RESEARCH NOTE

MAY 2019

Mittleman Investment Management's global value strategy ranked #1 over 10 years, topping a league table of over 400 international equity strategies

Sitting in 1st position over 10 years in the Broadridge Asset Class Ranking is New York-based Mittleman Investment Management (MIM)[1]. MIM's Concentrated Global Value Equity strategy has achieved a 40 quarter annualised return of 26.0% net of fees.

MIM's Chief Investment Officer, Chris Mittleman, has utilised the same strategy since the early 1990s. He has developed a strong following in the United States from endowment, foundation and family office investors for his contrarian approach to value investing. And he's patient. With autonomy of thought, and differentiated holdings, MIM can introduce a new set of risks (and thus drivers of return) to an aggregate equity portfolio.

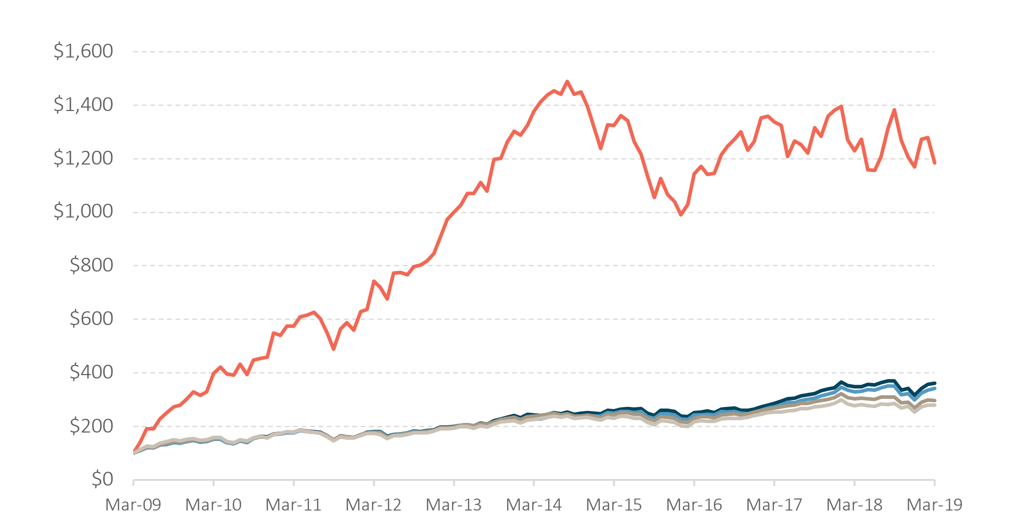
Brookvine partnered with MIM in 2017 to bring the Mittleman Global Value Equity Fund to investors in Australia and New Zealand.

Value out of favour? That depends on where you look.

It is no secret that value investing has underperformed growth over the past 10 years, with the median global value manager returning 2.2% p.a.[2] less than the median global growth manager (Figure 1). Cumulatively, a 64.1% difference over 10 years.

It may be surprising then that MIM as a value manager is ranked #1 in returns for the period by Broadridge (Figure 2).

Figure 1: 10 year growth of US$1,000



	Annualised 10-yr return	Percentile rank*
MIM Composite	26.0%	1
eVestment median Global All Cap Growth Equity Fund	13.7%	30
MSCI ACWI Global Growth	13.1%	37
eVestment median Global All Cap Value Equity Fund	11.5%	62
MSCI ACWI Global Value Equity	10.8%	70

**eVestment All Cap Global Equity Universe*

Source: eVestment.

1. Mittleman Concentrated Global Value Equity- Broadridge Best Money Managers, International Equities (All Mandates), 40 Quarters ending 31 March 2019, out of 404 composites/funds.
2. Based on the eVestment Global All Cap Growth Equity and Global All Cap Value Equity median manager returns, over 10 years to 31 March 2019.

Past performance is no guarantee of future results.
See Important notes on last page of this document.

Figure 2: Broadridge Best Money Managers, International Equities over 40 quarters

BROADRIDGE
ASSET CLASS RANKING
POWERED BY LIPPER

Product/Style Category:	**Int'l Equity (All Mandates)**
Performance Measurement Period:	**40 Quarters ending 03/31/2019**
Mean Return for this Category and Period:	**10.3791**
Ranking (Universe Size):	**Top 40 (out of 404 composites/funds)**

MARKETPLACE 2018 BEST MONEY MANAGERS *POWERED BY LIPPER

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Rank	Firm Name	Product Name	40 Qtr. Anlzd % Return	$ Assets in Composite
1	Mittleman Investment Management, LLC	Concentrated Global Value Equity	26.00%	375.9M
2	Morgan Stanley Investment Management Inc.	Morgan Stanley Institutional Global Oppty Port;I	22.02%	1,887.7M
3	Morgan Stanley Investment Management Inc.	Global Opportunity	21.72%	18,048.6M
4	Allianz Global Investors	Global Technology Equity	21.22%	2,802.5M
5	MayTech Global Investment, LLC	MayTech Global Growth Equity	18.09%	167.5M
6	Kinetics Asset Management, Inc.	Kinetics Small Cap Opportunities Fund;Inst	17.97%	59.1M
7	Putnam Investment Management, L.L.C.	Putnam Global Technology Fund;R	17.46%	1.7M
8	WCM Investment Management	Quality Global Growth	16.86%	3,870.4M
9	Harbor Capital Advisors	Harbor Global Leaders Fund;Administrative	16.12%	1.4M
10	Morgan Stanley Investment Management Inc.	Global Franchise	15.90%	5,584.8M

Source: Broadridge Asset Class Ranking 31 March 2019.

Past performance is no guarantee of future results.

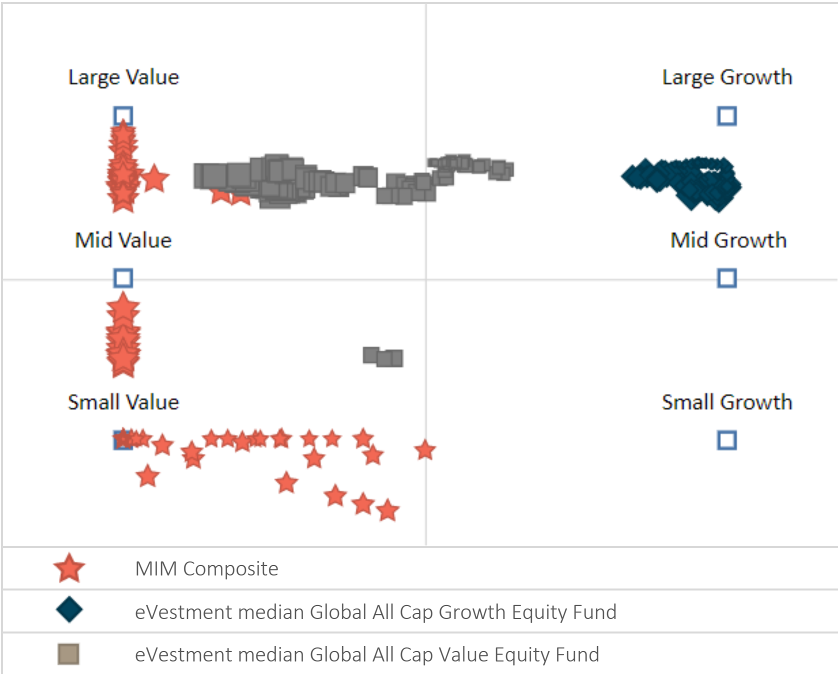
See Important notes on the final pages of this document.

Staying true to style requires patience, and a willingness to be at odds with consensus viewpoints

What is perhaps most impressive is that MIM has achieved its top position while staying true to its valuation-driven investment style. Not being influenced by popular trends, this is a stark contrast to other value managers who have displayed evidence of style drift. MIM has maintained its discipline and patience, even during the past 5 years where it has experienced an extended period of underperformance.

Figure 3 on page 3 shows a rolling 3-year style map to illustrate the evolution of style over the past 10 years amongst growth and value managers. Most notable is the drift of the median value manager at times displaying a stronger correlation with growth over value. Growth managers, on the other hand, have remained neatly true to style. We can also see the focus of MIM, spending the vast majority of the period at the extremities of the value investing style.

Figure 3: Rolling 3-year style map



Source: eVestment. eVestment returns based style analysis regressed against MSCI World style & size indices.

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Finding value in the unpopular

MIM owns very few holdings in common with the popular indices, so being out of sync with those in any given time frame is no surprise, and that lack of similarity is not something MIM regrets or seeks to alter.

The businesses MIM owns are performing largely in line with its expectations and thus at some point MIM expects to see fair value expressed in the share prices, which would require more than 100% appreciation from the portfolio overall based on current estimates. MIM also finds an unusual number of potential catalysts embedded in the portfolio that could manifest in the near term.

MIM estimates the weighted average valuation for its 19-stock portfolio ended 31 March 2019 at 6x EV/EBITDA (based on est. 2019 EBITDA) and 10x FCF, significantly lower than the valuations of major indices. Its businesses are less cyclical on average, and more defensive/recession resistant. So, if it turns out that the business cycle eventually yields a recession, MIM's companies should be well prepared for any generalised downturn that may come. While it has been painful sitting out market melt-ups led by high valuation names MIM would argue in favour of maintaining a wider margin of safety and the long-term payoff for doing so in the past has been superior returns.

Maintaining a long term view

"Nervous energy is a great destroyer of wealth" – Fayez Sarofim[3]

What really tends to matter over the long term is value, and mindless extrapolation of recent trends does not. While some are questioning if value investing is dead it looks alive and well for those with the patience and discipline to stick with a valuation driven investment philosophy over the long term.

3. Sarofim, a billionaire investor with more than 60 years of experience, warns against panic selling during market corrections, but also against abandoning your core investment discipline to chase the most popular (expensive) names of the moment. The popular acronym, FOMO ("Fear of Missing Out"), is likely not in his lexicon.

About Mittleman Investment Management

Based in New York, Mittleman Investment Management is one of the highest ranked global equity managers since the strategy's inception (Informa Investment Solutions' PSN Manager Database). Mittleman's Chief Investment Officer, Chris Mittleman, has utilised the same strategy since the early 1990s. He has developed a strong following in the United States from endowment, foundation and family office investors for his highly contrarian approach to value investing.

For more information about the Mittleman Global Value Equity Fund please contact:

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Important notes:

MIM Composite:

Performance figures quoted in this paper are derived from the Mittleman Investment Management Composite ("MIM Composite") which includes all fully discretionary separately managed accounts which follow the firm's investment strategy. Inception date is 31 December 2002. Past performance is no guarantee of future results. Performance is presented net of fees and includes the reinvestment of all income. Net of fee performance was calculated using actual management fees. Effective 1 January 2015 all new SMA account relationships of below USD10 million are subject to performance fees. The performance based fee is 20% of the cumulative net positive annual performance in excess of the S&P 500 Total Return Index. The actual performance of an investor in MGVEF is likely to vary from the performance shown herein due to various factors, including but not limited to, the Fund's structure, portfolio holdings, its fees & expenses, its capital flows, the date/timing of an investor's subscriptions and redemptions. Holdings and turnover data are based on a representative account which is an actual, separately managed portfolio representative of the firm's investment strategy.

The use of MSCI ACWI indices herein has not been selected to represent an appropriate benchmark with which to compare against the MIM Composite's performance or an investor's performance in the Fund, but rather it has been provided to allow for comparison of such performance to that of a certain well-known and widely recognized broad-market index. The MSCI indices used herein are unmanaged indices compiled by MSCI. The indices are weighted by market capitalisation and their returns include the reinvestment of dividends. The indices do not account for transaction costs or other expenses which an investor might incur in attempting to obtain such returns. The indices were taken from published sources and deemed reliable. You cannot invest directly in an index. Investments made by Mittleman Investment Management, LLC for its clients' portfolios that comprise the MIM Composite as well as those of MGVEF differ significantly in comparison to these (and any other) index in terms of security holdings, industry weightings, and asset allocations. Accordingly, investment results and volatility will differ from those of the MSCI ACWI indices shown herein.

Broadridge rankings:

The above referenced Broadridge Asset Class Ranking has been provided by Broadridge Financial Solutions, Inc. on an "as is" and "as available" basis. Broadridge Financial Solutions, Inc. makes no representations or warranties of any kind, express or implied, as to the information, content or materials included on its website. You expressly agree that your use of this data is at your sole risk.

The rankings provided are for informational purposes only and should neither be considered as investment advice nor a recommendation or endorsement of any particular investment manager, security, strategy, or investment product. Information contained in the report was obtained from sources believed to be reliable but cannot be guaranteed.

Minimum criteria for inclusion in Best Money Managers:

1. Performance must be calculated "net" of all fees and brokerage commissions. This means after all fees and commissions have been deducted. This standard is somewhat controversial, as the SEC requires that only "net" of fee numbers be presented publicly, while the CFA Institute prefers that "gross" numbers be presented along with a fee schedule. Since the SEC is a regulatory authority, and since complete fee schedule presentation would be impractical in this "ranking" format, we require "net" numbers.

2. Performance must be calculated inclusive of all cash reserves. To explain, any given investment portfolio will hold some level of cash over a particular reporting period. Even equity portfolios which specifically seek to be fully invested in the market at all times will temporarily have

Important notes continued:

dividend payments and other ordinary cash flows which cannot instantaneously be invested in the market. These cash holdings obviously will have an effect on the performance of the overall portfolio-negative when cash returns are low relative to returns of the asset class, and positive if the opposite is true. While presentation of "equity only" (for example) returns may provide a valuable insight into the security selection skills of the manager, we require for comparability's sake that performance results be inclusive of cash reserves for consideration in the rankings.

3. Performance results must be calculated in U.S. dollars, that is, from the perspective of a U.S.based investor. Currency holdings can have a very significant impact on the performance of a portfolio with international holdings. While this will always be the case (as we do not make distinctions between hedged and un-hedged portfolios), we require that performance must be translated into U.S. dollars to ensure comparability to the point where these are all returns that would be seen by a U.S. based investor.

4. Performance results must be calculated on an asset base which is at least $10 million in size for "traditional" U.S. asset classes (equity, fixed income, balanced accounts) or at least $1 million in the case of international and "alternative" U.S. asset classes. This minimum ensures that the firm and product are somewhat established. The goal is to not taint the rankings with "flashes in the pan" while also not excluding promising emerging managers. The minimum asset base requirement, therefore, is set at a level which balances these objectives.

5. The classification of the product must fall into one of the categories which we rank. We only publish rankings for categories/time period combinations for which we have at least 20 contenders.

Additional notes and disclosures:

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