments Europe cannot guarantee and makes no representation or warranty as to future investment returns or performance. There is no guarantee for avoidance of loss, which is impossible with investments in securities, and you have not received any such guarantee or similar warranty from Fisher Investments Europe or any representatives thereof.

Depending on your investment strategy, Fisher Investments Europe may invest in the following types of securities, which carry the following risks:

Investments in smaller companies may involve greater risks than investments in larger, more mature companies. Investing in derivatives could lose more than the principal amount invested in those instruments. Various investment techniques used by Fisher Investments Europe may increase these risks if market conditions are not accurately predicted.

Equity securities prices may fluctuate in response to many factors, including general market conditions, specific sector and country issues, and company specific information or investor sentiment. Individual equity securities may lose essentially all their value in the event of bankruptcy or other insolvencies of the underlying issuer.

Fixed income securities are subject to various risks, including price fluctuation due to changes in the interest rate environment, market liquidity, changes in credit quality of the issuer, prepayment or call features of the securities, and other factors, including issuer default. While some fixed income securities are backed by the full faith and credit of a sovereign government, this does not prevent price fluctuations nor fully eliminate the risk of default. If fixed income securities are not held to maturity, they may realise losses.

Using borrowed funds to purchase and maintain larger security positions will increase exposure to market volatility. In a declining market, investment losses may be substantially increased, occur more rapidly, or become realised. Fisher Investments Europe does not typically employ margin leverage (gearing) on the overall strategy, but may employ some leverage directly or indirectly as a defensive technique (e.g. margin borrowing of securities to sell short for hedging purposes), or indirectly on a limited basis through individual derivative securities, as described more fully below.

If Fisher Investments forecasts a prolonged and substantial market downturn, Fisher Investments Europe may adopt defensive posturing for your account by investing substantially in fixed income securities, money market instruments, structured or exchange traded notes, put options or other derivatives on securities or indexes or ETFs, selling short securities or ETFs, and other hedging techniques. There can be no guarantee that Fisher Investments will accurately forecast any prolonged and substantial downturn in the market, that Fisher Investments Europe will adopt a defensive strategy, or that the use of defensive techniques would avoid losses.

Derivatives typically derive their value from the performance of an underlying asset, interest rates or index. The price movements of derivatives may be more volatile than those of other securities and result in increased investment risk. Many of these investments may not enjoy as much liquidity as other securities.

Short sales may be used to fully or partially hedge other investments or to seek returns unrelated to other investments. "Short sales" means the borrowing of a security for a period of time and selling the borrowed security on the market; the seller is then required to buy the security on the market at a later time before it is due to be returned. Short sales result in gains or losses depending on whether the price of the security increases versus the price at the time of the short sale (which results in a loss) or decreases versus the price at the time of the short sale (which results in a gain). The loss from a short sale is theoretically unlimited depending on how much the security sold short increases in value.

Structured notes and ETNs are debt instruments whose return is derived from the performance of a reference index or other underlying securities or investments. The performance of a note is determined primarily by the performance of the underlying investments; therefore, despite technically being a corporate debt instrument, notes can be designed to provide returns similar to other asset classes. These notes may include leverage, which increases risk and volatility. These notes are issued by third-party financial institutions, at the request of Fisher Investments, and thus bear the credit risk of those entities. Whilst a feature of such notes is a maturity date, they may be sold in the market or redeemed with the issuer before maturity. Given the limited number of market makers involved in quoting a given note, price dislocation versus fair value may occur should limit orders not be utilised when sold in the open market. Alternatively, such notes may be redeemed daily back to the issuer, minus a redemption fee specific to each issuer (generally close to 0.10%), implicitly charged in the execution price.

8. Data Protection
   To offer and provide the services described in Clause 3, Fisher Investments Europe may collect and process personal data that is subject to data protection laws, in accordance with its Privacy & Cookie Policy. You acknowledge the Privacy & Cookie Policy, which can be found here: https://institutional.fisherinvestments.com/en-ie/privacy

9. Custody and Execution
   None of the Fisher Investments group companies (the "Fisher Group"), including Fisher Investments Europe, are authorised to hold client money. No Fisher Group company will accept cheques made payable to any of the Fisher Group companies in respect of investments, nor will they handle cash. All client assets are held at external custodian banks where each client has a direct account in their own name.

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe will arrange (including through its Trading Delegates) for the execution of transactions through selected custodian banks and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding selection of brokers is governed by your investment management agreement ("IMA") with Fisher Investments Europe. Fisher Investments Europe does not structure or charge its fees in such a way as to discriminate unfairly between execution venues.

The brokers and dealers to which your transactions may be allocated will use various execution venues, including without limitation:

a) Regulated Markets in the USA or elsewhere (usually those exchanges where companies have their primary listing and other exchanges on which their securities are admitted to trading);

b) Multi-Lateral Trading Facilities ("MTF") and Organised Trading Facilities ("OTF") in the USA or elsewhere (i.e. a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments—in the system and in accordance with non-discretionary rules—in a way that results in a contract);

c) Systematic Internalisers (which are investment firms dealing as principal and providing liquidity on a systematic basis);

d) Other liquidity providers that have similar functions to any of the above;

e) Counterparties that may access the above venues on behalf of Fisher Investments Europe and/or its Trading Delegates (or their clients) or trade on their own account.

You must be notified and approve of any off-venue trades prior to execution unless previously agreed to by you directly with the custodian. As a result of brokers/dealers using the execution venues mentioned above, your transactions may be executed on an execution venue that is neither a regulated market in the European Union nor an MTF/OTF in the European Union and therefore you will be required to expressly consent to the execution policy of Fisher Investments Europe by signing the IMA.

Fisher Investments Europe's top five trading venues are listed on its website.

Generally, financial instruments will not be affected if a custodian bank suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the bank's registration of your rights. Generally, it is only if the bank fails to handle your financial instruments or register your rights correctly where you may not be able to take possession of the financial instruments.

If you appoint Fisher Investments Europe as your discretionary asset manager, you will receive a periodic statement every calendar quarter. This statement compares the performance of your account with that of a relevant benchmark in order to facilitate the assessment of performance achieved by the account. For performance, management fee calculation and reporting purposes, exchange traded equity securities are valued based upon the price on the exchange or market on which they trade as of the close of business of such exchange or market. All equity securities that are not traded on a listed exchange are valued using a modelled estimate of the bid price, also known as a bid evaluation, provided by Fisher Investments Europe's primary pricing service. Fixed income securities are valued based on market quotations or a bid evaluation provided by Fisher Investments Europe's primary pricing service. All securities are valued daily given a price from Fisher Investments Europe's primary pricing service is provided; otherwise, all securities are valued on at least a monthly basis.

TERMS OF BUSINESS

10. Conflicts of Interest
Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest Fisher Investments Europe, its affiliates or any of their employees or representatives may have with a client of Fisher Investments Europe, or that may exist between two clients of Fisher Investments Europe. Fisher Investments Europe's conflicts of interest policy covers gifts and favours, outside employment, client privacy, inadvertent custody, marketing and sales activities, recommendations and advice, and discretionary investment management services. Institutional Directors of Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to Fisher Investments Europe during the first three to ten years of a client relationship. Such remuneration will not increase or impact the fees payable by you. Fisher Investments Europe and Fisher Investments have a financial incentive for Fisher Investments Europe to manage client assets. Details on Fisher Investments Europe's conflicts of interest policy are available on request.

11. Fees
If you enter into an IMA with Fisher Investments Europe, you will pay management fees to Fisher Investments Europe as detailed in the IMA. Fisher Investments Europe will pay a portion of such management fees to Fisher Investments as the sub-manager. If you invest in a UCITS fund managed by Fisher Investments, Fisher Investments will receive its management fee indirectly through the UCITS. Fisher Investments Europe does not charge a separate fee for its introducing or distribution services. You will also incur transaction and custody fees charged by brokers and custodians. However, any such additional fees will be payable directly to those brokers/custodians, and no Fisher Group company will receive any commission or other remuneration from those brokers/custodians.

12. Termination
If you wish to cease using the services of Fisher Investments Europe at any time, then send notification in writing and the arrangement will cease in accordance with the IMA. However, if a transaction is in the middle of being arranged on your behalf at that time and it is too late to unwind it, then the transaction may need to be completed first.

13. Complaints
Fisher Investments Europe seeks to provide a high standard of service to clients at all times. If you have a complaint about services by Fisher Investments Europe or its affiliates, please contact:

by writing to: Head of Compliance
Fisher Investments Ireland Limited
Second Floor, 3 George's Dock, IFSC
D01 X5X0 Dublin 1 Ireland

or by calling: +353 (0) 1 4876510

Subsequently, you may have a right to complain directly to the Financial Services and Pensions Ombudsman ("FSPO"). A copy of Fisher Investment Europe's complaints handling procedure is available on request. Further details in respect of FSPO can be found at this website: https://www.fspo.ie/make-a-complaint/.

14. Governing Law
These Terms of Business are governed by, and will be construed in accordance with, the laws of Ireland.

FISHER INVESTMENTS EUROPE ™