

## Market Environment

A sharp global risk-on market environment provided a strong tailwind for emerging markets small-cap equities in the final quarter of 2020. For the quarter, the MSCI Emerging Markets Small Cap Index (Net) rose 22.2% and hit a record high. The Trivalent Emerging Markets Small-Capitalization Equity strategy trailed the index, reducing some of its full-year outperformance. Regionally, Latin America (+31.8%) outperformed Europe, Middle East, and Africa (+23.1%) and Asia (+20.9%). While all countries in the index posted a positive return, there was wide dispersion. Indonesia rose 60.4% and was the best performing country. Indonesian economic activity has slowly recovered, supported by a gradual recovery in consumption and significant government spending. Turkey returned 41.5% as a combination of rate cuts, government spending, and incentivized bank lending has supported Gross Domestic Product (GDP) growth that has exceeded expectations. Mineral-rich South African small-caps returned 35.3% as investors anticipated a U.S. stimulus agreement that would boost riskier asset prices. Copper stocks posted strong returns as investors increased their exposure to global economic recovery themes. Brazil rose 32.6% and Mexico returned 31.9% as consumer spending improved and investors sought out undervalued companies. Qatar returned just 1.2% and was the worst performing country as a significant decline in hydrocarbon revenue is expected to result in a contraction of real GDP. Thinly traded Egypt rose 4.3% despite containing inflation and lowering unemployment. China rose just 15.9% as threats of policy measures from the U.S. regarding unfair business practices weakened investor sentiment. Taiwan returned 16.9% and was a relative underperformer despite the Taiwanese economy performing quite well during the pandemic.

All eleven sectors were strong and posted double-digit returns. The more cyclical and commodity-exposed sectors were the best performing, with Energy (+32.1%) and Materials (+30.0%) both exceeding 30% for the quarter. Energy names were also boosted by a 26.5% increase in the price of Brent crude oil. Traditionally defensive Health Care (+12.7%) and Consumer Staples (14.9%) were the relative laggards.

## Portfolio Review

Overall security selection was negative and accounted for most of the strategy's underperformance. Performance was also negatively impacted by a slight overweight to Communication Services and Health Care. From a style perspective, the strategy's limited exposure to deep value and lower quality stocks was a major detractor. Companies which have faced the greatest struggles during the pandemic materially outperformed, while beneficiaries of the pandemic era lagged despite continued strong execution and robust earnings. Across sectors, performance in Health Care, Consumer Discretionary, and Information Technology had the biggest negative impact. The portfolio's top year-to-date contributor, Seegene, was the top detractor in the fourth quarter, highlighting the market's sharp reversal away from prior winners. Although the

Korean Covid-19 test kit manufacturer has recorded record earnings, the stock sold off 19.7% after Pfizer and Moderna announced a highly effective vaccine. United Laboratories was another detractor within the Health Care sector. The Hong Kong-based manufacturer of active pharmaceutical ingredients, intermediaries, and capsules declined 31.1% as the Chinese government's centralized procurement program has increased uncertainty around pricing and volumes. Performance in Consumer Discretionary was impacted by Taiwanese manufacturer of personal protection products Nan Liu Enterprise, which fell 13.6% as hopes for a positive vaccine rollout have led to concerns about future demand. Another underperforming holding in the sector was DoubleUGames, which dropped 15.9% as growth expectations declined following strong usage of their social casino games during the pandemic. Within Information Technology, Elan Micro Electronics, the Taiwanese manufacturer of touchpad modules, fell 5.4% on profit-taking after being a strong beneficiary of work-from-home related notebook demand.

Despite the overall underperformance of the portfolio, there were several bright spots. Evergreen Marine, the Taiwan-listed container shipper, rose 164.7% as the demand for marine transport has outstripped supply, leading to higher rate expectations. Relative performance was strong in Consumer Staples and boosted by two holdings. La Comer, the high-end Mexican food retailer, rose 43.8% after reporting strong sales growth and better than expected margins. China Modern Dairy returned 80.5% as the company benefited from the largest increase in raw milk prices since 2014 due to supply/demand imbalances.

## Market Outlook

Despite a recent surge in Covid-19 cases in many parts of the world, global markets have shown a willingness to embrace riskier assets as vaccine approvals have boosted sentiment for a 2021 economic recovery. Reopenings of the hardest hit industries in the first half of this year should allow for a significant rebound in the latter half of 2021, which will largely depend on timely vaccine distribution. While uncertainty remains high, massive amounts of stimulus have mitigated the impact and continue to bridge the gap to herd immunity. The incoming Biden administration and Democratic-controlled Congress will likely lead to even more stimulus and potentially a large infrastructure bill. While global trade frictions may persist in the near term, there is optimism U.S. trade policy will become more consistent and cohesive. We continue to balance the view that a return to normal is on the horizon against the current challenges to control the virus. Markets have sharply rotated in favor of cyclical value stocks on the expectation that economic conditions will normalize. Nevertheless, we expect there will be lasting structural economic effects as the pandemic has accelerated digital trends for both consumers and companies. Opportunities for relative outperformance remain, particularly among the diverse and broad segment of emerging markets small-cap equities. We continue to be guided by our bottom-up analysis and remain focused on stock selection while adhering to our disciplined country and sector risk exposures.

Representative Account Top 5 Contributors* (%)	Return	Contribution to Return
Evergreen Marine Corp. (Taiwan) Ltd.	164.7	0.9
Impala Platinum Holdings Limited	57.6	0.6
African Rainbow Minerals Limited	53.7	0.6
Korea Petro Chemical Ind. Co., Ltd.	50.0	0.5
Chong Kun Dang Pharmaceutical Corp.	54.7	0.4

Representative Account Top 5 Detractors* (%)	Return	Contribution to Return
Seegene, Inc.	-19.7	-0.3
Supermax Corp. Bhd.	-24.6	-0.2
United Laboratories International Holdings Ltd.	-31.1	-0.2
Times Neighborhood Holdings Ltd.	-29.1	-0.2
China Resources Cement Holdings Limited	-18.2	-0.1

Source: FactSet.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style. Holdings are as of quarter end and may change at any time. This material should not be construed as a recommendation to buy or sell securities.

Representative Account Top 10 Holdings	Country	Sector
African Rainbow Minerals Limited	South Africa	Materials
Impala Platinum Holdings Limited	South Africa	Materials
Evergreen Marine Corp. (Taiwan) Ltd.	Taiwan	Industrials
Chong Kun Dang Pharmaceutical Corp.	Korea	Health Care
V.S. Industry Bhd.	Malaysia	Information Technology
Korea Petro Chemical Ind. Co., Ltd.	Korea	Materials
NHN KCP Corp.	Korea	Information Technology
Grupo Cementos de Chihuahua	Mexico	Materials
SINBON Electronics Co., Ltd.	Taiwan	Information Technology
Merida Industry Co., Ltd.	Taiwan	Consumer Discretionary
<b>Total % of Portfolio</b>		<b>12.23%</b>

## ANNUALIZED RETURNS

Composite Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception 7.1.13
Trivalent Emerging Markets Small-Capitalization Equity (Gross)	13.97	27.27	27.27	6.23	12.66	—	9.38
Trivalent Emerging Markets Small-Capitalization Equity (Net)	13.69	26.00	26.00	5.18	11.48	—	8.22
MSCI Emerging Markets Small Cap Index (Net)	22.22	19.29	19.29	2.69	8.19	—	5.19

## DISCLOSURES

Investing involves risk and there is no guarantee any investment will be profitable specifically in extreme market conditions. Loss of principal is possible. The value of an investment will fluctuate in response to macro factors such as general economic conditions, interest rates, and the political environment, as well as changes in the prospects of particular companies, including market, liquidity, credit, and management risks.

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars. Composite returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part II of its Form ADV.

The Trivalent International Emerging Markets Small-Capitalization Equity Composite includes all fee paying, non-wrap discretionary portfolios of \$100,000 or more that are managed according to the Trivalent International Emerging Markets Small-Capitalization Equity strategy. The strategy focuses on foreign companies that are characterized by improving business momentum and attractive valuations. Prior to October 2012, the minimum size for inclusion in the composite was \$1 million. The composite creation date is August 2013. The benchmark is the MSCI Emerging Markets Small Cap Index (Net) beginning October 2017. Prior to October 2017, the benchmark was the S&P Emerging Plus Small Cap Index (Net).

The MSCI Emerging Markets Small Cap Index is a free-float-adjusted, market-capitalization-weighted index designed to measure the performance of small-cap stocks in the emerging markets.

Index returns are provided to represent the investment environment during the periods shown. Index returns reflect the reinvestment of dividends and capital gains but do not include advisory fees, transaction costs, or other expenses. One cannot invest directly in an index. Non-US indices are net of non-reclaimable withholding taxes, if any.

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\*Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed in the final column is contribution to return. Holdings are as of quarter end and may change at any time.

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