FISHER INVESTMENTS EUROPE ™

GLOBAL EQUITY SECTOR VIEWS

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Our 2020 forecast anticipated a more volatile first half, followed by a stronger second half. While nobody envisioned the swiftness of the recent downturn driven by the coronavirus, the unprecedented speed reflects the surprising institutional response to the virus– very different from prior outbreaks. Our view continues to be that the coronavirus itself will do little direct damage to the economy—it is the broad coordinated response that will do the economic harm and must be watched very closely.

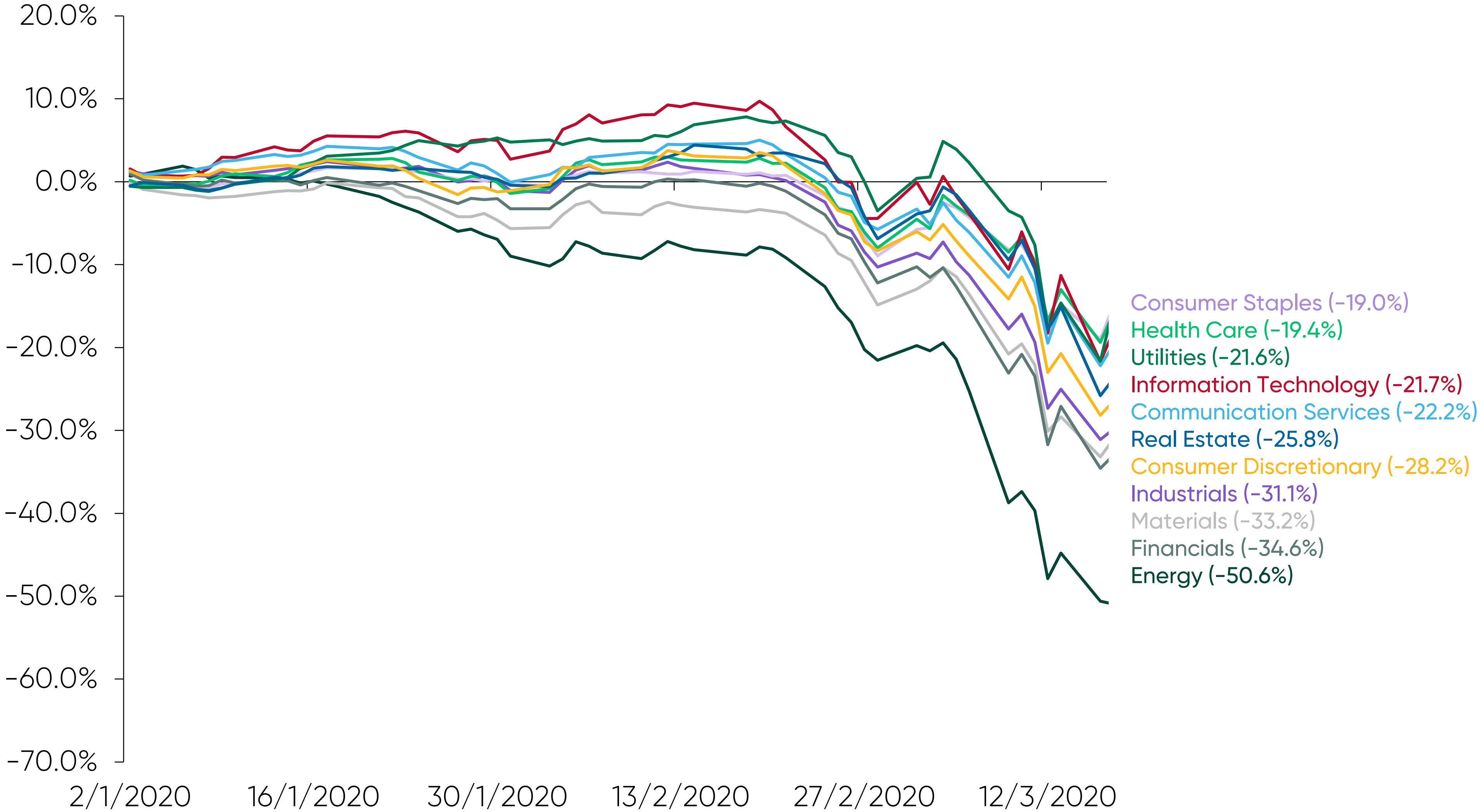
As a result, our sector views and global portfolios have remained largely unchanged as we determine our higher level Macro views during this portion of the cycle. We are assessing various possibilities in analyzing how this bear market might take its course and have narrowed three likely future scenarios detailed in the table below.

Additionally, in the following presentation, we have highlighted select commentary on sectors which have been significantly impacted during this bear market cycle and we have included our full sector driver analysis for your review.

Scenario	Outcome	Sector Views
Scenario 1: Widespread shutdowns last 3 months or less	• Business Activity resumes quickly • Much of the negativity already reflected in equity prices • Narrowly escape global recession or experience only a modest recession • This bear market behaves more like a severe correction and quickly recovers	• Current sector views and positioning remains relatively unchanged • Growth oriented sectors and high quality categories regain leadership in the near term
Scenario 2: Shutdowns and closures continue globally for a longer period- 3 months or more	• Recession very likely to occur in this scenario with potentially further downside in the short-term • We eventually get to the V-shaped rebound, but lasting uncertainty prolongs the recovery	• Sector views may change in the months ahead as we get closer to the start of a new bull market cycle • Exposure to smaller, value-oriented sectors, cyclicals and categories likely to bounce the most off the bottom are possible targets
Scenario 3: Shutdowns and closures continue indefinitely	• A deep global recession • New bull market timing unknown	• Defensive sectors lead global markets longer than in the first two scenarios • Possibly take defensive action including shifts to existing sector weights before we reposition for the start of a new bull market cycle

PERFORMANCE: SECTOR

YTD sector performance shows typical defensive sectors have provided some protection but higher quality Healthcare and Technology have also held up relatively well.

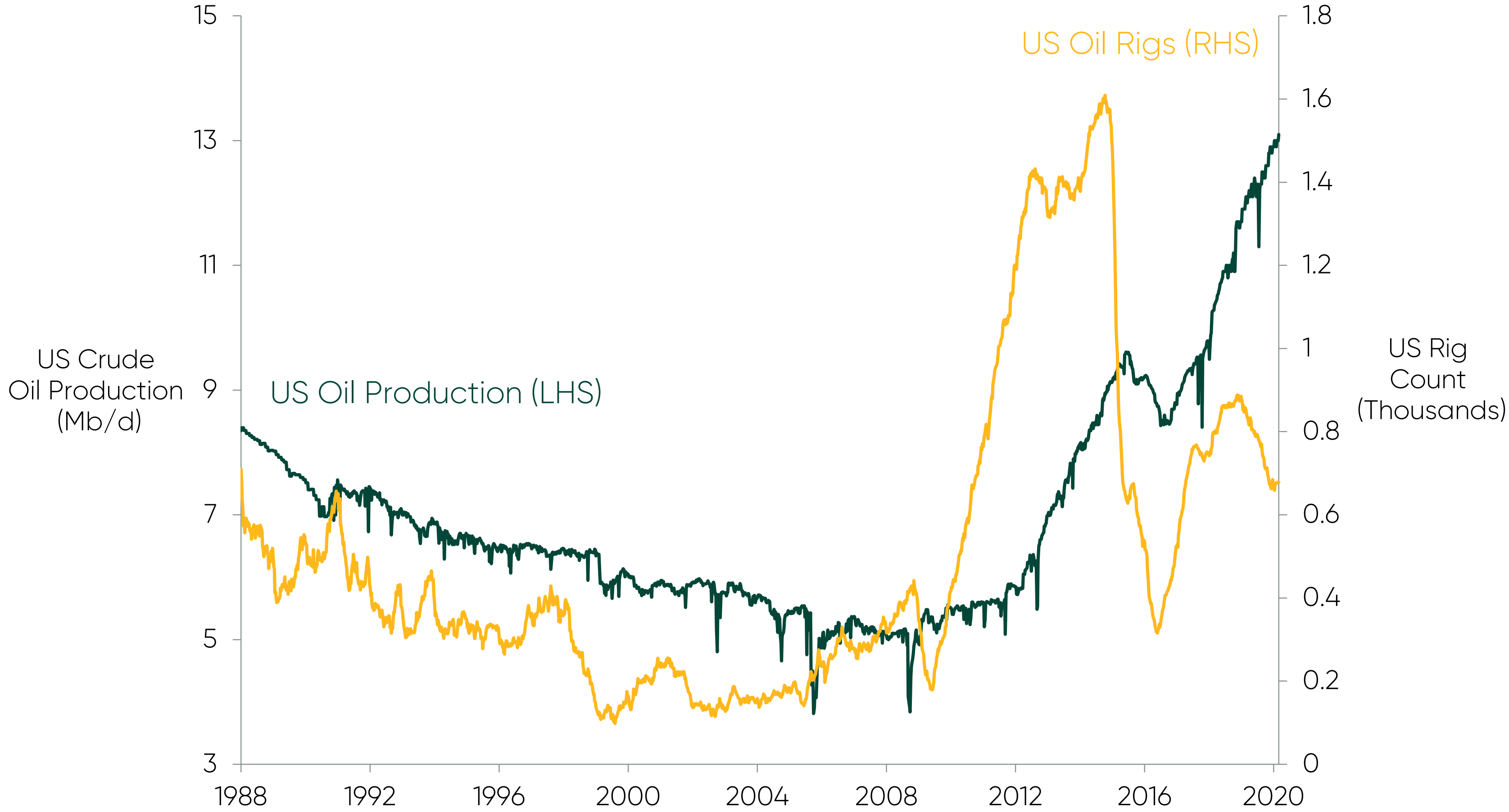


Performance shows total return % change cumulative performance 02/01/2020 – 16/03/2020 for the MSCI ACWI Index. Source: FactSet. Data in USD.

SECTOR OUTLOOK: ENERGY

While we continue to evaluate macro conditions and company fundamentals, we currently have a preference for higher quality Energy companies, and recognize the challenged industry fundamentals and dour sentiment at present towards this sector. In our global strategies we maintain a modest overweight to Energy, though other strategies will have slightly different relative weights.

Financial conditions are changing rapidly, but we can say that the US Energy sector remains anchored by the Integrated producers, which show no signs of failure despite lagging equity returns. Within the Russell 3000, Energy accounts for 2.5% of the index, and Integrated producers account for half of that exposure. Pure-play Exploration & Production firms account for only 0.5% of the index, and those with market caps under $2 billion account for only 0.06% of the index. Further, most US oil companies have already curtailed their capital expenditure, doing more with less, seen most easily in the falling rig count. Thus, while the sector faces well-known challenges, we view the worst-case scenario of broad public Energy company failures as being manageable.



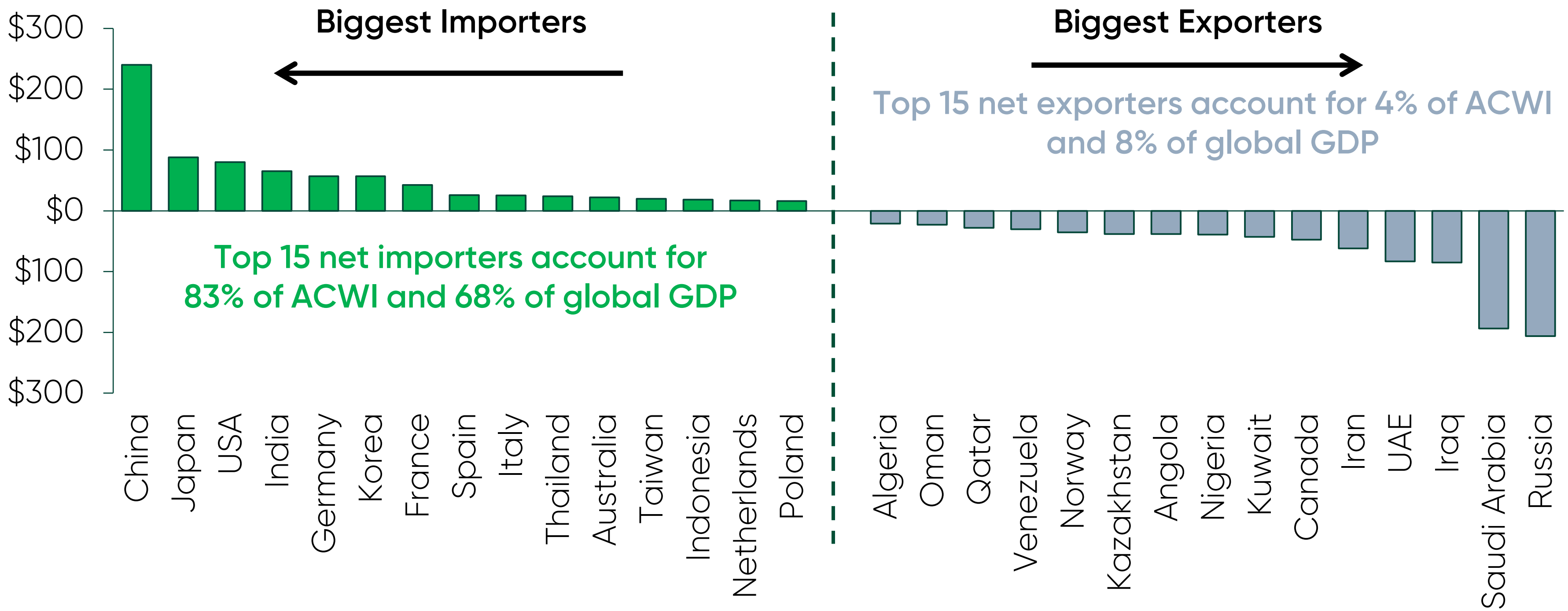
Source: US EIA, Baker Hughes as of February 2020.

SECTOR OUTLOOK: ENERGY

Impact on Energy Sub-Industries

While headlines amplify fears surrounding falling oil prices, the impact of low oil prices on the economy varies. The most strained parts of the Energy space are private firms, private-equity backed firms, natural gas firms, services firms, and the most leveraged pure-play upstream (Exploration & Production) firms. The weakness is primarily among the US small-cap upstream firms where are generally underweight as we have preferred to focus on quality. Meanwhile, the large-cap producers – both integrated and larger exploration & production firms – generally have much stronger balance sheets. The concern for large cap producers are less about bankruptcy and more about sustainability of dividends.

In contrast, energy-intensive industries such as manufacturing, oil refining, plastics and chemicals producers benefit. Additionally, lower fuel and shipping costs also benefit many other firms and industries. With a 25% reduction in the price of crude, importing countries save ~$200 billion annually. The top 15 importers account for 81% of ACWI and 68% of global GDP, and top exporters account for 4% and 8%, respectively. Within EM, 87% of MSCI EM weight are net oil importers.



Source: United Nations Conference on Trade and Development, FactSet, World Bank, as of 9/3/2020.

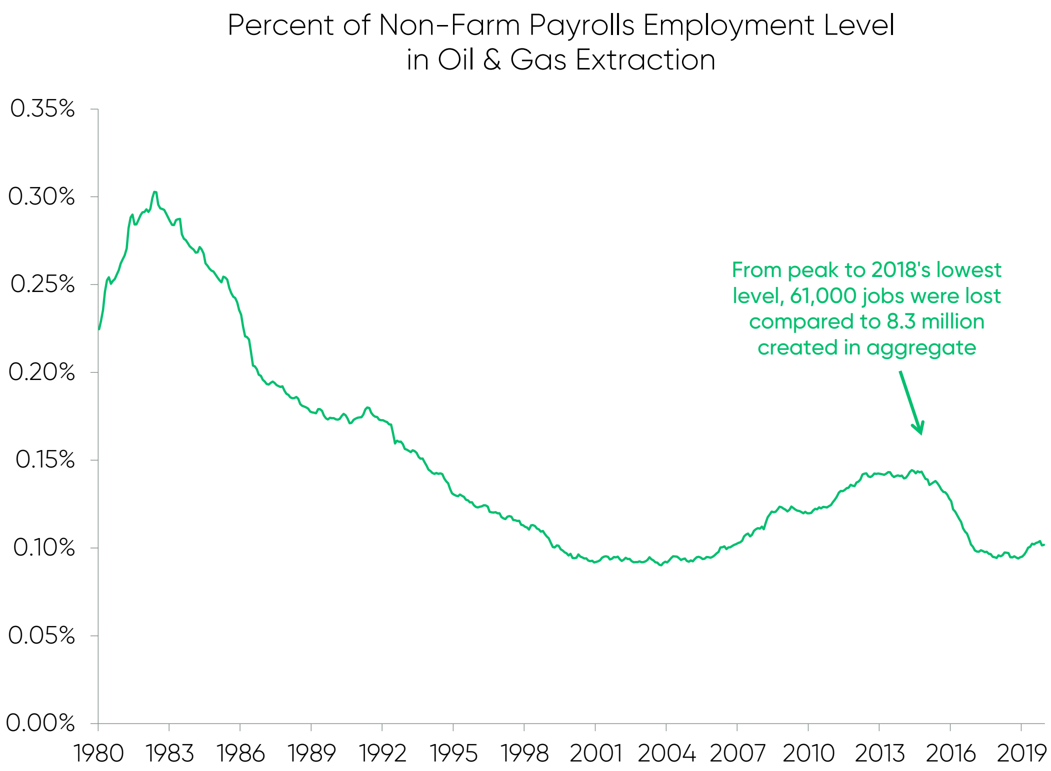
SECTOR OUTLOOK: ENERGY

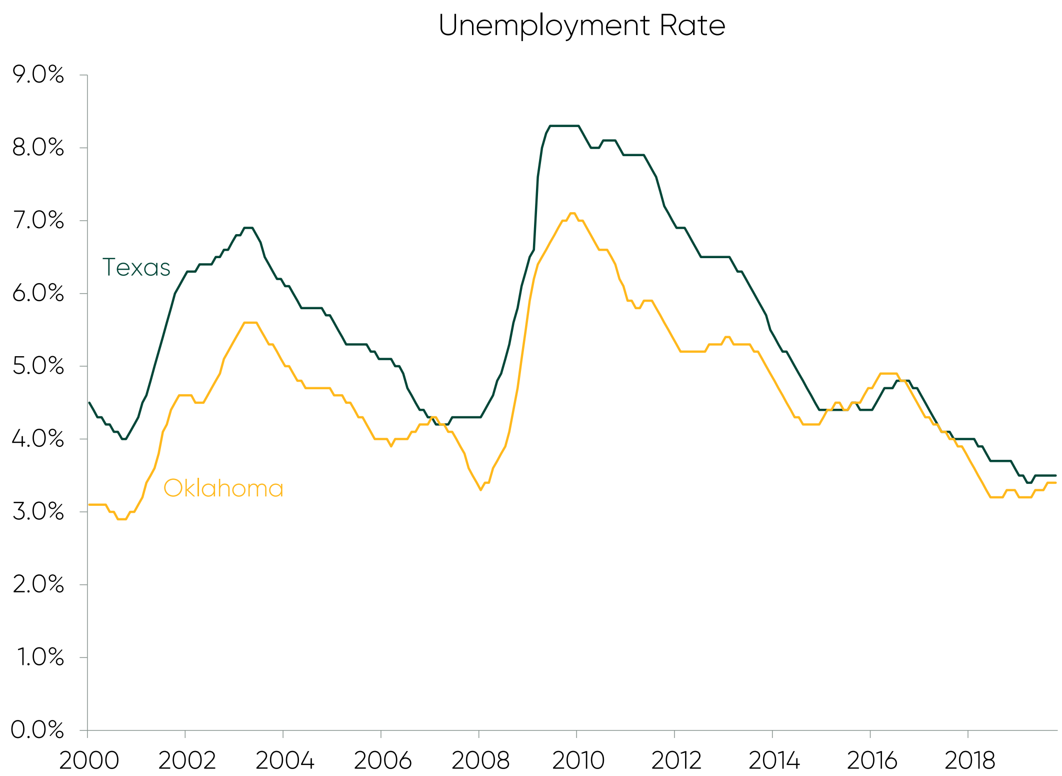
Impact on Employment

Employment in oil & gas extraction as percent of non-farm payrolls is already near cycle lows. The recent lowest point was February 2018, and from then to present 61,000 jobs were lost. In the same span, 8.3 million jobs were created in aggregate. If the gains from the February 2018 lows to present were reversed from here, it would result in 16,000 jobs lost in oil & gas extraction.

This is similar to what happened in 2014-2016 when employment fell by -14,000 jobs. Impacts to the real economy from reductions in employment were manageable back then and likely remain so now as well.

Unemployment in energy-intensive regions can also help visualise such a price drop. Looking at both Texas and Oklahoma, each experienced a 19 month period of unemployment rising, by 0.4% and 0.7% respectively. However, at their worst these figures reached 4.8% and 4.9%, before returning to the longer trend of steady decline we've seen nationally.





Source: US Department of Labour as of February 2020.

SECTOR OUTLOOK: ENERGY

Impact to Banks

Money Center banks have the most capital in their history, and have limited exposure to energy companies. In fact, most have reduced their exposure further from the 2015-16 oil plummet. Most of the credit risk resides in the High Yield Debt market and, to a lesser extent, Leveraged Loans, where banks have very limited exposure.

	JPMorgan Chase	Bank of America	Wells Fargo	Citibank
Energy % of Total Loans	2.8%	1.7%	1.4%	-
Commodities % of Total Loans	3.8%	4.4%	3.1%	4.5%
CET1 Ratio	12.4%	11.2%	11.1%	11.8%
NPL	0.3%	0.6%	0.7%	0.6%

Impact on Oil Shale

With respect to US shale, this is a particularly challenging time. Weak expected demand weighed on oil prices for much of 2019 and early 2020, and the recent change in OPEC+ policy threatens to cause an oil glut, driving prices lower. While costs continue to fall and many companies likely operate wells that are profitable at these levels, the broader US shale industry likely struggles with low prices and elevated debt relative to history.

Source: Company Financials as of December 2019, JPM figures are estimates based on adjust C&I loan portfolio and gross credit exposures (including derivatives).

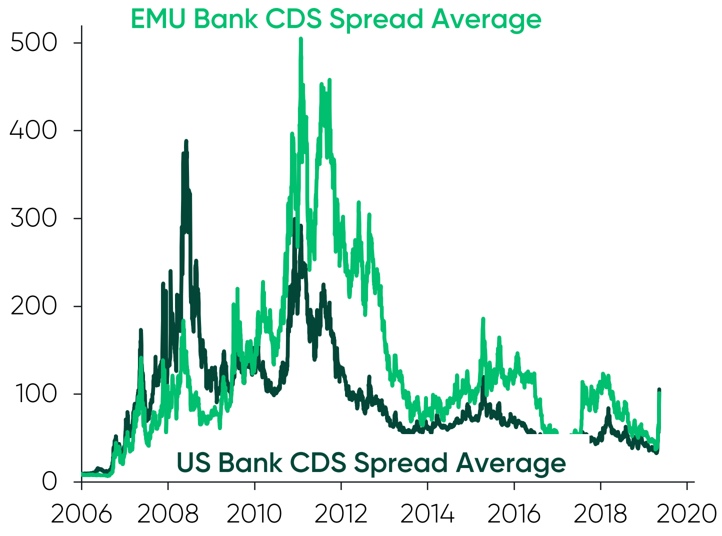
SECTOR OUTLOOK: FINANCIALS

Banks and Financials have been the second worst performer since the coronavirus outbreak. The interest rates response has been amongst the fastest and most dramatic in history, with most policy rates globally essentially at zero or below. This will negatively impact bank earnings and margins to at least the end of the year—likely longer. Additionally it is increasingly likely more assets will shift to past due and non-performing as the year progresses.

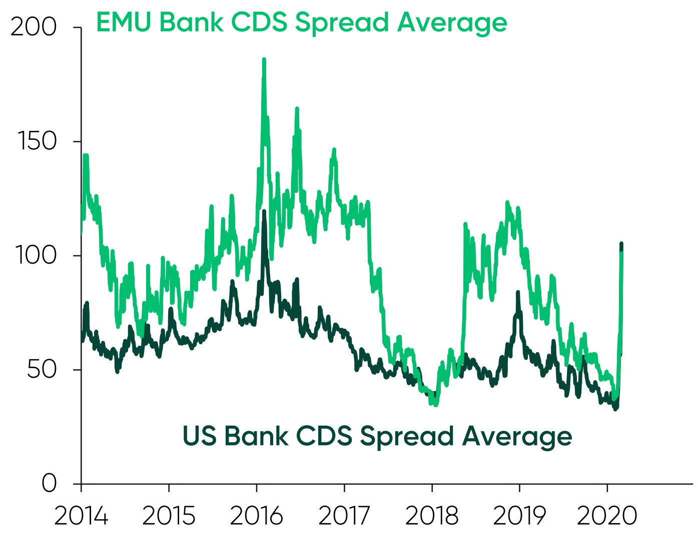
However banks leading into the COVID-19 crisis have never been better capitalised or liquid in modern history. Similarly the loans held on balance sheet are predominantly to the highest quality borrowers consumer and corporate alike. Despite the negative developments, banks are better positioned to deal with a crisis like this than in most other times in modern history. Consequently, bank default risk and short-term credit spreads, while elevated, are still substantially below level seen in the depths of the global financial crisis—and rightfully so.

An analysis of the average Credit Default Swaps (CDS) cost of the senior bonds of the top 4 US banks and top 8 EMU banks shows default risk is moving higher, but the moves are not extreme yet. Europe's Bank CDS market has been much more volatile over the most recent cycle, and the current EMU CDS move higher is in line with what we have seen in other times of market or liquidity stress. The US CDS market has been substantially less volatile, and the move in March is the largest since 2011, during peak EMU sovereign debt crisis and bank regulatory fines. This suggests contagion risk to the banks is still relatively low, so far.

Long Term Chart of Senior Bank CDS Spreads bps



Post EU Debt Crisis (2014) Bank CDS Spreads bps



Source: Factset, Daily 5Yr Senior CDS Spread US Avg of (JPM, BofA, Wells Fargo & Citigroup) EMU Avg of (Deutsche Bank, Commerzbank, BNP Paribas, Soc Gen, Intesa, Unicredit, Santander & BBVA). As of 17/3/20.

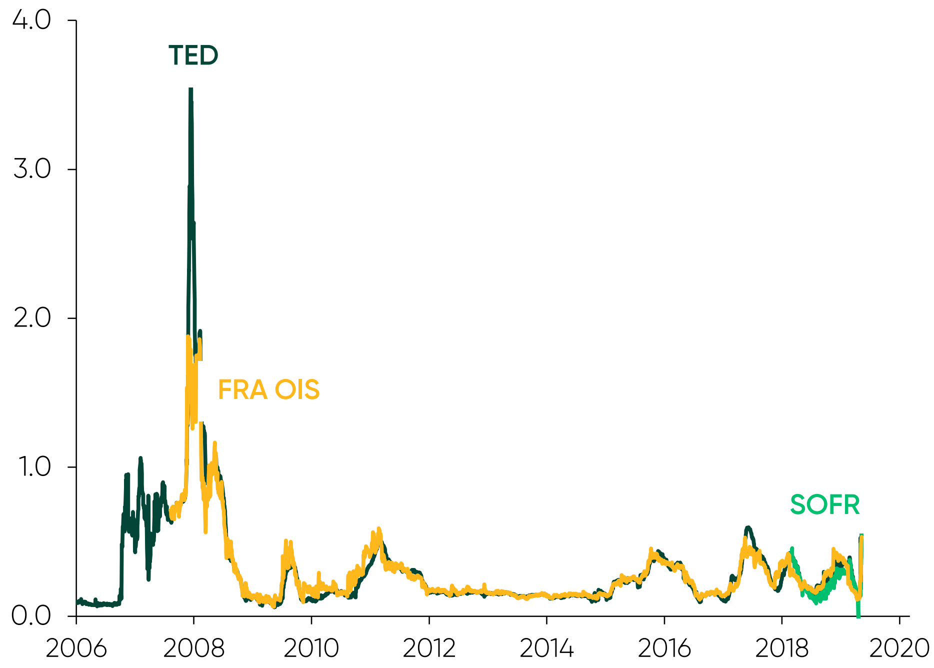
SECTOR OUTLOOK: FINANCIALS

Short-term credit spreads and bank Credit Default Swap (CDS) spreads are indeed showing stress during the selloff, but have yet to imply a freeze in credit markets or financial contagion spreading across the banking system. Spread widening for financial institutions thus far is similar to the last 5 corrections, but still far from the depths of the financial crisis. Additionally, to the surprise of many, repo markets have been functioning well, with a tight LIBOR-SOFR spread.

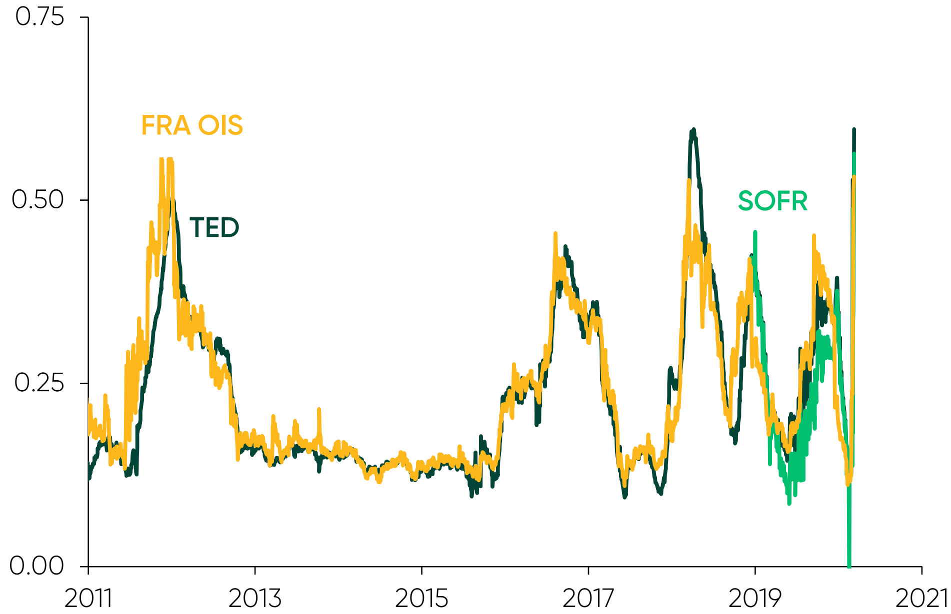
We monitor several indicators to inform our assessment of credit risk, including the following spreads which are designed to measure broad credit risk over a 3M period:

- 3M FRA-OIS Spread (Forward Rate Agreement vs Overnight Index Swaps)
- TED Spread (3M LIBOR vs 3M T-Bills)
- SOFR Spread (3M SOFR vs 3M T-Bill)

Long Term Chart of ST Credit Spreads (%)



Current Cycle (Since 2011) ST Credit Spreads



*Source: Factset, Daily Spreads 3M Treasuries of 3M LIBOR & 3M SOFR, and FRA/OIS daily spread EOD close. As of 17/3/20. *SOFR Spreads not shown in all time periods as the market is only 18M old. *2011 Average of 129 is calculated using the # of days the peak level was reached in 6 periods from 2011 to now.*

SECTOR OUTLOOK: FINANCIALS

Monetary Policy Response

Policy response has been more supportive of banks and market liquidity than in the global financial crisis. Globally all major central banks have responded by removing extra capital buffers, expanding the assets available to be used as collateral in taping central bank liquidity, and proving almost unlimited short-term liquidity in repo markets across all major markets. While none of these measures will solve the COVID-19 virus problem, they do help stave off the risk of a liquidity squeeze turning into financial contagion and the negative feedback loop that typically follows. Even if substantial drawdowns of bank credit lines occur, this liquidity will be helpful in funding those needs.

SECTOR OUTLOOK: DISCRETIONARY AND IMPACTED SUB-INDUSTRIES

In contrast, certain segments of Consumer Staples, Technology and Health Care have been less impacted. Health Care and Health Care infrastructure likely continue to be a structural investment opportunity with continued government support, investment, and an aggressive approval push for new drugs and treatments. Technology firms incorporating health and well-being functions into their ecosystem could also be an attractive opportunity.

FULL SECTOR DRIVER ANALYSIS*

**Full sector driver analysis' were drafted prior to the coronavirus outbreak and bear market. The following reflects our broadest global sector views which may be slightly different in our Emerging Markets and other strategies. We continue to monitor macroeconomic events and will act accordingly if our views change.*

OVERWEIGHT INFORMATION TECHNOLOGY

The Information Technology sector is heavily skewed toward large, high-quality firms-a segment we expect to outperform. The sector should also benefit from rising consumption of on-line products and robust global IT spending driven by the growing demand for products and services related to mobile, cloud computing and the "Internet of Things".

Economic Drivers

+ Strong Corporate Fundamentals & Consumer Spending: Strong corporate profitability, low financing costs, tight labour markets, aging equipment, and low inflation should support increased expenditures on productivity enhancing and consumer facing technology. Global IT services and enterprise software spending is expected to grow in excess of global GDP, driven primarily by trends in cloud computing. Rising consumption of on-line products, particularly in emerging markets with developing middle classes, should also support consumer oriented technology and payment processors.
+ The Internet of Things (IoT): The burgeoning trend toward adding communication capabilities to a large swath of previously unconnected consumer electronics and industrial devices should drive a wave of activity and broadly benefit the Technology sector beyond component makers.
+ China Private Sector Credit Stimulus: China is one of the largest end markets for consumer oriented technology. Current stimulus measures are directed to consumers and small businesses, which likely further supports Chinese demand for Technology products and services.
± Cloud Computing Productivity Gains: Cloud computing reduces cost burdens for businesses as allowing firms to more dynamically scale—turning costly upfront fixed costs into variable costs aligned with growth. This feature increases technology capacity utilisation, reduces IT staffing needs and increasing workforce productivity. Enterprise software and select hardware providers' likely benefit at the expense of legacy providers.
± Mobile Technology: Mobile adoption continues to mature, yet changing consumer and enterprise habits still provide select investment opportunities such as high value componentry and mobile advertising/e-commerce.
- Traditional Computing Stagnating: Increasingly high computer penetration and the shift toward mobile computing are eroding demand for traditional devices such as personal computers and tablets.

Political Drivers

± Privacy Laws: While widely discussed and likely lacking in significant surprise power, regulation such as General Data Protection Regulation (GPDR) are forcing social media firms to improve their data protection compliance and privacy standards, which may modestly reduce their ability to target individuals.
± Security Spending: Security concerns and the broader China-US trade skirmish may increase protectionist spending toward domestic suppliers at the expense of multinational tech firms and dependent supply chain exposed tech firms.
± Tax Policy: European governments may increasingly challenge multinational tax avoidance schemes. US tax reform provided a boost to buybacks or special dividends, but hasn't appeared to impact investment as Tech firms are not in need of cheap funding sources given low debt and high retained earnings.
- Anti-Trust: Governments around the world may increasingly use anti-trust laws to reduce intellectual property royalties, as recently seen in Asia, as well as national security as a rationale to impede cross border M&A, as recently seen in the US. Further, calls for Tech regulation in the US are increasing ranging from anti-competitive business practices and M&A investigations from the Department of Justice and FTC. US presidential campaign proposals will intensify, yet calls for Big Tech break ups are largely campaign rhetoric unlikely to materialise.

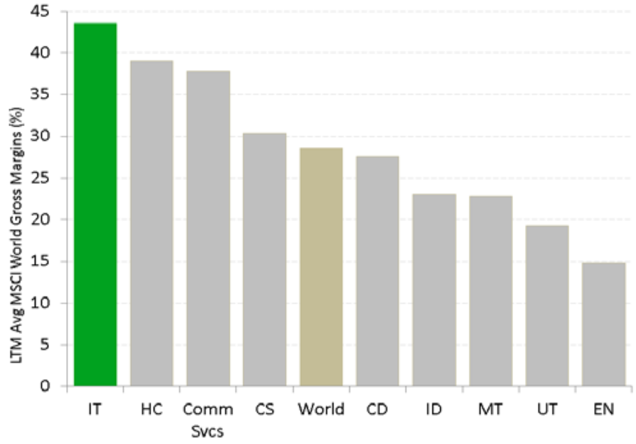
Sentiment Drivers

+ High Margin, High Growth: Technology shares tend to be higher margin and growth oriented; both characteristics we favour.
+ Tech Outperforms in Positive Markets: As an economically cyclical sector, global Technology tends to outperform when markets are positive.
+ Mega-Cap Stocks: The Technology sector contains some of the world's largest companies by market capitalisation. We favour high quality companies with stable balance sheets and geographically-diverse revenue streams.
± High Expectations: Sector valuations are elevated versus recent history by some metrics, however, are within historical norms.

As of February 2020. 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.

OVERWEIGHT INFORMATION TECHNOLOGY

High Gross Margin Firms Typically Outperform



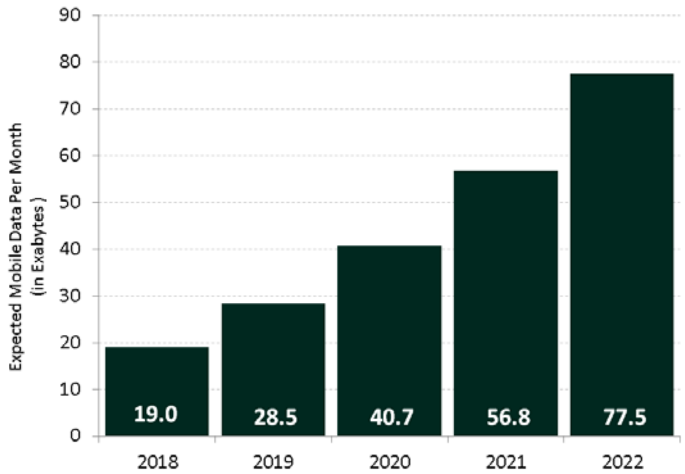
Source: FactSet as of December 2019.

Technology Outperforms in Rising Markets

MSCI World Sectors Outperforming >55% of Time*			
Strong Markets (+20% or more)		**Modest Markets (0 to +20%)**	
Financials	67%	Tech	63%
Discretionary	60%		
Industrials	58%		
Tech	57%		
Weak Markets (0 to -20%)		**Weakest Markets (-20% or less)**	
Staples	82%	Staples	100%
Health Care	72%	Health Care	95%
Utilities	70%	Utilities	86%
Telecom	65%	Energy	81%
Financials	58%		

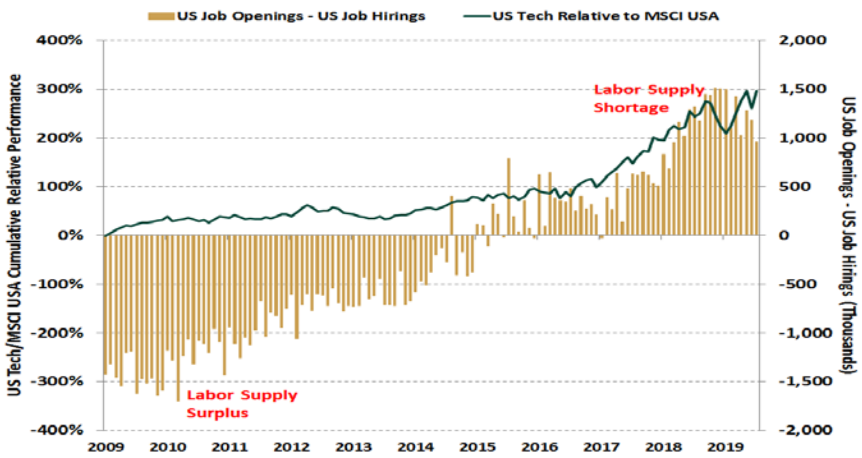
Source: FactSet; MSCI World monthly returns (December 1975 to December 2019).

Rapid Data Demand Growth Support Consumer Facing Tech



Source: IDC, Goldman Sachs. 2019.

Tech Outperfoming With Labour Shortage



Source: U.S. Bureau of labour Statistics and FactSet, as of September 2019.

Charts contain most recent data as of as of December 2019.

OVERWEIGHT ENERGY

While energy demand remains robust and the sector often outperforms late-cycle, the global oil market remains well-supplied with supply and demand growth roughly balanced. Barring any major unforeseen supply disruption, energy prices likely remain range-bound. Yet, given low expectations and our expectations for an improving global economy, the sector is well poised for upside surprise.

Economic Drivers

± US Oil Rig Efficiency: The oil price plunge forced US oil companies to reduce drilling in high-cost regions, lowering the number of active rigs. However, US output continues growing as new drilling techniques and technologies increase the output each rig is capable of producing. As oil prices have stabilised, rigs have been put back into operation, further supporting US output.

± Low US Energy Capital Expenditures: Falling capital expenditures are often cited as a cause for a recovery in oil prices. While a prolonged period of underinvestment could create a supply-constrained market, history suggests falling capex does not change supply dynamics quickly, as years of investment and efficiency gains keep production high.

± OPEC Production: While OPEC's 2016 agreement to limit production likely supported near-term oil prices, our view is that it had limited ability to create long-lasting supply constraints needed for significantly higher crude prices; the impact of 2018 agreements to roll back some of these cuts, and then subsequently re-impose them, are likely similarly short-lived in their effect. Given the speed with which US shale producers can increase supply, and technological innovations to enhance output, we continue to expect the oil market remains well-supplied.

- US Oil Investment and Innovation: A decade of intense oil industry investment and new innovation has dramatically enhanced oil companies' ability to extract previously unreachable oil. We expect oil prices to reflect this, with neither prolonged periods of strong nor weak prices.
- Low Energy Intensity of Developed Markets (DM) Growth: Relative to Emerging Markets (EM) peers, Developed Markets countries use less energy per unit of GDP growth. We expect oil demand growth to remain healthy, but lag aggregate global economic growth, given increasing efficiencies globally.

Political Drivers

± Geopolitical Supply Disruptions: The global oil market remains exposed to supply shock risks in Russia, the Middle East, South America, and North Africa. A significant increase in social unrest or outright conflict has potential to cause oil price spikes. Recently, attacks on Saudi energy infrastructure and increased tensions with Iran have raised concerns around the security of energy supplies, lifting oil prices. However, these risks are common, difficult to time and often short-term. Additionally, geopolitics is a two-way street – it is possible tensions subside, resulting in more secure energy supplies.

± Chinese Policy: China's policy of promoting domestic services versus infrastructure development should reduce the energy intensity of Chinese GDP growth. However, recent stimulus likely supports the broad economy, a net positive for commodities such as oil.

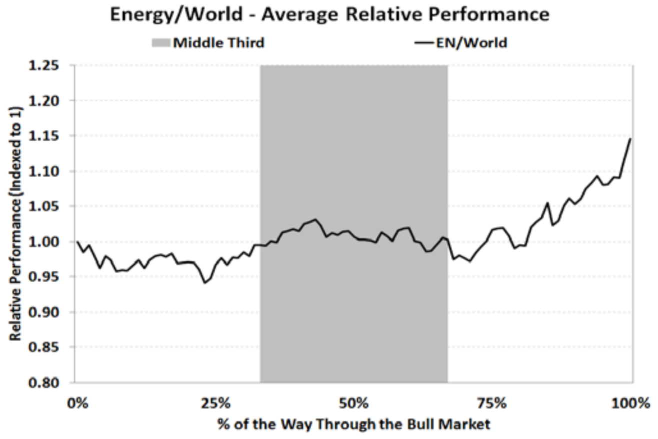
Sentiment Drivers

± Cheap Valuations, but Warranted: Energy shares are cheap on a historical basis, though we believe that to be warranted given the challenged operating environment for Energy firms.

- False Perceptions on Oil Cycles: We believe misperceptions on oil price drivers and anchoring biases cause many investors to underestimate the length of time prices may remain below previous cycle highs. As prices fall, marginal production costs also fall, and technological innovation pushes costs lower still. This likely helps moderate prices longer than many believe.
- Over-Optimism on OPEC Maneuvering: In recent years, one driver of oil prices has been optimism surrounding OPEC's agreement to limit production and their effectiveness in doing so. While this benefitted prices in the near term, we believe this optimism is misplaced, and ignores the reality that OPEC does not control oil prices, particularly in light of the ease with which US producers can increase output compared to previous cycles.

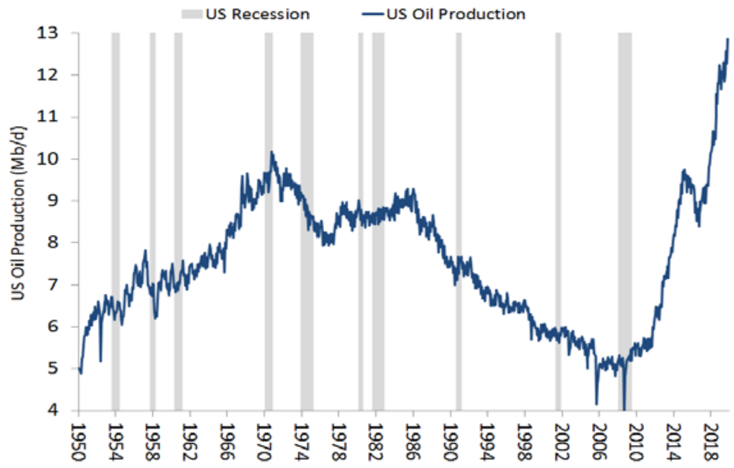
OVERWEIGHT ENERGY

Energy Often Outperforms Late-Cycle



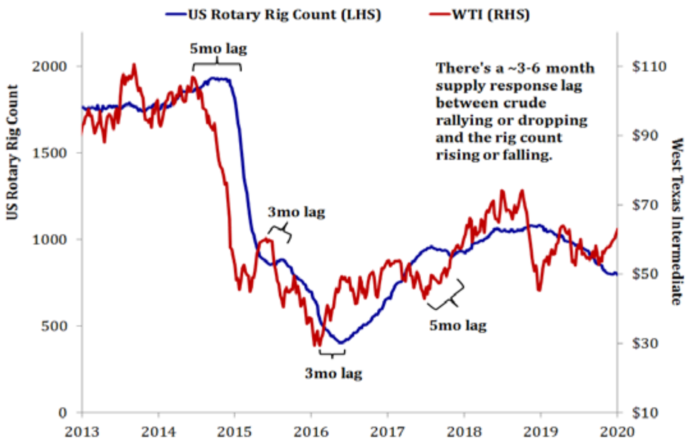
Sources: Global Financial Data, Inc. Data June 1970 through end of prior bull, October 2007.

New Innovation and Investment Have Driven Record US Production



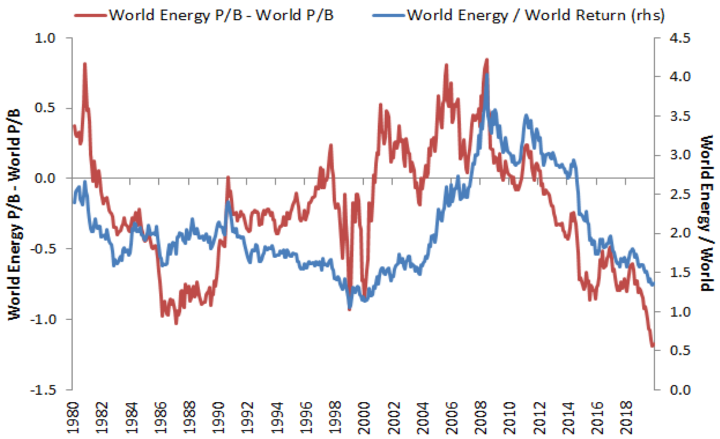
Sources: US EIA, ECRI. Data available through October 2019. Last updated January 2020.

US Producers Respond Quickly to Crude Price Moves



Source: Baker Hughes, FactSet Data Systems, Inc. Data available through January 2020. Last updated January 2020.

Low Valuations Likely Price in Energy Headwinds



Source: FactSet Data Systems, Inc. Data available through December 2019. Last updated January 2020.

Charts include the most recent available data as of December 2019, unless otherwise noted.

NEUTRAL MATERIALS

Metals prices and the fundamentals of Metals & Mining have improved recently as supply growth decelerates and demand remains healthy. However, chemical supply growth continues to increase, particularly in the US as firms look to take advantage of higher US oil and natural gas production - creating divergent outlooks for the major industries within Materials.

Economic Drivers

+ Metals Supply Growth: After years of accelerating supply growth for many base metals, supply growth has begun to decelerate as a result of reduced capital expenditures.
+ Improving Chinese Credit Growth Trends: Recently announced a stimulus measures including tax and reserve requirement cuts along with increased infrastructure spending should result in stabilising total credit growth and accelerating credit growth to small businesses. Chinese credit growth and stimulus measures have been a major driver of metals demand and supportive of relative returns.

± Property Market Demand in China: China's recent stimulus has shown signs of potentially supporting the property market, the government has consistently focused on avoiding a surge in housing prices in recent years and the introduction of a property tax in China could also further weigh on pricing. Historically China's residential market has been a major source of demand for steel and copper.

\- Chemical Supply Growth: Increased production of natural gas has resulted in a dramatic increase in ethylene supply in recent years that is expected to continue through 2020. Historically, when ethylene supply growth accelerated Chemicals underperformed the broader market.

Political Drivers

± Resource Nationalism Raises Production Costs and Limits Supply: Government intervention in mining and materials companies can lead to increased taxes, decreased exports or even outright expropriation of resources. This creates regulatory risk for materials companies—for example, mining operations in Indonesia and the DRC were negatively impacted recently due to political demand for additional concessions from the mining firms.

± Potential Infrastructure Spending in the US: President Trump's plan for increased spending on decaying US infrastructure would help support commodity demand, but faces an uphill battle for Congressional approval.

\- Tariffs Distort Markets: The recent steel and aluminum tariffs enacted in the US along with tariffs on a broad set of goods by the US and China, while relatively small in terms of the broader economy, create winners and losers globally.

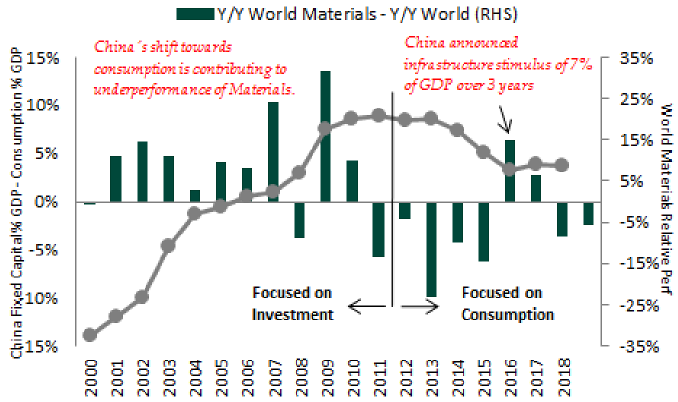
Sentiment Drivers

± Valuations: Relative Price-to-Earnings valuations are reasonable.

± Modest Sentiment for Metals: Mining companies are reinstating or increasing dividends after many of the same companies were forced to raise capital and halt or reduce dividend payments in recent years. However, market expectations for the sector remain modest after most metal prices declined in 2018 on demand fears.

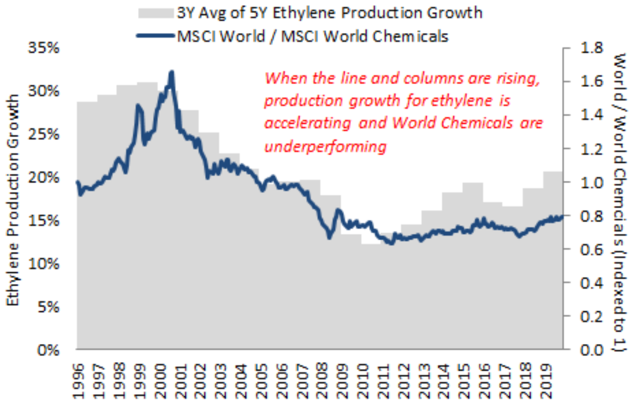
NEUTRAL MATERIALS

Changing Economic Conditions in China Drive Materials Performance



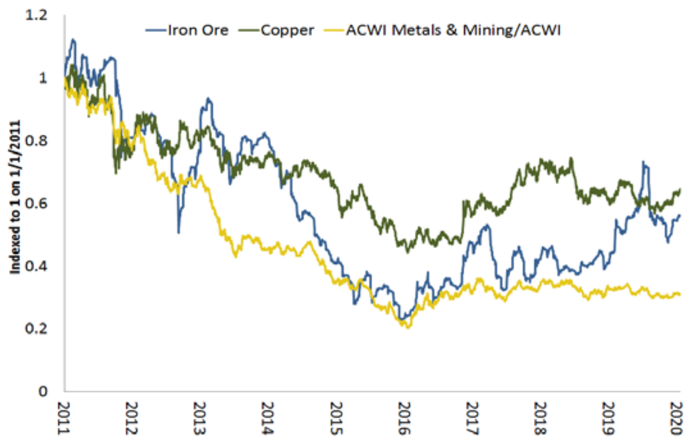
Source: FactSet, data available through December 2018. Last updated January 2020.

Accelerating Ethylene Production Signals Chemicals Underperformance



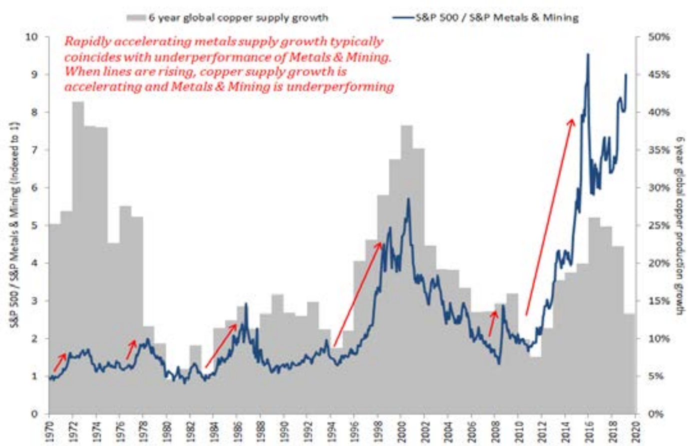
Source: FactSet, data available through December 2019. Last updated December 2019.

Metals & Mining Performance Tracks Changes in Metal Prices



Source: FactSet, data available through December 2019.

Excess Supply Growth Detracts from Industry Relative Performance



Source: FactSet, GFD, International Copper Study Group, data available through December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

NEUTRAL CONSUMER DISCRETIONARY

Certain industries within Consumer Discretionary, such as Autos and traditional Retailing, likely see increasing headwinds from a flat yield curve and rising wage costs. However, other industries such as E-commerce and Luxury Goods possess high-growth and high-quality characteristics which are most attractive.

Economic Drivers

+ Favour Online Consumption: Online retail sales, which have consistently grown faster than brick-and-mortar sales, are likely to continue taking brick-and-mortar market share.
+ Luxury Goods: Luxury Goods are attractive relative to the sector given higher gross margins, more attractive growth opportunities and less credit-sensitive demand.
+ Homebuilders: Banks have still not tightened standards for residential lending, inventories remain tight and affordability is less constraining following recent rate declines.
- Yield Curve: Flatter yield curves have historically been a forward-looking indicator of Discretionary underperformance as bank lending tends to be more restrictive as monetary conditions tighten. Demand within some Discretionary industries, including Autos and Retail, is impacted by consumer credit access.
- Tight US labour Markets: As the US economic cycle advances, labour markets are likely to continue tightening, leading to rising late-cycle wage costs. Some Discretionary firms are more vulnerable to rising wage costs due to high labour intensity and heavy competition that limits firms from passing along rising costs to customers.

Political Drivers

+ China Consumption Shift: China's political strategy of reducing investment-led growth in favour of consumption-led growth should be a tailwind for Chinese consumption stocks relative to stocks exposed to Chinese investment.

± Antitrust: Antitrust rhetoric targeting Technology firms continues to escalate in the US and Europe, which could impact the Internet Retail industry. Given the current gridlocked state of the US government, we believe current US anti-trust probes are more likely to result in incremental legal shifts rather than forcing fundamental re-alignment of Technology business models. However, the issue could potentially escalate in the 2020 election.

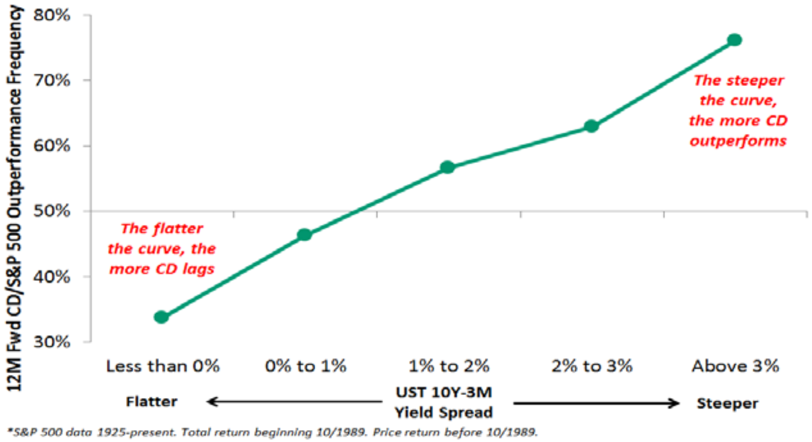
± Protectionism: More cyclical and import-intensive industries such as Autos and Retailing are more likely to feel the marginal pressures from protectionist policies such as tariffs. However, if the US-China 2020 election year détente materialises, that headwind could turn into a tailwind.

Sentiment Drivers

+ Housing Fighting the Last Fight: Sentiment remains restrained in the housing market following last decade's bust, which allows the housing market to continue climbing the wall of worry.

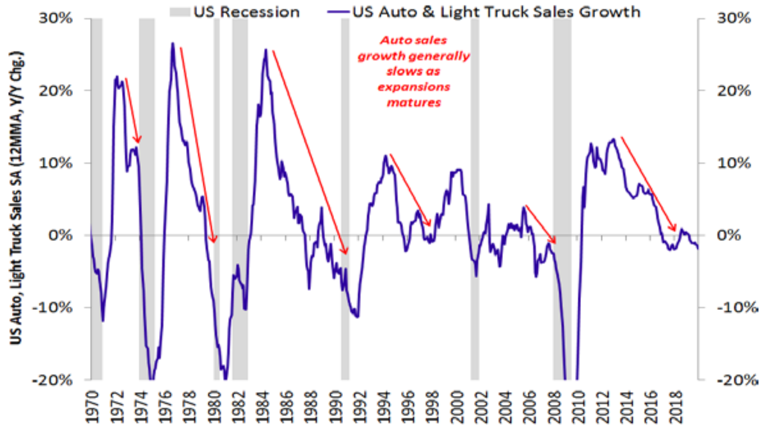
NEUTRAL CONSUMER DISCRETIONARY

Discretionary is Less Attractive as the Yield Curve Flattens



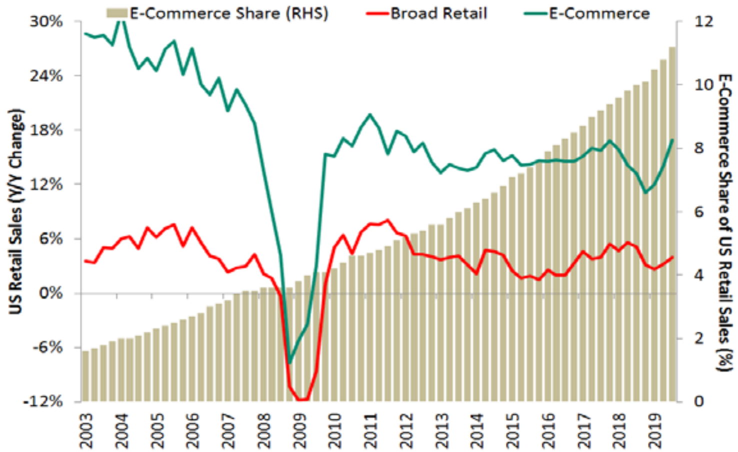
Sources: Global Financial Data, FactSet Data Systems, Inc., as of December 2019.

Late Cycle Sales Growth Often Slows for Many Discretionary Items



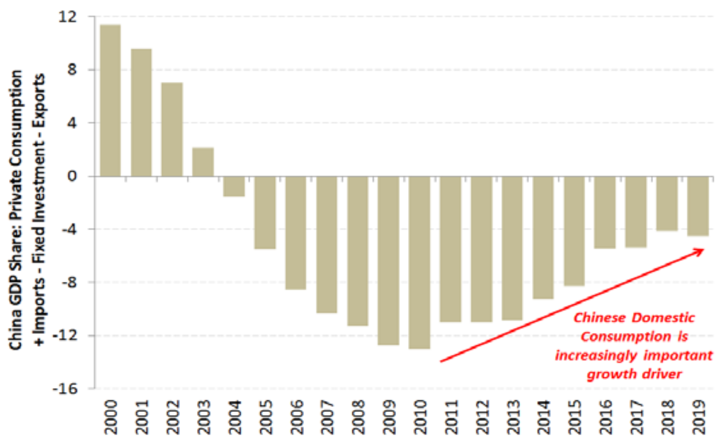
Sources: US BEA, ECRI, as of December 2019.

E-Commerce Continues to Take Brick-and-Mortar Retail Share



Sources: US Census Bureau, FactSet Data Systems, Inc., as of December 2019.

Policy Shift Toward Consumption a Tailwind to Chinese Consumer Equities



Source: Oxford Economics, as of December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

NEUTRAL INDUSTRIALS

The Industrials sector should broadly benefit from a global economic expansion. However, Industrials companies with limited pricing power to pass along higher input costs likely face headwinds. We have a preference for high-margin, high-growth industries like Factory Automation, Aerospace suppliers and Professional Services, and companies well-positioned to capitalise on trade, consumption and infrastructure growth as headwinds surrounding the US/China trade war and economic slowdown continue to abate.

Economic Drivers

- \+ Automation Equipment: Lack of qualified labour and rising wages in Emerging Markets along with improving productivity in Developed Markets are contributing to increased demand for factory automation equipment and services.
- ± Global Credit Availability: Given its heavy capital intensity, the Industrials sector is more reliant on access to credit than others sectors. Currently bank access to credit globally remains good. But as the cycle progresses banker willingness to lend gradually tightens, presenting a headwind to the sector looking forward.
- ± Commercial Aerospace Demand: While the pace of new aircraft orders likely slows, multi-year backlogs and high capacity utilisation likely result in strength in demand for parts and services. Fading macro concerns and improving investor sentiment tied to an ongoing expansion should also be a tailwind.
- \- Resource Pricing: With resource prices off lows demand for extraction equipment has risen but remains relatively modest, likely limiting future demand for such equipment. Additionally, as resource prices rose, many Industrial companies face higher input costs and narrowing margin, particularly those with weak pricing power.
- \- Slowing Order Rates: As the economic cycle matures, orders likely shift from short (quickly filled orders) to long cycle (multi-year products), order rates likely slow, impacting revenues.

Political Drivers

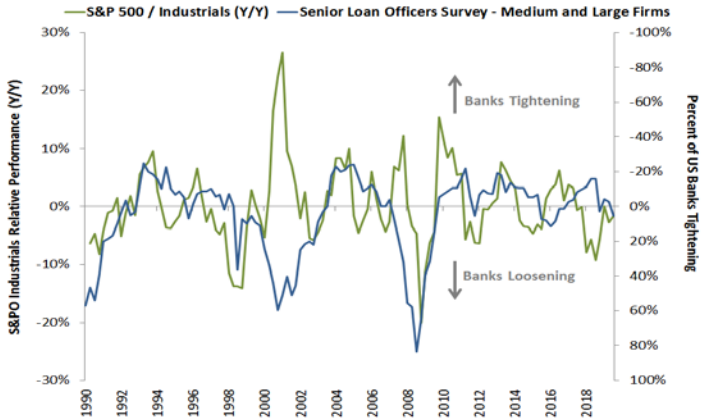
- \+ Chinese Minimum Wage Growth: Minimum wages in China have more than doubled since 2010. Strong wage growth should support the need for labour-saving machinery and make manufacturing labour costs elsewhere more competitive.
- ± Trade Policy: Much of the sector directly benefits from increasing global trade. While we expect global trade to reaccelerate into 2020, Brexit, and the ongoing tariff discussions between the US and China continues to weigh on expectations and has delayed new orders, as uncertainty lingers.

Sentiment Drivers

- \- Size Preference Shift: We tend to seek firms with high earnings stability, brand recognition, pricing power and better credit access. Such firms tend to have larger-than-average market capitalisations-a headwind for Industrials as the sector has relatively few very large firms.

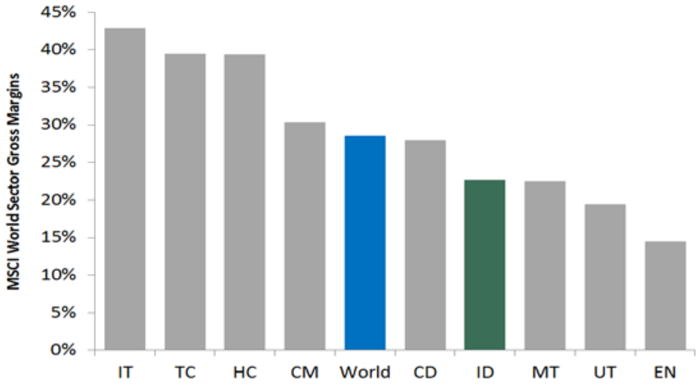
NEUTRAL INDUSTRIALS

Industrials benefit from Credit Loosening, US Tightening



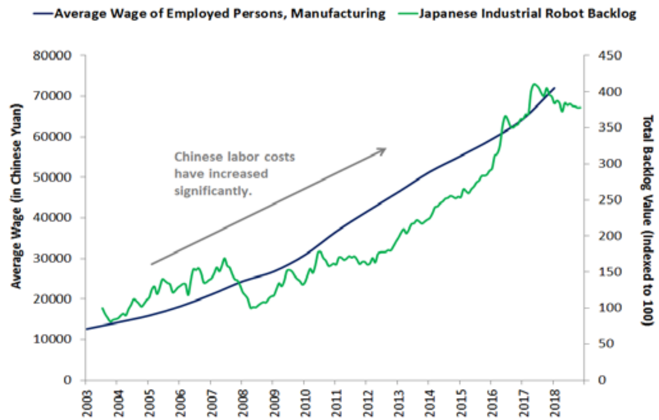
Source: FactSet. Data available through December 2019. Last updated December 2019.

Industrials Has Low Profit Margins: A Negative Late in the Market Cycle



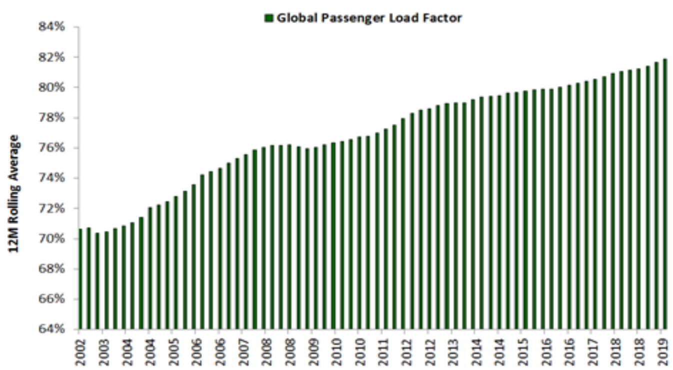
Source: FactSet as of December 2018.

Demand for Automation Equipment Rising with Chinese Wage Growth



Source: FactSet. Data available through December 2019.Last updated December 2019.

Commercial Aerospace Capacity Utilisation Continues to Trend Higher



Source: FactSet. Data available through September 2019. Last updated December 2019.

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NEUTRAL HEALTH CARE

Health Care should benefit from increasing investor preferences for larger, higher quality companies with long term growth prospects. Strong fundamentals are partially offset by rising political uncertainty in advance of the 2020 US presidential election. Within the sector, larger Pharmaceutical firms are offsetting key patent expirations through pipeline development, M&A, licensing and rapid Emerging Markets growth.

Economic Drivers

+ Record Drug Innovation: 2018 set an all-time record for most novel drug approvals, and 2019 was also one of the best years in recent memory for drug innovation. Specialty drugs, cell-based therapies and gene therapies are expected to be key drivers of drug innovation in the next few years.
+ Emerging Markets Health Care Demand: Huge swaths of Emerging Markets populations are breaching key income thresholds, allowing for the purchase of pharmaceuticals and medical devices for the first time. Improving health insurance coverage in emerging markets should also increase patient utilisation rates and hospital capital expenditures.
+ Balance Sheet Strength: Financial flexibility of Health Care firms allows for increased research and development, share buybacks, dividends and strategic acquisitions.
+ Favourable Developed World Demographics: Aging and longer-living developed world populations should increase total health care expenditures.
+ Strong labour Market Supports Increased Medical Procedures: A long economic expansion and low unemployment is releasing pent up demand for deferred and discretionary surgical procedures.

± Biosimilar Competition: Approval of generic biotechnology drugs will introduce new competition. Yet, smaller discounting, manufacturing challenges and legal hurdles may limit the impact of competition relative to generic pharmaceuticals.

± Outperforms with Low Interest Rates and Inflation: Today's low interest rates and inflation likely benefit less cyclical sectors like Health Care. Health Care firms have less economically sensitive demand and their earnings tend to be more consistent, holding up better in periods of low economic growth or inflation.

- Biotech Patent Expirations: Many large-cap biotech companies will be facing patent expirations in the next few years. This could reduce sales and profits for these companies if new drugs don't offset lost sales from drugs with expiring patents.
- Drug Pricing Pressures: Generic drugs and patented drugs with many substitutes face lower pricing increases than years past both from political pressure, and increased drug buyer negotiating power. Due to pharmacy benefit manager and distributor consolidation, three buyers now have a combined 90% market share in the US prescription drug market.

Political Drivers

± Easing Regulatory Environment: Pipelines and new product approvals are improving as the regulatory environment becomes more favourable. This trend is largely positive for branded biopharma and biosimilar manufacturers, and likely a headwind for traditional generic drug makers, as it creates more competition.

- Political Uncertainty: A split Congress likely means any near-term legislative changes will be small in scale and watered down. However with the US presidential campaign ramping up, Health Care companies may face scrutiny from candidates amidst the debate around proposed changes to health care coverage and drug pricing. Implementation of any large scale changes looks unlikely, but this will likely drive short-term volatility during campaign season, with the impact fading into the election.

Sentiment Drivers

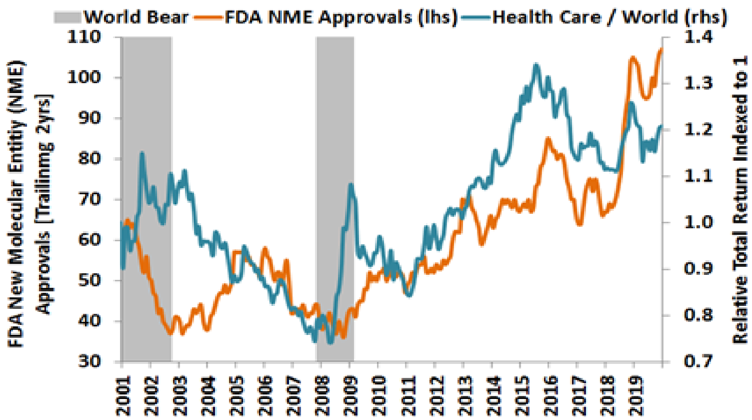
+ Preference for Growth: We expect Health Care to benefit from investors' preference shifting to larger companies with higher quality secular growth opportunities. Additionally, large pharmaceutical firms possess many mega-cap characteristics that favour–higher profit margins, diversified revenues, strong cash flows, healthy balance sheets and brand recognition.

± Valuations: Valuations are trading at modest premiums to the broad market, but well below extremes of the past, suggesting sentiment remains reasonable.

± Prospects for Increased M&A: Large biopharmaceutical firms have plenty of cash on their balance sheets, while small and mid-size biopharmaceutical firms have impressive drug pipelines at reasonable valuations. This should lead to increased mergers and acquisitions in the sector.

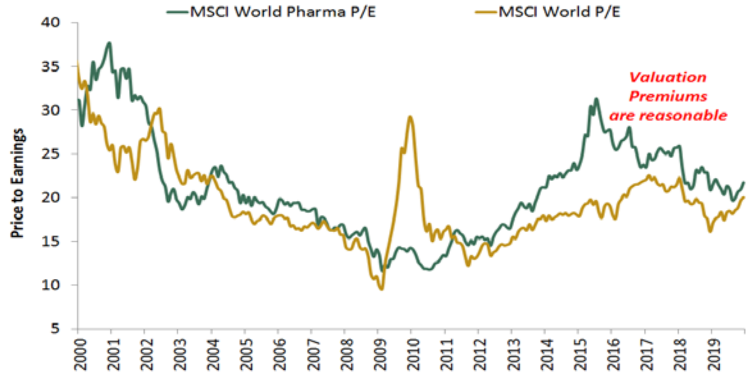
NEUTRAL HEALTH CARE

Health Care Outperforms with Higher Drug Approvals



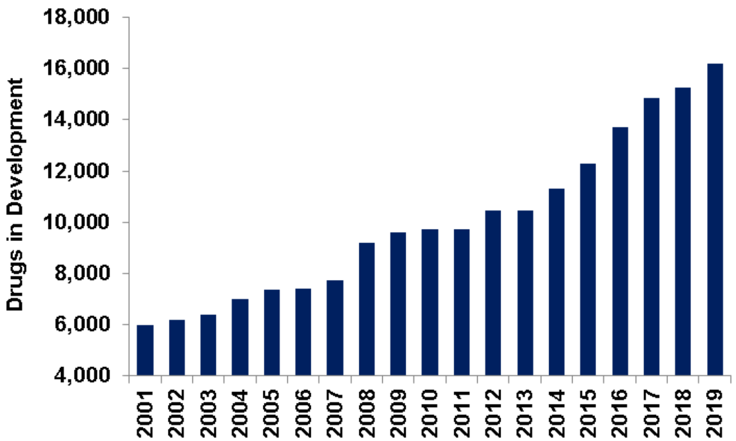
Source: FDA as of December 2019.

Valuations are Reasonable



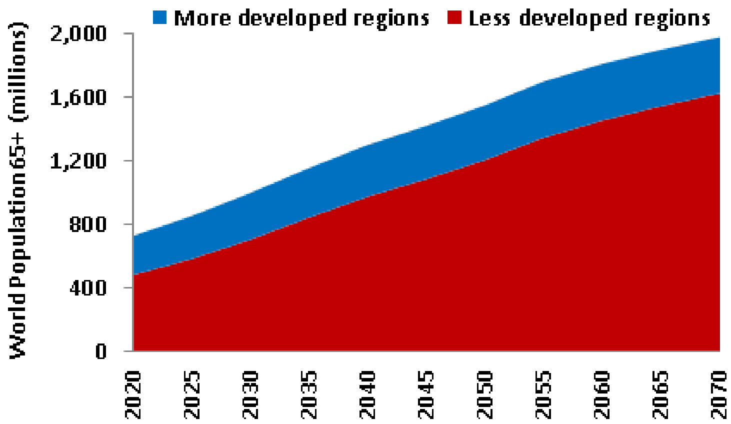
Source: FDA as of December 2019.

Drug Companies Have Strong Pipelines



Sources: Company Filings, Pharmaprojects, Fisher Investments Research as of December 2019.

Aged Populations Will Rapidly Expand



Sources: United Nations, Fisher Investments Research. Last Updated December 2019.

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NEUTRAL COMMUNICATION SERVICES

The Communications sector should benefit from rising demand for consumer-facing online products, social media applications, online advertising trends and growing mobile usage. The mass adoption of consumer-facing mobile computing is driving demand for a range of services such as interactive media and entertainment. Offsetting these attractive areas of the sector are the traditionally defensive Telecom industry and the legacy media and advertising firms.

Economic Drivers

+ Mobile Technology: While the trend in mobile adoption continues to mature, changing consumer and enterprise habits provide promising investment opportunities such as areas of high value mobile advertising at the expense of legacy content and advertising firms.
+ The Internet of Things (IoT): Connecting previously unconnected consumer electronics and industrial devices should drive increased data usage and broadly benefit the Communications Services sector beyond network providers to also include consumer facing interactive media, search and social media.

± Mobile Data Usage Rising Globally: Increasing demand for wireless data and mobile communication is a positive revenue driver for telecom providers and media or communication platforms globally—particularly as 5g networks roll out over the coming years. However, wireless telecom providers ability to convert higher revenues into increased profits is limited by increased smartphone subsidies and high infrastructure investments to build out 5g networks required to cope with the rising data demand.

± Falling Long Rates Help Telecom: Telecommunication Services stocks are a type of bond substitute and a strong inverse relationship between Telecom relative performance and long-term interest rates exists.

- Developed Wireless Markets Saturated: Most of developed Europe, the US and developed Asia have mature markets with penetration rates near or above 100%, limiting subscriber growth.

Political Drivers

± Privacy Laws: While widely discussed and likely lacking in significant surprise power, regulation such as General Data Protection Regulation (GPDR) are forcing social media firms to improve their data protection compliance and privacy standards, which may modestly reduce their ability to target individuals.

± US Political Sentiment: As search and social media firms become more entrenched in citizens daily lives, calls for expanded privacy and anti-monopoly regulation may increase during the US presidential campaign. The increased "tech-lash" is a likely source of short-term volatility, however, material legislation is unlikely.

± Heavy Regulation and Political Influence: Recent proposals by the European Parliament to enshrine Net Neutrality into law and the FCC's decision under the Trump administration in the United States to roll back Net Neutrality add a degree of uncertainty to the sector's prospects yet is unlikely to be a material factor of relative performance as businesses practices should remain largely unchanged at internet service providers.

± State-Sponsored Oligopolies: Many Telecom companies enjoy state-sponsored oligopoly status as large domestic telecommunications networks are deemed critical to national security. Such designation can be a fickle benefit as such companies are at the whims of governments and regulators who may ultimately look to break up such oligopolies.

Sentiment Drivers

+ Mega-Cap Stocks: The Communication Services sector contains some of the world's largest companies by market capitalisation. We favour high quality companies with stable balance sheets and geographically-diverse revenue streams.

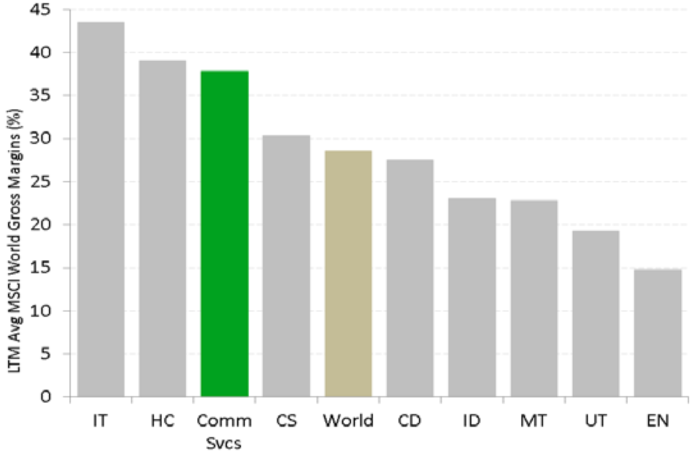
± High Margin, "Growth" Characteristics: Communication Services shares tend to be a mix of higher margin and growth oriented firms we favour offset by the traditionally defensive telecommunications industry.

- Traditionally Defensive Telecom Industry: Telecom is historically a defensive industry and more likely to outperform during bear markets due to investor perception of Telecom as a sector with stable cash flows which acts as a bond proxy.

As of February 2020. 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.

NEUTRAL COMMUNICATION SERVICES

Firms with High Gross Margins Typically Outperform



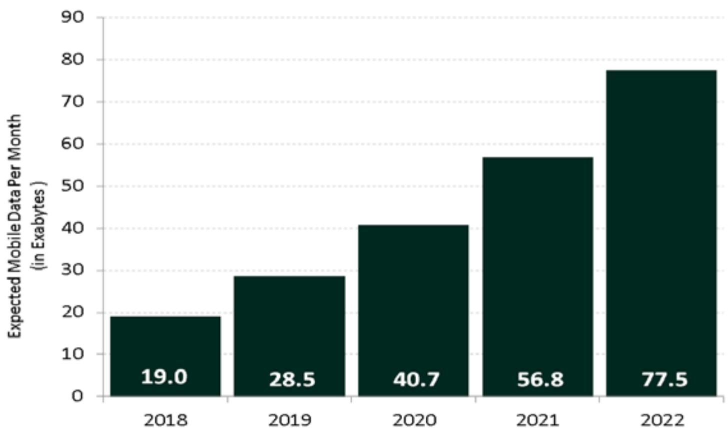
Source: FactSet as of December 2019.

US Telecom Tends to Underperform in Bull Markets

Bull Market Start	Bull Market End	S&P 500 Telecom	S&P 500 Composite	Relative Return
6/30/1962	1/31/1966	37%	90%	-53%
9/30/1966	11/30/1968	22%	52%	-30%
6/30/1970	12/31/1972	51%	76%	-24%
9/30/1974	11/30/1980	87%	195%	-108%
7/31/1982	8/31/1987	288%	278%	10%
11/30/1987	7/16/1990	58%	76%	-18%
10/11/1990	3/24/2000	448%	546%	-99%
10/9/2002	10/9/2007	171%	110%	61%
3/9/2009	?	242%	498%	-256%
Annualized Bull Market Return (ex-current)		**18%**	**22%**	**-4%**

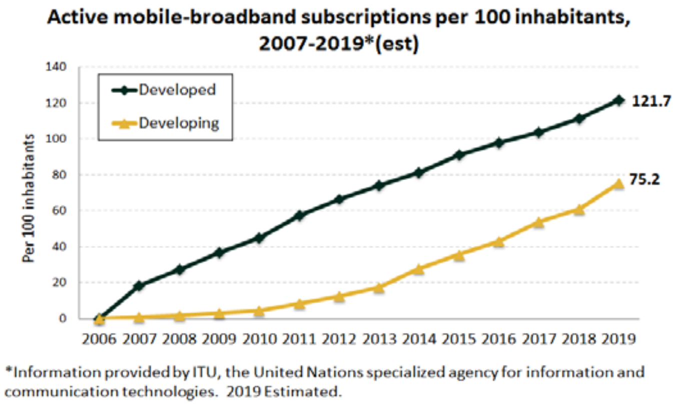
*Return Data: Global Financial Data/FactSet (December 2019).

Rapid Data Demand Growth Support Consumer Facing Tech



Source: Cisco Visual Networking Index Report 2018.

Developed World Mobile Saturation: 2000-2019*



Source: United Nations ITU as of December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

UNDERWEIGHT CONSUMER STAPLES

We have a neutral outlook on the Consumer Staples sector because its characteristics are roughly similar to the broad market in terms of market capitalisation, gross margins and growth.

Economic Drivers

+ Quality: Firms with more stable, high-quality earnings, such as Consumer Staples.
± Consumer Preferences: Younger consumers have been shifting preferences toward micro-brands at the expense of the established consumer brands. While initially slow to respond, most major firms have been introducing new products in reaction to prior market share losses.
± Social Media: Social media has helped smaller startups take market share from established consumer brands by allowing targeted advertising at specific consumer subsets. However, rising social media advertising costs are diminishing this advantage for smaller firms.
± Gross Margins: On average, Consumer Staples firms have similar gross margins to market peers.
± Emerging Markets Differentiation: Staples are often more discretionary in emerging markets than the developed world and we expect consumption to grow fastest in emerging market regions with structural reforms and growing middle classes.
± Growth/Value: Growth stocks tend to outperform late in bull markets, but the Staples sector has neither a growth nor value skew.
± Market Capitalisation: We favour firms with large market capitalisation– Consumer Staples are roughly average in terms of weighted average market cap.

Political Drivers

± FDA Regulations: FDA regulatory uncertainty is high as the rules regarding nicotine levels in US cigarettes, menthol cigarettes and e-cigarettes are in a period of rapid flux. However, much of this heavy uncertainty is likely factored into today's prices.
- Non-US Tobacco Regulations: Several Emerging Markets governments such as Korea, India and Indonesia have increased tobacco regulations including smoking bans in public places, tax hikes and mandated graphic warnings on packaging. In the European Union, a ban on menthol cigarettes goes into effect in 2020.
- Sugar Taxes: A movement to tax sugary beverages is developing with new taxes in the UK, France, Finland, Hungary, Mexico, Saudi Arabia, San Francisco and Philadelphia.

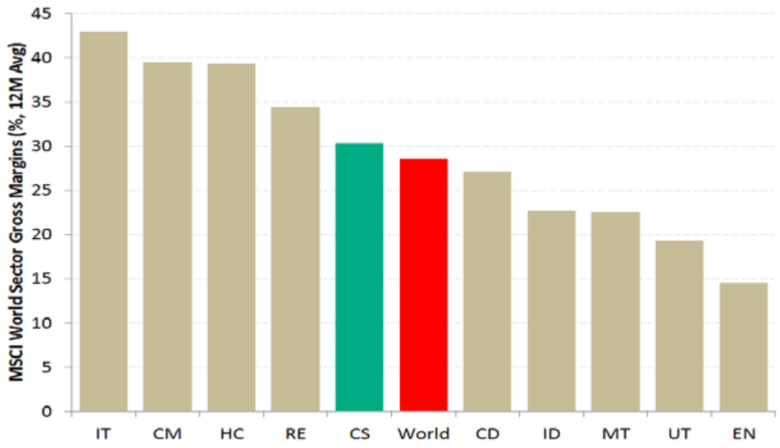
Sentiment Drivers

± Valuations: By most measures, Staples valuations are generally comparable with market averages, indicating neither high nor low sentiment.
- Late-Cycle: Staples historically lag the market in the final third of bull markets as the defensive nature of the sector are a headwind in a period of steadily improving optimism.

As of February 2020. 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.

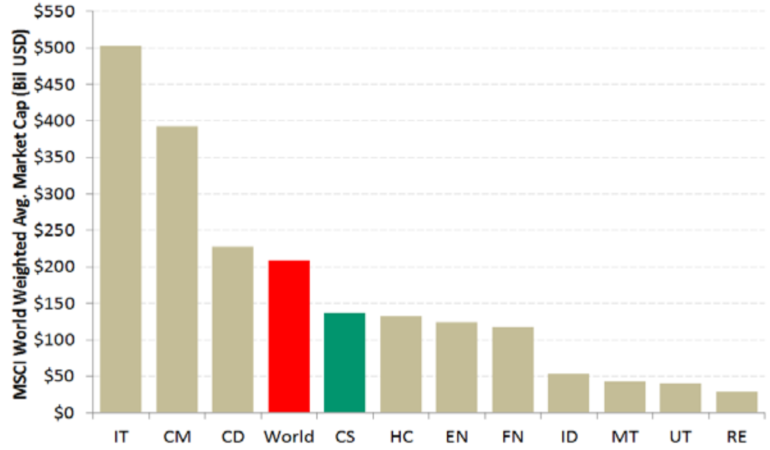
UNDERWEIGHT CONSUMER STAPLES

Staples Gross Margins are Near the Market Average



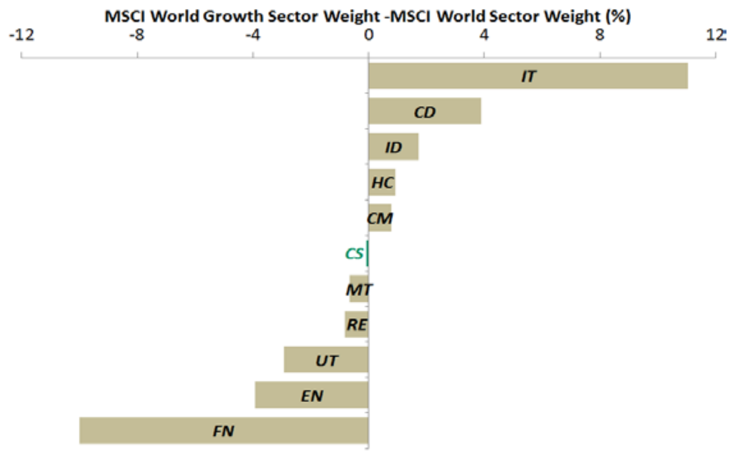
Source: FactSet Data Systems, Inc., as of December 2019.

Staples are Smaller than Average in Terms of Market Capitalisation



Source: FactSet Data Systems, Inc., as of December 2019.

Long Rate Surge Hurt Staples – Our Rate Outlook is Neutral



Source: FactSet Data Systems, Inc., as of December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

UNDERWEIGHT REAL ESTATE

Bond-like yield attributes and an inverse relationship to interest rates have encouraged substantial inflows throughout this cycle and elevated valuations as interest rates fell and investors stretched for yield. However, a heavy small cap and US market bias with high debt load make the Real Estate sector a poor thematic fit in the latter stages of a market cycle.

Economic Drivers

+ Healthy Labour Markets: Ongoing job and wage growth contribute the largest source of new real estate demand, positive for future demand growth.
+ Highly Fragmented Sector Likely to Benefit from Late Cycle M&A: REITs comprise a majority of the sector and most industries are highly fragmented, positioning the sector as a likely beneficiary of future consolidation through M&A activity.

± High Dividend Yielding Sector: REITs are commonly used as a bond replacement particularly in the current low yield environment, as its dividend payout yield is commonly above the bond market, encouraging investors to stretch for yield into REITs. As such, REITs are inversely correlated to interest rates.
± Relative Returns Inverse to Long-Term Interest Rates: A strong inverse relationship typically exists between REIT's relative performance and long-term interest rates. Long-term bond yields should remain low tied to modest global inflation and the lagged effects of US monetary policy.

- Small Cap Bias & No Mega Caps: The Real Estate sector and REITs in particular are overwhelmingly small cap oriented, focusing on niche offerings of types of real estate and regions.
- A Small Capital Safety Net: Given its required payout structure, high leverage and low retained earnings, in time of financial stress REITs tend to have a much smaller loss buffer than many other sectors, increasing the bankruptcy risk during recessions. These attributes make the Real Estate sector as lower quality relative to other sectors, and poorly positioned in the later stages of the market cycle, when quality tends to outperform.
- Dilutive Equity Raises Are Common: Given its required payout structure, REITs have a difficult time funding expansion with retained earnings. The most common path for growth is via diluted equity raises. Typically dilutive equity raises are most problematic for existing shareholders during the final stages of the bull, and especially during a bear market.

Political Drivers

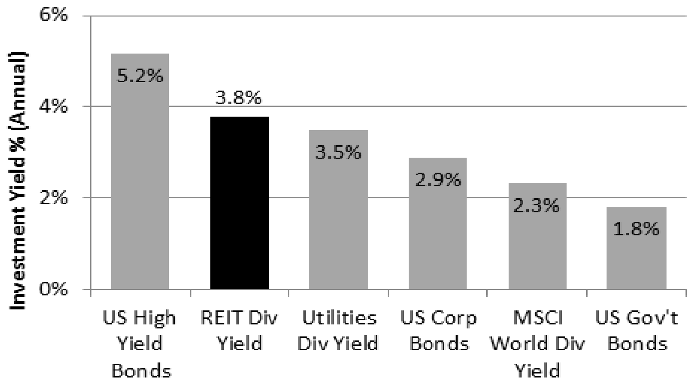
± Favourable Tax Treatment: REITs provide a more friendly tax treatment as a separate vehicle specifically designed to hold real estate assets, compared to an asset on a typical corporate balance sheet. This has increasingly encouraged some traditionally real estate heavy industries to sell their real estate into a REIT and lease it back. This has been most common for Retail and Hotels, and could spread to other industries, increasing the supply of REITs.
± Required Earnings Payout Structure: REITs were established as a way for average investors to access diversified real estate. REITs must payout at least 90% of all earnings via dividend—meant to mimic real estate cash flows. The downside is, this structure leads to a limited capital base, and can force dilutive equity raises in times of market stress.

Sentiment Drivers

- Elevated Valuations: With falling interest rates and investors chasing higher dividend yielding REITs, the sector is trading at elevated valuations to its own long term averages.

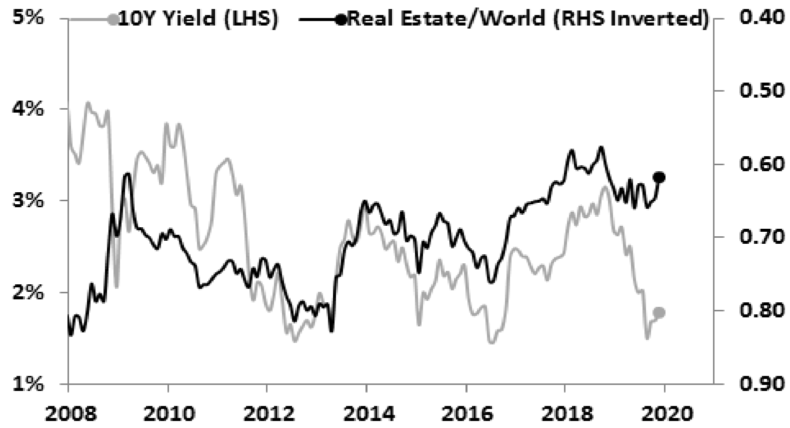
UNDERWEIGHT REAL ESTATE

REITs Dividend Yield is Narrowing Relating to Comparable Bond Yields



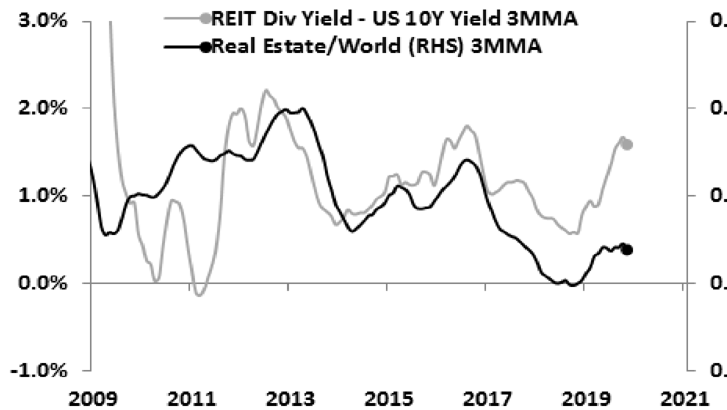
Source: All Bond Indices Use Effective Yield: US High Yield = BofA ML 1-10Y; US Corp = BofA ML 7-10Y; US Gov't = 10Y. Data Though and updated as of December 2019.

Real Estate Relative Returns are Inversely Correlated to Interest Rates



Source: Factset Monthly, Data through December 2019.

REIT's Dividend Yield Spread over US Treasury Yields Drive Relative Return



Source: Factset Monthly, Data through December 2019.

REIT Valuations Trade at the High End Relative to Other Financials

Source: Factset Monthly, Data through December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

UNDERWEIGHT UTILITIES

Traditionally defensive Utilities should underperform, weak power price fundamentals and the sector's thin gross profit margins.

Economic Drivers

± Interest Rates: Utilities relative performance is typically sensitive to long-term interest rates. We believe US long-term interest rates likely remain benign tied to modest global inflation.

± Structural Growth: Strong efficiency gains limit structural electricity demand growth potential in developed markets. Conversely, inadequate infrastructure and faster macroeconomic growth makes Utilities closer to a growth industry within Emerging Markets.

\- Thin Gross Profit Margins: We typically favour firms with large gross profit margins as they afford firms greater flexibility and often result in more reliable and stable future earnings. The Utilities sector historically has thin profit margins, likely leading to underperformance relative to other sectors.

\- Power Prices: Gas-fired power plants usually provide peak load power, so power prices are heavily influenced by natural gas prices. Since the shale boom is boosting US natural gas supplies, prices should remain low, limiting the relative performance of US independent power producers. Gas prices are higher outside the US, but we believe risk is to the downside due to high levels of international gas investment.

Political Drivers

± US Regulations: Environmental Protection Agency (EPA) regulations create winners and losers within the Utility sector, particularly due to the costs of coal to natural gas conversions and planned closures of coal-fired plants. Under President Trump the US withdrew from the Paris Climate Accord and the EPA reversed the climate control regulations in President Obama's Clean Power Plan creating additional regulatory uncertainty. Regulated utilities are best positioned to pass any higher regulation costs along to customers.

± Japanese Regulations: While public support remains mixed, Japanese regulators have begun bringing some nuclear capacity back online. The pace of the restarts is likely gradual and eased by lower prices of imported fossil fuels.

± German and French Nuclear Regulations: Following Japan's nuclear disaster, German and French regulators targeted decreases in nuclear production – with Germany recently announcing a complete phase out of nuclear power by 2022 – and increased focus on renewable energy sources. This likely lowers overall utilisation by requiring high-cost, flexible reserves are maintained to supplement renewable as needed.

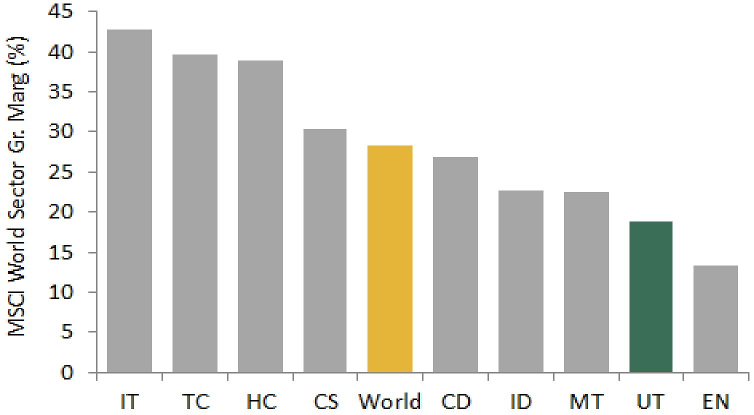
Sentiment Drivers

\- Valuations: Most relative valuation metrics are in well above historical norms, indicating possible overly positive sentiment toward Utilities.

\- Defensive: Utilities typically perform best during down-markets and recessions - their dividends and regulated profits are often used as a defensive asset and fixed income proxy.

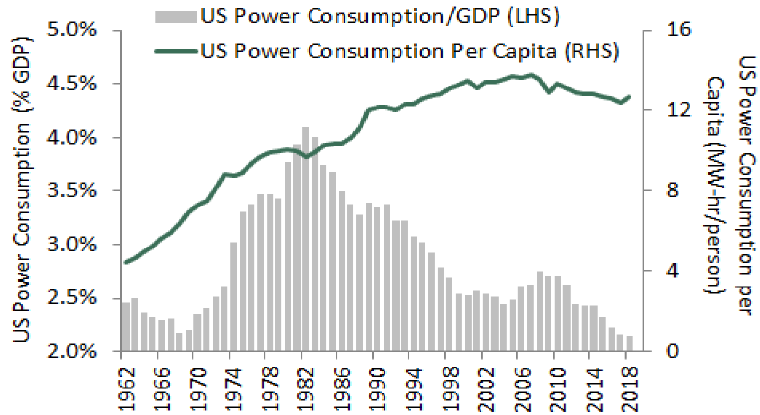
UNDERWEIGHT UTILITIES

Firms with Thin Gross Margins Tend to Underperform in Back Half of Bulls



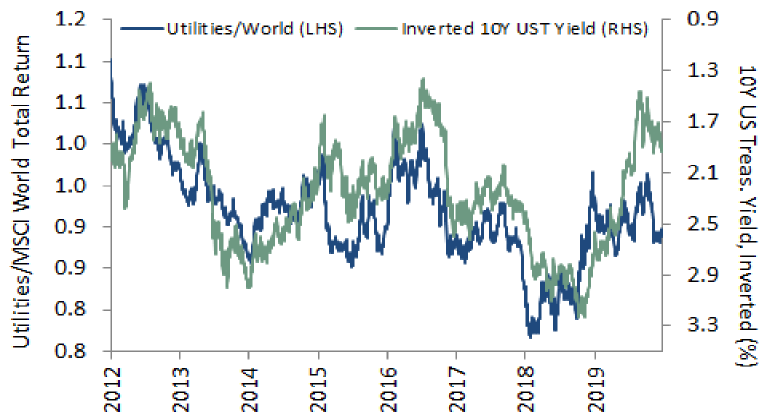
Source: FactSet as of December 2019.

US Market Power Demand Structurally Weak



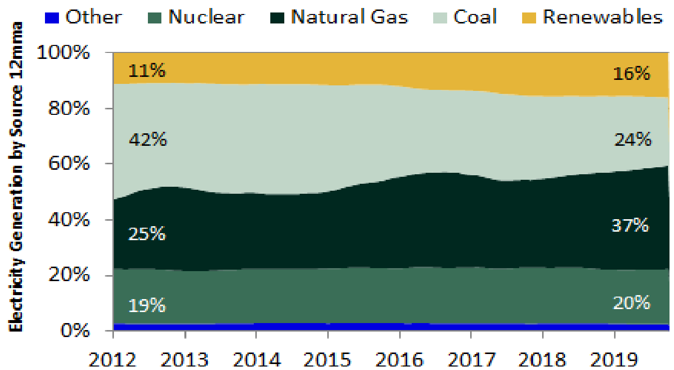
Sources: US EIA, US BEA, US Census. Data available through December 2018. Last Updated December 2019.

Relative Returns Inversely Correlate with Rates



Source: FactSet as of December 2019.

Energy Production by Fuel Source Remain Mostly Traditional



Sources: US Dept. of Energy. Data available through December 2019. Last updated December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

UNDERWEIGHT FINANCIALS

European Banks are likely to exceed extreme dour expectations, as investors underestimate balance sheet quality, profitability and growth. Meanwhile, US Financials face headwinds related to a compressing yield curve, increasing competition for deposits, softening demand for loans and increased non-bank loan competition.

Economic Drivers

+ Improving Asset Quality Globally: Non-Performing Loans (NPLs) continue to decline, showing consistent and gradual balance sheet improvement. Historically, when NPL ratios begin to rise, bank underperformance follows thereafter. The biggest improvements in asset quality should continue to come out of Europe.
+ Capital & Liquidity Buffers at Record Highs Globally: In every major developed market bank capital is at record highs. The pace of additional capital raises has slowed dramatically, with most regions above stringent compliance levels. Large cap EMU banks are better capitalised than large cap US banks.
+ Global Loan Standards Loosening: Global bank lending surveys show a modest easing of loan standards. Both the EU & US survey continue to show positive access to credit for both corporate and consumers, while the UK is showing some modest tightening in both categories.

± Chinese Credit: EMU-China trade is major source of incremental EMU growth and a driver of relative EMU bank returns. An important driver of private sector Chinese demand is credit growth. China has embarked on an aggressive credit stimulus targeting SME's, which directly influences EMU GDP and returns.

± Mixed Lending Trends: Global loan growth remains positive, with mixed growth trends at the regional level between corporate and real estate lending

± Banks Trade Like Their Region: Bank excess return is highly correlated to domestic markets. Non-US bank relative returns are uncorrelated to US banks.

± A Broken US Yield Curve: Typically the yield curve has been a good indicator of future access to credit and future bank profits, effectively measuring future NIMs. However, bank deposit costs have not tracked the Fed Funds rate remaining well below treasury rates. In reality, the practical yield curve is nicely upward sloped.

± Demand for Credit Mixed: Loan surveys show demand for credit has consistently been strongest in Europe, supportive of future loan growth. While in the US and UK demand for credit has been weakening, more noticeably in the mortgage market with modest weakness in corporate demand.

- Negative Interest Rates & QE: The reinstatement of QE and ongoing overhang of negative rates is a negative for EMU banks. Also Japan has shown no desire to scale back its aggressive QE programme. This ongoing intervention in the bond markets had a greatly exaggerated simulative effect and hurts bank profits.
- Regional Bank Deposit Competition: Higher deposit costs are largely being driven by regional banks, as their loan/deposit ratios further rise. This trend likely leads large banks to give up some deposit market share, as regionals payout higher rates. Higher deposit costs will start to erode regional bank margins first.

Political Drivers

± Brexit: The lingering uncertainty of what Brexit is remains a primary headwind to cap-ex and planning. The worst case, fallout scenario of a hard Brexit, is unlikely. We are likely to move towards clarity early 2020. Nearly any outcome regardless of the direction should help ease uncertainty.

- Poor Global Monetary Policy: Banks in nearly every market developed continue to battle against backward monetary policy via negative rates and or QE. Both policies are headwinds to profitability and a modestly disincentive to supply of credit. However, deposit tiering is providing some reprieve within the Eurozone.
- New Regulatory Regimes Reduce Profitability: Basel 3, Dodd Frank, FSB's, Solvency 2 and central bank regulators have collectively endorsed the highest capital hurdle rates in history, raising the cost of capital across the sector. The most extreme changes are being felt in money markets and Fixed Income, Currency, and Commodities (FICC) units—driving many investment banks to opt for an asset-light strategy with a greater emphasis on asset management.

Sentiment Drivers

+ Extreme Discounted European Bank Valuations: EMU bank relative Price to Book ratios compared to US banks and the World has reached unreasonable levels. This spread is now at levels similar to the 2011-2012 Eurozone debt crisis. Then Europe was deep in its regional recession, asset quality was deteriorating, bankers were tightening loan standards and hording capital. Today, the opposite is true.

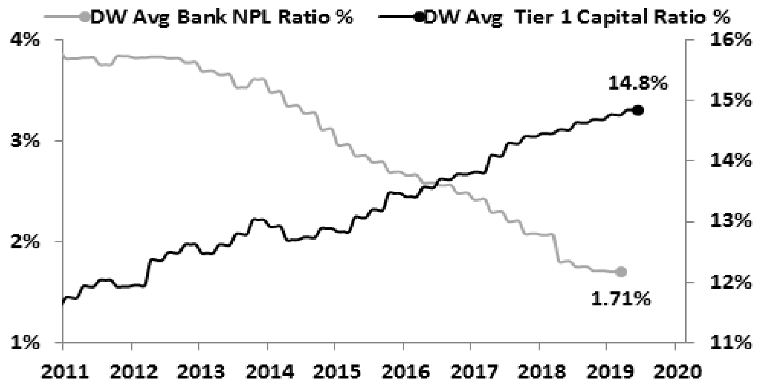
± High Beta: Financials are high beta, but regionally the trends differ given a high correlation to their region. EMU Banks are highest beta and Japan the lowest.

- Late Cycle Underperformance: US Financials consistently underperforms in the final stages of the bull market, lagging in the final 25% in 9 of the last 11 bulls. It seems likely we are entering this final stage of the market cycle—when US Financials typically starts to underperform.
- Recency Bias: Investors remain quite skittish on the sector, and unfounded rumors of solvency concerns have led to large sentiment swings. This is particularly true of EMU Financials as investors occasionally fight the last war (a disorderly EU breakup) despite robust fundamental improvement.

As of February 2020. 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.

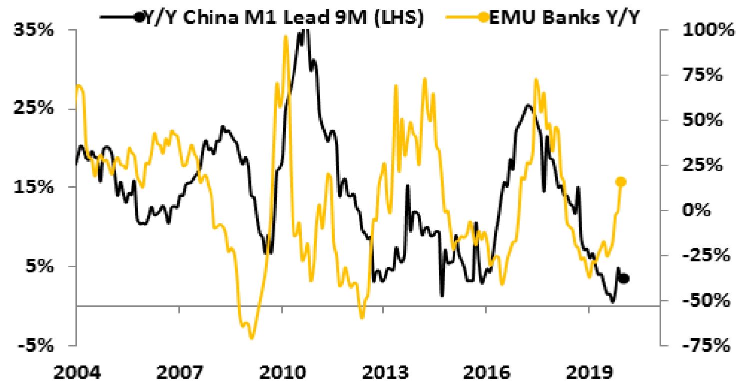
UNDERWEIGHT FINANCIALS

Developed World Bank Balance Sheets Quality Continues to Improve



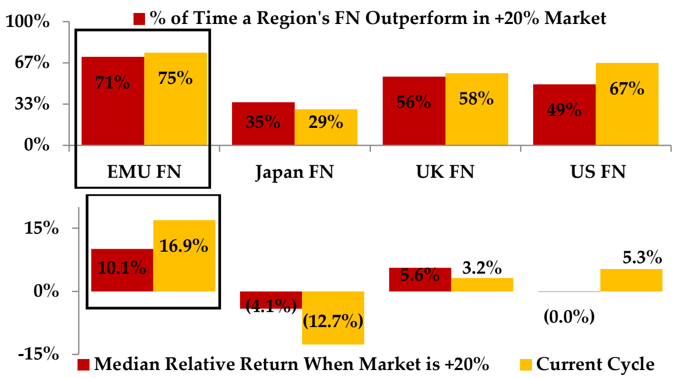
Source: IMF FSI, Tier 1 Capital & NPL ratio. Wgt US-35%, EMU-30%, JP-15%, UK-10%, CD&AU 5%. Updated December 2019, Data Available thorough September 2019.

Chinese Credit is an Underappreciated Driver of EMU Bank Relative Return



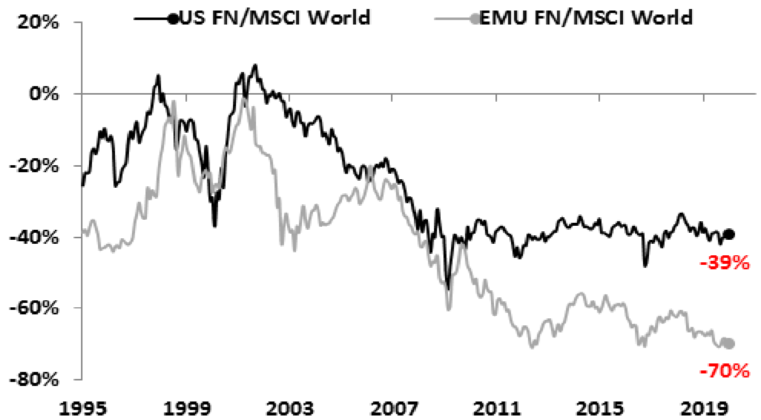
Source: Factset, MSCI, PBOC. Data through December 2019. Y/Y MSCI EMU. China M1 Y/Y Led by 9M.

Up-Big Markets: EMU Outperforms Most Often & the Biggest Magnitude



Source: Monthly. MSCI Regional FN Rel Return when Y/Y World is +20%. Data Through December 2019.

All Banks Trade at a Big P/B Discount; But the EMU is Near Record Lows



Sources: MSCI, Factset Monthly. P/B Ratio of EMU FN/US FN. Data Through December 2019.

Charts contain most recent data as of December 2019, unless otherwise noted.

DISCLOSURES

This material may also be found posted on the Fisher Investments Europe web-site at www.fisherinvestmentseurope.com. If your firm wishes to be removed from receiving these materials in the future or wishes to pay for this material, please contact Fisher Investments Europe.

Fisher Investments Europe Limited (FIE) is authorised and regulated by the Financial Conduct Authority. It is registered in England, Company Number 3850593. FIE is wholly-owned by Fisher Asset Management, LLC, trading as Fisher Investments (FI), which is wholly-owned by Fisher Investments, Inc.

Fisher Investments (FI) is an investment adviser registered with the securities and Exchange Commission. As of 31 December 2019, FI managed over $120 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 (FII), 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 purposes 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 company in 2005. "Years with Fisher Investments" is calculated using the date on which FI was established as a sole proprietorship through 31 March 2019.

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 Fisher beneficially owns more than 75% of Fisher Investments, Inc. as noted in Schedule B to FI's Form ADV Part 1.

FIE delegates portfolio management to FI. FI's Investment Policy Committee is responsible for all strategic investment decisions. FIE's Investment Oversight Committee (IOC) is responsible for overseeing FI's management of portfolios that have been delegated to FI. Matters arising pursuant to FI's portfolio management policies are elevated to the IOC.

The foregoing information has been approved by Fisher Investments Europe.

The foregoing information constitutes the general views of Fisher Investments and should not be regarded as personalised investment advice or a reflection of the performance of Fisher Investments or its clients. Investing in financial markets involves the risk of loss and there is no guarantee that all or any capital invested will be repaid. Past performance is never a guarantee nor reliable indicator of future results. Other methods may produce different results, and the results for individual portfolios or different periods may vary depending on market conditions and the composition of a portfolio or index. The value of investments and the income from them will fluctuate with world financial markets and international currency exchange rates. If you have asked us to comment on a particular security then the information should not be considered a recommendation to purchase or sell the security for you or anyone else. We provide 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; and we may change our views at any time based on new information, analysis or reconsideration. Some of the information we have produced for you may have been obtained from a third party source that is not affiliated with Fisher Investments. Fisher Investments requests that this information be used for your confidential and personal use.

The foregoing information is based on a representative portfolio (rather than a composite or an average of a group of portfolios), excluding cash, unless otherwise denoted. This representative portfolio information is derived from an actual client portfolio. Clients' portfolio characteristics may differ given the various investment restrictions, cash requirements and other circumstances that can apply to particular clients. Portfolio information is as of the dates indicated, and no assurances can be given that it has not changed or that it will not change in the future.

TERMS OF BUSINESS

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1. Fisher Investments Europe

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2. Communications

Fisher Investments Europe can be contacted by mail at 6-10 Whitfield Street, London W1T 2RE; by telephone on +44 0800 144 4731; or by email to FIEOperations@fisherinvestments.co.uk. All communications with Fisher Investments Europe will be in English only. Fisher Investments Europe's web address is https://institutional.fisherinvestments.com/en-gb.

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), as more fully explained in Clause 4 below. 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 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 delegate the portfolio management function, as well as certain ancillary services, to its parent company, Fisher Asset Management, LLC, trading as Fisher Investments, which has its headquarters in the USA and is regulated by the US Securities and Exchange Commission. In certain limited circumstances where appropriate, Fisher Investments Europe may recommend that you establish a discretionary investment management relationship directly with Fisher Investments. In such case, Fisher Investments Europe acts as an introducing firm. A separate investment management agreement will govern any discretionary investment management relationship whether with Fisher Investments Europe or with Fisher Investments. 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 Investments Europe's institutional relationship managers ("RMs") 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. Financial Services Compensation Scheme ("FSCS")

Whilst the activities of Fisher Investments Europe are covered by the FSCS, compensation under the FSCS in the event Fisher Investments 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 UK regulatory regime, including the FSCS, do not apply in relation to the services of Fisher Investments or any non-UK service providers or to the extent your assets are invested in non-UK funds or ETFs. In the event you are eligible and do have a valid claim, the FSCS may be able to compensate you for the full amount of your claim up to £50,000 per person per firm. You can contact Fisher Investments Europe or the FSCS (www.fscs.org.uk) in order to obtain more information regarding the conditions governing compensation and the formalities which must be completed to obtain compensation.

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7. Risks

Investments in securities present numerous risks, including various market, currency, currency fluctuation, economic, political, instability, business, 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 in the IMA.

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.

8. Data Protection

To advise you on financial matters, Fisher Investments Europe may collect personal and sensitive information subject to applicable data protection laws. By providing such information to Fisher Investments Europe, you consent to Fisher Investments Europe processing your data, both manually and electronically, including transferring data outside the European Economic Area, including to its parent, Fisher Investments, in the United States, for the purposes of providing services and enabling Fisher Investments to provide services, maintaining records, analysing your financial situation, providing information to regulatory bodies and service providers assisting Fisher Investments Europe and/or Fisher Investments in providing services, or otherwise permitted by law. Upon request, you are entitled to obtain access to and to rectify the data relating to you.

9. Custody and Execution

Neither Fisher Investments Europe nor Fisher Investments is authorised to hold client money. Neither Fisher Investments Europe nor Fisher Investments will accept cheques made out to it in respect of investments, nor will they handle cash. All client assets are held at external custodians where each client has a direct account in their own name. If you appoint Fisher Investments Europe as your discretionary asset manager, execution of transactions will be arranged through such custodians and brokers and at such prices and commissions that Fisher Investments determines in good faith to be in your best interests. Further information regarding selection of brokers is set out in the investment management agreement with Fisher Investments Europe (the "IMA").

If you appoint Fisher Investments Europe as your discretionary asset manager, Fisher Investments Europe or Fisher Investments, pursuant to an outsourcing agreement with Fisher Investments Europe, will arrange for the execution of transactions through those custodians and brokers and at such prices and commissions that it determines in good faith will be in your best interests. Further information regarding the selection of brokers is governed by the IMA. 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 or Fisher Investments (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 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 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 custodian's registration of your rights. Generally, it is only if the custodian 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

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10. Conflicts of Interest

Fisher Investments Europe has a conflicts of interest policy to identify, manage and disclose conflicts of interest Fisher Investments Europe, Fisher Investments 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. RMs employed by Fisher Investments Europe are paid a variable component of their total remuneration, calculated as a percentage by reference to management fees paid to the Investment Manager during the first three years of the client relationship. Such remuneration is will not increase or impact the fees payable by you. Details on Fisher Investments Europe's conflicts of interest policy are available on request. In addition, Fisher Investments Europe provides a copy of Fisher Investments' Form ADV Parts 2A and 2B to all clients, detailing additional conflicts of interest applicable to Fisher Investments.

11. Fees

If you appoint Fisher Investments Europe as your discretionary investment manager, 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 appoint Fisher Investments directly as your discretionary investment manager, you will pay management fees directly to Fisher Investments as detailed in the investment management agreement. 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 brokers/custodians, and neither Fisher Investments Europe nor Fisher Investments will share in any commission or other remuneration.

12. Termination

If you wish to cease using the services of Fisher Investments Europe at any time, then send notification 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, please contact Fisher Investments Europe:

by writing to: Head of Compliance
Fisher Investments Europe Limited
2nd Floor, 6-10 Whitfield Street
London W1T 2RE

or by calling: +44 0800 144 4731

or by emailing: FIEOperations@fisherinvestments.co.uk

Fisher Investments Europe will endeavour to resolve the matter, as soon as practicable and generally within 8 weeks. If you are dissatisfied with the outcome of any complaint made to Fisher Investments Europe, or you do not receive a response within such time, you may be eligible to complain directly to the UK Financial Ombudsman Service ("FOS"). Further details in respect of FOS can be found at www.financial-ombudsman.org.uk.

14. Governing Law

These Terms of Business are governed by English law.

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