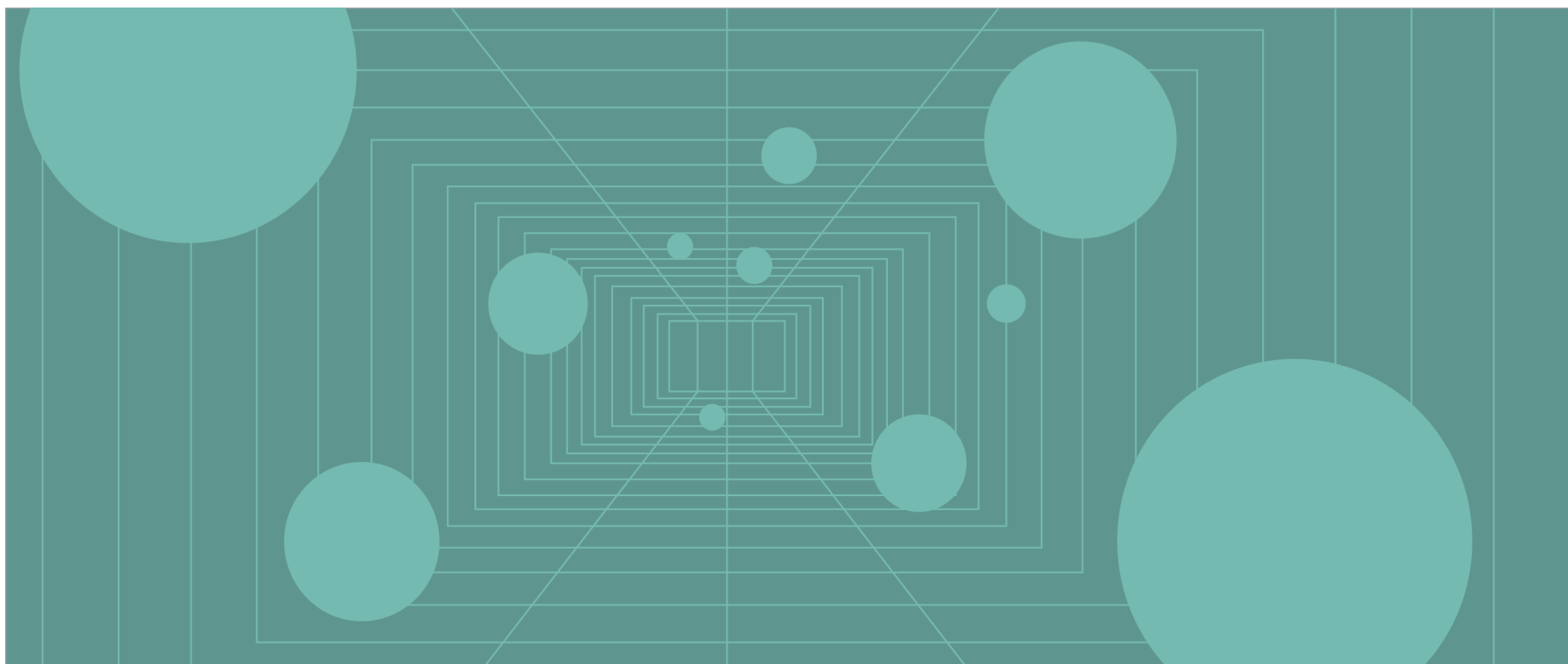


GLOBAL EQUITY MANAGER PERFORMANCE

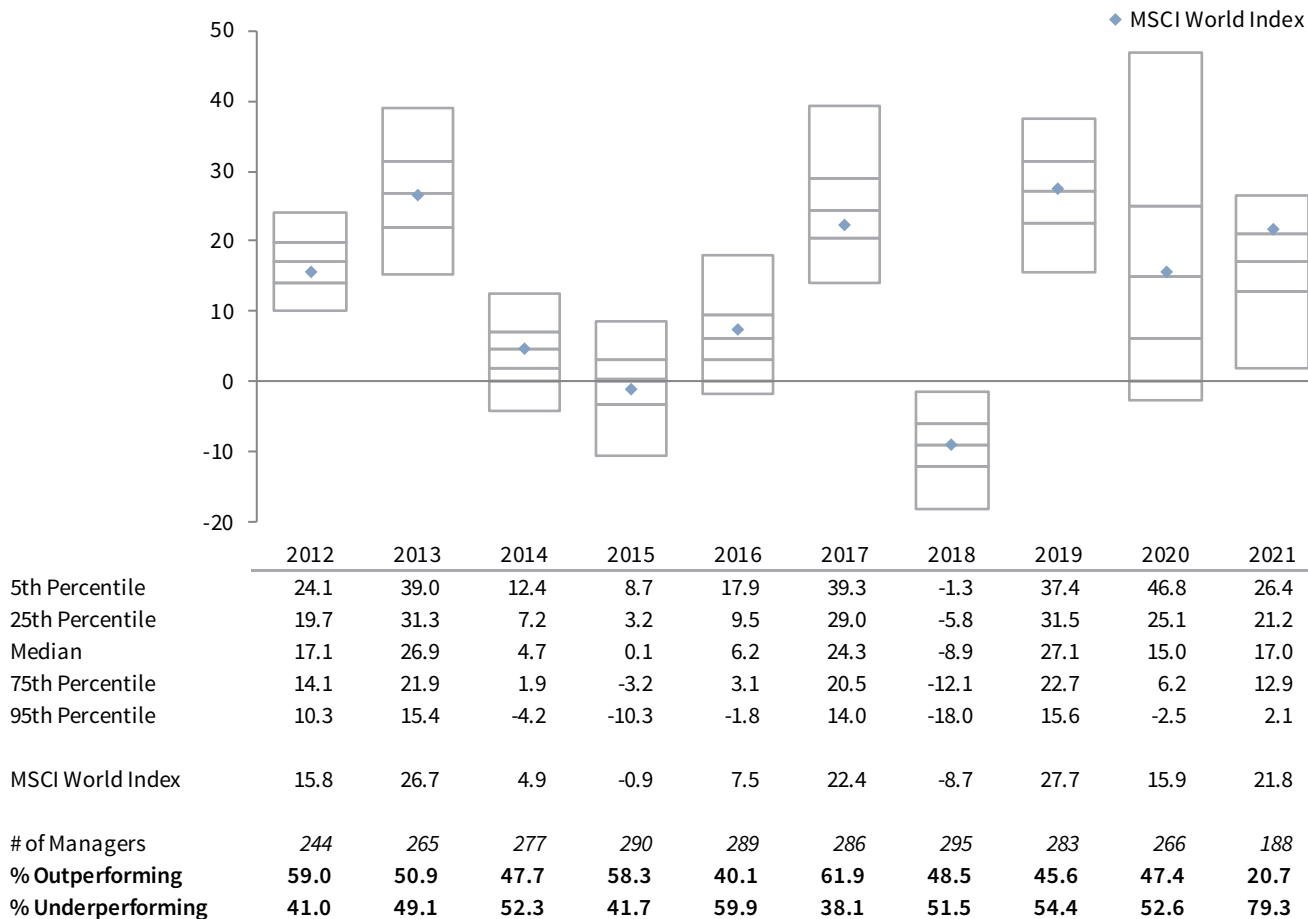
ANALYSIS OF 2021 AND PERFORMANCE SINCE 2001



79% of managers underperformed the index in 2021

GLOBAL EQUITY MANAGER ANNUAL RETURNS BY QUANTILES

2012–21 • Percent (%)

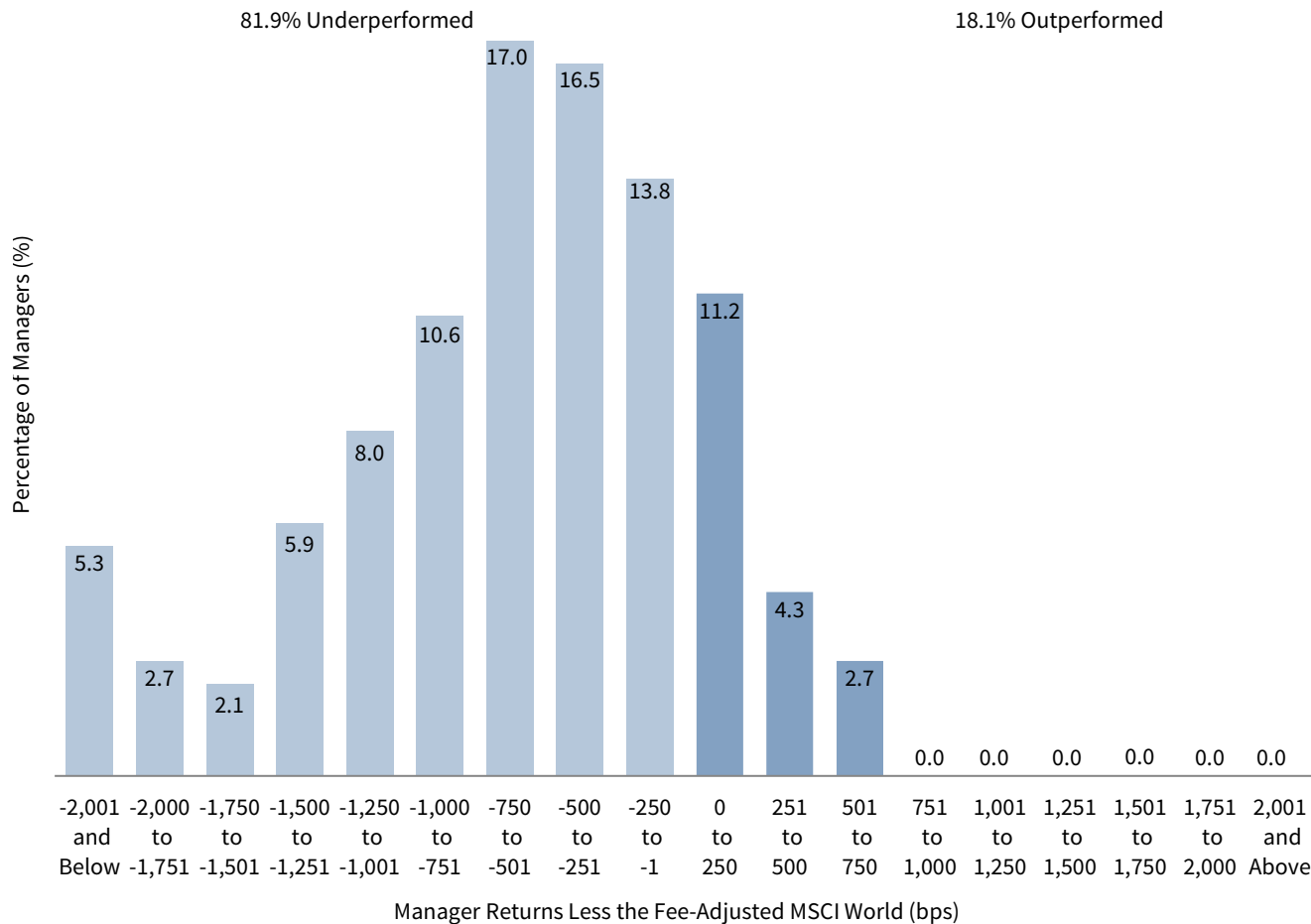


The vast majority of active managers underperformed the index in 2021—the worst year for active global equities managers we have on record.

Adjusted for fees, 82% of managers underperformed the index in 2021

MANAGER RETURNS RELATIVE TO THE FEE-ADJUSTED MSCI WORLD INDEX

Calendar Year 2021 • n = 188

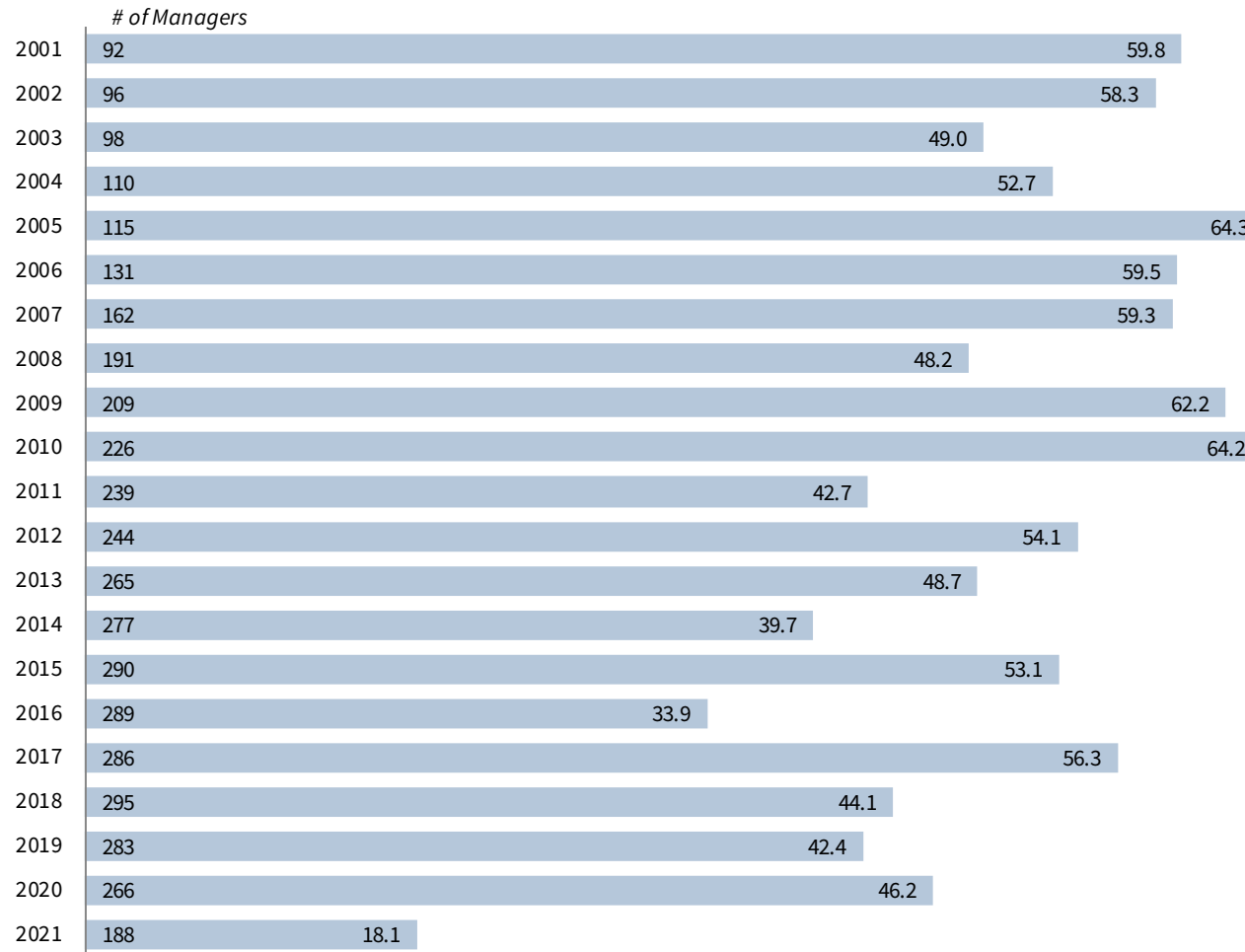


After adjusting for fees, 82% of global equity managers underperformed the MSCI World Index. Nearly one-quarter of managers trailed significantly by more than 1,000 bps—more than the 18% that outperformed the index by any amount.

Notably, no manager outperformed the index by more than 750 bps.

Active manager performance is cyclical

PERCENTAGE OF GLOBAL EQUITY MANAGERS OUTPERFORMING THE FEE-ADJUSTED MSCI WORLD INDEX
2001–21 • Percent (%)

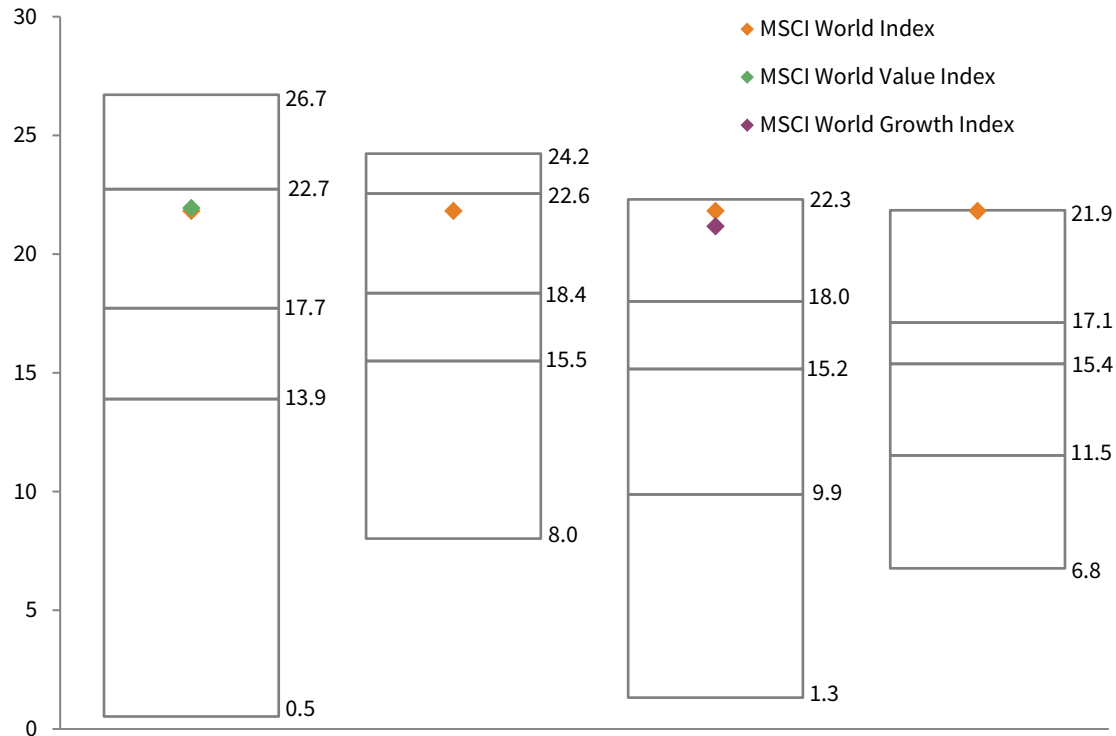


Since 2011, the median active manager has underperformed the fee-adjusted index in most years. This stands in sharp contrast to the 2001–10 period, when active managers outperformed the fee-adjusted index nearly every year.

Diversified managers fared better than other styles again in 2021

GLOBAL EQUITY MANAGER UNIVERSE RETURN QUARTILES BY INVESTMENT PHILOSOPHY

Calendar Year 2021 • Percent (%)



	Value	Diversified	Growth	Opportunistic
High	28.5	26.7	26.5	22.7
Manager Median	17.7	18.4	15.2	15.4
Low	-13.2	-4.2	-13.2	4.7
Index*	21.9*	21.8	21.2*	21.8
# of Managers	50	32	43	10

The median managers for all four style types trailed their respective benchmarks by significant margins in 2021.

Volatility in growth versus value index relative performance throughout the year provided an environment for skilled diversified managers to generate alpha by shifting between style bets—something growth and value managers are less equipped to do, given their respective mandates.

* 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

2001–21 • 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
2001	-19.0	34	-8.6	26	-	-	-16.8
2002	-20.8	37	-13.9	28	-	-	-19.9
2003	31.2	36	38.2	30	-	-	33.1
2004	14.7	34	18.1	36	-	-	14.7
2005	13.4	33	9.9	37	-	-	9.5
2006	19.4	33	22.2	45	24.2	11	20.1
2007	15.4	34	7.8	51	14.4	16	9.0
2008	-44.4	40	-38.8	55	-43.2	17	-40.7
2009	35.3	44	32.6	61	39.8	15	30.0
2010	15.7	50	13.4	64	15.0	16	11.8
2011	-7.8	51	-5.1	68	-7.9	16	-5.5
2012	17.3	51	16.2	68	17.8	16	15.8
2013	25.2	56	27.5	75	28.8	16	26.7
2014	4.5	61	4.4	78	4.6	19	4.9
2015	2.7	64	-2.7	78	0.1	19	-0.9
2016	3.9	60	9.5	75	3.9	18	7.5
2017	31.5	63	21.5	72	24.3	17	22.4
2018	-7.9	62	-10.1	77	-11.4	18	-8.7
2019	31.0	61	25.4	75	29.2	16	27.7
2020	30.2	56	7.4	71	20.9	15	15.9
2021	15.2	43	17.7	50	15.4	10	21.8

Average Annual Compound Returns: Periods Ended December 31, 2021

Trailing 15-Yr	10.6	11	7.0	18	9.3	8	7.4
Trailing 10-Yr	12.9	24	10.1	30	10.8	10	12.7
Trailing 5-Yr	17.2	39	11.4	42	12.6	10	15.0
Trailing 3-Yr	17.0	41	9.2	48	11.3	10	21.7

The median value manager topped growth peers for the first time in five years.

Styles can experience cyclical shifts; value outperformed growth for seven of nine years from the dot-com bubble to the Global Financial Crisis, while more recently, growth has topped value in six of the last eight years.

Managers' sector allocations can influence relative returns

GLOBAL EQUITY MANAGERS' MEDIAN SECTOR ALLOCATIONS VERSUS INDEX WEIGHT

Percent (%) • n = 159

	Manager Median Underweight/Overweight vs Index (bps)		12/31/2020 Index Weight (%)	CY 2021 Index Returns	Net Allocation Effect (+/-)
	Underweight vs Index	Overweight vs Index			
Con Disc		-14	12.2	18.2	+
Con Stap	-136		7.6	13.7	+
Energy	-119		2.7	41.8	-
Financials		-3	12.8	28.7	-
Healthcare	-65		13.0	20.3	+
Industrials		83	10.5	17.1	-
IT	-116		22.1	30.1	-
Materials		-39	4.5	16.8	+
Real Estate	-109		2.6	29.6	-
Comm Svcs		-7	8.9	14.8	+
Utilities	-94		3.1	10.8	+
			MSCI World	22.3	

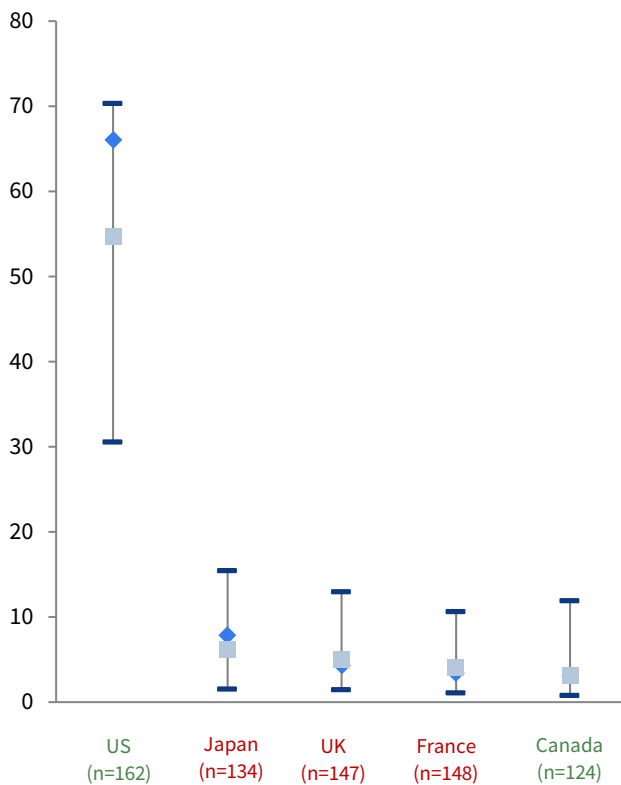
On a median basis, managers started the year with an overweight position to just one sector, industrials, which underperformed the broad index. Similarly, three of the four largest underweights—energy, information technology, and real estate—outperformed, creating a significant sector allocation headwind.

Country bets can significantly affect relative performance

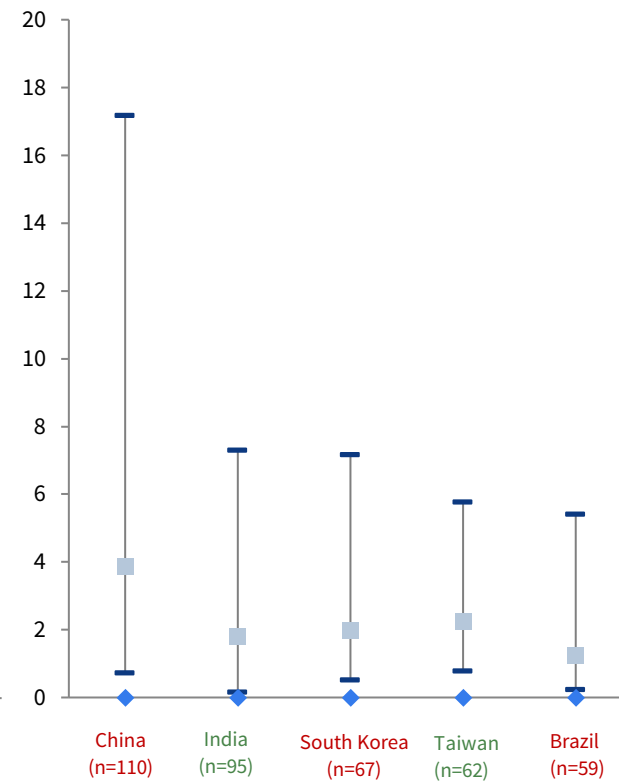
GLOBAL EQUITY MANAGERS' COUNTRY ALLOCATIONS VS THE MSCI WORLD INDEX

n = 166

Manager Allocations to Top MSCI World Countries (> 3 % Index 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. Three of these countries trailed the MSCI World Index by more than 30 ppts each, including China—the most common and largest median off-benchmark country allocation—which trailed DM equities by a whopping 45 ppts.

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

ASSESSING THE IMPACT OF US EQUITIES ON ACTIVE MANAGER PERFORMANCE

2001–21

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	21.5	131	5.4	1.4
2003	33.1	28.4	33.7	98	4.7	0.6
2004	14.7	10.1	15.5	110	4.6	0.8
2005	9.5	5.1	11.5	115	4.3	2.0
2009	30.0	26.3	33.5	209	3.7	3.5
2007	9.0	5.4	10.9	162	3.6	1.9
2002	-19.9	-23.1	-18.2	96	3.2	1.7
2017	22.4	21.2	24.3	286	1.2	1.9
2012	15.8	15.3	17.1	244	0.5	1.2
Mean	15.0	11.5	16.6		3.5	1.7

...and Underperformed 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>		
2015	-0.9	0.7	0.1	290	-1.6	0.9
2010	11.8	14.8	13.7	226	-3.0	1.9
2008	-40.7	-37.6	-40.3	191	-3.1	0.5
2019	27.7	30.9	27.1	283	-3.2	-0.6
2016	7.5	10.9	6.2	289	-3.4	-1.3
2018	-8.7	-5.0	-8.9	295	-3.7	-0.2
2001	-16.8	-12.4	-13.6	50	-4.4	3.3
2021	21.8	26.5	17.0	188	-4.6	-4.8
2020	15.9	20.7	15.0	266	-4.8	-0.9
2013	26.7	31.8	26.9	265	-5.1	0.2
2011	-5.5	1.4	-6.0	239	-6.9	-0.5
2014	4.9	12.7	4.7	277	-7.8	-0.3
Mean	3.6	7.9	3.5		-4.3	-0.1

The United States is the largest weight in the MSCI World Index. In 2021, managers were underweight the US on a median basis, creating a headwind for managers as US stocks outgained DM ex US equity counterparts by nearly 14 ppts according to MSCI data.

Exposure to emerging markets was a negative factor in 2021

ASSESSING THE IMPACT OF EMERGING MARKETS EQUITIES ON ACTIVE MANAGER PERFORMANCE

2001–21

Active Managers Have Underperformed 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	Global Eq Mgr	Median Global Eq <i>n</i>		
2013	26.7	-2.6	26.9	265	29.3	0.2
2021	21.8	-2.5	17.0	188	24.4	-4.8
2015	-0.9	-14.9	0.1	290	14.0	0.9
2011	-5.5	-18.4	-6.0	239	12.9	-0.5
2008	-40.7	-53.3	-40.3	191	12.6	0.5
2019	27.7	18.4	27.1	283	9.2	-0.6
2014	4.9	-2.2	4.7	277	7.1	-0.3
2018	-8.7	-14.6	-8.9	295	5.9	-0.2
Mean	3.2	-11.3	2.6		14.4	-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	Global Eq Mgr	Median Global Eq <i>n</i>		
2012	15.8	18.2	17.1	244	-2.4	1.2
2020	15.9	18.3	15.0	266	-2.4	-0.9
2016	7.5	11.2	6.2	289	-3.7	-1.3
2010	11.8	18.9	13.7	226	-7.1	1.9
2004	14.7	25.6	15.5	110	-10.8	0.8
2006	20.1	32.1	21.5	131	-12.1	1.4
2002	-19.9	-6.2	-18.2	96	-13.7	1.7
2001	-16.8	-2.6	-13.6	92	-14.2	3.3
2017	22.4	37.3	24.3	286	-14.9	1.9
2003	33.1	55.8	33.7	98	-22.7	0.6
2005	9.5	34.0	11.5	115	-24.5	2.0
2007	9.0	39.4	10.9	162	-30.4	1.9
2009	30.0	78.5	33.5	209	-48.5	3.5
Mean	11.8	27.7	13.2		-16.0	1.4

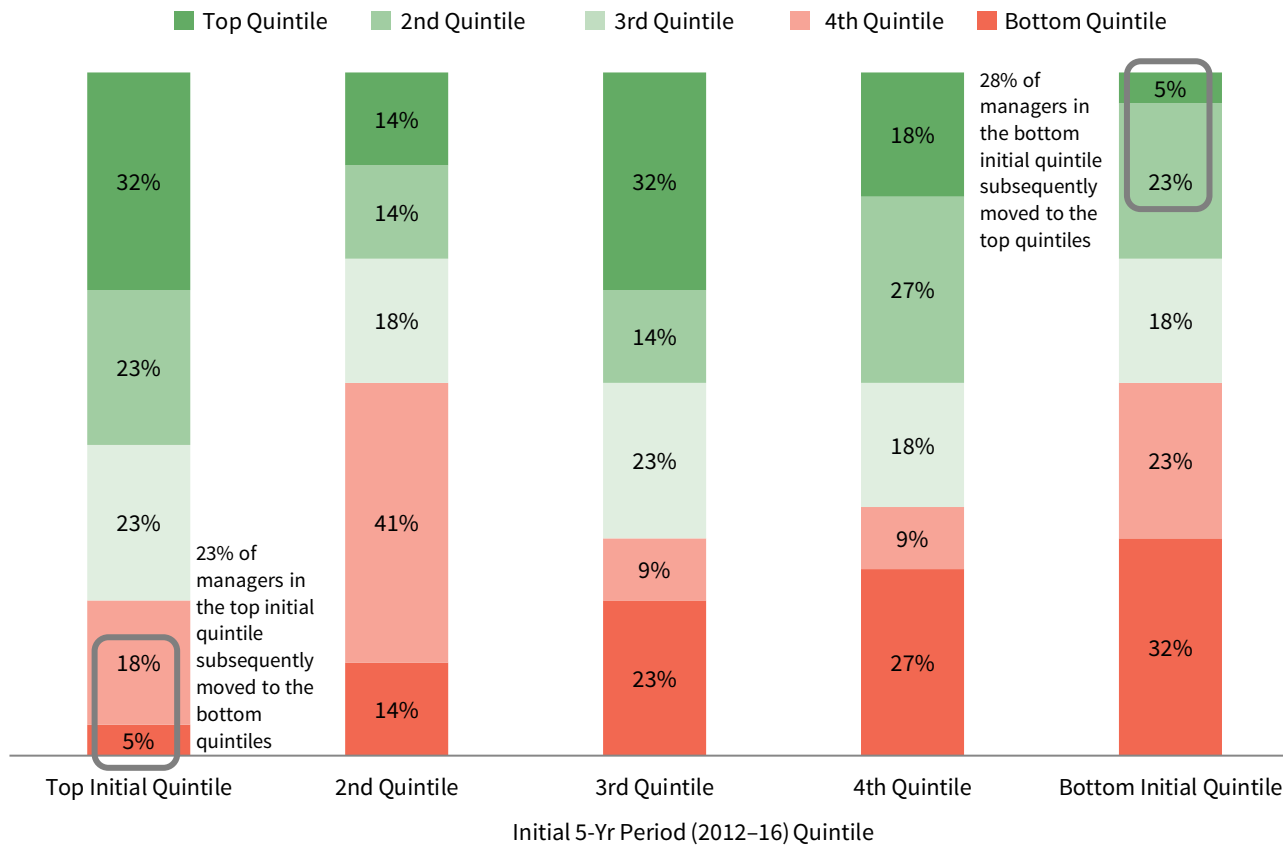
Emerging markets trailed developed markets peers by an astounding 25 ppts in 2021, creating a strong headwind for active managers that place off-benchmark bets in emerging markets countries.

Managers typically move between top and bottom quintiles

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

2012–21 • N = 110

Percent of Managers in Subsequent 5-Yr Period (2017–21) Quintile



Past performance is not a guarantee of future results—23% of top-performing managers in the initial five-year period fell to the bottom two quintiles in the subsequent five-year period; similarly, 28% of bottom-performing managers in the initial five-year period were in the top two quintiles in the most recent five-year period.



Contributors to this report include David Kautter, Sean Duffin, Davan Bazil, and Kristin Roesch.

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