

INTERNATIONAL STRATEGY

Denver Investments' International investment philosophy is based on the belief that investing in businesses trading at a significant discount to intrinsic value leads to consistent outperformance over time. Utilizing a bottom-up approach grounded in independent, fundamental research, the team constructs a portfolio designed to generate alpha primarily through stock selection.

HIGHLIGHTS

Unbiased approach to universe

The team believes the best way to identify attractive candidates for research is to consider companies within its entire universe. Analysts do not eliminate any industries from the research process and do not pre-judge companies based on the nature of the business but rather focus on the underlying characteristics of the business.

Proprietary research and strict valuation discipline

Investing in attractively-valued, cash-generative companies is the goal of the team's process. Using proprietary fundamental research, analysts look for key attributes in companies including free cash flow, earnings growth, return on invested capital, and relative upside to their estimate of intrinsic value. They seek to manage risk through a rigorous valuation discipline, in-depth fundamental analysis, and portfolio structure.

High conviction portfolio

The team concentrates its investments in its highest potential opportunities. The team also invests with a long-term perspective in an effort to fully realize the value of its companies.

INVESTMENT PROCESS

QUANTITATIVE SCREENING

Identify attractively-valued, cash-generative companies with a history of consistent growth.

- Universe is international equities with market capitalizations typically within the range of the MSCI ACWI ex USA Small Cap Index at the time of purchase.
- Analysts perform primary screen for double-digit EPS growth and return on invested capital (ROIC).
- They perform secondary screen for earnings quality and consistency, cash generation, balance sheet strength, and preliminary valuation.

FUNDAMENTAL RESEARCH

Analyze high quality companies with attractive secular growth characteristics.

- Analysts perform qualitative assessment on each company to develop an initial investment thesis.
- They meet with a company's management to assess its integrity and strategy, and to validate or refute the thesis.
- They also evaluate a company's business model and sustainability of its competitive advantage. As part of this research, they seek to speak to customers, competitors, suppliers, and/or other industry contacts.
- Analysts assess company risks and eliminate companies with meaningful exposure to exogenous factors.
- They determine the intrinsic value of a company through a proprietary, free cash flow model.

STOCK SELECTION

Leveraging expertise of team, invest in companies with significant relative upside.

- Analysts present new ideas to team.
- The team has a collaborative discussion and debate of investment thesis for each new idea.
- Utilize each team member's knowledge and skill set.
- Portfolio managers collaboratively make final buy decision.

PORTFOLIO CONSTRUCTION

Construct portfolio to achieve client objectives.

- Stock weightings based on upside potential.
- Minimum/maximum position size: 2% to 8% in Concentrated International Small-Cap, 1% to 6% in International Small-Cap, and 1% to 8% in International Smid-Cap portfolios.
- No limit on non-benchmark securities.
- Maximum in emerging markets: 15%.
- Fully invested: typically less than 5% cash.
- Forward contracts may be used to achieve currency exposure comparable to the benchmark.

SELL DECISION

Approach sell decision with same rigor as buy decision.

- Company reaches price target.
- More attractive idea is available.
- Fundamentals violate original investment thesis.
- Appreciates outside market capitalization parameters.

INTERNATIONAL EQUITY PRODUCTS

Representative portfolio guidelines:

■ CONCENTRATED INTERNATIONAL SMALL-CAP

- Benchmark: MSCI ACWI ex USA Small Cap Index
- Universe: International equities with market capitalizations typically within the range of the MSCI ACWI ex USA Small Cap Index at the time of purchase
- Stocks: Approximately 20 – 35

■ INTERNATIONAL SMALL-CAP

- Benchmark: MSCI ACWI ex USA Small Cap Index
- Universe: International equities with market capitalizations typically within the range of the MSCI ACWI ex USA Small Cap Index at the time of purchase
- Stocks: Approximately 35 – 60

■ INTERNATIONAL SMID-CAP

- Benchmark: MSCI ACWI ex USA Smid-Cap Index
- Universe: International equities with market capitalizations typically within the range of the MSCI ACWI ex USA Smid-Cap Index at the time of purchase
- Stocks: Approximately 20 – 60

■ EMERGING MARKETS SMALL-CAP

- Benchmark: MSCI Emerging Markets Small Cap Index
- Universe: Emerging markets equities less than \$15 billion in market capitalization
- Stocks: Approximately 10 – 60

The International products are available through our family of mutual funds.

The guidelines listed are representative of each product, but are not considered restrictions. Specific client guidelines may differ.

FIRM OVERVIEW

Denver Investments is a research-driven organization founded on the belief that independent research is the key driver of value-added management. Since the inception of our investment management services in 1958, proprietary fundamental research has been at the core of our investment approach. Our approach is implemented across value, core, growth, and international equities, as well as core and non-core fixed income strategies.

As a firm, we are in one business: serving our clients as a fiduciary in the management of their investment assets. This allows the firm to focus its resources on one goal: the pursuit of superior investment returns for our clients. We believe that our independence (100% employee-owned) helps align our interests with our clients which enhances our ability to promote their investment success.

INVESTMENT TEAM

John C. Fenley, CFA

Partner, Director of International Portfolio Management,
Portfolio Manager, Analyst

2000 to Present: Denver Investments
1997 to 2000: Hansberger Global Investors, Inc., Vice President of
Research
1995 to 1997: Sun Trust Bank, Vice President and Portfolio Manager
1990 to 1995: Fifth Third Bank, Portfolio Manager and Equity Analyst
Education: BA – Vanderbilt University; MBA – Duke University
Member of CFA Institute and CFA Society Colorado

Jeremy A. Duhon, CFA

Partner, Director of International Research,
Portfolio Manager, Analyst

2004 to Present: Denver Investments
2002 to 2004: El Pomar Foundation, Senior Investment Fellow
Education: BA – Pomona College
Member of CFA Institute and CFA Society Colorado

Masha Carey, CFA

Analyst

2017 to Present: Denver Investments
2011 to 2016: Eaton Vance, Senior Research Associate
Education: BA – New York University
Member of CFA Institute and CFA Society Boston

Ryan J. Deliefde, CFA, CPA

Analyst

2014 to Present: Denver Investments
2012 to 2014: PricewaterhouseCoopers, Senior Associate
Education: BS – University of Denver

Sean P. Dixon

Analyst

2016 to Present: Denver Investments
2008 to 2016: Madison Street Partners, Analyst
Education: BS – University of Denver

Andrea Gerdes

Analyst

2017 to Present: Denver Investments
Education: BS, BSBA and MBA – University of Denver

Rico Fung

Analyst

2016 to Present: Denver Investments
2015: Pendant, Co-founder
Education: BA – University of Chicago

FOR MORE INFORMATION ABOUT OUR INSTITUTIONAL OFFERING, PLEASE CONTACT:

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