



Back to Basics in 4IR – Thinking, Fast...and Slow

Global Value Equity | September 2024

Lyrical Asset Management: Global Value At A Glance

Firm Overview

- Founded in 2008 by Andrew Wellington and Jeff Keswin
- Deep Value
- Firm Assets: \$7.7bn

Strategy Overview

- Concentrated portfolio of 50-55 stocks
- Differentiated, reflecting both deep value and quality/growth
- Diversified by industry and sector, with uncommonly high active share (**~98%**)
- Long-term orientation with low annualized turnover (**~15% since inception**)
- Article 8 with high commitment to sustainability

Senior Investment Team



Andrew Wellington

**Co-founder & CIO
Portfolio Manager & Analyst**

25+ years investing experience

- Founded firm in 2008 with Jeff Keswin
- Previous investment experience:
 - Pzena Investment Management
 - Neuberger Berman
 - New Mountain Capital
- Prior to investment career, worked in management consulting:
 - Booz Allen & Hamilton
 - First Manhattan Consulting Group
- Graduated University of Pennsylvania, Management & Technology dual-degree program, top graduating senior and summa cum laude



John Mullins

Portfolio Manager & Analyst

15+ years investing experience

- Joined firm February 2017
- Promoted to U.S. Portfolio Manager in January 2022
- International Portfolio Manager since strategy inception
- Previous investment experience:
 - Elm Ridge Capital
 - Clearfield Capital Management
 - Orbis Investment Management
- Graduated Yale University, cum laude with distinction, and Stanford Graduate School of Business



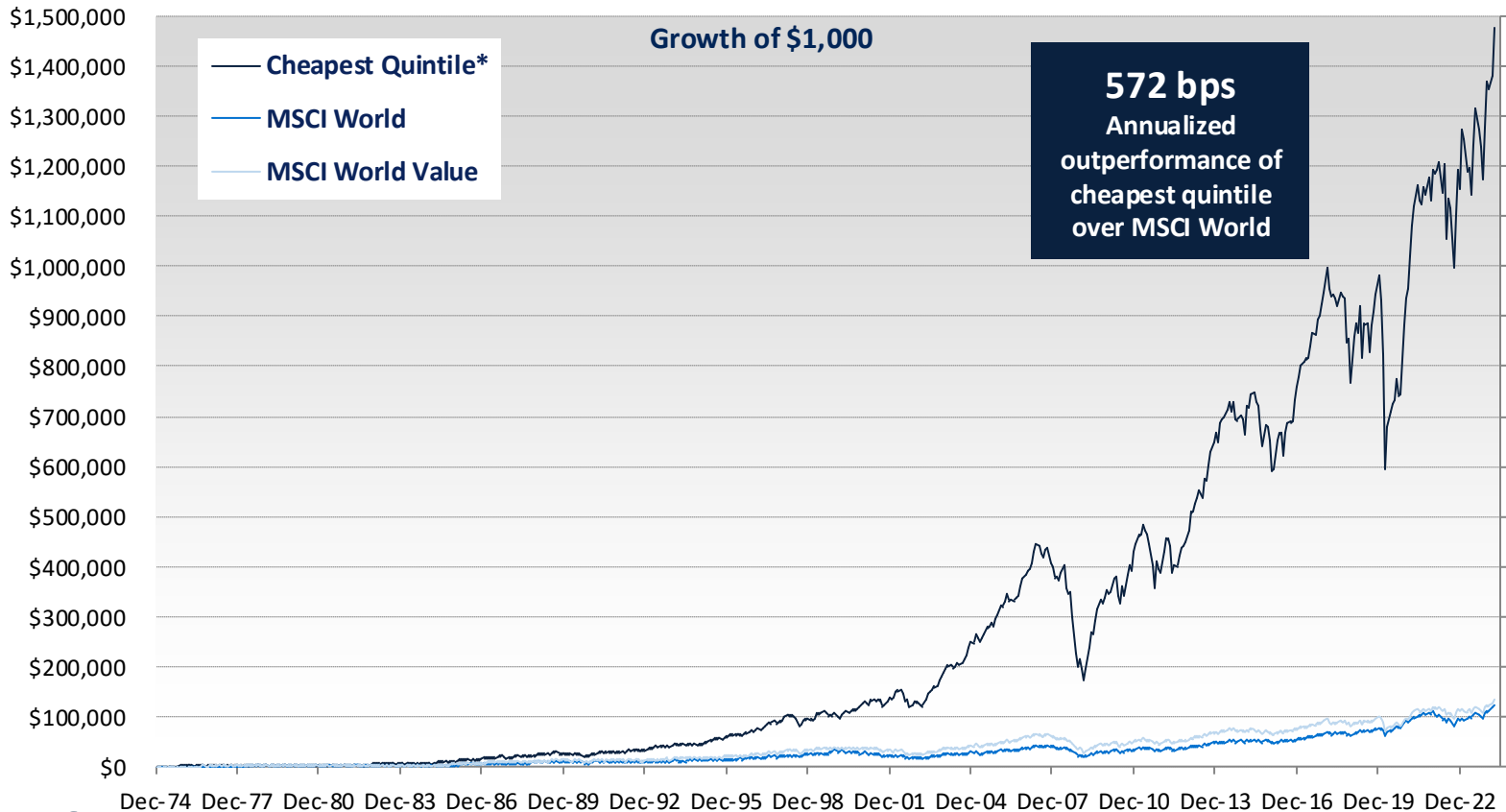
Dan Kaskawits, CFA

Portfolio Manager & Analyst

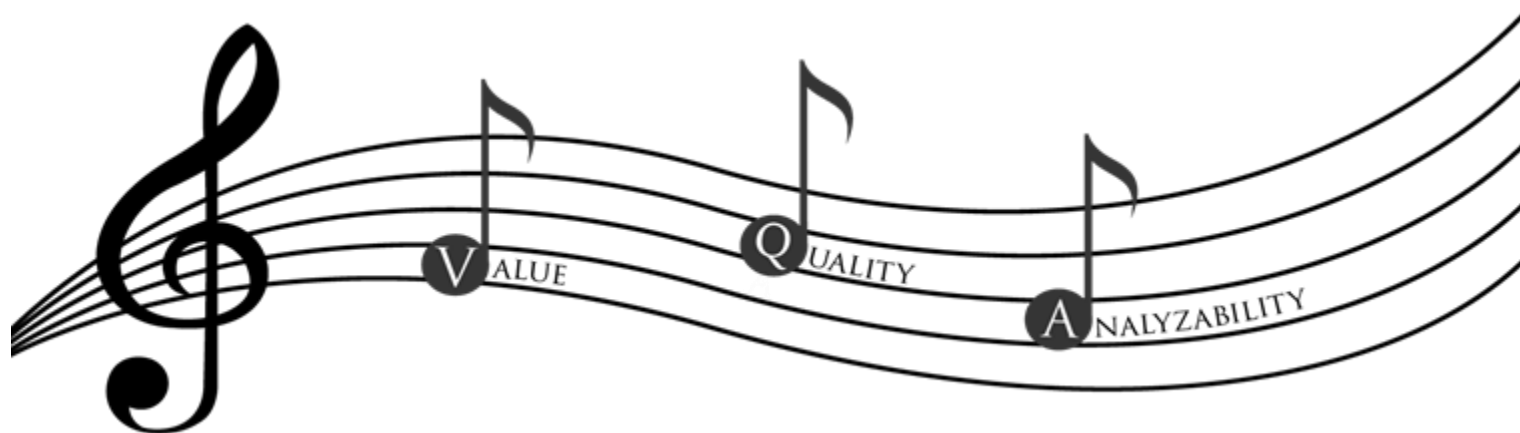
20+ years investing experience

- Joined firm January 2018
- Promoted to U.S. Portfolio Manager in January 2022
- International Portfolio Manager since strategy inception
- Previous investment experience:
 - Elm Ridge Capital
 - Citi Investment Research
- Graduated Tulane University and Columbia Business School
- Chartered Financial Analyst designation

Why Global Value Stocks?



The Lyrical Way is V-Q-A



Value

Value investing is the best way we know to generate superior long-term returns.

Not just value investing, but **deep value** investing. We believe the deeper the discount, the greater the return (when you're right).

The challenge is separating companies that deserve low valuations from those that don't.

Quality

In our experience, avoiding low ROIC companies improves the probability of success.

Among the cheapest stocks, we only invest in companies with an expected ROIC >10%.

We avoid certain industries because they do not meet our ROIC hurdle:

- Deep Cyclical (e.g., Airlines)
- Basic Materials

Analyzability

In our experience, the easier it is to analyze a business, the greater the probability of success.

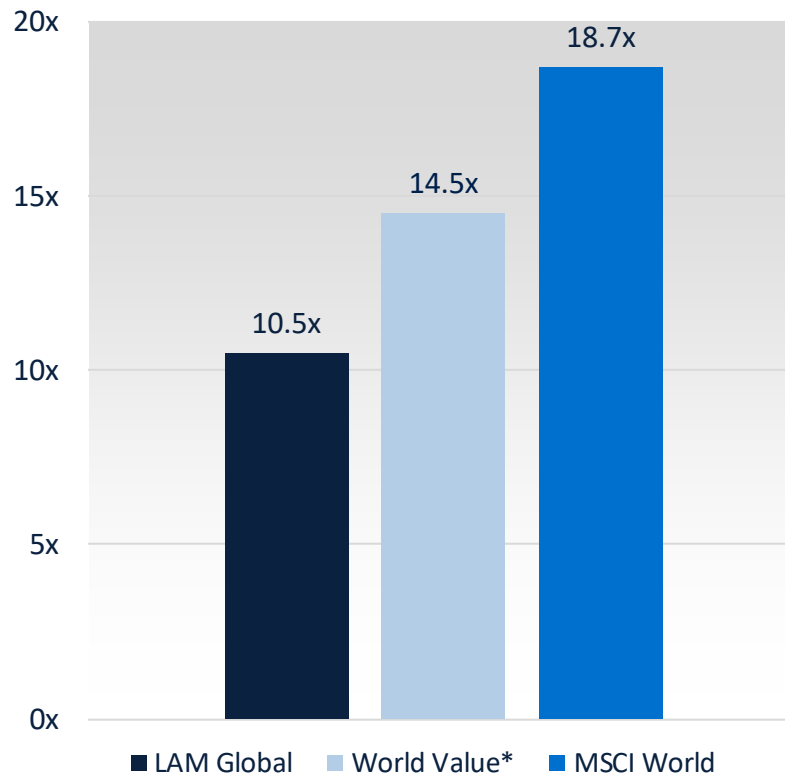
Some businesses are too complex or opaque to analyze adequately.

We avoid certain industries because they lack analyzability:

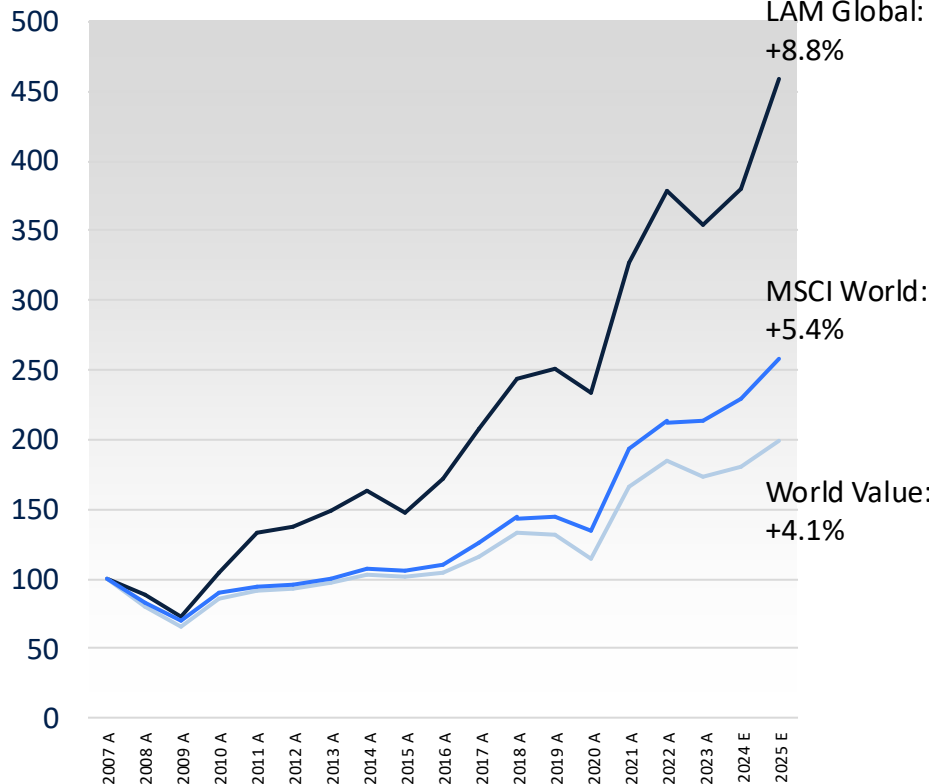
- Banks
- Pharma / Biotech
- Traditional Retail

Uncommon Combination of Deep Value and Growth

Forward P/E Ratios

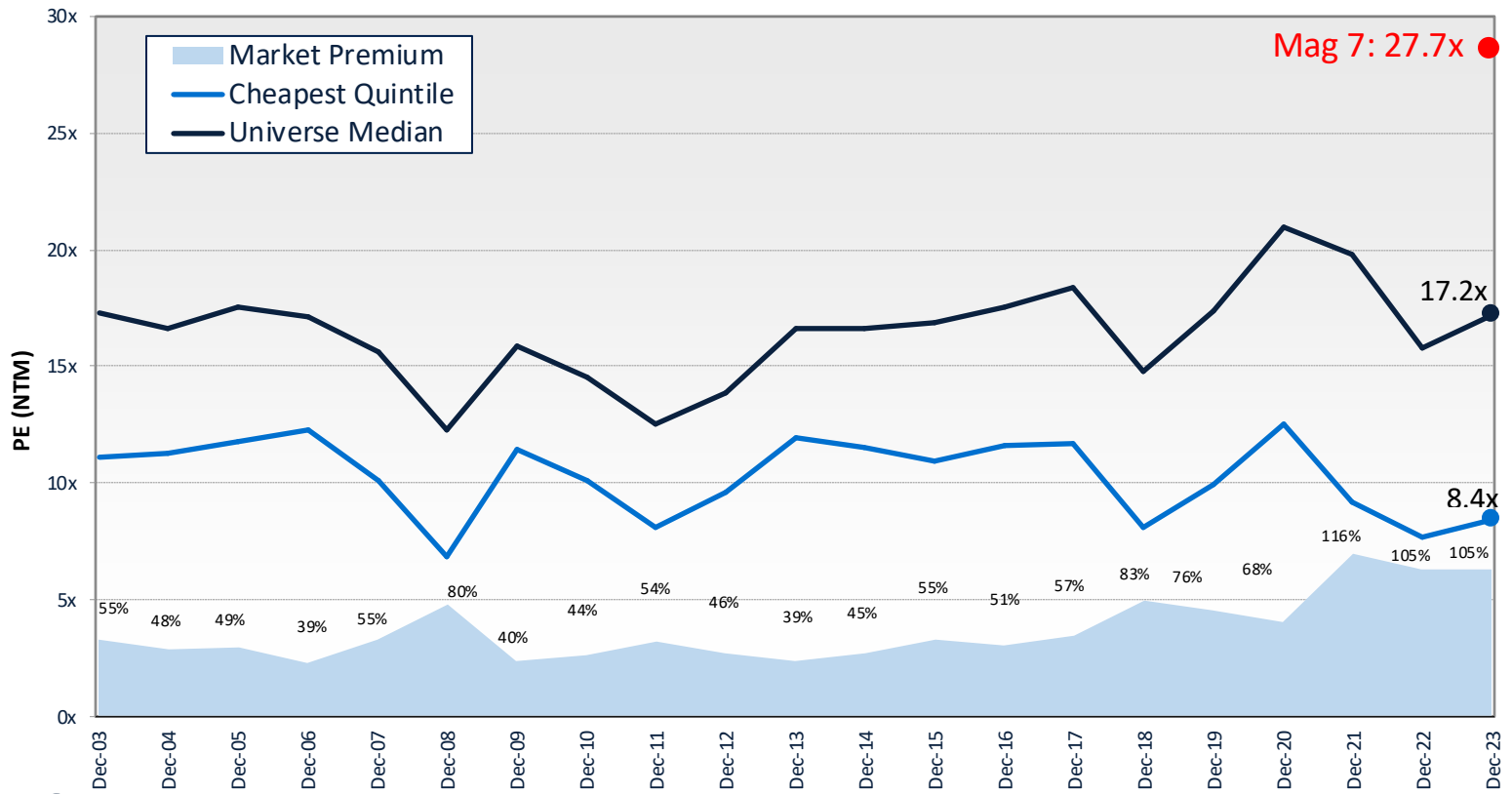


Indexed EPS Growth



The Median Stock P/E is Elevated, Not Just AI Stocks

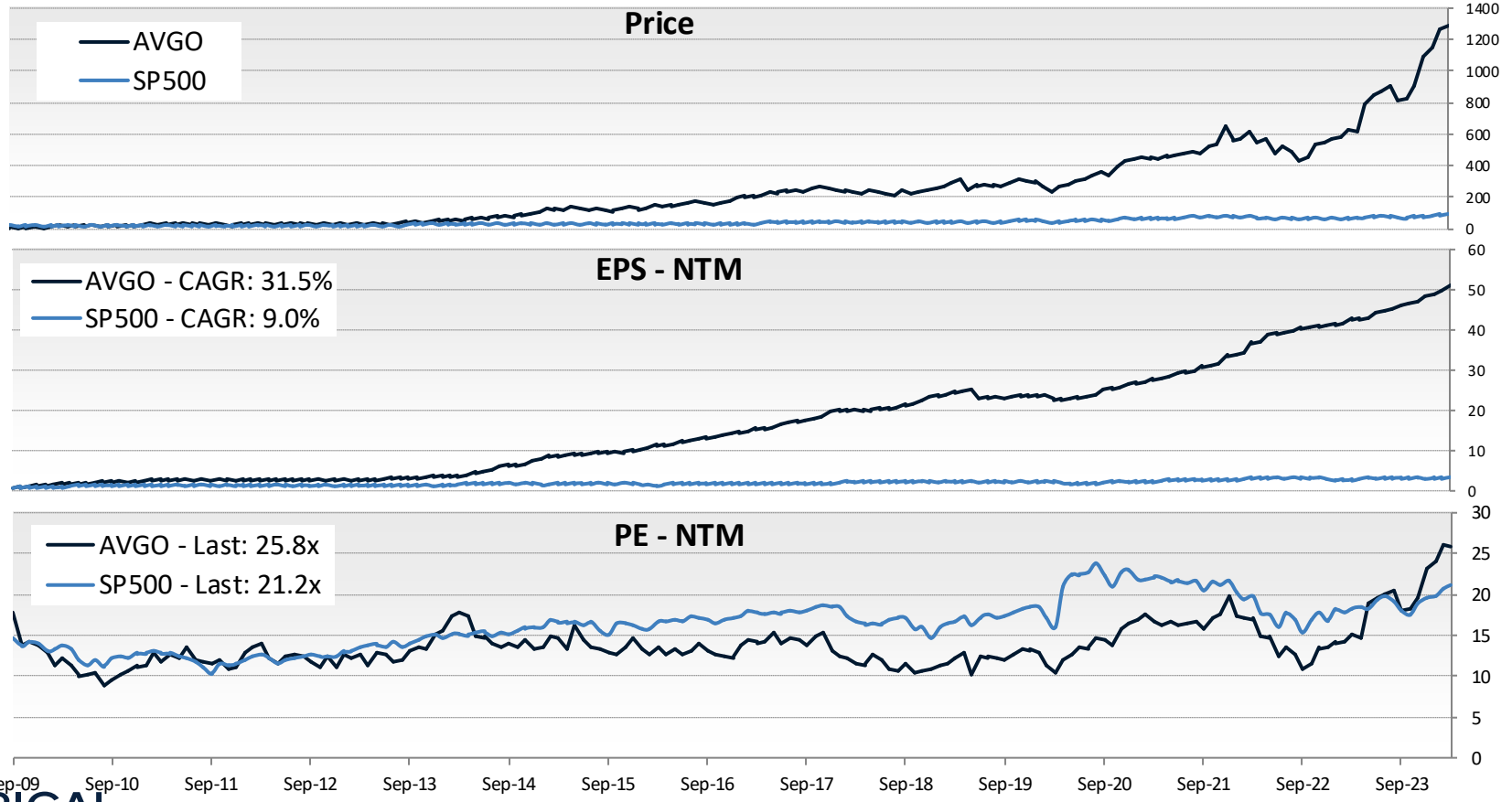
Historical P/E Ratios and Valuation Spreads



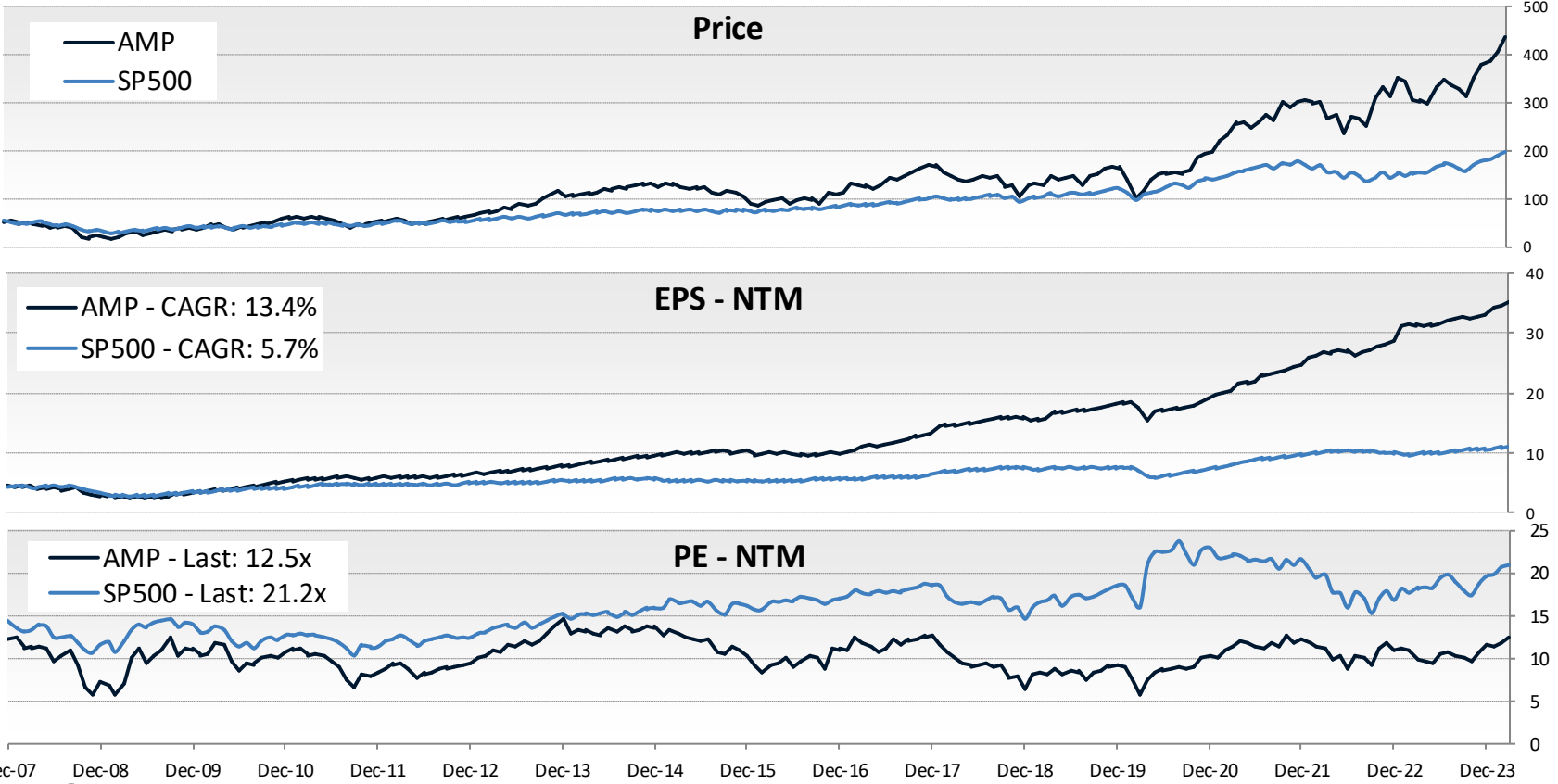
...But Cheapest Quintile Stocks Could Still Benefit from AI

- **CNXC/TEP** – Customer experience providers. These large tech-enabled co's will deploy AI solutions.
- **EBAY** – Used goods marketplace. AI will help sellers better list and describe their items.
- **FFIV** – Enterprise software. Leader in managing hybrid cloud environments, which will proliferate with AI.
- **FLEX** – Outsourced electronics manufacturer. Data center rev. should grow to 25% in five years, from 13%.
- **GEN** – Cybersecurity company. AI will help identify cyber-security threats and improve product.
- **NRG** – Unregulated utility. Well-positioned to benefit from tightening power markets.
- **OTEX** – Enterprise software. Scale leader in AI investments to improve product set.
- **Samsung** – Memory chip supplier. AI will require additional memory throughout the supply chain.
- **WCC** – Electrical product distributor. Enable hyperscalers to design, build, and protect their data centers.

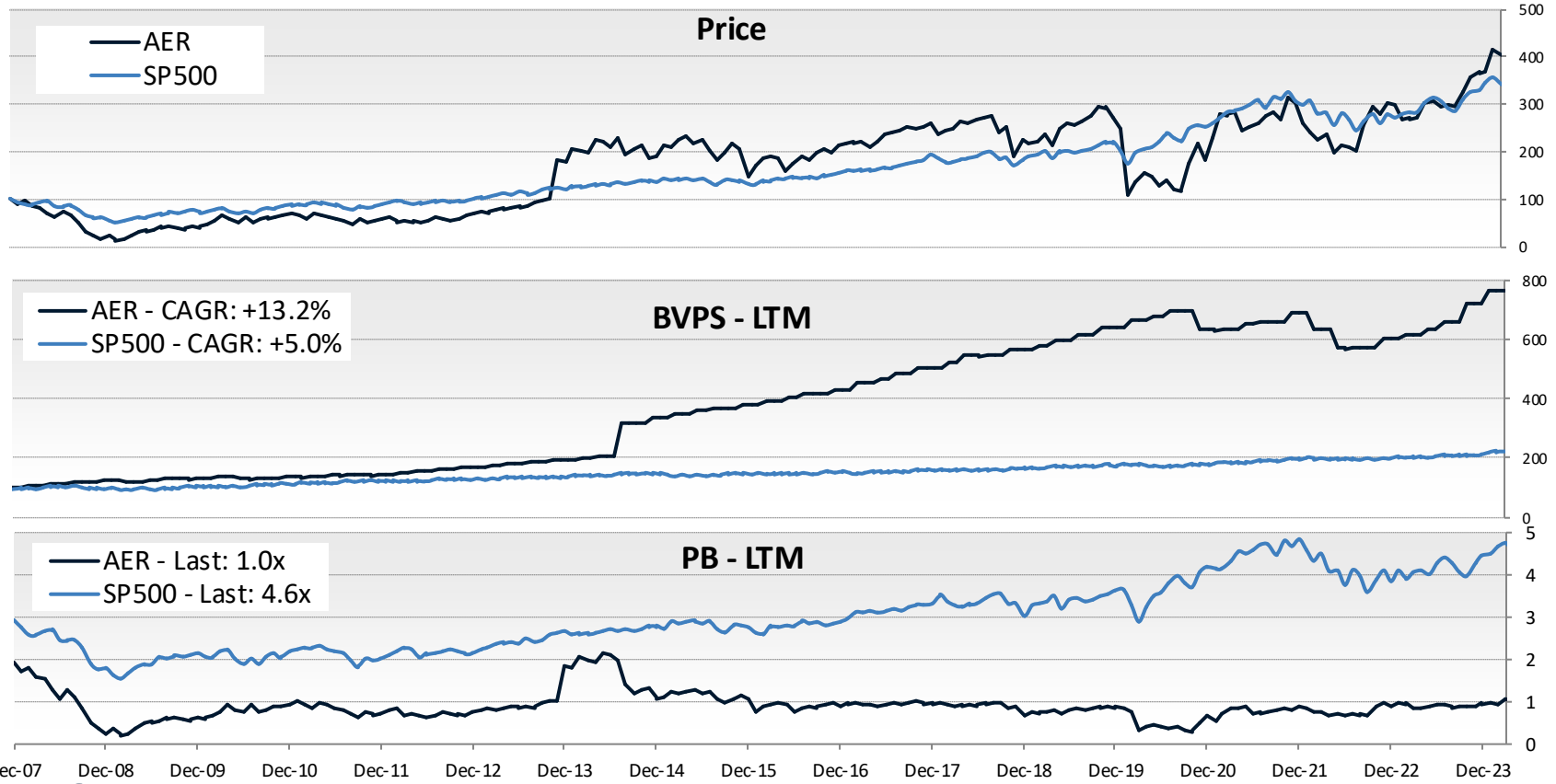
Price-EPS-P/E Chart (AVGO) vs. S&P 500



Price-EPS-P/E Chart (AMP) vs. S&P 500

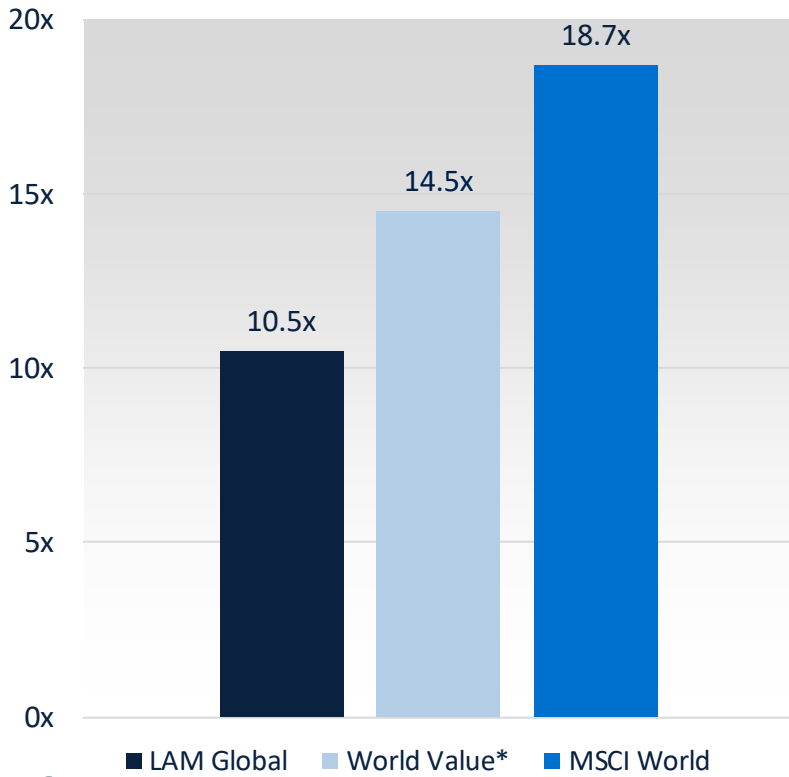


Price-BVPS-P/B Chart (AER) - vs. S&P 500

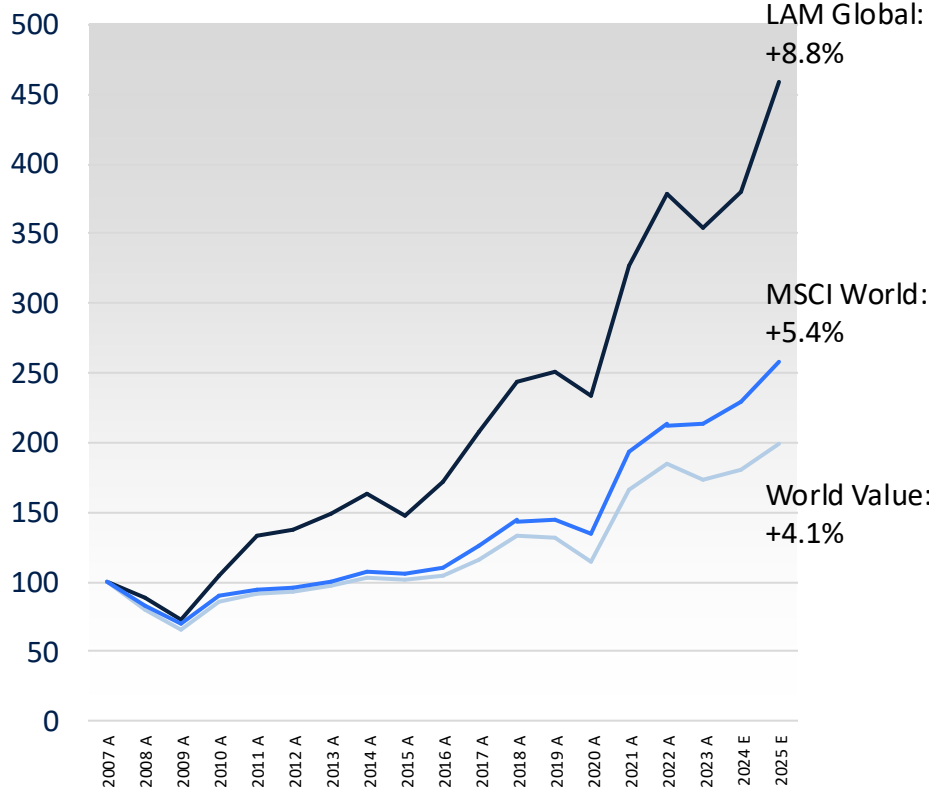


Uncommon Combination of Deep Value and Growth

Forward P/E Ratios



Indexed EPS Growth



Risk Factors

We do not attempt to time the markets or focus on weightings relative to any index. Accordingly, client returns are expected, at certain times, to significantly diverge from those of market indices.

Investing in securities involves a risk of loss that investors must be prepared to bear. Because we invest primarily in publicly traded equity securities, Lyrical believes the primary risk of loss is associated with securities selection and broad market movements, and wide and sudden fluctuations in market value can occur.

Force Majeure. Lyrical and its clients may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, but not limited to, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Some force majeure events may adversely affect the ability of a party (including a portfolio company or service provider) to perform its obligations until it is able to remedy the force majeure event. These risks could, among other effects, adversely impact the cash flows available from a portfolio investment, cause personal injury or loss of life, damage property, or instigate disruptions of service. In addition, the cost to a portfolio company or a client of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Force majeure events that are incapable of or are too costly to cure can have a permanently adverse effect on a portfolio company. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which we invest.

International Risks:

International holdings involve risks and considerations not typically associated with investing in U.S. companies. The performance of foreign markets does not necessarily track U.S. markets. Foreign investments may be affected favorably or unfavorably by changes in currency rates and exchange control regulations. There may be less publicly available information about a foreign company than about a U.S. company, and foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies. Foreign securities often trade with less frequency and volume than domestic securities and therefore may exhibit less liquidity and greater price volatility than securities of U.S. companies. There may be less governmental supervision of securities markets, brokers, and issuers of securities than in the U.S. Changes in foreign exchange rates will affect the value of those securities, which are denominated or quoted in currencies other than the U.S. dollar. Therefore, for foreign securities which are denominated or quoted in currencies other than the U.S. dollar, there is a risk that the value of such security will decrease due to changes in the relative value of the U.S. dollar and the securities' underlying foreign currency. Additional costs associated with an investment in foreign securities may include higher custodial fees than those applicable to domestic custodial arrangements, generally higher commission rates on foreign portfolio transactions, and transaction costs of foreign currency conversions. Investments in foreign securities may also be subject to other risks different from those affecting U.S. investments, including local political or economic developments, expropriation or nationalization of assets, restrictions on foreign investment and repatriation of capital, imposition of withholding taxes on dividend or interest payments, currency blockage (which would prevent cash from being brought back to the U.S.), limits on proxy voting and difficulty in enforcing legal rights outside the U.S. Currency exchange rates and regulations may cause fluctuation in the value of foreign securities. In addition, foreign securities and dividends and interest payable on those securities may be subject to foreign taxes, including taxes withheld from payments on those securities.

“Fair and balanced” assessment:

You are entitled to a fair and balanced presentation, to inform any decision about investing with us. And, no such decision should be based entirely or predominantly on information in this presentation. By design, our investment approach differs from the norm in important ways. While those differences are intentional and, we believe, well-founded, we allow that those who act more conventionally, too, have reasons for doing so. We strongly encourage that you engage with our client service team to better understand our beliefs and our methods. Questions could be as general as “why value?” or as narrow as “why do you not conviction-weight positions?” for just two examples. Even as our strategies offer liquidity, we seek an alignment of long-term minded investors and our long-term orientation; the better you are informed, the more likely that match will be made.

Disclaimers

Past performance is not necessarily indicative of future results. Individual results may vary based on timing of investments and/or other factors. There is no guarantee that the investment objective of our strategy will be achieved.

This document is confidential and does not convey any offering or the solicitation of any offer to invest in the strategy presented. Any such offering can only be made following a one-on-one presentation, and only to qualified investors in those jurisdictions where permitted by law.

The information included in this presentation is not being provided in a fiduciary capacity, and it is not intended to be, and should not be considered as, impartial advice.

“Forward-looking statements” contained herein can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “estimate,” “intend,” “continue,” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events, results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, or assurance or as a representation as to the future.

Certain information contained herein has been obtained from third party sources and not independently verified by Lyrical. No representation, warranty, or undertaking, expressed or implied, is given to the accuracy or completeness of such information. While such sources are believed to be reliable, Lyrical does not assume any responsibility for the accuracy or completeness of such information. Lyrical does not undertake any obligation to update the information contained herein as of any future date.

More complete information about our products and services is contained in our Form [ADV, Part 2](#)

Registration with the SEC does not imply a certain level of skill or training.

Disclosed holdings:

Lyrical disclaims any duty to update historical information included herein, including whether we continue to hold positions that are mentioned. In the interest of our clients, reporting as to positions in transition (being purchased or sold) is lagged at our discretion. Generally, securities which have not been purchased for all accounts are not reflected as held and sales of positions which remain in any client accounts similarly are not reflected.

Specific investments described on this website do not represent all investments by Lyrical. You should not assume that investment decisions we include were or will be profitable. Specific investment examples are for illustrative purposes only and not necessarily representative of investments that will be made in the future. A list of all prior investment recommendations is available upon request.

Model or hypothetical performance:

Where we provide information about performance that is not the actual performance results of our investment strategies (such as where we show the results of price-to-earnings quintiles), please note that there are substantial additional limitations inherent in using such performance information. Those include, but are not limited to, that actual trading and the associated expenses did not occur, that market conditions change over time, and that no investor had the actual performance presented.

GIPS Report – LAM Global Value

The LAM Global Strategy ("LAM Global") began investing on December 1, 2019. Investment results herein are unaudited and subject to revision. Net results include a 0.75% annual base fee. Composite net returns are modeled using this fee schedule.

Lyrical Asset Management LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. LAM has been independently verified for the periods January 1, 2009 through December 31, 2022. The verification reports are 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. LAM is a U.S.-based registered investment adviser that provides financial services to individual and institutional investors.

The LAM Global Value composite reflects all similar managed equity accounts, managed using LAM's global methodology. All accounts are fully discretionary. For the entire period, the investment guidelines and objectives of the portfolios represented herein remained the same. The LAM Global Value composite was created and incepted on December 1, 2019. A list of composite descriptions, as well as a list of broad distribution pooled funds, are available on request. Further composite information is as follows:

Period	LAM Global Value	LAM Global Value	MSCI World Index	# of Portfolios at End of Period	Composite Dispersion*	Composite 3-Year Std. Deviation (Annualized)	Benchmark 3-Year Std. Deviation (Annualized)	Total Composite Assets at End of Period (\$ Million)	Strategy Assets	Total Firm Assets (\$ Million)	Additional Non-Discretionary Assets (\$ Million) (Supplemental Information)
	Total Return Gross of Fees	Total Return Net of Fees							(\$ Million) (Supplemental Information)		
2019*	3.6%	3.6%	3.0%	1	N/M	N/A	N/A	1.04	1.04	7,433.97	500.35
2020	10.5%	9.7%	15.9%	1	N/M	N/A	N/A	0.38	10.70	7,323.39	375.95
2021	24.1%	23.2%	21.8%	5	N/M	N/A	N/A	13.89	15.27	8,049.70	684.98
2022	-14.7%	-15.4%	-18.1%	4	0.2%	27.3%	20.4%	2.96	12.94	5,759.01	589.31

*Includes only those accounts that were in composite for the entire year. N/M = Not Meaningful.

^Represents a partial period starting at the inception date (December 1, 2019) of the composite.

N/A = The three-year ex-post standard deviation of the composite and/or benchmark is not presented because 36 monthly returns are not available.

Results are U.S. dollar-based, measured internally based upon trade-date accounting, and include the reinvestment of dividends and interest. The composite is valued monthly, and time-weighted portfolio returns are asset-weighted using beginning-of-month market values. Annual and annualized periods are calculated based upon geometrically-linked monthly returns. The dispersion of annual gross returns is measured by the standard deviation across equal-weighted portfolio returns represented within the composite for the full year. For those composites that are comprised of fewer than six portfolios, composite dispersion as measured by standard deviation is not meaningful. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Performance prior to December 1, 2019 reflect the model, hypothetical results from a hypothetical portfolio comprised of LAMCS and LAM International holdings at the target weights as of inception of LAM International, and do not represent actual investments made. There are a variety of limitations inherent in model results. Transaction expenses incurred and dividends received on account of LAM-CS and LAM International holdings are reflected. **See Disclaimers regarding the use of hypothetical performance.**

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.

Important Notes

Any indexes and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. Investors cannot invest directly in an index. Comparisons to indexes have limitations because indexes have volatility and other material characteristics that may differ from those of Lyrical's strategies.

The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,517 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The MSCI World Value Index captures large and mid cap securities exhibiting overall value style characteristics across 23 Developed Markets countries +. 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.

World Value represents a combination of the holdings, as of December 31, 2023, of the MSCI EAFE Value Index and the S&P 500 Value Index using the respective non-U.S. and U.S. regional weights in the MSCI World Value index as of that date. This method is used because there are no ETF trackers that incorporate the full holdings of the MSCI World Value Index available

Indexed EPS Growth (Slide 6,12)

This chart depicts the historical change of earnings per share of the companies comprising the LAM Global Portfolio as of August 31, 2024 using current composite shares as of August 31, 2024, and the change in earnings per share of the MSCI World Index and World Value Index over the same period. Earnings per share is computed using consensus earnings data per FactSet, which include certain adjustments from reported, GAAP earnings. Periods marked with an "E" include estimated earnings per share.

Important Notes

The global value analysis includes a combination of the U.S. and International cheapest quintiles with the U.S. portion and the International portion given 60% and 40% respective weights as of the beginning of each month.

International Value Cycles:

For the period from January 1975 – December 2003 we use Fama French data (http://mba.tuck.dartmouth.edu/pages/faculty/ken.french/data_library.html) reflecting the cheapest 30% of stocks based on trailing P/E in developed international markets, weighted in proportion to the EAFE + Canada weights. For the period since December 2003, we sort by International Return to Fair Quintiles.

International Return to Fair Quintiles are sorted by Lyrical's estimate of Return to Fair for each of the 1,500 largest non-U.S. developed market ("International") stocks. Quintiles are determined annually, using end of year Return to Fair quintiles. Return to Fair is the difference between the current market price and Lyrical's estimate of fair value. Fair value is the product of five-year forward projected earnings (determined by applying to the latest year of forward projected earnings the median analyst estimate of long-term growth rates, subject to a 17% maximum and a minimum of 10% less the dividend yield) multiplied by the country-specific earnings multiple, plus net cash, plus five times the positive (or minus five times the negative) difference between dividend yield and the median dividend yield of the investment universe.

U.S. Value Cycles:

For the period from January 1960 – December 1984 we use Sanford Bernstein data for the cheapest quintile within the 1,000 largest U.S. stocks by market capitalization based on price to book value as the representative cheapest quintile.

For the period from January 1985 – December 1997 for each quarter, based on FactSet data, we divided the 1,000 largest U.S. stocks by market capitalization into quintiles based on their beginning of quarter price to median *trailing* earnings multiple. Return for the lowest p/e quintile is the simple average of the total returns, including dividends, of each stock in that quintile. Returns for stocks that ceased trading are included through the date they ceased trading.

For all periods after 1997, for each calendar quarter, based on FactSet data, we divided the 1,000 largest U.S. stocks by market capitalization into quintiles based on their beginning of quarter price to median forward earnings multiple. Return for each quintile is the simple average of the total returns, including dividends, of each stock in that quintile. Returns for stocks that ceased trading are included through the date they ceased trading.

Historical P/E Ratios and Valuation Spreads (Slide 7)

For the purposes of this chart we use the methodology explained in the notes to Slides 8-11 to constitute the Cheapest Quintile as of the beginning of each calendar year. We then compare the next twelve months price-to-earnings multiples of the Cheapest Quintile to the Universe Median which is the next twelve months median price-to-earnings multiple of the 2,500 stocks from which the Cheapest Quintile is derived. Market Premium is the percentage by which the price-to-earnings multiple for the Universe Median exceeds that for the Cheapest Quintile.