

PAN-TRIBAL GLOBAL EQUITY FUND

We recently spoke with Danton Goei, Portfolio Manager at Davis Advisors. Danton provided his insights into recent events in China, the Governments perceived willingness to intervene in sectors and shape how companies operate. Danton will discuss what has happened, is happening, why, and the implications for our current Chinese holdings and the PAN-Tribal Global Equity Fund more broadly.

Q: China, why bother?

One of the questions we often get from clients and advisors is around investing in China in general. Historically when we have seen volatility in China, some advisers may start to ask the question why bother? Should we invest somewhere else, somewhere perceived as being safer?

Danton, you and the Davis Advisors team have been long term investors in China – can you take a few moments to reiterate why?

I would say there's four big points here as to why we think China is such a great long-term opportunity:

1. Growth
2. Size
3. Quality companies
4. Valuation opportunities

Growth: The long-term record has been very impressive going from 1978 to 2010, running at 10% p.a. for over 30 years. Going forward, even though it's no longer growing at double digits, it's still growing well above average. Last year we saw growth of 2% while world GDP shrank by 3.5%. This year we're expecting growth from China in the 8% or so range, obviously, very strong numbers there.

Our expectation is that going forward, you are still going to see good growth coming out of China. So that's very important because that is a better environment for the companies we like and own.

Size: In terms of size, it's the second largest economy, likely to become the largest economy at some point close to the end of the decade. And so, as a global investor, you just can't ignore it. And today, it's sort of undersized in the indices, but over time that will correct itself, and you'll probably see a sort of catch-up happening there. But the size is just so large, that we think that it's a mistake if you ignore it as an investor.

Quality companies: We've seen increasingly innovative, fast-growing companies with good long-term growth prospects coming out of China, partly because it has such a big domestic market. Last year in August, China, for the first time, became the largest country in the global Fortune 500 index. There were 124 Chinese companies and 121 U.S. companies amongst those global Fortune 500. The 2021 edition of the Fortune magazine was recently released, and the number of Chinese companies listed has grown by 11 companies to 135.

We think that these two economies are going to be the dominant economies for the next couple of decades, at least. So the quality of the companies and the size of the companies are increasingly really, really strong.

Valuations: If you look at the MSCI China index today, it's trading at 14.7x PE, and that is compared to 21.7x for the S&P 500. That is a 32% discount to the S&P 500 or another way to put it is that the valuations of Chinese companies would have to increase by 48% to reach the level of the S&P 500 companies. So there is a big, big valuation discount in addition to the fact that they are growing faster, and that they are large innovative companies in a very large and growing economy.

We think that these four things, the growth, the size of the economy, the quality of companies, and the valuation really line up and make China an attractive country to invest in.

Q: Discuss the Chinese regulatory environment?

I want to turn to the regulatory environment. One of the obvious things that impacts the discount you are seeing in the Chinese companies is factoring in regulatory risk or political risk.

I want to ask you about what happened the last week of July, specifically in the education sector, where the Chinese government unexpectedly announced some very tough new regulations that materially impacted this sector and two of our holdings at the time, EDU and TAL. This triggered heavy selling across almost all Chinese companies.

I will start with just the China education sector. We had been anticipating another regulatory cycle this summer. We know that the big picture of the government over the long term is to reduce the cost of education, the homework burden on students, and to make having children more attractive and less costly. This is especially important to the Chinese government as population growth slows. We felt that the likelihood of regulatory action grew when government officials were said to be upset by the amount of spending on advertising from some of these online education companies and additionally their aggressive marketing techniques.

So, we had heard on Friday, July the 23rd, that there were rumours that anticipated regulations would not stop at just limiting marketing spend, or handing out fines for online afterschool tutoring companies, or even at limiting the days that students could attend afterschool tutoring classes, but that the government might be pushing to radically transform the industry into a not-for-profit industry. There was also the real possibility that at least kindergarten through ninth grade would be changed into a not-for-profit industry.

So, we started selling our two positions in EDU and TAL on the Friday. Over that weekend the government confirmed the rumours of these policy changes and in the days following the confirmation of the new policy, we completed our exit from these positions. Today, we no longer own them, just given the radically different outlook for education companies.



Obviously, we were not the only ones that owned these businesses and the sector, yet I do think a fair follow up question is what did we miss in terms of this change? The afterschool tutoring industry had gone through regulatory cycles in the past designed to protect students and parents and improve the teaching. For example, recently in 2018, they went through a major new regulation that required afterschool tutors to have teaching licenses, and also classroom fire and safety requirements were made more stringent. In each of these past regulatory cycles, the market-leaders, especially New Oriental Education (EDU), we are leading by example. So, to highlight that point, New Oriental had over half their tutors already with teaching licenses and had very high-quality facilities. They were able to adapt and benefit as weaker competitors were shut down.

This time, unfortunately, due to the radical nature of the regulations, it did not matter whether you were leading by example or pushing the industry to continue to improve. Here all companies in the after-school tutoring space were equally impacted. As we look back at the takeaways, acknowledging it is still relatively recent, it is clear that there are sectors, especially the education sector, where the government sees it as a “social good” where it is different than other sectors.

It appears therefore that the Government is content in driving out capital and leaving itself as the sole player, which it will be in education. Obviously, they run the public school system there, but there will no longer be a for-profit afterschool tutoring business available. So industries that are seen as “social goods” are certainly at higher risk of regulatory action. We also think that in general, the government is also very protective of minors of children. So businesses that impact minors may see stricter regulations. As we start to think of industries or companies that might be impacted, whether it deals with children or not, it can kind of give you guidelines of how strict regulations might be. You also asked is this indicative of potential regulations in other industries? I think the stock market has spoken that they are concerned about that. We saw not just education companies being impacted, but also broadly speaking all Chinese companies went down.

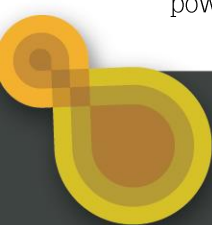
Q: Update on the regulatory landscape for Big Tech?

Other Chinese stocks sold off as other regulatory measures were broadcast and rumoured, can you talk about how this is different to the Education sector?

Starting in earnest in November 2020, the Chinese government embarked on a comprehensive antitrust review of the consumer technology sector. Historically China has followed a more laissez-faire antitrust regulatory approach, tolerating fierce and even aggressive competitive behaviour as Big Tech transformed the way people communicated, shopped, played, and accessed information. As Big Tech has grown in scale and scope, however, becoming crucial to not only retail and entertainment but also becoming leaders in enterprise software, chip design, news and media, and especially financial services, the Chinese government has wanted to tighten its regulatory oversight.

The trend of stricter regulatory oversight of Big Tech is one that is global in nature. Europe led this trend by starting to investigate Google in 2010 for antitrust violations and five years later in 2015 served the search market leader with a formal complaint. Investigations and lawsuits against other Big Tech companies have become common place, as governments everywhere seek to establish standardized regulations for the new and evolving consumer technology sector. The big technology companies have had to adapt and build large regulatory departments, but the scale of their businesses that first invited regulatory scrutiny has, if anything, grown even larger over the past several years.

It is true that the Chinese government operates differently than those in democratically elected states such as in Europe and the United States, and its decision-making is often opaque. We do, however, have a long government track record to look back on, given the Communist Party of China has been in power for so long. This track record over the past several decades has been one of pragmatism focused



on economic growth. At times, the Chinese government has been compelled to make course corrections, such as dealing with the terrible environmental damage that was the consequence of economic growth at breakneck speed or regulating the real estate market to avoid frequent boom-bust cycles. But tightening regulation is nothing new, and the past record indicates that the goal of stricter oversight is to establish a healthier environment for future growth.

The Chinese government has also clearly communicated what its long-term goals are. In 2015, the government proclaimed the Made in China 2025 strategy, which was a policy roadmap to transform the Chinese economy from a powerhouse in labour-intensive industries into a powerhouse in technology-intensive products and services. Industries specifically targeted for leadership positions include information technology, artificial intelligence, robotics, new materials, biotechnology, aerospace, and renewable energy.

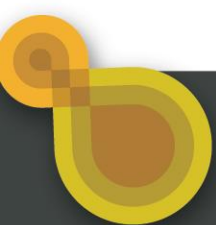
Many of our holdings, including Alibaba Group, JD.com, DiDi Global and Meituan, are leaders in many of these fields and are key to achieving China's goal of becoming a modern 21st century economy. Their entrepreneurial management teams and talented workforce are driven by the profit motives of private enterprise, and these knowledge-intensive industries are key to their companies' success. As such, we believe the ongoing technology industry antitrust review is designed to strengthen the industry, rather than weaken or nationalize it.

If you look at the results of these regulatory reviews, they have been very pragmatic and focused. So, for example, Alibaba, which was sort of a poster child, not just because of the criticism by Jack Ma and the regulators, but just also because they have been the most aggressive in terms of their competitive practices. They were told to stop some of these practices, such as exclusive supplier arrangements, and they were given a record fine of \$2.8 billion. Bearing in mind that is only equivalent to 4% of the cash on Alibaba's balance sheets. In our opinion, it's clear that the government is not looking to kneecap or seriously handicap these companies. It is clear that they are seen as a big part of the government's plans going forward.

Meituan, for example, the government wants their riders and the delivery people to be paid at least a minimum wage and to also contribute to the Social Security Fund on their behalf. So those things are very pragmatic. If these regulations were pushed by, say, the European Union or in the US, I think they would be considered normal. Further they make a lot of sense in the context of the businesses and the industries that these companies are in. So, when we think about what happened in education, and then what is happening in other areas, it's clear that education is seen as a different sector. The same sort of radical nature of the regulation is not what we are seeing in other industries. In fact, these Big Tech companies, after talking to the government in July, they've all announced record hiring plans going forward.

For example, Tencent announced that they are increasing their hiring college graduates this year by 42% year over year. Alibaba announced record hiring plans. JD.com announced that next year they are hiring of college graduates will be up 30%. Meituan announced that this year they're hiring 3,000 college graduates, and the next year it will be 10,000, so over 3X that. So, it is clear that in our conversations with the government, that the government wants them to invest. These companies are leaders in artificial intelligence, cloud computing, quantum computing, driverless car technology. So if the government is going to reach their goals of technologically independence, of generating the most innovative and eventually the largest economy in the world, these companies are going to be the key part of it.

When we are talking about these regulations in the context of a slowing population growth as well, the way that China is really going to grow going forward is not through population growth anymore. They are going to do it by improving productivity and these technology-driven companies.



So, when thinking about the likelihood of these extreme regulatory measures happening in the other industries, where these companies are so critical to the growth of the economy going forward, we think it's very, very low. You can have policies like they had in the education sector - driving out capital and talent, but that does not make any sense in technology, where long-term investments and talent are really the drivers of growth. Also, there are no large state-owned enterprises dominating these industries. It's going to be these privately led enterprises driven by increased investment, by attracting more talent that is going to enable China to succeed long term. So we think that they are well aligned with the government's long-term plans.

Q: What additional regulation could we expect?

You do anticipate there could be additional regulation and with that regulation, stock price volatility could be expected. When do you think we might be past this? Is this something that investors in Chinese companies have to live with? Do investors have to factor it into their risk-reward calculation?

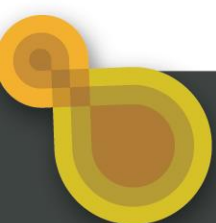
I do think that the major part of the regulations have been rolled out. So far, from what we have been seeing, the actions are sort of pragmatic and designed to improve the competitive environment and stop this anti-competitive monopolistic behaviour going forward. Historically, China has been quite lax on the monopoly side, the antitrust side, especially relative to the EU, but even versus the US. Now they are playing catch-up.

It does not mean there is not going to be some additional regulation, for example we think it's probably going to be harder for these companies to do large M&A transactions going forward. Certainly, that's the case we would say in the EU and the US as well for their Big Tech companies, and it's most likely true in China.

It doesn't mean that they can't do any M&A. This is kind of a good example of how it's still very pragmatic. So Tencent, for example, was trying to merge the two largest gaming streaming companies - DouYu and Huya - in China. Together, they would have had over 70% of the market, just these two companies, so it was the clear number one and the clear number two, 40% and 30% each merging. For obvious reasons, the Government said no, they couldn't do that.

On the other hand, Tencent wanted to acquire the number two search engine in China (after Baidu), called Sogou. That acquisition was okay, yet still a pretty big acquisition. So, it is clear that the government's looking at it on a case-by-case basis, but they do not have this overall view that these companies cannot grow anymore, or we do not want them to make any acquisitions at all.

I think data, for example, is going to be a big area going forward in terms of regulations - access to data, data security and things like that. So that'll certainly be something that the government will focus on, but that will be across the economy.



Q: On regulation, will there be a more consultative approach?

One of the questions that was submitted in advance asked about the meeting that Chinese officials had recently to calm the markets down a little bit and reassure international investors that future regulation will come at a more measured pace. How did you interpret that and how should investors look at that? Is that a positive sign? Does that underscore what you're talking about?

Yes. This was the Vice Chairman of the Chinese Securities Regulatory Commission (SRC). So the SRC got together all the banks in China, including the foreign banks and the investment banks, on a conference call. And this is just days after the regulatory action in the education space occurred, sending all the stocks in China down. They were clearly out to calm the markets and explain that, education was a different industry and that this did not mean that this is going to happen elsewhere.

Q: Discuss our current core Chinese holdings?

Let's discuss the top Chinese holdings across our portfolio. In light of this regulatory conversation and environment, I'd like to answer the question "why do we continue to own them?"

If you look at JD.com, Alibaba, and Meituan - three of our largest holdings – it has been a rough year for them, down anywhere between 20% and 25% year to date. In 2020 Alibaba, for example, was up 150% and then 70% in 2019, while Meituan was up 190%. So coming off the heels of some pretty strong returns, they hit a rough patch in 2021 YTD. So let's start with Alibaba. Comment on its regulatory situation and what attributes make it worth investing in.

Alibaba: In terms of the regulatory outlook, it appears to be certainly on the backend of its regulatory review. The Ant restructuring, for example, is well underway. The antitrust penalties that have come after the antitrust review have been very reasonable and certainly manageable for Alibaba. In fact, we think Alibaba could be a beneficiary of the regulatory scrutiny elsewhere as the company looks poised to gain better access to the WeChat ecosystem.

You are hearing a lot now about the two largest players, namely Alibaba and Tencent opening their ecosystems to each other. We think that that is a likely development going forward that would benefit Alibaba. Then also just tightening the restrictions on subsidy-led marketing tactics, where a lot of companies would be growing despite, providing subsidies and big, big discounts. Tightening those restrictions and lessening those subsidies will be beneficial to Alibaba as a leader, that is because they are the most comprehensive e-commerce macro marketplace in China. They have about 50% market share and also the highest margins in the business, so over 50% share of the industry profits.

They're also the leading public cloud computing business with the most mature and sophisticated technology offering and great long-term prospects. We think cloud computing is going to be something that's going to be really, really interesting in China over the long-term, leapfrogging in a similar way to what happened to landlines or PCs, going straight to mobile and mobile phones. They are basically sort of leapfrogging individual IT departments and companies and going straight to the public cloud. As a leader in this space, Alibaba is really well-poised.



We also think that the valuation is really interesting. Their core e-commerce business, which is still growing double digits, is trading, according to our numbers, about 12x earnings. That is not even giving them credit for their portfolio businesses, such as LMI, which is the food delivery company, their international e-commerce, which actually is growing really quickly, a big logistics business, a mapping business - just all these other businesses that are growing strongly. Even if you ignore the value there, give them some credit for cloud, their core e-commerce business trading at 12x earnings, and looks really attractive. So we think there a number of reasons to be optimistic about Alibaba.

Meituan: It is the other company that is further along their antitrust review journey. Reports are that they are going to be handed a sizeable fine, about a billion dollars, for anti-competitive behaviour. Now we think that will be good in the sense that it will lift a lot of this regulatory overhang and concern, and certainly a billion dollars in the context of a company this size and with the huge balance sheet of cash is going to be very digestible for Meituan.

Meituan, like we talked about before, is going to need to increase protections or benefits for their riders. So they are going to have this fine, and increased carrier costs, but those likely will be passed on to consumers in terms of a higher delivery cost - all very, very manageable. Further we think these factors are already well reflected in the company's valuation. So, I think from the regulatory point of view, they look to be at the tail end of the review. Everything we have seen from the government in terms of the requirements that they are asking seem to be very reasonable and digestible for the company.

Then Meituan itself, why are we interested? Well, it is the go-to local services company. Basically they are often talked about as a super-app where users basically access them on a daily basis because they have so many different categories that they play in. Food delivery is their bread and butter where they have 70% market share and is a huge, huge business.

Food delivery is basically an urban product. In China, with over a hundred cities with a million residents it's basically a huge urban landscape. Meituan has over 500 million users that are very sticky and engaged, and on average access the platform, at a very, very high rate.

They generate significant revenue from the hotel booking business as well, and a lot of other local businesses such as dine-in restaurants, salons, even karaoke clubs, depend a lot on the traffic that Meituan sends their way. As the food delivery leader, they have really built the most efficient, interesting courier network, which is very difficult to replicate and that provides a huge cost advantage versus competitors. One that you can be leveraged into other areas, other than food delivery and to grow elsewhere.

Also, I would just say last thing here, it's one of the most entrepreneurial management teams in China with a really strong record of outperforming competitors and has done a great job in terms of execution. So, we really like the management team. So given the size, the growth opportunity, their dominant market share, the quality of the management team, and now with the lower valuation as well, there are a lot of things to be optimistic about Meituan.

Tencent (via Naspers): Yes, we own Tencent (with a focus on social media, messaging, and gaming) indirectly via Naspers because we are getting it at a big discount, about 35%. So, we like that as value investors. The key asset within Naspers is really Tencent. In terms of the regulatory risk, it seems very manageable.

Recently we saw the government introduce restrictions on minors playing video games – limited to 3 hours per week. Previously it was 1hr per day and 2 hours on the weekend. It has been an incremental move. The impact on investors is small as minors only account for 6% of Tencent's China gaming revenues. That is just of the gaming revenues. Of the overall company, the revenues from minors in gaming are about 2% of the overall company revenue. The gaming business is a very profitable, lucrative business, but they do not make a lot of money from children. It's really adults that are paying for it.



Tencent has been at the forefront of protecting minors already by using visual systems and face recognition technology to restrict the use and access of games. So, that is already in place.

So, why are we interested in Tencent? It is the largest Big Tech company there, it has been extremely innovative. They have this ubiquitous WeChat product in place. They also have the online video game business, they have about 50% market share of the video game business in China. So that's huge, and it's the largest video game market in the world and they've got about 50% market position there.

They also have a very popular mobile payment system and a growing enterprise cloud infrastructure and software business. They've also been a very successful VC investor in and outside of China. So for example, they own significant equity stakes in companies like Meituan, JD.Com and Sea Limited (which is a Southeast Asian company). Altogether the value of those companies is over \$200 billion to Tencent. So extremely successful, and that has generated huge value, which is about a third of Tencent market cap today, and its other very successful companies. We think that the valuation is really attractive now and they are continuing to invest for the future.

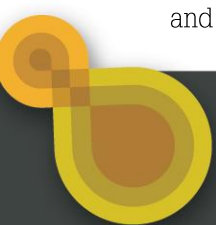
They are often seen as the company that is best-aligned to the low profile that CEOs need to maintain in China. Pony Ma the founder and CEO there, does a masterful job of running a great company, an extremely innovative company, but also keeping a very low profile and being in the good graces of the government and regulators at all times. So, we think that they're really well positioned and have a good, strong operating history. So we are really excited about Tencent.

JD.com: I would say JD certainly appears to be one of the least exposed companies from a regulatory risk standpoint. Their primary business is in e-commerce, they are basically the closest thing to Amazon, having the warehouses, the couriers and owning the inventory, but they are still only 20% of the e-commerce market. So it's hard to say that they are a monopoly in that market. In fact, they have been one of the primary victims of Alibaba's anti-competitive practices historically. So, when Alibaba has been requiring suppliers to only sell on their platform, it's to prevent them from selling on JD's platform. So now with the ending of those exclusive contracts, those suppliers, mostly apparel companies, can now sell again on JD's platform - that's very good for the JD.com business.

We will see what the anti-trust review says and of course there might be some areas the government has quibbles with, but big picture, it looks like their risk is very limited – with them also actually being a beneficiary of Alibaba stopping some of their monopolistic practices. JD.com pay their couriers the best wages and benefits in the industry already. So, they are ahead of the curve there so any additional need to meet minimum wage requirements or paying into social security funds will have a very minimal impact on JD because they're already doing these things today.

JD.com, why are we interested? They're the largest retailer in China. They have a well-deserved reputation for high quality, authentic products and they also have very fast delivery because they have built out a massive, massive logistics network across China. They have huge market share positions in categories such as electronics and home appliances. Increasingly they're working with third parties now. I think just today they announced a program to work with a large automobiles company to manage their logistics system. Logistics is a huge bottleneck in China, just because of the size of the company and the amount of people there (1.4 billion). Increasingly JD.com is able to leverage its logistics infrastructure that they have spent billions of dollars building over time. This infrastructure will not only assist in growing their e-commerce business, but they will also partner with other industrial or healthcare companies and manage their logistics network.

Today, we think that we're paying a normalized earnings number of about 16x. This business is growing at circa 25% year over year, and that's been the growth rate for the last three years. We expect this year, similarly, they will be growing in the mid-twenties, so we feel that multiple is really attractive and given the lower regulatory risk, the outlook looks very positive for JD.com as well.



Rapid Fire Questions

Q: Does China need foreign capital?

Yes, in growth areas such as Big Tech, AI they have reiterated they want and need foreign capital. They want to be the leaders in AI, driverless vehicles etc and this requires a lot of capital and a lot of talent – it does not make any sense to take outside capital away from those industries (or not look to attract foreign investment).

Q: Learnings?

Keep a keen eye on regulation and demand a higher expected rate of return, seek a margin of safety. We have seen the stocks react violently, and they look attractive but going forward we will be demanding a higher return to compensate.

We don't foreshadow the same type of treatment toward other industries as happened to Education. China wants to ensure they have thriving markets. They can do better with transparency, and Xi has mentioned they need greater transparency and predictability. Until now, China hasn't had a robust approach to anti-trust, they were much more *laissez-faire* than Europe and the US. They are playing catch up.

Q: How did we redeploy the funds from EDU and TAL?

We bought Baidu, the leader in search, good driverless and cloud business, well aligned to the government's ambitions. We also bought Ping An Insurance which has 17% market share, the 2nd largest insurer, 2/3 health and life insurance (very under penetrated markets) in China. 75% is recurring revenue and its trading at 6x earnings, with a very productive salesforce and with low regulatory risk – the government wants people to save for later.

Q: The influence of the CCP, the legal system and governance?

We have a high conviction, we invest in stocks where management own significant holdings. The CCP is very harsh on businesspeople who commit fraud. This is not a system that encourages misrepresentation, they want a market that can be trusted.

Q: On the VIE structure?

The government have had plenty of opportunities to address this if they had issues, the structure has been around for decades. We will likely see more transparency over time. It still remains an attractive market to invest in.

Q: On US ADR's?

We are hearing that the CCP want to find a way to satisfy the US audit requirement while still safeguarding state secrets – we don't know whether this will be sufficient. We do not think the country of listing matters – we own Meituan via HK, and can easily transfer to HK listings of Alibaba, JD.com if we need or wish to. The government want a robust capital market and are looking to make it easier for foreign investors to invest via the local Chinese exchanges.



Q: What does the upside look like?

- Baidu is trading at 6x and is growing at high single digits. So, could easily be 50%+ higher
- Alibaba - off recent weakness – the eCommerce business is trading at 12-14x, growing mid-20%, could easily double, and the overall stock could be up 50-100%
- JD.com, there are still a lot of opportunities, could be up 30-50%.

It will take a little while.

Q: What could the catalysts be for a re-rating or change of sentiment toward these Chinese stocks?

1. Earnings

- JD revenue is up 26%
- Tencent it's +20%
- Meituan announced yesterday its food delivery business revenue was up 59%

If you keep delivering several quarters of strong earnings people will see the value of these companies and gain comfortable with the regulatory environment.

2. Anti-trust reviews coming to an end

We have seen Alibaba go through the process, Meituan is in the final stages. A big fine often signifies the end of the regulatory process. If we see Tencent & JD finish theirs (they should both be faster), that will give people comfort/relief – it becomes a known quantity.

3. A restart of large IPO's – perhaps it is ANT group or ByteDance that will go public in Hong Kong, and this may signal a resumption of normality.

Q: Rockstar CEO's and the CCP? Will there be any more?

People understand the quid pro quo. Pony Ma of Tencent has created the largest internet company in the country but keeps a very low profile, no PR machine, or public events. The management teams will follow that model, not the Jack Ma flamboyant model. The message has been heard loud and clear. Some donations or investments in rural China will be popular and seen as an investment for the common good.

Q: The PTGEF broader portfolio? It trades at a 1 year forward PE of 8.5x vs MSCI of 16.5?

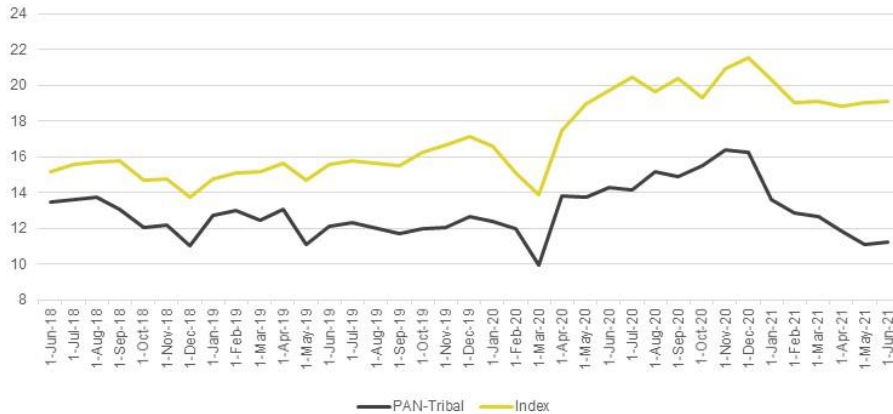
Yes, a lot of opportunities created by sector dispersions creating great opportunities. US Financials at 12X are still at a significant discount to the broader market. Within financials Capital One is trading at

10x in a low-rate environment. If rates/inflation rise, that will be very positive for NIM, earnings. International financials like Danske 10x, DBS 13x (in a high growth area) also look very attractive. Strong upside with very strong margin of safety given their Tier 1 capital ratio.



GLOBAL WEIGHTINGS

PTGEF – 1 year Forward PE vs MSCI ACWI

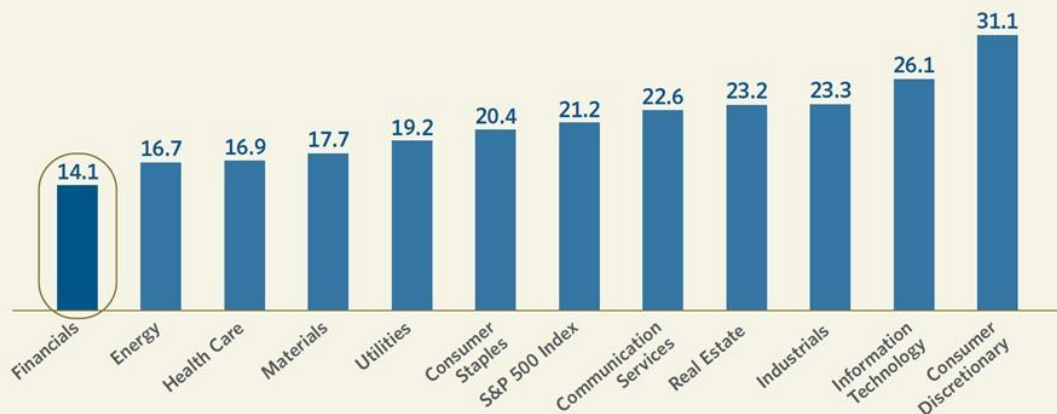


Source: State Street as at 31 July 2021

US MARKET – WIDE DISPERSION ACROSS SECTORS

Financials Are Attractively Priced⁶

S&P 500 Forward P/Es by Sector



Source: Credit Suisse as at 30 June 2021