

# OpenWorld Global High Dividend Equity

## KEY FUND FACTS



**Money manager:** Thornburg Investment Management ("Thornburg")

**Fund objective\*:** To provide high total return by investing globally in companies paying or expected to pay high dividends

**Benchmark:** Russell Global Index (Net)

**Fund inception:** 1st March 2010

**Bank custodian:** State Street Custodial Services (Ireland) Limited

**Notification period :** Orders must be sent before 14:00 (Irish time) on the dealing day

**Valuation:** Daily forward pricing; NAV published at T+1 at 10:00 (Irish time)

**Settlement :** T+3

**Expected currencies available:** USD, EUR, GBP, JPY

**Base fee:**

Share class	Fee	Min. investment**
P	55bp	\$300m
I	70bp	-

**Performance fee:** 20% of the excess performance above the benchmark and hurdle

**Fund type:** UCITS Fund

\* Please read the Investment Objective and Investment Strategies as set out in the fund's prospectus before investing in this product

\*\*Across OpenWorld® platform

## Why this fund?

This fund invests globally in companies paying or expected to pay above average dividends in the future. This style of investing is appealing for investors looking for an element of capital preservation in down markets because it can result in more stable returns. However, managers using this defensive style often experience more difficulty in rising markets.

This fund provides access to a manager that looks beyond yield (high dividends) to other sources of return so that it can participate strongly in rising markets, thus increasing its return potential. Given the narrow definition for this style of investing, there are a limited number of managers with these characteristics.

Russell OpenWorld® provides access to a compelling boutique manager not widely available. In addition, investors in the fund benefit from Russell's robust investment and operational due diligence on money managers, and ongoing monitoring and replacement when necessary in order to preserve the value proposition.

## Why Thornburg?



**Joe Hemmant**  
Senior Research Analyst,  
Global Equity,  
Russell Investments

**"Thornburg actively shares its assumptions with companies and competitors to obtain a superior validation of their models."**

- **Greater flexibility and broader exposures relative to other income-focused products.** The team looks beyond dividend yield to other valuation measures and fundamental business growth drivers. This presents the manager with a broader range of opportunities and gives it greater stock selection flexibility. These factors should give the manager the potential to add more value than other high dividend managers across economic sectors and geographies.
- **Greater understanding of future dividend growth than peers through close company collaboration.** Thornburg's focus on fundamental research and company analysis gives it a research advantage relative to peers. It has developed close links with the companies it researches, enabling it to discuss issues more openly and to identify potential dividend growth.
- **Research capabilities give team the global edge.** Thornburg's investment professionals are generalists and have developed a global perspective to find the best stocks irrespective of sector or country memberships, enabling essential cross-border comparisons. Few managers in this narrow manager subset have the resources to focus on high dividend companies globally like Thornburg.

## Key fund benefits

**Access to a strategy which aims to provide an element of capital protection in downmarkets but implemented by a manager with strong focus on adding value in upmarkets too**

**Exposure to a yield-oriented strategy with a depth of global equity experience rare for this type of strategy**

**High alpha strategy designed by a top boutique manager specifically for Russell OpenWorld®**

**KEY MANAGER FACTS**

**Money manager:** Thornburg Investment Management (“Thornburg”)

**Background:** The company, founded in 1982 by Garrett Thornburg, runs a limited number of equity and bond funds. It launched its first value equity fund in 1995 and has managed an international equity value fund since 1998. There is a high degree of unity among the investment professionals.

**Key Individuals:**



**Brian McMahon**, President, CEO and CIO, and co-portfolio manager for this product. He joined Thornburg in 1984 and has over 25 years’ investment experience.



**Vin Walden**, CFA, is a managing director and co-portfolio manager for this product. He joined the firm in 2002 as an associate portfolio manager. He was named managing director in 2005 and was promoted to co-portfolio manager in 2006. He has been co-portfolio manager for this strategy since 2011.

**Ownership:** 75% employee owned

**Location:** Santa Fe, NM, USA

**AUM:** \$73bn as at 31 December 2011

**Founded:** 1982

**Mandate inception:** 1st March 2010

**CONTACT US**

For more information, please contact your usual Russell Investments representative

**The investment team**

Portfolio manager Brian McMahon, and co-portfolio manager and managing director Vinson Walden are the key decision-makers for this product and have a combined 35+ years’ investment experience. They work closely with the other 17 members of the global team, and in particular with Bill Fries. Bill, who is also a Managing Director and portfolio manager on other value products, has over 30 years’ investment experience and he is one of the most insightful investors that Russell has encountered.

**Philosophy and investment process**

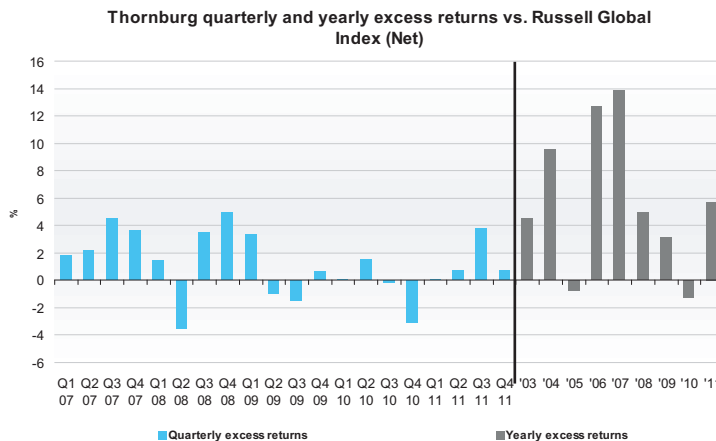
**Fundamental research is aimed at determining key business drivers for future dividend growth.**

Thornburg looks for companies trading at discounts to their intrinsic values, with a specific emphasis on management’s willingness and ability to pay higher dividends in the future. The team spends the bulk of its time conducting fundamental analysis on the stocks they are considering for the portfolio. They seek to determine how a business makes money and whether that business is poised to grow its profits over time. Research will often entail calling a company’s customers, suppliers, distributors and competitors. It will also involve in-depth meetings with management to find out if their interests are aligned with shareholders.

**Portfolio characteristics**

The portfolio tends to be invested in mid-capitalisation stocks and is relatively concentrated with 50-65 names. The portfolio managers utilise the research efforts of the entire equity team to find opportunities outside the traditional dividend paying areas such as financial services, REITs, and utilities. By not limiting themselves to a high starting value on absolute dividend yield, the portfolio has broader exposures to sectors and countries versus other income-focused equity products. Emerging markets typically comprise in excess of 10% of the portfolio. Annual turnover for this strategy usually ranges from 50 to 70%.

**Manager performance**



The manager displays a compelling track record since inception (2003), outperforming the Russell Global Index (Net) by +5.9% p.a., a high success ratio (67.6% of positive monthly excess returns) and a relatively high information ratio of 1.3.

This chart shows the performance of a global high dividend equity account, managed by Thornburg based on the same investment philosophy as the fund, in USD gross of fees (source: Thornburg). The fund return for March 2010 is a combination of index and actual fund return. The March 2010 fund returns prior to March 1, 2010 are proxied using index returns, from March 1, 2010 onwards fund returns are those of the live fund. Data as at 31st December 2011. This past performance is for illustrative purposes only and is not necessarily a guide to future performance.

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