



# Factor Focused Beta Series

## International Dividend Yield

December 31, 2017

### Cadence Capital Management LLC

**Founded** 1988  
**AUM** \$4.4 billion  
**Headquarters** Boston, MA

### International Dividend Yield

Factor-focused beta exposure designed to capture the broad equity risk premium (total return), earn higher income, and provide reduced volatility.

- Active investment management resources applied where they provide benefit
- Systematic execution — designed to deliver the benefits of passive management
- Disciplined rebalancing
- Efficiently accommodates movement of capital
- Complementary to active management, index funds and other betas
- Lower overall costs than traditional active management

**AUM/Strategy:** \$2.4 billion

### Investment Team



**J. Paul Dokas, CFA**  
*Senior Portfolio Manager, Managing Director*



**Robert E. Ginsberg, CFA**  
*Senior Portfolio Manager, Managing Director*

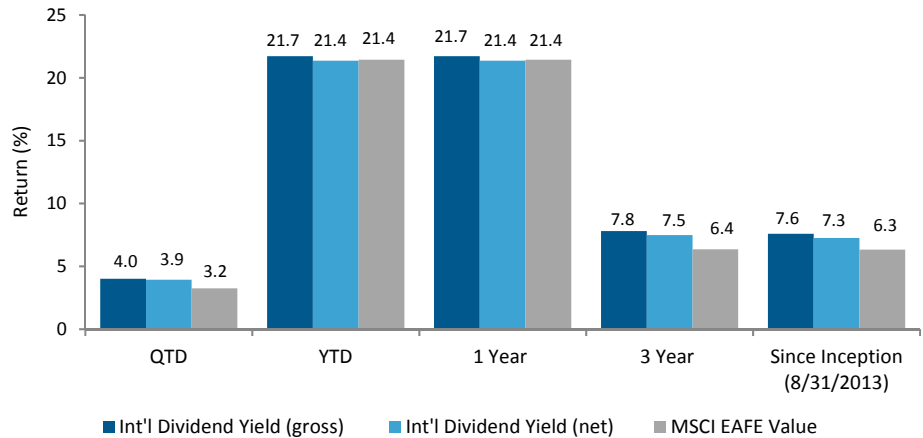


**Austin M. Kairnes III**  
*Portfolio Manager*



**Sophia H. Ru, CFA**  
*Analyst*

### Performance



### Portfolio Characteristics

	Int'l Dividend Yield	MSCI EAFE Value
Total Number of Holdings	405	482
Wtd. Avg. Market Capitalization (\$B)	57.4	60.2
Dividend Yield	3.94	3.91
Price/Earnings Ratio (Last 12 Months)	15.5	14.5
Price/Book Ratio	1.6	1.3
Est. 3-5 Year EPS Growth	10.4	10.6
Return on Equity (%)	14.4	10.3
LT Debt/Capital	35.3	38.7

### Economic Sectors

	Int'l Dividend Yield (%)	MSCI EAFE Value (%)	Difference
Consumer Discretionary	12.7	11.0	1.7
Consumer Staples	5.9	3.7	2.2
Energy	8.6	9.2	-0.6
Financials	18.9	34.8	-15.9
Health Care	13.4	6.8	6.6
Industrials	13.9	10.0	4.0
Information Technology	6.2	1.7	4.5
Materials	6.7	6.2	0.5
Real Estate	4.4	5.1	-0.7
Telecommunication Services	5.5	6.5	-1.0
Utilities	3.7	5.0	-1.3

### Top 10 Holdings

	Weight (%)
Roche Holding Ltd	2.1
Novartis AG	2.1
Total SA	1.9
BP p.l.c.	1.7
Toyota Motor Corp.	1.7
GlaxoSmithKline plc	1.6
Sanofi	1.6
HSBC Holdings plc	1.6
Novo Nordisk A/S Class B	1.6
AstraZeneca PLC	1.5
<b>TOTAL</b>	<b>17.4</b>

### Top 10 Countries

	Portfolio Wt. (%)	Bmk. Wt. (%)
Japan	24.7	23.1
United Kingdom	18.6	19.6
Switzerland	10.6	7.8
France	9.2	10.7
Germany	8.1	9.0
Australia	6.6	6.9
Sweden	3.3	2.8
Hong Kong	3.2	3.4
Spain	2.9	5.1
Netherlands	2.6	1.8
<b>TOTAL</b>	<b>89.8</b>	<b>90.2</b>

Past performance is no guarantee of future results. Gross performance returns are gross of fees and include the reinvestment of dividends and interest. Net performance returns are net of all management fees (maximum fee of 0.30%) and other expenses and include the reinvestment of dividends and other earnings. Portfolio information presented is as of 12/31/17, based on a representative account, and excludes cash. Economic sectors reflect the GICS sector definitions. Holdings listed were the top ten positions held in the portfolio at month-end, ranked by month-end market value. These holdings are subject to change and do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. Countries listed were the top ten country weights at month-end, ranked by month-end market value. All results are reported in USD. Please refer to the Disclosures on the next page for further information.

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### Factor Focused Beta Portfolios

		US	International Developed	EM	Global
Growth	Momentum				
	Quality				
Value	Value				
	Yield		★		

### Factor Focused Beta Strategies

**Comprehensive** — A suite of complementary factor-based and rules-driven beta portfolios; low correlation

**Factor-focused** — Designed to isolate and capture specific risk premia while avoiding the concentration risks of capitalization-based indexing

**Versatile** — Designed to work in stand-alone allocations or bundled as part of an investor's customized solution

**Cost Effective** — Lower fee and execution costs than traditional active management approaches

### Disclosures

**Past performance** is no guarantee of future results. Cadence Capital Management LLC, is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Registration of an investment advisor is not meant to denote any form of recommendation or endorsement by the SEC or state securities regulators, and does not imply a certain level of skill or training. Cadence manages domestic equities for institutional investors using a conservative growth investment philosophy. Cadence manages domestic and international equities for institutional investors using rules-based strategies with periodic rebalancing. Cadence also acts as sub-advisor for several mutual funds. In November 2010, Cadence acquired a long/short domestic equity hedge fund and a long-only SMIDCap fund. Since March 31, 2014 these assets have been included in the definition of the firm for the purposes of GIPS presentations and verifications. Effective April 1, 2016, the SMIDCap fund has been closed, and Cadence consolidated the assets of the two private funds. Effective September 1, 2017, the hedge fund has been closed. The Cadence Composites are constructed of similarly managed, unconstrained, discretionary accounts in accordance with industry calculation standards. New accounts are included in their first full calendar month of operation. Performance is based on time-weighted, total returns including resigned accounts. Performance results reflect the reinvestment of dividends and other earnings. Valuations and returns are computed and stated in US dollars on a trade date basis. To obtain the calculation methodology and a list of each holding's contribution to the overall account's performance during the measurement period, contact Petra Stenta at (617) 624-3500.

#### Composite Characteristics:

The International Dividend Yield Composite was created in January 2014 and has an inception date of August 31, 2013. A complete list and description of all firm composites is available upon request. Accounts in the International Dividend Yield Composite have an initial universe comprised of stocks within the MSCI EAFE Index.

The International Dividend Yield Composite is a rules-based portfolio that is rebalanced periodically and typically holds between 200-350 securities. Stocks in the International Dividend Yield portfolio must have a higher than market dividend yield and must pass liquidity and bankruptcy screens. Holdings in the International Dividend Yield Composite will have modified capitalization based security weights. New accounts that fit the composite definition are added at the beginning of the first full calendar month for which the account is under management. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. International Dividend Yield restricted accounts (e.g., "sin-free" account) are not included in this composite. On June 30, 2017, the primary composite benchmark was changed from the MSCI EAFE – Net Return Index to the MSCI EAFE Value – Net Return Index in order to provide a more relevant comparison to the composite's investment universe.

#### Benchmark Definition:

The MSCI EAFE Value – Net Return Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield. The index targets 50% coverage of the free float-adjusted market capitalization of the MSCI EAFE Index. "Net Return" is defined as not including withholding taxes and international fees.

The volatility of the index may be materially different from that of the composite. You cannot invest directly in an index. Index results assume the re-investment of all dividends and capital gains. In addition, client's holdings will differ significantly from the securities that comprise the index. The benchmark returns are not covered by the report of independent verifiers.

**Cadence Capital Management LLC** claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Cadence's composites and/or a presentation that adheres to the GIPS standards, contact Ms. Petra Stenta at (617) 624-3500.



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