

# International Growth Equity Strategy

Fourth Quarter 2018 | Fact Sheet



As of December 31, 2018

## Strategy Highlights

The PNC Capital Advisors **International Growth Equity Strategy** is based on a philosophy that earnings growth drives stock prices over the long term.

We believe our process, which combines the systematic evaluation of countries and securities with detailed fundamental analysis enables us to maintain a consistent investment approach while incorporating the dynamics of an ever-changing world.

ASSETS UNDER MANAGEMENT <sup>2</sup>	\$671 MILLION
INCEPTION	9/30/1997
BENCHMARK	MSCI ACWI ex USA Growth Index

<sup>2</sup> AUM totals in millions for the period ending December 31, 2018.

## Philosophy

- Earnings growth drives stock prices.
- Investing in international markets is best suited by a combination of top-down and bottom-up analysis.
- Limited geographic, sector, or market capitalization constraints allow international investors to capture the best investment ideas.

## Investment Team

Martin Schulz	Managing Director Senior Portfolio Manager
Calvin Zhang	Portfolio Manager Senior Analyst
Robert Zhang	Senior Analyst
Scott Camp	Analyst/Trader
Michael Czekaj, CFA	Analyst
Robert Szeles, CFA	Analyst

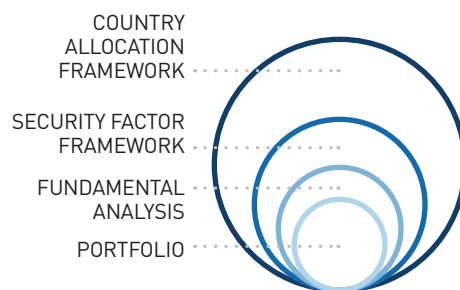
CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

## Investment Results<sup>1</sup>

(all values in %)	3 Month	YTD	1 Year	Annualized		
				3 Year	5 Year	10 Year
<b>International Growth Equity Composite (Gross)</b>	-15.00	-12.46	-12.46	5.62	3.10	9.67
<b>International Growth Equity Composite (Net)</b>	-15.16	-13.12	-13.12	4.77	2.29	8.83
MSCI ACWI ex USA Growth Index	-12.20	-14.43	-14.43	4.19	1.69	7.15

<sup>1</sup> Data as of 12/31/18. Source: Advent Portfolio Exchange® (APX). Performance returns are presented gross and net of fees and include the reinvestment of all income. Gross of fee performance returns do not reflect the payment of investment advisory fees and other expenses. Actual returns will be reduced by advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest management fee of 0.75%, representing the maximum advisory fees charged to client accounts invested in the International Growth Equity Composite during the respective period. For information regarding the current investment advisory fees of PNC Capital Advisors, LLC, please refer to Form ADV, Part 2A, which is available at: <https://pnccapitaladvisors.com>. Effective March 1, 2016, the Firm changed the benchmark from the MSCI EAFE Growth Index to the MSCI ACWI ex USA Growth Index. Please refer to our GIPS®-compliant presentation, which includes additional information and important disclosures and is located at the end of this presentation. **Past performance is no guarantee of future results.**

## Investment Process



By integrating top-down country allocation analysis with bottom-up security analysis, we:

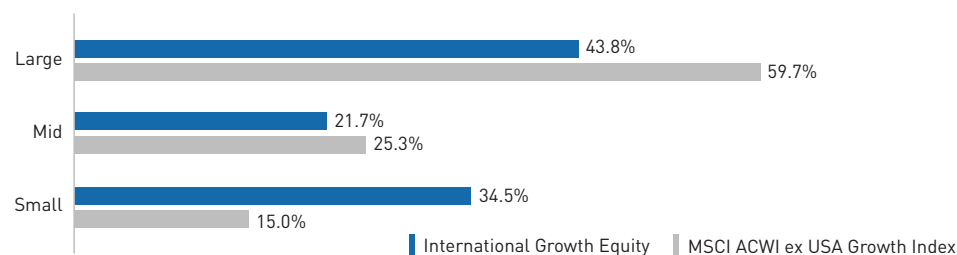
Aim to identify **companies** with

- robust and sustainable growth rates
- high-quality balance sheets
- management teams with clearly defined growth strategies

In **countries** that have

- reasonable valuations
- low risk (including currency)
- strong economic growth

## Market Cap Allocation



Data as of 12/31/18. Source: FactSet®. Market cap allocation is based on a representative account deemed to appropriately represent this investment strategy and is subject to change at any time. Market cap allocations of any particular client may vary, sometimes significantly, based upon factors applicable to the account such as investment restrictions. Market cap ranges are based on the MSCI breakdown. The absolute breakpoints are updated periodically to ensure the definitions of each capitalization range fluctuate appropriately with the market. Generally, market cap breakdowns are as follows: Large > \$15 billion, Mid > \$5 billion - \$15 billion, Small < \$5 billion.

# International Growth Equity Strategy

Fourth Quarter 2018 | *Fact Sheet*



As of December 31, 2018

## Portfolio Characteristics<sup>1</sup>

	International Growth Equity	MSCI ACWI ex USA Growth Index
Weighted Average Market Cap	\$56,006	\$66,940
P/E Ratio (12 month forward)	15.3x	15.1x
P/E Ratio (12 month trailing)	17.3x	16.6x
PEG Ratio	1.2x	1.3x
EPS Growth (Historical 5 Year)	15.6%	8.6%
EPS Growth (Projected 5 Year)	14.7%	12.3%
Price-to-Sales	2.5x	1.6x
Turnover (12 month trailing)	47.4%	N/A
Number of Holdings	95	1,133

## Sector Allocation<sup>1</sup>

	International Growth Equity	MSCI ACWI ex USA Growth Index
Communication Services	6.6%	8.2%
Consumer Discretionary	13.6%	13.3%
Consumer Staples	11.1%	16.8%
Energy	2.3%	3.0%
Financials	15.3%	9.9%
Health Care	17.0%	11.1%
Industrials	12.0%	15.5%
Information Technology	16.7%	12.1%
Materials	1.7%	7.1%
Real Estate	3.8%	1.9%
Utilities	0.0%	1.3%

## Top 10 Holdings<sup>2</sup>

	% of Portfolio
Nestle SA	2.7%
Tencent Holdings Ltd	2.6%
Roche Holdings AG	2.0%
Sony Corp Sponsored ADR	2.0%
Wirecard AG	2.0%
Ping An Insurance Group Co - H	1.9%
Compass Group Plc	1.7%
Burford Capital Ltd	1.7%
Alibaba Group Holding Ltd Sponsored ADR	1.7%
AlA Group Ltd	1.7%
<b>Total</b>	<b>20.0%</b>

## Geographic Allocation<sup>1</sup>

	International Growth Equity	MSCI ACWI ex USA Growth Index
Africa & Middle East	8.0%	2.6%
Asia Ex Japan	20.2%	27.2%
Canada	4.4%	6.5%
Emu Europe	20.1%	21.7%
Japan	18.6%	16.5%
Latin America	4.7%	1.5%
Non-Emu Europe	15.3%	14.7%
United Kingdom	8.6%	7.6%

<sup>1</sup>Data as of 12/31/18. Source: FactSet®. The information shown is derived from a representative account deemed to appropriately represent this investment strategy. Performance is not a consideration in the selection of the representative account. Portfolio characteristics, sectors and geographic allocations are subject to change at any time. Portfolio characteristics, sectors and geographic allocations of any particular client may vary, sometimes significantly, based upon factors applicable to the account such as investment restrictions. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the characteristics, sectors, or geographic regions listed. **Past performance is no guarantee of future results.**

<sup>2</sup>Data as of 12/31/18. Source: Advent Portfolio Exchange® (APX). The Top Ten Equity Holdings, which exclude cash, cash equivalents, and derivatives, do not represent all securities purchased, sold, or recommended for clients; individual account holdings will vary. Each individual security is calculated as a percentage of the aggregate market value of the securities held in strategy. There is no assurance that any of these securities will be purchased in the future and it should not be assumed that investments in the securities identified were or will be profitable. A complete list of holdings for previous 12 months is available upon request.

# International Growth Equity Composite

**Firm Description:** As of September 29, 2009, PNC Capital Advisors, Inc. and its affiliate Allegiant Asset Management Company each merged into and with PNC Capital Advisors, LLC (“PNC Capital Advisors” or “the Firm”). PNC Capital Advisors, a registered investment adviser and direct wholly owned subsidiary of The PNC Financial Services Group, Inc. (“PNC”), provides investment advice with respect to equity and fixed income securities for a variety of clients, including institutional accounts and registered investment companies.

For Global Investment Performance Standards (GIPS®) purposes, PNC Capital Advisors, LLC includes:

- 1) Assets under management of PNC Bank, N.A. that were previously attributed to a predecessor firm, Mercantile, which prior to September 14, 2007 was defined to include the assets of Mercantile-Safe Deposit and Trust Company and its subsidiary, Mercantile Capital Advisors, Inc. Effective September 14, 2007, Mercantile-Safe Deposit and Trust Company was merged into PNC Bank, N.A., and in conjunction with such merger, PNC Capital Advisors, Inc. became a subsidiary of PNC Bank, N.A. PNC Capital Advisors, Inc. commenced serving as subadvisor to certain clients of PNC Bank, N.A. effective February 11, 2008.
- 2) Assets under management of PNC Municipal Investment Group, formerly a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.
- 3) Assets under management of the Advantage Equity Portfolio Management Team, formerly a part of PNC Institutional Investment Group (“PNC IIG”), a part of PNC Bank, N.A., now a business unit of PNC Capital Advisors.
- 4) Wrap program assets managed by Allegiant Advisory Services, formerly a part of Allegiant Asset Management Company.
- 5) Assets under management of Allegiant Asset Management Company (excluding Allegiant Advisory Services), formerly a wholly owned subsidiary of National City Corporation, now an institutional subsidiary of the PNC Financial Services Group, Inc. and part of PNC Capital Advisors.

**Compliance Statement:** PNC Capital Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PNC Capital Advisors, LLC has been independently verified for the period beginning September 29, 2009 through December 31, 2016 by Ashland Partners and Company, LLP, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The International Growth Equity Composite has been examined by Ashland Partners & Company LLP for the period January 1, 2008 through December 31, 2016, and for the periods January 1, 2017 through December 31, 2017 by ACA Performance Services, LLC. The verification and performance examination reports are available upon request.

PNC Capital Advisors International Growth Equity Composite												
Composite Inception Date: September 30, 1997						Composite Creation Date: September 30, 1997						
Year	Gross of Fees Return %	Net of Fees Return %	3 Yr Ex-Post Std Dev Comp %	MSCI ACWI ex US Growth		MSCI EAFE Growth		Number of Portfolios (Year-end)	Composite Dispersion (Std Dev %)	Composite Assets (\$ millions)	Firm Assets (\$ millions)	
				Benchmark Return %	3 Yr Ex-Post Std Dev Benchmark %	Benchmark Return %	3 Yr Ex-Post Std Dev Benchmark %					
2017	42.72	41.65	11.85	32.01	11.57			2	N/A	631.1	50,300	
2016	(5.69)	(6.40)	11.45	0.12	12.02	(3.04)	12.17	2	N/A	428.0	48,659	
2015	4.01	3.23	11.10	(1.25)	11.39	4.09	11.76	1	N/A	364.3	41,592	
2014	(4.96)	(5.67)	12.20	(2.65)	12.06	(4.43)	12.24	1	N/A	298.0	41,062	
2013	30.73	29.74	16.47	15.49	16.04	22.55	15.70	1	N/A	245.2	36,882	
2012	16.28	15.42	18.51	16.67	19.10	16.86	18.85	1	N/A	141.1	34,425	
2011	(12.54)	(13.21)	20.45	(14.21)	21.74	(12.11)	20.96	1	N/A	120.4	35,113	
2010	18.11	17.24		14.45		12.25		1	N/A	149.4	33,318	
2009	37.59	36.59		38.67		29.36		1	N/A	121.6	32,318	
2008	(43.79)	(44.23)		(45.61)		(42.70)		2	N/A	173.3	27,606	

**Verification:** Compliance with the GIPS standards for the predecessor firm (Allegiant Asset Management Company) was verified by Ashland Partners & Company LLC for the period January 1, 2008 through September 29, 2009 and by a previous verifier for the period January 1, 1998 through December 31, 2007. In addition, a performance examination was conducted on the International Growth Equity Composite for the period January 1, 1998 through December 31, 2007 by a previous verifier. Copies of the verification reports as well as policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A list of composite descriptions is also available upon request.

**Composite Description:** The investment objective of the International Growth Equity Composite is to seek capital appreciation by investing in a portfolio of equity securities of foreign issuers. Effective September 1, 2005, the Firm changed the composite name from International Equity to International Growth Equity to reflect the portfolio’s focus on growth stocks. Results from all accounts have been continuous from the first full month under management to present or last full month under management. The International Growth Equity Composite was created September 30, 1997.

**Benchmark:** Effective March 1, 2016, the Firm changed the benchmark from the MSCI EAFE Growth (net) Index to the MSCI ACWI ex USA Growth Index. The Firm changed the benchmark in order to better reflect the Composite’s history of exposure to emerging markets. The benchmark was changed retroactively back to September 1, 2005. Benchmark results are presented for both indices for comparative purposes. Prior to September 1, 2005, the name of the Composite was the International Equity Composite and the benchmark was the MSCI EAFE (net) Index. The MSCI ACWI ex USA Growth Index is an unmanaged standard foreign securities index that captures large- and mid-cap securities exhibiting overall growth style characteristics across both Developed Markets (DM) countries and Emerging Markets (EM) countries outside North America. The MSCI EAFE Growth (net) Index captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets (DM) countries around the world, excluding the U.S. and Canada.



# International Growth Equity Composite

**Minimum Account Size:** All discretionary accounts in excess of \$2 million have been included in the composite.

**Calculation of Results:** Accounts are valued using trade date accounting and are denominated in U.S. dollars. Performance results reflect the reinvestment of interest, dividends, and realized capital gains and include cash, cash equivalents, convertible securities, and preferred securities, if applicable. Dividends and interest are recorded on an accrual basis and are gross of all applicable foreign withholding taxes, if any. Performance results are presented on a gross and net basis and include the reinvestment of all income. The net results reflect the deduction of 1.00% for the period prior to January 1, 2004, and 0.75% thereafter, representing the maximum advisory fees charged to client accounts during the respective periods in the International Growth Equity Composite. The actual fees paid by a client may vary based on assets under management and other factors. Past performance is no guarantee of future results.

**Dispersion:** The dispersion of annual return is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for a full year. Prior to 2007, the dispersion of annual return was calculated across equal-weighted portfolio returns. For periods during which five or fewer accounts were included in the composite for a full year, standard deviation is not disclosed because it is not considered meaningful.

**Fee Schedule:** The management fee schedule is as follows: 0.75% on amounts up to \$25 million, 0.65% on next \$25 million, and 0.55% on amounts over \$50 million. The actual fees paid by a client may vary based on assets under management and other factors.

---

This publication is for informational purposes only. Information contained herein is believed to be accurate, but has not been verified and cannot be guaranteed. Opinions represented are not intended as an offer or solicitation with respect to the purchase or sale of any security and are subject to change without notice. Statements in this material should not be considered investment advice or a forecast or guarantee of future results. To the extent specific securities are referenced herein, they have been selected by the author on an objective basis to illustrate the views expressed in the commentary. Such references do not include all material information about such securities, including risks, and are not intended to be recommendations to take any action with respect to such securities. The securities identified do not represent all of the securities purchased, sold or recommended and it should not be assumed that any listed securities were or will prove to be profitable.

PNC Capital Advisors, LLC is an SEC-registered investment adviser, offering an array of investment strategies. Registration with the SEC does not imply any level of skill or training. PNC Capital Advisors, LLC is a 100% owned subsidiary of PNC Bank, N.A. and an indirect subsidiary of The PNC Financial Services Group, Inc. PNC Capital Advisor's strategies and the investment risks and advisory fees associated with each strategy can be found within Part 2A of the firm's Form ADV, which is available at <https://pnccapitaladvisors.com>.

©The PNC Financial Services Group, Inc. All rights reserved.

**INVESTMENTS: NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE**