

Important Information Regarding Sub-adviser Changes to the World Equity Fund

The CBIS Global World Equity Fund seeks long-term capital appreciation through investment in equities of medium- to large-capitalization companies issued by companies worldwide. The Fund is currently structured to allocate 50% of assets to Scott Investment Partners (“Scott”) and 50% to Los Angeles Capital Management (“LA Capital”).

*The CBIS Investment Team has terminated both Scott and LA Capital and replaced them **with Hardman Johnston Global Advisors LLC** (“Hardman Johnston”) and **Maj Invest** (“Maj”).*

SCOTT TERMINATION

While the firm continued to have conviction in its investment approach despite recent underperformance, team dynamics led us to question how effective the team would be in implementing investment philosophy going forward. The most probable successor to Walter Scott, his son Matthew Scott, left the firm in early 2021, generating more questions about the firm’s succession planning.

LA CAPITAL TERMINATION

LA Capital was included in the search but was not a good fit with the other candidates within a multi-manager fund. Over time, it has become clear that LA Capital’s approach to portfolio management doesn’t fit with the CBIS investment philosophy.

SEARCH PROCESS

Screens of eVestment and Mercer databases resulted in a list of potential strategies across various factor/style biases. Following a round of meetings with each potential manager, and subsequent deep dives on these managers, the team had the highest conviction in a portfolio combination of Maj and Hardman Johnston.

SELECTION OF HARDMAN JOHNSTON

Guided by a strong leader in Cassandra Hardman, the firm employs a deep and experienced team where everyone is given a voice. With a consistent investment philosophy and process that has been in use for over 20 years, the firm employs one investment approach across the full product lineup. This can be a risk when the approach is out of favor. The proposed multi-manager approach helps mitigate this risk enabling us to appreciate the firm’s consistent application of its investment philosophy across all market conditions.

SELECTION OF MAJ INVEST

A small, employee-owned firm with a focused product lineup, Maj relies on an extensive use of technology to bring structure, discipline, and efficiency to the process. Unlike Hardman Johnston, Maj intends to diversify its product lineup with the addition of other investment teams. The firm's approach is inspired by Benjamin Graham but goes further in seeking companies that offer stability, profitability, return potential, balance sheet quality, and attractive valuation.

IMPLEMENTATION

Although both managers have an element of quality metrics focus in stock selection, Hardman Johnston is growth-oriented while Maj has a value bias. In practice, both managers offer similar risk levels in that both are concentrated in number of names and rely on stock selection to add value.

Since we look for manager correlations between -0.2 and $+0.2$, the uncorrelated returns between the two strategies are particularly important. By our calculation, correlation of excess returns for the common history (16.25 years) between Hardman Johnston and Maj was -0.18 .

The investment team has implemented an equal allocation of assets between Hardman Johnson and Maj Invest.

