

Fundamental International Equity — 4th Quarter Review and 2023 Outlook

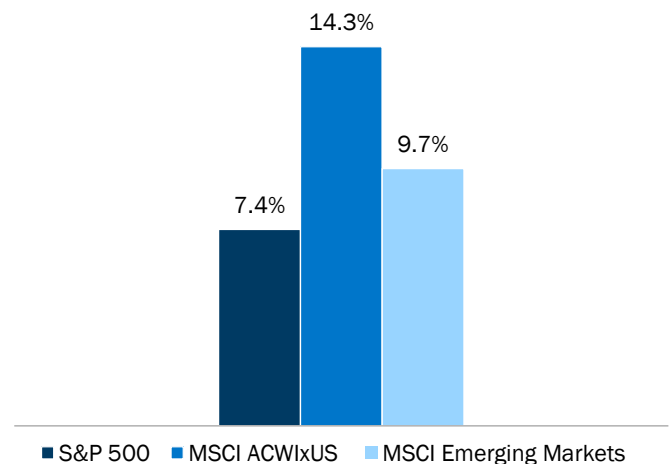
After further declines in the third quarter, equities rallied in the 4th quarter on signs that inflation had peaked and central banks might be able to slow the pace of interest hikes in 2023. International markets led the rally with the MSCI ACWIxUS gaining 14.3% and the MSCI Emerging Markets Index increasing 9.7%, while the S&P 500 returned 7.4%. The strong performance of international markets was driven by falling natural gas prices, which drove an improvement in consumer confidence in Europe, and China’s abandonment of its zero-COVID policies. This rapid shift in sentiment drove a so-called “junk rally” in which the stocks of highly levered and economically sensitive European Industrials, Materials, and Financials companies outperformed.

Our international equity strategy rose 10.8% on a gross basis and 10.6% net of fees*¹ in the quarter, underperforming the ACWI ex US Index. Our underperformance was driven predominantly by our style allocation, as our approach favors investing in high quality growth companies which typically underperform during junk rallies like the one witnessed this quarter. Our relative performance was also negatively impacted by stock selection within the Industrials and Information Technology sectors, though this was partially offset by favorable regional allocation, as we held an overweight allocation to Europe, the best performing region in the quarter.

Market Observations and 2023 Outlook

Despite the strong performance in the 4th quarter, the MSCI ACWIxUS Index finished the year down -16%. The negative performance of the index was driven almost entirely by multiple contractions. As rising interest rates drove a repricing of risk assets globally, the benchmark’s next twelve months’ P/E ratio declined by -17% while earnings estimates were roughly unchanged over the past 12 months.

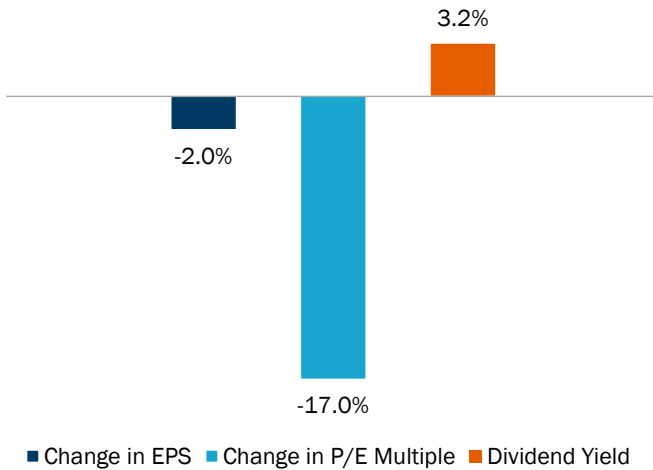
FIGURE 1: 4Q22 INDEX RETURNS



It is not possible to invest directly in an index. Please see disclosures at the end of this document related to comparisons to an index and index descriptions. **Past performance is not indicative of future results.**
Source: Bloomberg

1. Fundamental International Equity All Country Composite. Please see GIPS performance page and accompanying disclosures at the end of this document for additional information on performance and fees. It is not possible to invest directly in an index. Please see disclosures for important benchmark information, including disclosures related to comparisons to an index and index descriptions. Past performance is not indicative of future results

FIGURE 2: 2022 SOURCES OF RETURN | MSCI ACWIXUS INDEX



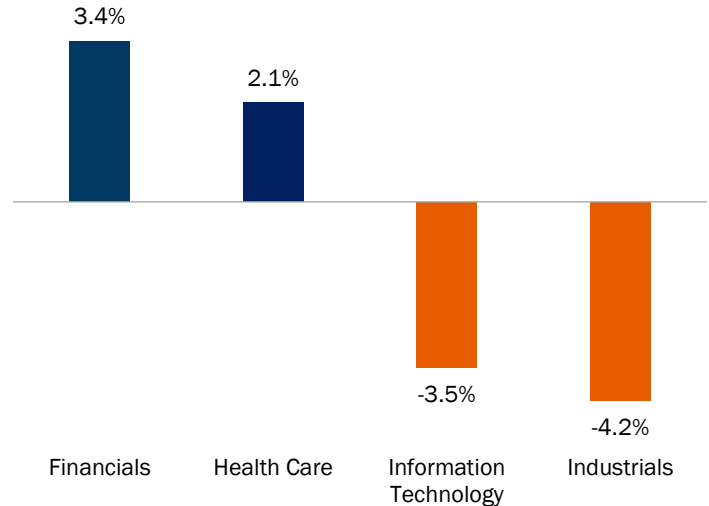
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Source: Bloomberg

While aggressive tightening by central banks globally was the primary driver of markets in 2022, we expect business fundamentals to return to the forefront in 2023. We believe the main swing factors likely to drive changes in business fundamentals and earnings estimates this year will include:

- A deceleration in global economic growth,
- China's changing approach to managing the COVID pandemic, and
- The ongoing war in Ukraine.

We expect slowing economic growth dynamics to put downward pressure on earnings estimates while China's reopening may provide some relief. It's hard to predict how long the war in Ukraine will persist, but the changing dynamics of the conflict will likely have significant implications for inflation expectations and economic growth forecasts in Europe. While the swing factors above will likely impact markets in 2023, we believe that forecasting specific short term economic variables and calling inflection points is a challenging exercise. We prefer to practice what we call sustainable growth investing, which is based on investing in economically resilient and competitively advantaged companies likely to experience consistently high earnings growth backed by long term secular trends. Among the more

FIGURE 3: BIGGEST SECTOR WEIGHT CHANGES | 4Q22



Source: FactSet
Fundamental International Equity All Country Representative Account. See Representative Account disclosure at the end of this document.

compelling trends we are investing behind are the increased outsourcing of Healthcare research and manufacturing activities, and the rising penetration of digital payments, driven by regulatory factors, consumer convenience, and the ongoing growth of e-commerce.

Portfolio Positioning

During the quarter, we increased our exposure to the Financials and Healthcare sectors and lowered our exposure to the Industrials and Information Technology sectors.

Our higher weight in the Financials sector was driven by increasing our position size in an Asian focused life insurer whose stock sold off in the quarter following Xi Jinping's consolidation of power in China, as well as increasing the weights of other holdings whose relative attractiveness increased in the quarter. We increased our exposure to the Healthcare sector by initiating a position in a Swiss company that is the global leader in the dental implant market. The company stands to benefit from aging demographics, market share gains as it enters new product categories and the global growth of the clear aligners market, which is taking share from more traditional orthodontic products such as metal braces.

Our lower exposure to the Industrials sector was the result of exiting our position in a UK based business services company which received a takeover offer from a large private equity firm. With the stock trading close to the offer price despite the risk of the deal falling through, we saw more attractive opportunities in other names. We reduced our exposure to the Technology sector by trimming our holdings in three European companies benefitting from increased utilization of software in industrial and manufacturing applications. While we retain conviction in this trend, the shares had performed well recently and were looking less attractive relative to other opportunities in the portfolio.

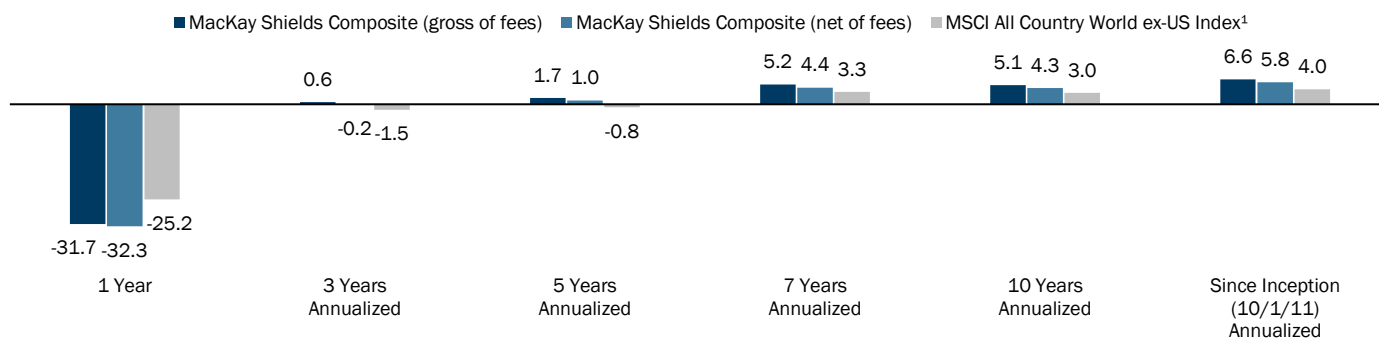
While 2022 was a challenging year for growth oriented investors like ourselves, we continue to believe that we own

high quality companies that are poised to deliver above average earnings growth backed by powerful long term secular trends. With valuations well below where they were a year ago, we believe that earnings growth will be a more meaningful driver of stock prices this year. Moreover, we think that the companies in our portfolio are well positioned to withstand a challenging macroeconomic environment thanks to strong business models, healthy balance sheets and highly capable management teams.

Fundamental International Equity All Country Composite Disclosures | Period Ending September 30, 2022

Period	MacKay Shields Composite Gross Returns (%)	MacKay Shields Composite Net Returns (%)	MSCI All Country World ex-US Index ¹ Returns (%)	Composite 3-Yr St Dev (%)	Benchmark ¹ 3-Yr St Dev (%)	No. of Accts.	Composite Assets (\$Mil)	Firm Assets* (\$Mil)	Internal Dispersion (%)
022 (Thru 9/30)	-33.0	-33.4	-26.5	20.6	18.2	≤5	387	126,047	N/A
2021	12.9	12.1	7.8	16.5	16.8	≤5	578	163,646	0.0
2020	21.5	20.6	10.7	18.2	17.9	≤5	642	153,995	0.0
2019	26.0	25.1	21.5	12.5	11.3	≤5	553	131,978	0.0
2018	-11.4	-12.0	-14.2	13.1	11.4	≤5	519	107,467	0.0
2017	34.2	33.2	27.2	11.4	11.9	≤5	1,169	16,238	0.5
2016	-4.1	-4.8	4.5	11.9	12.5	≤5	997	13,980	0.4
2015	5.9	5.1	-5.7	10.6	12.1	≤5	1,054	16,719	0.8
2014	-1.3	-2.1	-3.9	12.1	12.8	≤5	1,004	16,183	1.0
2013	17.5	16.6	15.3	N/A	N/A	≤5	961	15,249	0.1
2012	19.9	19.0	16.8	N/A	N/A	≤5	739	10,589	0.0

Fundamental International Equity All Country Composite Disclosures | Period Ending September 30, 2022



1. MSCI ACWI ex-US Index

Past performance is not indicative of future results. Please see Fundamental International Equity All Country Composite Disclosures and Additional Disclosures which are included in this presentation.

MSCI All Country World ex-US Index. It is not possible to invest directly in an index. Please see Additional Disclosures for important benchmark information, including disclosures related to comparisons to an index.

The Fundamental International Equity All Country Composite includes all discretionary fundamental international equity all country accounts managed with similar objectives for a full month, including those accounts no longer with the firm. This investment process is a bottom-up strategy, incorporating individual company fundamental analysis, industry competitive dynamics, and analysis on secular trends to identify long-term holdings in companies that have the potential for sustainable growth. Gross-of-fees composite performance reflects reinvestment of income and dividends and is a market-weighted average of the time-weighted return, before advisory fees and related expenses, of each account for the period since inception. Net-of-fees composite performance is derived by reducing the monthly gross-of-fees composite returns by .0625%, our highest monthly fee. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Performance is expressed in US Dollars. All portfolios in the composite are fee-paying portfolios. There can be no assurance that the rate of return for any account within a composite will be the same as that of the composite presented. Past performance is not indicative of future results.

The composite inception date was 10/1/11 and for the period from inception through 12/31/17 was developed at Cornerstone Capital Management (Cornerstone). Substantially all the investment decision-makers from Cornerstone became employed by MacKay Shields LLC on 1/1/18. The decision-making group and process within Cornerstone continues intact and independent within MacKay Shields. This group and process are responsible for the composite performance, therefore the current composite performance is linked to the prior Cornerstone composite history. The composite creation date at MacKay Shields was 1/1/18.

MacKay Shields LLC, an SEC-registered investment adviser, claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The firm has been independently verified from January 1, 1988 through December 31, 2021. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. A list including composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds is available upon request. Indices do not incur management fees, transaction costs or other operating expenses. The MSCI ACWI ex-US Index is referred to for comparative purposes only and is not intended to parallel the risk or investment style of the portfolios in the MacKay Shields Composite. The MSCI ACWI ex-US Index range uses withholding tax rates applicable to Luxembourg holding companies. Information regarding the benchmark, including the percentage of the composite invested in countries or regions not included in the benchmark, is available upon request. Indices do not incur management fees, transaction costs or other operating expenses. Investments cannot be made directly into an index. Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns and the index returns over the preceding 36-month period. The standard deviation is not presented for periods prior to 2014 because the composite did not have a three-year track record.

*Firm assets reflect CCM assets prior to 2018.

INDEX DESCRIPTIONS

MSCI USA INDEX – The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 637 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

MSCI ACWIEXUS INDEX – The MSCI ACWI ex USA Index is a float-adjusted market capitalization index that is designed to measure the combined equity market performance of large- and mid-cap securities in developed and emerging market countries excluding the United States.

MSCI EMERGING MARKETS INDEX – The MSCI Emerging Markets (EM) Index was launched in 1988 including 10 countries with a weight of about 0.9% in the MSCI ACWI Index. Currently, it captures 24 countries across the globe and has a weight of 12% in the MSCI ACWI Index. Constructed according to the MSCI Global Investable Market Indexes (GIMI) Methodology, the MSCI EM Index is designed to dynamically reflect the evolution of the emerging markets opportunity set and to help investors meet global and regional asset allocation needs.

FUNDAMENTAL INTERNATIONAL EQUITY ALL COUNTRY REPRESENTATIVE ACCOUNT DISCLOSURE

The representative account utilized for this analysis was selected because it is the largest account in the composite and not for performance reasons. Each client account is individually managed, actual holdings will vary for each client and there is no guarantee that a particular client's account will have the same characteristics. It may not precisely represent every portfolio in the composite. This document is for informational purposes only. Portfolio holdings are subject to change without notice. Provided as supplemental information to the GIPS report in this document.

SOURCE INFORMATION

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