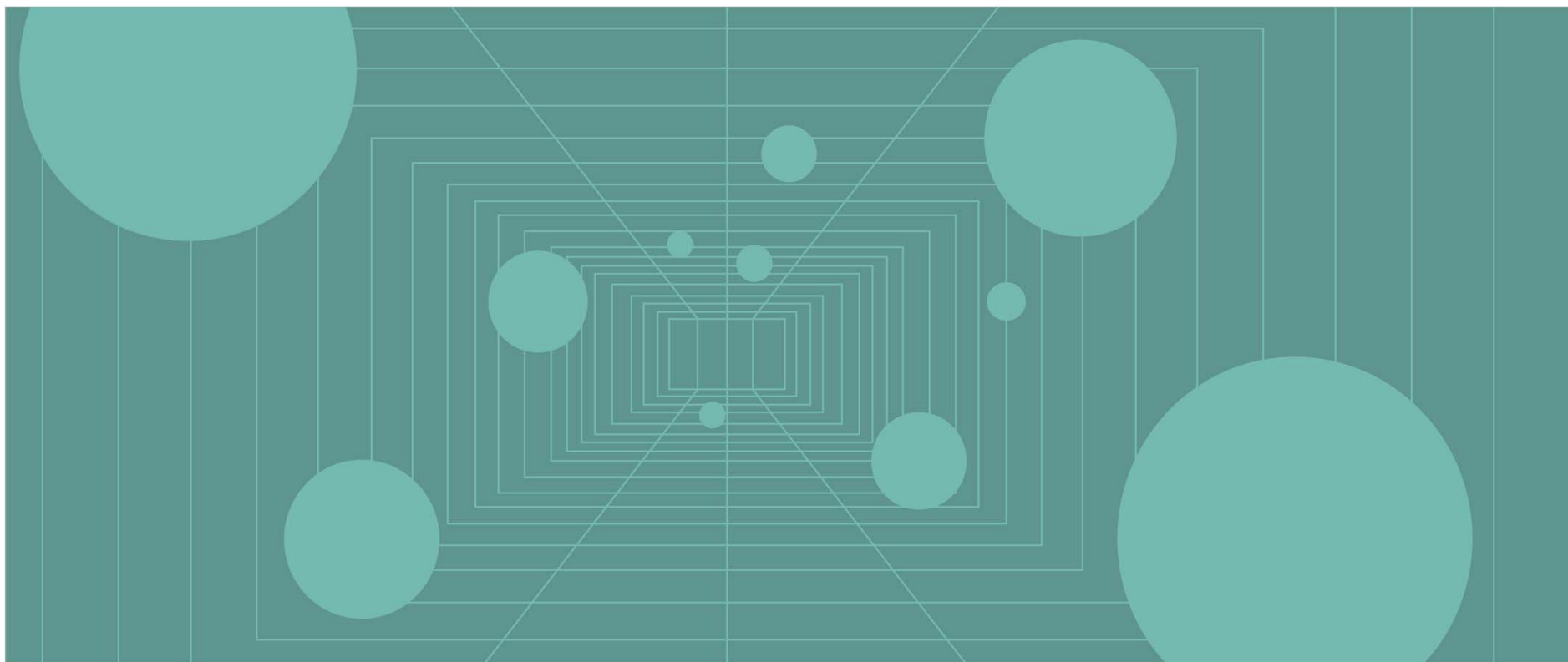


GLOBAL EQUITY MANAGER PERFORMANCE

ANALYSIS OF 2020 AND PERFORMANCE SINCE 2000



Summary Observations

- In 2020, 55% of active global managers underperformed the MSCI World Index (gross of fees), with the median manager underperforming by 150 basis points (bps). The shortfall was the worst since data began in 2000. After incorporating a fee proxy of 70 bps, 56% of active managers underperformed the index, and more than a third trailed by more than 1,000 bps. Post-2010, the percentage of managers outperforming has been significantly lower than during the 2000–10 period. On average, 46% of managers outperformed the fee-adjusted index annually from 2011 to 2020, versus an average of 58% from 2000 to 2010.
- By style, the median growth manager bested the MSCI World Index by 1,404 bps. However, the median growth manager underperformed versus the MSCI World Growth Index by 389 bps. Conversely, the median value manager underperformed the headline index by 786 bps, but outpaced the MSCI World Value Index by 920 bps. Growth managers have been in favor recently, and have the strongest returns over three-, five-, and ten-year periods.
- Managers' sector allocations can differ substantially from the index. The four most underweighted sectors in 2020 all underperformed the broader index, providing a positive net allocation effect. However, the top-performing sector—information technology—was broadly underweighted, creating a headwind for manager performance.

Summary Observations (continued)

- US equities hold the largest weight in the MSCI World Index; when MSCI World Index outperforms the MSCI US Index, managers have consistently outperformed, as they tend to be underweight US equities. US equities outperformed the MSCI World Index by 480 bps in 2020, yet managers were more than 1,100 bps underweight to the MSCI US Index, which was a likely driver of relative underperformance. Of the index's remaining five largest country weights, managers were overweight United Kingdom and France, which both underperformed the MSCI World Index in USD terms.
- Out-of-benchmark exposure to emerging markets has historically provided a tailwind to active global equity managers, and in 2020, the MSCI Emerging Markets Index outgained the MSCI World Index by 240 bps. China, where the largest number of managers had exposure and where median exposure was highest, trounced the MSCI World Index in USD terms by 1,351 bps, boosting returns.
- Persistence in manager performance is rare, and movement among performance quintiles is fairly common. Of the top-performing quintile of global equity managers in the 2011–15 period, 39% placed in the bottom two quintiles over the subsequent five-year period (2016–20). Similarly, 36% of bottom-performing managers in the initial five-year period were in the top two quintiles in the most recent five-year period.

55% of managers underperformed the index in 2020

GLOBAL EQUITY MANAGER ANNUAL RETURNS BY QUANTILES

2011–20 • Percent (%)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
5th Percentile	6.7	24.1	39.5	13.4	8.7	17.9	39.3	-0.8	37.3	46.4
25th Percentile	-1.8	19.8	31.6	7.2	2.9	9.6	28.8	-5.8	31.4	24.4
Median	-6.0	17.1	27.0	4.7	-0.1	6.7	24.3	-8.7	27.1	14.4
75th Percentile	-9.8	14.2	22.0	1.9	-3.5	3.7	20.4	-12.2	22.9	6.0
95th Percentile	-17.0	10.5	15.5	-4.0	-10.2	-1.4	13.9	-18.0	15.6	-3.1
MSCI World Index	-5.5	15.8	26.7	4.9	-0.9	7.5	22.4	-8.7	27.7	15.9
# of Managers	271	275	297	312	326	324	322	331	315	254
% Outperforming	47.6	59.3	51.2	47.4	55.8	43.2	61.2	50.2	46.0	45.3
% Underperforming	52.4	40.7	48.8	52.6	44.2	56.8	38.8	49.8	54.0	54.7

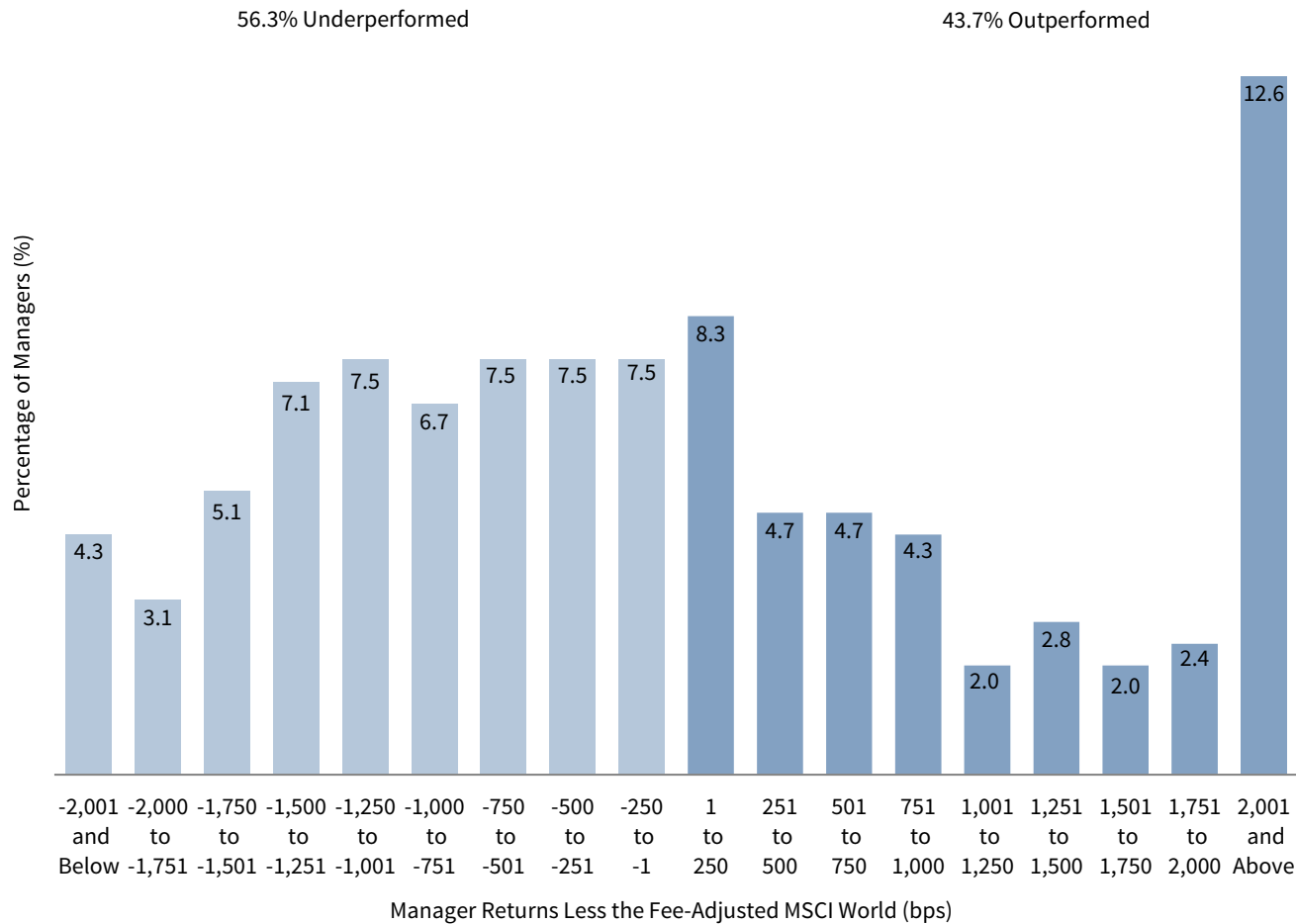
The majority of active managers underperformed the index in 2020, a continuation of the trend seen in 2019.

Value managers, which represent a larger subset of the sample, lagged the broader index, while growth outperformed.

Adjusted for fees, 56% of managers underperformed the index in 2020

MANAGER RETURNS RELATIVE TO THE FEE-ADJUSTED MSCI WORLD INDEX

Calendar Year 2020 • n = 254



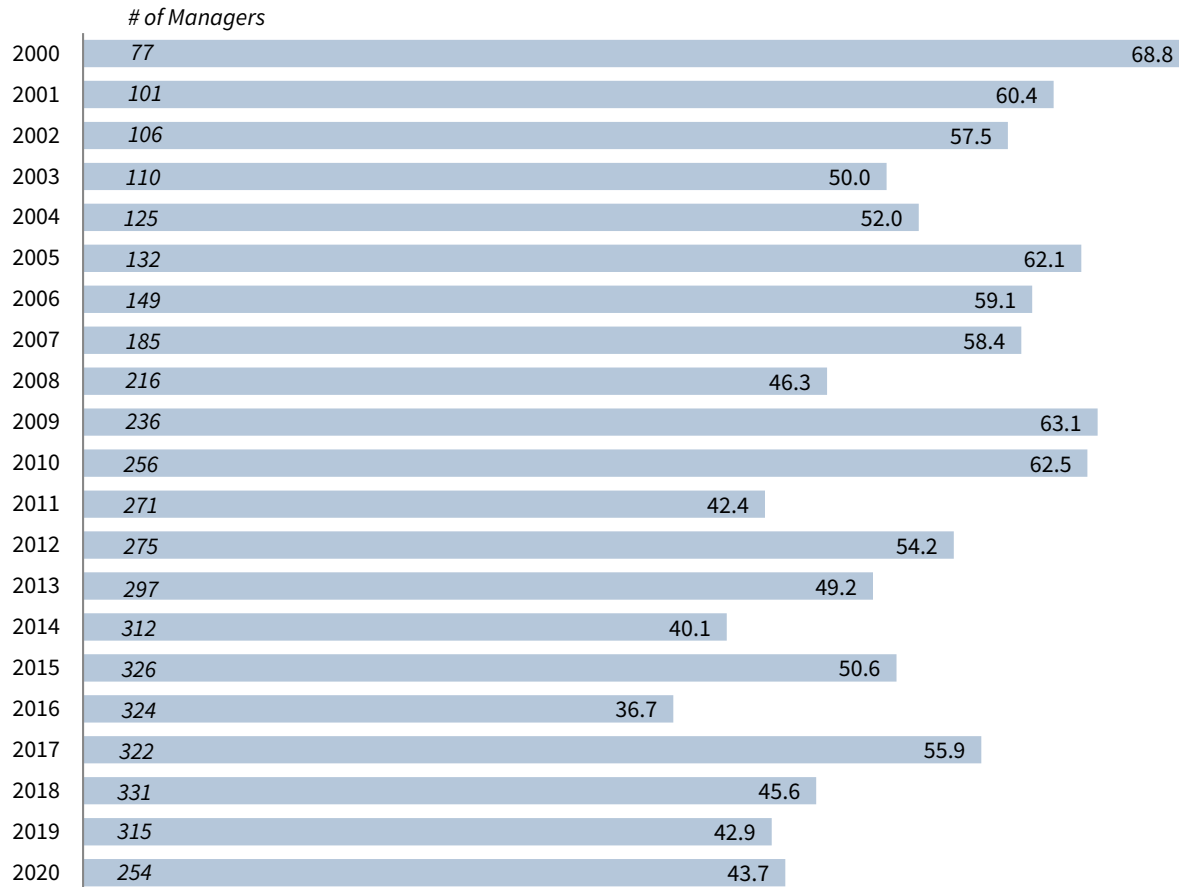
After adjusting for fees, 56% of global equity managers underperformed the MSCI World Index. More than a third of managers underperformed significantly by more than 1,000 bps.

However, an astonishing 12.6% topped the fee-adjusted index by more than 2,000 bps.

Active manager performance is cyclical

PERCENTAGE OF GLOBAL EQUITY MANAGERS OUTPERFORMING THE FEE-ADJUSTED MSCI WORLD INDEX

2000–20 • Percent (%)

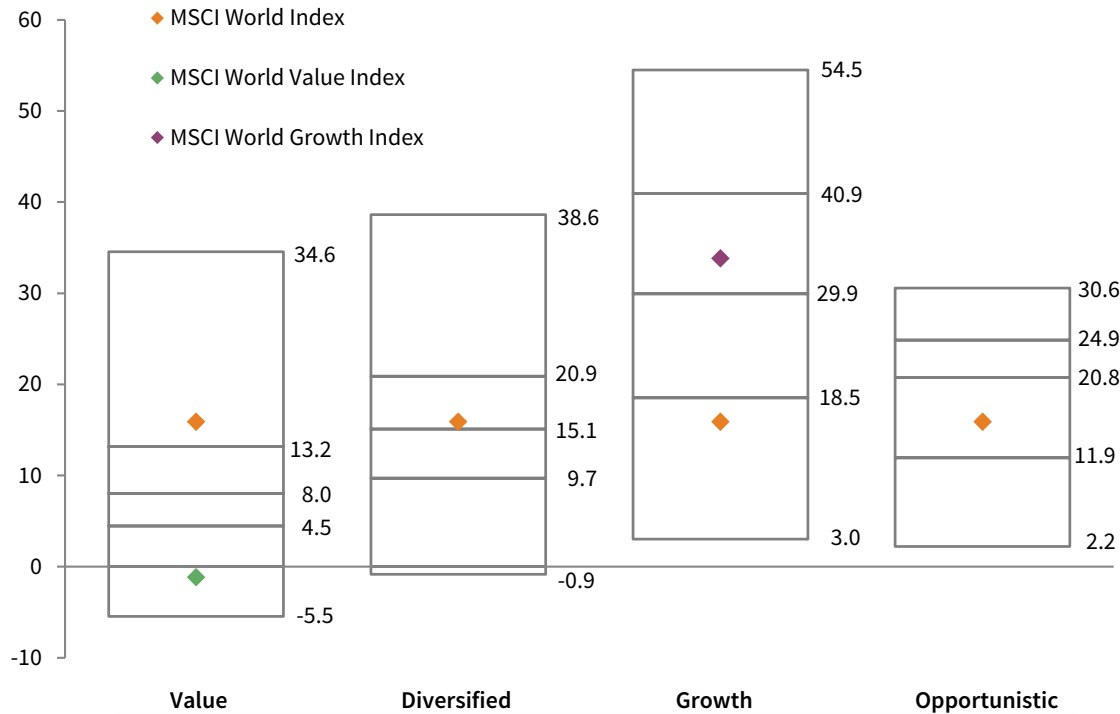


In seven of the past ten years, the majority of managers have underperformed the fee-adjusted index. This stands in sharp contrast to the 2000–10 period, when the majority of active managers underperformed the fee-adjusted index in only one year (2008).

Growth managers outperformed other styles again in 2020

GLOBAL EQUITY MANAGER UNIVERSE RETURN QUANTILES BY INVESTMENT PHILOSOPHY

Calendar Year 2020 • Percent (%)



The median growth manager fared better than other styles in 2020 and topped the broad index, but trailed the growth index. Conversely, value managers lagged the broader index, but meaningfully bested their value benchmark.

	Value	Diversified	Growth	Opportunistic
High	112.6	46.1	75.0	42.3
Manager Median	8.0	15.1	29.9	20.8
Low	-10.6	-17.6	1.6	0.7
Index*	-1.2*	15.9	33.8*	15.9
# of Managers	77	45	54	15

* Index represents: MSCI World Value Index for Value; MSCI World for Diversified and Opportunistic; MSCI World Growth Index for Growth.

Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than \$50 million in product assets are excluded. Performance is generally reported gross of investment management fees. Only managers with performance available for the entire period measured are included.

Investment styles go in and out of favor over time

THE CYCLICAL NATURE OF GLOBAL EQUITY INVESTMENT PHILOSOPHIES

2000–20 • Percent (%)

Annual Total Returns

Year	Median Growth Mgr	<i>n</i>	Median Value Mgr	<i>n</i>	Median Opportunistic Mgr	<i>n</i>	MSCI World
2000	-13.8	29	1.4	22	-	-	-13.2
2001	-19.3	35	-7.2	31	-	-	-16.8
2002	-20.8	38	-13.9	34	-	-	-19.9
2003	30.9	37	38.9	38	-	-	33.1
2004	14.4	36	18.1	44	-	-	14.7
2005	13.4	35	9.8	46	12.9	10	9.5
2006	19.7	35	22.3	53	22.6	13	20.1
2007	15.1	37	7.6	61	13.9	18	9.0
2008	-44.2	44	-39.4	67	-43.1	18	-40.7
2009	35.0	49	33.5	73	39.5	16	30.0
2010	15.1	56	13.0	78	15.0	17	11.8
2011	-7.0	57	-5.4	83	-7.9	17	-5.5
2012	16.8	57	17.1	83	17.1	17	15.8
2013	25.2	62	28.1	90	28.8	16	26.7
2014	4.9	67	3.9	95	4.3	20	4.9
2015	2.5	71	-2.8	95	-0.6	20	-0.9
2016	4.1	67	9.3	92	3.9	19	7.5
2017	31.9	70	21.9	89	24.3	18	22.4
2018	-7.6	70	-10.1	93	-11.5	19	-8.7
2019	31.2	67	25.4	91	28.4	17	27.7
2020	29.9	54	8.0	77	20.8	15	15.9

Average Annual Compound Returns: Periods Ended December 31, 2020

Trailing 10-Yr	12.5	28	9.3	53	11.2	10	9.9
Trailing 5-Yr	17.2	45	10.3	69	12.0	12	12.2
Trailing 3-Yr	16.4	51	6.5	73	11.4	14	10.5

Growth has topped value in recent years, with higher median manager returns in six of the past seven years. Styles can experience cyclical shifts; value outperformed growth for seven of nine years from the dot-com bubble to the Global Financial Crisis.

Managers' differing sector allocations can influence relative returns

GLOBAL EQUITY MANAGERS' MEDIAN SECTOR ALLOCATIONS VERSUS INDEX WEIGHT

Percent (%) • *n* = 223

	Manager Median Underweight/Overweight vs Index (bps)		12/31/2019 Index Weight (%)	CY 2020 Index Returns	Net Allocation Effect (+/-)
	Underweight vs Index	Overweight vs Index			
Con Disc		59	10.3	37.0	+
Con Stap	-125		8.3	8.5	+
Energy	-133		4.9	-30.5	+
Financials	-69		15.7	-2.2	+
Healthcare	-27		13.0	14.1	+
Industrials		67	11.0	12.2	-
IT	-98		17.4	44.3	-
Materials	-39		4.4	20.5	-
Real Estate	-113		3.2	-4.2	+
Comm Svcs*	-63		8.4	23.4	-
Utilities	-116		3.4	5.6	+
			MSCI World	16.5	

On a median basis, managers started the year with an overweight position to just two sectors—consumer discretionary and industrials—with mixed results. However, all four of the largest underweights provided a positive net allocation effect.

* The Telecommunication Services sector was renamed and expanded to become the Communication Services GICS® sector on December 3, 2018.

Sources: Cambridge Associates LLC, MSCI Inc, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: The chart includes data for the 223 managers that provided sector allocations as of year-end 2019. Index weights represent year-end 2020 GICS® sector allocations of the MSCI World Index. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Managers that do not report in US dollars, exclude cash reserves from reported total returns, or have less than \$50 million in product assets are excluded. Performance is generally reported gross of investment management fees. Underweight and overweight positions do not sum to zero due to cash and out of index bet positions. For purposes of this chart, communication services is treated as a standalone sector for the full 2019 calendar year return.

Managers are more likely to beat the index when developed markets outperform United States

ASSESSING THE IMPACT OF US EQUITIES ON ACTIVE MANAGER PERFORMANCE

2000-20

Active Managers Have Outperformed the MSCI World Index
100% of the Time When the Index Has Beaten the
MSCI US Index...

Year	Total Return (%)				MSCI World Minus MSCI US (ppts)	Mgr Value Added vs MSCI World (ppts)
	MSCI World	MSCI US	Global Eq Mgr	Median Global Eq <i>n</i>		
2006	20.1	14.7	21.4	149	5.4	1.3
2003	33.1	28.4	34.0	110	4.7	0.9
2004	14.7	10.1	15.5	125	4.6	0.8
2005	9.5	5.1	11.5	132	4.3	2.0
2009	30.0	26.3	33.7	236	3.7	3.7
2007	9.0	5.4	10.9	185	3.6	1.8
2002	-19.9	-23.1	-18.2	106	3.2	1.7
2017	22.4	21.2	24.3	322	1.2	1.8
2012	15.8	15.3	17.1	275	0.5	1.2
Mean	15.0	11.5	16.7		3.5	1.7

...and Outperformed the MSCI World Index 58%
of the Time When the Index Lagged the MSCI US Index

Year	Total Return (%)				MSCI World Minus MSCI US (ppts)	Mgr Value Added vs MSCI World (ppts)
	MSCI World	MSCI US	Global Eq Mgr	Median Global Eq <i>n</i>		
2000	-13.2	-12.8	-8.2	77	-0.3	5.0
2015	-0.9	0.7	-0.1	326	-1.6	0.7
2010	11.8	14.8	13.5	256	-3.0	1.7
2008	-40.7	-37.6	-40.5	216	-3.1	0.2
2019	27.7	30.9	27.1	315	-3.2	-0.6
2016	7.5	10.9	6.7	324	-3.4	-0.8
2018	-8.7	-5.0	-8.7	331	-3.7	0.0
2001	-16.8	-12.4	-13.5	101	-4.4	3.4
2020	15.9	20.7	14.4	254	-4.8	-1.5
2013	26.7	31.8	27.0	297	-5.1	0.3
2011	-5.5	1.4	-6.0	271	-6.9	-0.5
2014	4.9	12.7	4.7	312	-7.8	-0.2
Mean	0.7	4.7	1.4		-3.9	0.6

The United States is the largest weight in the MSCI World Index, but in 2020 managers were underweight United States on a median basis, which outperformed the MSCI World Index by 480 bps.

Exposure to emerging markets was a negative factor in 2020

ASSESSING THE IMPACT OF EMERGING MARKETS EQUITIES ON ACTIVE MANAGER PERFORMANCE

2000-20

Active Managers Have Outperformed the MSCI World Index
63% of the Time When the Index Has Beaten the
MSCI EM Index ...

Year	Total Return (%)				MSCI World Minus MSCI EM (ppts)	Mgr Value Added vs MSCI World (ppts)
	MSCI World	MSCI EM	Median			
			Global Eq Mgr	n		
2013	26.7	-2.6	27.0	297	29.3	0.3
2000	-13.2	-30.6	-8.2	77	17.4	5.0
2015	-0.9	-14.9	-0.1	326	14.0	0.7
2011	-5.5	-18.4	-6.0	271	12.9	-0.5
2008	-40.7	-53.3	-40.5	216	12.6	0.2
2019	27.7	18.4	27.1	315	9.2	-0.6
2014	4.9	-2.2	4.7	312	7.1	-0.2
2018	-8.7	-14.6	-8.7	331	5.9	0.0
Mean	-1.2	-14.8	-0.6		13.6	0.6

... and Outperformed the MSCI World Index 85%
of the Time When the Index Has Lagged the MSCI EM Index

Year	Total Return (%)				MSCI World Minus MSCI EM (ppts)	Mgr Value Added vs MSCI World (ppts)
	MSCI World	MSCI EM	Median			
			Global Eq Mgr	n		
2012	15.8	18.2	17.1	275	-2.4	1.2
2020	15.9	18.3	14.4	254	-2.4	-1.5
2016	7.5	11.2	6.7	324	-3.7	-0.8
2010	11.8	18.9	13.5	256	-7.1	1.7
2004	14.7	25.6	15.5	125	-10.8	0.8
2006	20.1	32.1	21.4	149	-12.1	1.3
2002	-19.9	-6.2	-18.2	106	-13.7	1.7
2001	-16.8	-2.6	-13.5	101	-14.2	3.4
2017	22.4	37.3	24.3	322	-14.9	1.8
2003	33.1	55.8	34.0	110	-22.7	0.9
2005	9.5	34.0	11.5	132	-24.5	2.0
2007	9.0	39.4	10.9	185	-30.4	1.8
2009	30.0	78.5	33.7	236	-48.5	3.7
Mean	11.8	27.7	13.2		-16.0	1.4

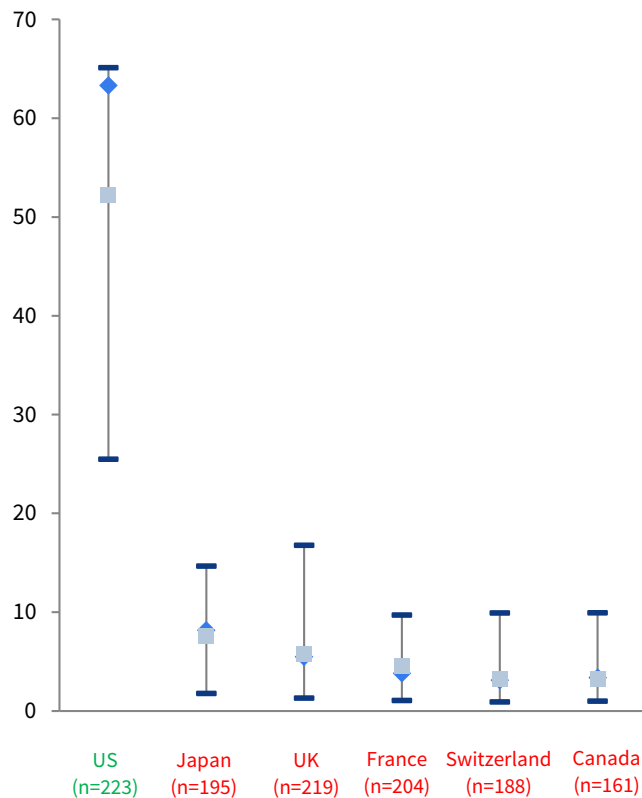
Emerging markets bested developed markets peers in 2020, which provided a tailwind for active managers that place off-benchmark bets in emerging markets countries.

Country bets can significantly affect relative performance

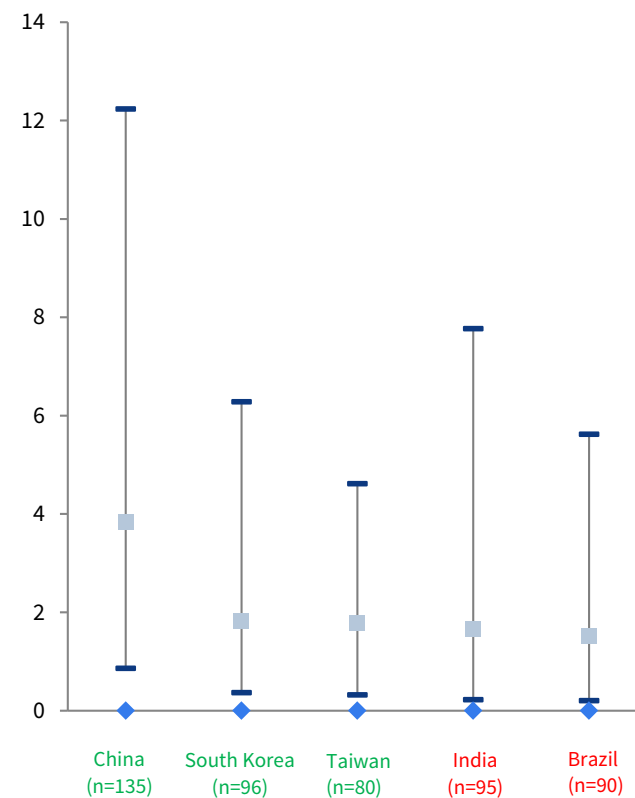
GLOBAL EQUITY MANAGERS' COUNTRY ALLOCATIONS VS THE MSCI WORLD INDEX

n = 225

Non-Zero Manager Allocations to Six MSCI World Countries with > 3 % Weight



Non-Zero Manager Allocations to Off-Benchmark Countries Where >30% Managers Have Allocations



— 95th Percentile ◆ MSCI World Index ■ Median — 5th Percentile

A plurality of managers had allocations to five countries not in the MSCI World Index; among these, the highest off-benchmark median allocation was to China, which bested the index in 2020.

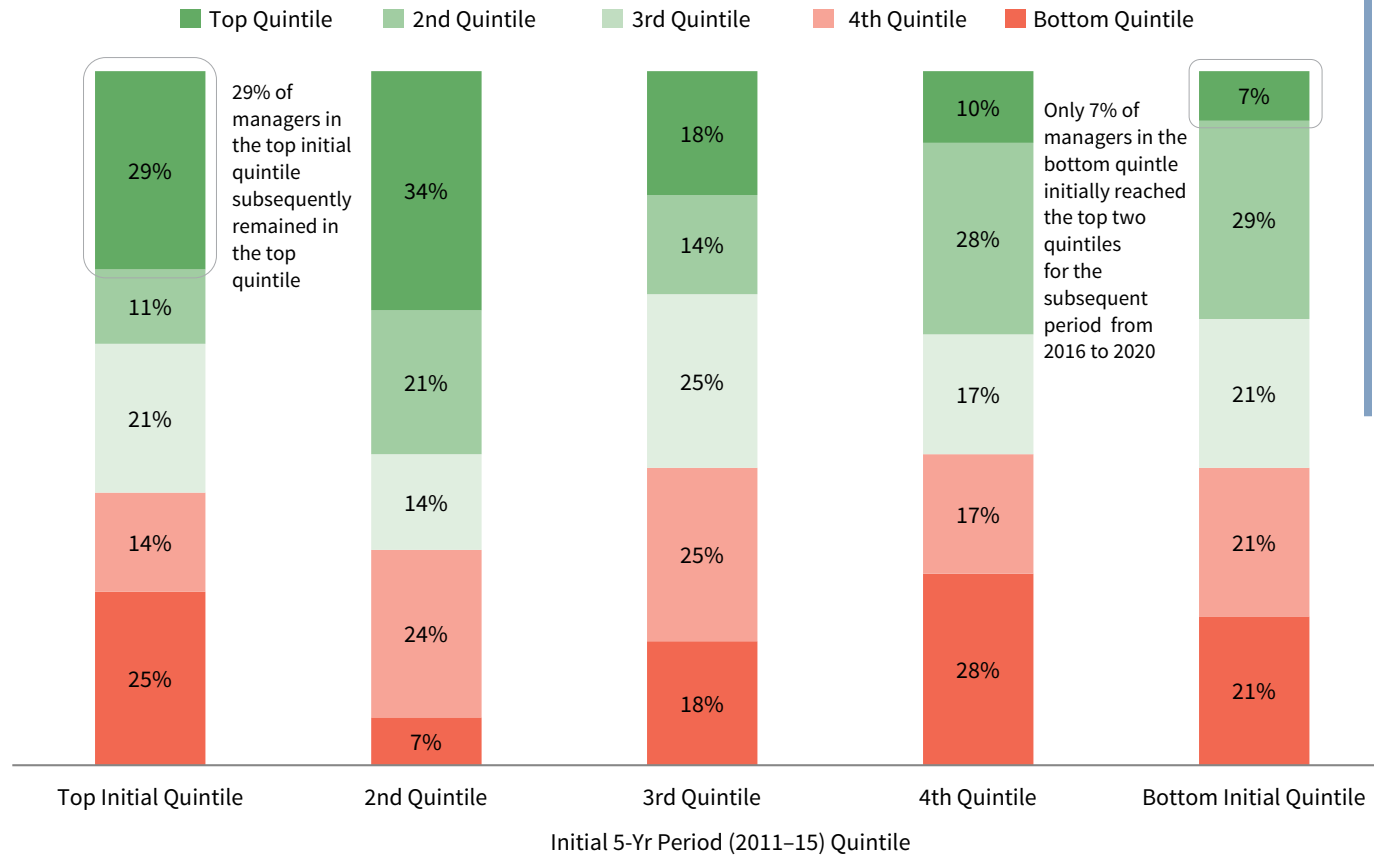
Sources: Cambridge Associates LLC, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties. Notes: A country name in red indicates that the country underperformed the MSCI World Index in 2020, while green country names indicate outperformance. Countries are ordered by n—the total number of products exposed to a given country as of year-end 2019—and percentile, median, and average figures are calculated only from products with exposure to the country shown. Only includes data for 225 managers that provided geographic allocation as of year-end 2019. Index weights represent year-end geographic allocations of the MSCI World Index. Cambridge Associates LLC's (CA) manager universe statistics are derived from CA's proprietary Investment Manager Database. Manager that do not report in US dollars, exclude cash reserves from reported total returns, or have less than \$50 million in product assets are excluded.

Managers typically move between top and bottom quintiles

ANALYSIS OF GLOBAL EQUITY MANAGER RETURNS BY QUINTILE OVER FIVE-YEAR PERIODS

2011–20 • n = 142

Percent of Managers in Subsequent 5-Yr Period (2016–20) Quintile



Past performance is not a guarantee of future results—39% of top-performing managers in the initial five-year period fell to the bottom two quintiles in the subsequent five-year period; similarly, 36% of bottom-performing managers in the initial five-year period were in the top two quintiles in the most recent five-year period.



**CAMBRIDGE
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