Baring Asset Management
Global Equity: Wilshire 5000 Benchmark

For the month of: September 2016

Manager Performance Calculations

** Annualized returns*

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Baring Equity	0.0%	5.8%	11.4%	6.5%	10.7%
Wilshire 5000	0.1%	4.3%	15.3%	10.6%	16.3%
MSCI ACWI	0.7%	5.4%	12.6%	5.7%	11.2%

Performance Attribution & Strategy Comments

September again proved to be a choppy month for the overall markets, with the end result essentially flat, having set a new high intra-month. As our index went sideways in September, it remained a challenging environment, with quite significant sector rotations driving stock prices. Geographically we added value in Japan, and there is little of note in our sectorial positioning. However, the fund did lag with the main culprits being two or three setbacks on individual stocks. Tractor Supply (stores for hobby farmers) reported a disappointing set of numbers. There were three issues, the main one being that a greater percentage of their store footprint was exposed to the struggling Energy area than we and indeed the company, had appreciated. That allied with softer Farm incomes, for the third year running and unseasonably warmer weather going into the fall, all conspired to move earnings guidance down. We are reviewing our holding in the company. On the positive side of the ledger, Pigeon, the Japanese baby equipment supplier, continued to show strong growth, specifically in China. Nintendo moved higher as investor focus moved away from Pokémon Go, to the ways in which they can monetize their back catalogue of characters such as Super Mario, Donkey Kong et al.

There were no major changes in strategy this month. Some of our Japanese holdings hit their price targets, and we reduced our exposure. ARM Holdings was acquired by Softbank Group. Our primary focus was on searching for new ideas for the portfolio, and we have been relatively agnostic as to where they originate, as long as they meet our quality and growth criteria.

Another month and another raft of Central Bank intervention and commentary, towards the end of September, two further support measures were announced as part of the Bank of Japan's comprehensive review. Their aim is to steepen the yield curve and restore profitability in lending, and such willingness is admirable. However, the policy contradicts other BOJ initiatives and, as a result, market participants are somewhat perplexed. Elsewhere, the specter of a US rate rise still looms.

Geopolitical tensions abound, be it events in the Middle East, fractures within the EU, the specter of Brexit becoming a reality, and the rhetoric of the pending US election. Such moves still whipsaw markets. We believe that world growth will be anemic; the murmurings out of the US point to a weaker industrial environment, and potentially a difficult Q3 earnings season, meaning that earnings growth for corporates will be somewhat elusive. We continue to focus on those companies that can deliver steady returns against this backdrop.

Organizational/Personnel Changes

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value ($m):	$	-
Lost:	Number of Accounts:	0	Total Market Value ($m):	$	-
	Reason(s): n/a				

Manager Style Summary

Baring tends to be a "top-down" manager, focusing on country and sector allocations with individual stock selection as a secondary consideration. Until the second half of 2004, Barings was asked to customize their portfolio to maintain a large cap growth exposure. Since then, Barings has implemented their fully integrated approach, which should result in portfolio characteristics similar to that of the benchmark, although they may have a tendency toward mid-capitalization stocks. Barings is not a "closet indexer" and is willing to have no presence in a country/region if they feel prospects are poor - this implies more volatility in returns compared to other global managers. Barings will actively hedge foreign currency exposures.

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Portfolio Guideline Compliance — September 2016

Portfolio Guideline:	Index	Baring EQ	Calc	Min	Max	Compliance
A1. ETF Security position <= 5% of the account @ purchase						ok
B3. Security position <= 5% of the account @ purchase						ok
B4. Number of issues		84		85	120	check
B5. Normal Regional Exposures:						
United States & Canada		58%		30%	80%	ok
United Kingdom		12%		0%	30%	ok
Europe ex U.K. & Developed Middle East		13%		5%	40%	ok
Japan		8%		0%	25%	ok
Pacific ex Japan (Developed Index)		3%		0%	20%	ok
Emerging		7%		0%	15%	ok
Cash & Hedges						
Total		100%				
B6. Normal Global Portfolio Characteristics (MSCI All Country World)						
Capitalization	91,813	61,130	67%	70%	130%	check
Price/Book Value	2.1	3.5	165%	80%	140%	check
Price/Earnings (Next 12 mo)	15.8	18.5	117%	90%	120%	ok
Price/Cash Flow	9.9	14.2	144%	80%	140%	check
Dividend Yield	2.5	1.5	58%	60%	120%	check
Return on Equity	16.3	20.0	122%	75%	150%	ok
Return on Equity (5-Yr Avg)	13.3	18.3	138%	75%	150%	ok
C1. Currency or cross-currency position <= value of hedged securities						ok
No executed forward w/o a corresponding securities position.						ok
C2. Max forward w/ counterpart <= 30% of total mv of account						ok
						ok
F3. Annual turnover		38%			120%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines					☑ Yes	☐ No

Manager Explanations for Deviations from Portfolio Guidelines

B6. Capitalization: Multinational companies generate significant cash flow, but offer relatively anemic growth and face FX headwinds. We are therefore currently underweight these complexes. We have found more opportunities in secular growth stories, that use cash flow to reinvest and grow their businesses. This has led to a greater mix of mid cap holdings, as well as higher price/cash flow metrics. These stocks have performed well, and we are mindful of their underlying valuations.

B6. Price/Book Value: The portfolio is significantly underweight those European banks that are currently selling on depressed P/B levels, (primarily because no one believes that these Book levels are robust). This, allied with our better than index ROE, results in our portfolio having a higher P/B level.

B6. Price/Cash Flow: The change in this metric reflects our addition to the energy complex, primarily via our purchase of service company Halliburton, that are trading on elevated price/cash flow multiples, because cash flow is depressed in the current environment. Application software company Adobe also sells on a higher P/Cf multiple, although this will come down quickly over the coming years.

B6. Dividend Yeild With Treasury yields being so low, investors have embarked upon a search for yield and dividend bearing securities have rallied accordingly. The current candidates that still show an above market yield tend to be Telcos/ REITs and Utilities. These are not attractive from a GARP perspective, and we are underweight them within the portfolios, thereby skewing the dividend yield measure.

B4. Number of Issues The takeover of Arm reduced the number of stocks within the portfolio. This is a timing function with regards to portfolio construction.