



DUNDAS GLOBAL EQUITY GROWTH

Q1 2025 Update

FIRM SUMMARY

Dundas Global Investors is a partnership based in Edinburgh, Scotland. We manage investments for institutional and professional clients across the UK, USA, Australia, and New Zealand.

Founded in 2010, we have a single strategy of investing in global equities for long-term dividend growth. We work as one team, focused on one goal. Our philosophy remains unchanged since inception.

Our guiding principles of alignment and independence manifest in our structure. By co-investing in the strategy, the team is aligned with the firm's philosophy and the objectives of our clients.

Assets	\$M
Firm	2,527
Global strategies	2,123
International strategy	190
International ADR strategies	214

Strategy data	
Holdings (#)	56
Sectors (#)	8
Countries (#)	12
Average Market Cap	\$271bn
Median Market Cap	\$88bn
P/E (next 12 months)	24.1x
Dividend yield*	1.3%
Active share	87%

INVESTMENT BELIEFS

- 1** ALIGNED WITH THE BIGGEST FACTORS DRIVING LONG-TERM TOTAL RETURN
- 2** DIVIDEND GROWTH COMES FROM HIGH QUALITY COMPANIES WITH GOOD CAPITAL ALLOCATION
Sustainable businesses growing their revenues, profits, cash flows and dividends.
- 3** DIVIDEND GROWTH PORTFOLIOS PLAY DEFENCE WELL
High profitability, consistent re-investment, positive free cash flow, low debt levels & prudent governance are strong allies in tough times.
- 4** DIVIDEND DISCIPLINE = RISK CONTROL
Good capital allocation decisions require robust corporate governance.

Sources: Dundas, Bloomberg. Data as of 31 March 2025. Firm assets inclusive of ADR model portfolios. Note: AUM may not sum due to rounding. *Trailing 12 month dividend yield.

QUARTERLY DIVIDEND DECLARATIONS

Excludes special dividends and buy backs

Stock	Change (%)	Stock	Change (%)
DBS Group	27.2	AIA Group	8.7
Novo Nordisk	21.3	Hexagon	7.7
American Express	17.1	Analog Devices	7.6
Alcon	16.7	Atlas Copco	7.1
Applied Materials	15.0	Lindt	7.1
Air Liquide	13.4	L'Oreal	6.1
Dassault Systemes	13.0	bioMérieux	5.9
Straumann Holding	11.8	ASML	4.9
Ametek	10.7	Home Depot	2.2
Thermo Fisher Scientific	10.3	LVMH	0.0
Ross Stores	10.2	Lonza	0.0
Booking Holdings	9.7	EssilorLuxottica	0.0
Assa Abloy	9.3	Novonesis	0.0
Average	9.3		
YTD Average	9.3		

QUARTERLY TRANSACTIONS

Purchases	Sector	Listed	Sales	Sector	Listed
MSCI	Financials	US	Diageo	Con. Staples	UK
Intuit	IT	US	Geberit	Industrials	Switzerland
			Prudential	Financials	Hong Kong
			Walt Disney	Comm. Services	US

Source: Bloomberg Dundas.

PERFORMANCE

Global Equity Growth Composite	Quarter	1 Year	3 Years	5 Years	10 Years	Since inception
Composite return (gross)	0.05	1.99	5.10	13.32	9.52	10.14
Composite return (net)	-0.09	1.45	4.54	12.71	8.98	9.59
MSCI ACWI	-1.32	7.15	6.91	15.18	8.84	9.79

Sources: Morningstar, MSCI, Dundas. All data shown is percentage total return in US Dollars to 31 March 2025. Periods over one year are annualised. Dundas Global Strategy inception date 1 September 2012. Global Equity Growth GIPS® composite report is included at the end of this document. Past performance is not an indicator of future results.

REVIEW

There are times in the life of an investor that it pays to step back and calmly interrogate everything that you previously held to be true. This is one of those points. Simply, the current market environment can be summed up with the acronym: TRUMP.

Turbulence

Just a fleeting glance at financial market performance year to date highlights that we may be at the beginning of a fundamental change in the flow of capital. For example, during the first quarter of the year the trade-weighted US dollar has fallen 5%, equity market volatility (as measured by the VIX) rose, whilst gold continued to rise, up nearly 20% in the quarter and now up >50% in the last 3 years. In the first quarter of 2025:

- European Equities rose c11%
- The US market fell c4%
- Higher-yielding “value” stocks outperformed “growth” stocks
- Chinese equities rose c15%
- The “Magnificent 7” performed “un-magnificently”, falling c15%

Let's deal with these one by one.

Re-armament and Rheinmetall

New market darlings have emerged, but they were more likely to come from the Ruhr Valley than Silicon Valley. Germany's decision to re-arm its defences marks a sea change in economic and foreign policy, with worrying historical precedence as the right wing AfD party surges in the polls. Nevertheless, this profound change in conditions led German defence company Rheinmetall to be the best performing stock in the MSCI ACWI, rising 117% over the quarter, whilst there were similarly large gains from other European defence companies. Believe it or not, Rheinmetall has now outperformed Nvidia over the last 5 years. Buoyed by these policy moves, the company aspires to grow its revenues from €10bn in 2024 to €30bn in 2030. We would urge some caution. Looking through a purely fundamental lens, over the last decade the share price has outperformed underlying dividend growth by 50%, and the stock now yields just 0.6%, trading on 2.3x the forward P/E of the MSCI ACWI. It appears to us that much of the future growth is in the price.

USA no longer exceptional?

It is still remarkable to think that since the start of 2010 US equities have outpaced ex-US counterparts by roughly 8% per annum. This means for anyone who invested \$1000 15 years ago, owning a pure S&P 500 tracker would have turned \$1000 into c\$5700 whilst those invested purely in an MSCI ACWI ex-US tracker would have c\$2300. This quarter, one of the ramifications of the ramp in political rhetoric included the early signs that diversification is back: ex-US equities outperformed US equities by over 9%, whilst MSCI EAFE Value outperformed MSCI US Growth by a stonking 24%.

REVIEW

Given positioning today there can be no doubt that if investors continue to allocate more broadly than in the past, this phenomenon could have a long way to go, particularly as some domestic US companies are indicating how uncertain the domestic economic outlook is. Take for example this quote from credit bureau Equifax in the recent results call: “in kind of November and early December, we didn’t anticipate rates going to 7% or the mortgage market declining 12% over the last six, seven weeks. That’s been surprising to us, and it’s so rapid, and so recent. We want to see little more time there. Where is that mortgage market going? Where are rates going? What impact are tariffs going to have on that?” These are an increasingly difficult set of questions to answer.

Mercantilism

One of the underlying catalysts of much of this change has been the return of mercantilist policies. Anyone who visits us in Edinburgh (and all are welcome, please get in touch) should stop outside St Giles Cathedral, for there you will find a 10-foot statue of Adam Smith – the father of modern economics and pioneer of the principle of free trade, which has been the primary economic doctrine since the late 18th century, until recently. When China was admitted to the WTO in 2001, it reflected a continued western belief that globalisation was a force for good. For many companies this has indeed been a boon, enabling them to reduce costs and access larger markets – and means for most investors, it has been a good idea to own (often US) companies that have been able to take advantage of these opportunities.

But is the globalisation party coming to an end? The unintended consequence of globalisation has been a material rise in the US current account deficit which reached a record c\$1.2trn in 2024. Indeed, the last time the US had a current account surplus was the year this writer was born (1981). Since coming to power, the Trump government has made the reversal of this trend their core economic pillar, which they aim to achieve through reinstating the type of mercantilist policies Adam Smith sought to refute. This has huge ramifications for companies and economies that are reliant on exporting and continued free trade. Instead, sectors such as Banks, Telecommunications and Utilities all performed relatively well as investors looked to higher yielding, domestically focused sectors with less obvious risk from the erection of trade barriers.

People’s Republic of China

Just five days after the US inauguration, a relatively unknown Chinese tech company released a new AI agent, DeepSeek-R1. Deepseek’s chatbot surprised the world in demonstrating performance comparable to those from the likes of OpenAI and Google but doing so with a training cost of just \$6m, a significant efficiency improvement on pre-existing models. This had material consequences for investors who had presumed that competition no longer existed and were overly exposed to the Magnificent 7.

The prospects of China becoming competitive in AI led to a significant upward re-rating of Chinese technology companies including the likes of Alibaba, which rose 50% in the quarter. This came at the cost of previous winners, with the market capitalisation of Nvidia falling by \$600bn on the day of the announcement and c24% over the quarter. Both Microsoft and Apple fell by c13% over the quarter, whilst Alphabet and Tesla fared even worse. With the hype around AI starting to become more nuanced, Microsoft CEO Satya Nadella made a telling quote during the quarter: “The winners are going to be the broader industry that uses this commodity (AI) that, by the way, is abundant.” Is the baton of AI finally being passed from enablers to adopters? If so, this is a profound change and a reminder, if ever one was required, not to have all your eggs in one basket.

OUTLOOK

Clearly, the outlook is very uncertain. We would encourage investors to remember three D's:

Dividend growth: over the long term, share prices are very highly correlated to their underlying dividend growth. During a period of market volatility, dividends are your friend; they tell you the mood of the boardroom and convey a signal of how confident (or otherwise) a business is. Year-to-date dividend announcements from our holdings have been very positive, reflecting a set of businesses that are highly cash generative, well capitalised and with boards of directors that are signalling a belief in their bright prospects through growing dividend streams.

Diversification: our portfolios are diversified, without being overly focused on any one theme or country. We also believe our portfolios look cheap, trading around valuation levels that historically have represented good entry points for our clients.

Disciplined long term investing: yield-seeking behaviour amidst near term uncertainty reflects a growth in short-termism, and pessimism. That typically presents an opportunity for disciplined, long-term investors in growth companies with wide economic moats.

QUARTERLY ATTRIBUTION

The Strategy delivered a gross total return of +0.05% for the quarter, compared to the index's decline of -1.32%, resulting in a relative outperformance of +1.37%.

Over the quarter, EAFE outperformed the USA, while Value outperformed Growth—an uncommon trend in recent years. As a diversified growth fund, the Strategy benefited from the geographic split but was on the wrong side of the style shift.

In late January, Deepseek announced it could deliver superior AI capabilities without requiring the massive capital expenditures that have recently been the hallmark of US tech giants. This announcement reshaped perceptions of the 'Magnificent 7,' leading to a sell-off in their shares. The Strategy's underweight position in these companies contributed positively to relative returns by 1.97%, and the broader US market by 2.07%.

Physical and trade wars created general uncertainty during the quarter, prompting investors to favour domestic companies, which often exhibit lower growth but higher yields. Despite positive returns from the Strategy's largest regional overweight—European-domiciled companies—performance lagged the value rally in the region by 1.26%.

The best-performing sectors included Information Technology (+1.58%) and Financials (+0.82%), while Communication Services (-0.44%) and Industrials (-0.42%) detracted. The strategy of avoiding traditional high-yield, low-growth sectors such as Energy and Utilities was a short-term detriment to returns but remains aligned with its long-term dividend growth focus.

A key highlight continues to be the Strategy's strong dividend growth, which has delivered significant outperformance relative to the market. Of the 56 holdings, 26 companies announced dividend increases in the first quarter, with an average growth rate of 9% in local currency—further reinforcing the Strategy's long-term outlook.

Notable contributors to performance included US insurance firms WR Berkley (+0.70%) and Brown & Brown (+0.70%), both of which rank among the top 10 holdings. Strong dividend growth underpinned their impressive returns. Additionally, French eyewear leader EssilorLuxottica had a standout quarter, advancing to the Fund's fourth-largest position. Growth drivers such as smart glasses (Ray-Ban) and hearing technology (Nuance) position the company for long-term success, supported by a strong five-year compound annual growth rate (CAGR) of 14%, despite a February dividend hold aimed at naturally reducing the payout ratio.

Novo Nordisk (-0.36%) faced headwinds from disappointing trial results for its next-generation obesity drug, CagriSema, as well as concerns over potential US tariffs. However, the company's commitment to shareholder returns remains strong, with a 21% dividend increase in February, extending its impressive five-year CAGR of 22%.

TSMC (-0.35%) encountered a likely temporary setback due to a broader market sell-off in semiconductor and AI stocks. The company has excellent fundamentals raising its dividend by 33%

TOP 5 STOCK CONTRIBUTORS

Stock	Attribution (bps)	Comment
WR Berkley	70	WR Berkley (WRB), the North American specialty insurance underwriter, reported strong results for 2024: 9.3% growth in net premiums written in 2024, record returns of 23.6% and a confident outlook for 2025 with improving underwriting margins. In March it was announced that the leading Japanese property and casualty insurance carrier, Mitsui Sumitomo Insurance Co., Ltd. intends to purchase a 15% stake in WRB recognising its 'first-class record in the US specialty market'.
Brown & Brown	55	Brown & Brown is an insurance agency, wholesale brokerage, insurance programme and service organisation. The company continues to benefit from good volume growth and robust pricing. Moreover, the business is highly cash generative, and Brown & Brown are able to act as a consolidator in a high fragmented industry. The latest results showed organic growth of 13.8% y/y aided by flood claims and stronger margins.
Essilorluxottica	46	EssilorLuxottica, the global leader in eyewear and prescription lenses, reported 9% constant currency growth in the fourth quarter, with a number of positive drivers including direct-to-consumer sales driving the acceleration through 2024. Its Ray-Ban Meta smart glasses partnership has sold >2 million units since launch; its Nuance Audio technology is a new category of hearing aid software combining stylish frames and its open-ear hearing solution, without the stigma of existing hearing technologies, and; its Stellest lenses is slowing the progression of myopia for children in China. These are some of the drivers of future growth from this industry leading, vertically integrated company.
Apple	35	Apple's share price retreated over the quarter as the potential for tariffs on Chinese produced goods became more real. Given the importance of China to Apple's supply chain, this change in policy threatens to disrupt Apple's cost structure and market competitiveness.
Abbott Laboratories	30	Abbott Laboratories is a high quality, diversified healthcare conglomerate, with a strong balance sheet and a focus on innovation. Their core businesses are clinical diagnostics, cardiovascular devices, diabetes monitoring systems, and generic drugs. Its 2024 financial results included 9.5% organic sales growth, after adjusting for Covid testing, and its drivers of growth for 2025 include its Libre continuous glucose monitor, the expansion of its structural heart portfolio and its pipeline of new product launches in diagnostics and medical devices.

Sources: Dundas, Bloomberg. Data as of 31 March 2025. Dundas Global Equity Growth Strategy performance attribution represented by the first funded account in the composite relative to the MSCI ACWI.

BOTTOM 5 STOCK CONTRIBUTORS

Stock	Attribution (bps)	Comment
Novo Nordisk	-36	Danish drug maker, Novo Nordisk's share price has been under sustained pressure amid persistent concerns over growing competition in the obesity drug market, the failure to meet ambitious trial results, and potential pricing pressures.
TSMC	-35	Taiwan Semiconductor is the world's largest foundry business. Despite excellent business performance, the share price has been under pressure lately as the prospect of tariffs on imports from Taiwan to the USA created an overhang on investor's appetite for the stock.
Ross Stores	-26	Ross Stores is a US discount retailer of apparel, homeware and shoes at 30% to 70% lower prices than other channels. Same store sales grew 3% in the quarter. Good operating leverage delivered 13% net profit growth. The company reported softening sales trends in January and February hindering its outlook for Q1 and resulting in weak share price performance. Given its long-term success, and despite the near-term challenges, management increased its annual dividend by 10% in the quarter reaffirming its proposition and business model.
Alphabet	-24	Alphabet's share price suffered as investors became more concerned around the potential for increased competition in search, and the impact of continued high capital expenditure on future profitability.
Sonova	-18	Sonova's shares were weak as subdued growth in the global hearing care market is expected to remain throughout the rest of this financial year. There has been a strong initial response to its latest product, the innovative Sphere Infinio. While the product is expected to take share from competitors, its launch is the biggest in the Company's history and is likely to put near-term pressure on margins.

Sources: Dundas, Bloomberg. Data as of 31 March 2025. Dundas Global Equity Growth Strategy performance attribution represented by the first funded account in the composite relative to the MSCI ACWI.

ESG METRICS

ESG Metrics	Global Equity Growth Strategy	MSCI ACWI
ESG Quality Score	7.4	6.7
MSCI ESG Rating	AA	A
ESG Ratings Distribution		
Leaders	60%	41%
Average	39%	57%
Laggard	1%	3%

Ratings & metrics from MSCI ESG Research LLC as of 31 March 2025.

MSCI ESG Quality Score is measured on a scale of 0 to 10 (worst to best). It measures the ability of underlying holdings to manage key medium to long-term risks and opportunities arising from environmental, social, and governance factors.

ESG Ratings Distribution shows the percentage of a portfolio's market value coming from holdings classified as ESG Ratings Leaders (AAA & AA), Average (A, BBB, & BB), and Laggards (B & CCC).

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DIVERSIFICATION

Market Cap (USD)	Number of Stocks	Strategy (%)
> \$500bn	5	12.00
\$100bn - \$500bn	21	36.12
\$50bn - \$100bn	7	12.47
\$10bn - \$50bn	23	38.59
\$2bn - \$10bn	0	0.00
Cash		0.82

Top 10 Holdings	Wgt (%)	Sector	Country
WR Berkley	3.81	Financials	USA
WW Grainger	3.55	Industrials	USA
Microsoft	3.36	I.T.	USA
Essilorluxottica	3.01	Health Care	France
Brown & Brown	2.98	Financials	USA
Visa	2.94	Financials	USA
Atlas Copco	2.55	Industrials	Sweden
Sage Group	2.54	I.T.	UK
Alphabet	2.26	Comms. Services	USA
American Express	2.23	Financials	USA
TOTAL	29.23		

Sources: Bloomberg, Dundas, MSCI. Index is the MSCI ACWI. Data as of 31 March 2025. Weight (%) is by capital allocation.
 *Active weight is the difference between the Strategy and Index weights which may not calculate exactly due to rounding.
 Dundas Global Equity Growth Strategy represented by a live portfolio.

Sector Exposure	Strategy	Index	Active*
Information Technology	24.48	23.37	1.12
Financials	24.17	10.32	13.85
Health Care	21.87	18.06	3.80
Industrials	13.20	10.57	2.63
Consumer Discretionary	6.29	10.64	-4.34
Consumer Staples	4.04	6.29	-2.25
Materials	2.87	8.16	-5.29
Communication Services	2.26	3.63	-1.37
Energy	0.00	4.16	-4.16
Real Estate	0.00	2.12	-2.12
Utilities	0.00	2.69	-2.69

Country Exposure	Strategy	Index	Active*
United States	58.92	63.21	-4.29
France	11.38	2.52	8.86
Switzerland	6.13	2.53	3.59
Sweden	5.79	0.83	4.96
Denmark	4.08	0.53	3.54
United Kingdom	2.54	3.46	-0.92
Japan	2.31	1.74	0.57
Taiwan	2.13	4.85	-2.73
Hong Kong	1.71	0.58	1.12
Netherlands	1.57	1.10	0.47
Singapore	1.56	0.44	1.12
India	1.08	1.92	-0.83

Sources: Bloomberg, Dundas, MSCI. Index is the MSCI ACWI. Data as of 31 March 2025. Weight (%) is by capital allocation. *Active weight is the difference between the Strategy and Index weights which may not calculate exactly due to rounding. Dundas Global Equity Growth Strategy represented by a live portfolio.

GLOBAL COMPOSITE

Composite:	Dundas Global Equity Growth
Benchmark:	MSCI All Country World Index
Reporting currency:	USD
Report as at:	31 March 2025

Period	Composite gross of fees return (%)	Composite net of fees return (%)	Benchmark return (%)	Composite 3yr St Dev (%)	Benchmark 3yr St Dev (%)	Number of portfolios	Total composite assets (million)	Total firm assets (million)
2025 ^(a)	0.1	(0.1)	(1.3)	18.1	16.3	2	2,101	2,313
2024	9.8	9.2	17.5	18.8	16.4	2	2,102	2,369
2023	20.4	19.8	22.2	19.0	16.5	2	1,883	2,136
2022	(21.9)	(22.3)	(18.4)	20.2	20.1	2	1,530	1,922
2021	25.2	24.5	18.5	14.5	17.1	2	1,407	1,925
2020	22.5	21.8	16.3	15.8	18.4	2	1,047	1,498
2019	32.6	31.9	26.6	11.0	11.4	2	804	1,283
2018	(5.5)	(6.0)	(9.4)	10.7	10.6	2	591	1,011
2017	29.2	28.5	24.0	11.4	10.5	2	459	890
2016	3.3	2.9	7.9	11.8	11.2	4	562	947
2015	(4.6)	(5.0)	(2.4)	11.5	10.9	4	721	721

(a) Returns are for the period 1 January 2025 to 31 March 2025.

1. Dundas Global Investors claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Dundas Global Investors has been independently verified for the period 1 September 2012 to 30 September 2024. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not ensure the accuracy of any specific composite presentation.
2. For the purposes of the GIPS standards, the Firm is defined as an independent investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority. Dundas Global Investors manage equity portfolios on behalf of institutional investors, with total assets under management of \$2.4 billion as at 31 December 2024.
3. The Dundas Global Equity Growth Composite includes all fee-paying, fully discretionary accounts which invest in global equities with the goal of delivering long term capital and dividend growth. A typical portfolio will consist of between 50 – 65 companies^(b) with a market capitalisation greater than \$2bn, which demonstrate sustainable cash generation that can fund both business expansion and dividend increases.
4. The benchmark for the composite is the MSCI All Country World Index. The MSCI ACWI captures large and mid-cap representation across 23 Developed Market and 24 Emerging Market countries. With around 3,000 constituents, the index covers approximately 85% of the global investable equity opportunity set. Benchmark performance is presented after the deduction of withholding taxes.
5. Transaction costs, administrative fees and non-reclaimable withholding taxes are deducted before the calculation of gross of fee and net of fee performance. Additionally, net of fee performance is calculated after the deduction of actual investment management fees.
6. All performance return calculations and market values have been denominated in USD.

(b) The number of companies typically held in accounts within this composite changed on 3 December 2024. The previous range was 60-100 and was applicable to account composite since its inception in September 2012.

7. The representative fee schedule for investment advisory services for portfolios is 0.40% p.a. for accounts up to \$250 million, 0.30% for the next \$250 million and 0.25% thereafter. The portfolios contained within the composite may include additional fees for fund administration and custody services, the maximum fund expense ratio for portfolios within this composite is 0.74%.
8. The Dundas Global Equity Growth Composite was created on 1 September 2015 and has a composite inception date of 1 September 2012.
9. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy.
10. The firm's policies for valuing investments, calculating performance and preparing GIPS Composite Reports are available upon request.
11. Dundas manages the effect of a significant cash flow by removing the portfolio from the relevant composite for the month of the cash flow. A significant cash flow is defined as the greater of 100% of the market value of the fund immediately prior to the cash flow or \$100m, effective August 2012.
12. Gross-of-fees returns are used to calculate the three-year annualized standard deviation of the composite, which measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented when monthly returns were not available throughout the full 36-month period.
13. Internal dispersion of individual portfolio returns is not presented. The Dundas Global Equity Growth Composite contains fewer than five portfolios for the full year, so the internal dispersion measure is not applicable.

DISCLAIMER

Sustainability Disclosures

- **Sustainability label.** The Financial Conduct Authority (FCA) has issued new standards governing the use of sustainability vocabulary in the promotion and description of fund and asset management services. Funds may adopt one of four FCA labels describing their approach, or they may opt not to have a label. For reasons discussed below, Dundas has decided for the present to operate without a label for its two UK domiciled funds – Heriot Global and Heriot Global Smaller Companies.

- Dundas makes investment decisions in large part based upon audited annual reports which in recent years have expanded to address wider sustainability matters. Disclosure on CO₂ emissions and sustainability has improved but remains incomplete, inconsistent, and heavily reliant on estimation. In response new IFRS Sustainability accounting standards were issued in 2023 (now out for adoption across the world outside the USA, where GAAP standards are moving in the same direction) effective 1 January 2024. Dundas welcomes the new standards. They are thorough, stringent and, when fully adopted, will raise and level the playing field for corporate sustainability reporting.

- Dundas is already engaged with the companies in which it invests about the new standards. We will reevaluate the appropriateness of adopting a label once our analysis of improved sustainability reporting is complete.

- **Sustainability Goal:** to invest in companies with long-term growth potential that are simultaneously becoming more environmentally and socially sustainable. Progress will be measured largely via reporting under the new IFRS Sustainability standards. Dundas believes that companies which shoulder these responsibilities and communicate effectively will gain competitive advantage which is why we advocate for sustainable practices by those we invest in.

- **Investment Policy and Strategy:** Dundas invests in global equities for dividend and capital growth with an investment horizon of five years or more. Where dividend growth leads, share prices follow. Sustained dividend growth is produced by well managed companies that respect all their stakeholders' interests. The case for responsible investment in sustainable businesses is readily made by its opposite. A portfolio of irresponsible companies with unsustainable businesses will not meet clients' long-term investment needs. The actions of the companies Dundas invests in (i.e. the enterprise contribution) are the main driver of sustainability metrics.

- **Stocks we decline to own on principle because their** principal activity is one of the following:

- Manufacture, production or distribution of tobacco products;
- Manufacture of controversial and indiscriminate weapons (including cluster bombs or similar anti-personnel weapons);
- Corporate structures that deny investors title to the underlying operating business assets, such as Variable Interest Entities;
- State-owned or controlled companies where minority shareholders' interests are not respected.
- Thermal coal mining or its use in power generation.

- **Relevant Metrics:** Dundas monitors the progress of the businesses it invests in on behalf of clients against metrics such as: carbon footprint, carbon intensity, weighted average carbon intensity (all for Scope 1 and 2 emission), MSCI ESG ratings, board independence, workforce pay & conditions, employee turnover, productivity. We rely upon MSCI and Bloomberg reports whose accuracy will improve as IFRS Sustainability standards are applied.

Progress on these metrics will be covered in our annual Stewardship Report and TCFD document along with discussion on quality and availability of data from audited sources.

- **Resources and Governance:** The firm's Investment Committee is responsible for all aspects of its investment activities, including sustainable investment policy. Within the investment committee, a partner has lead responsibility for Sustainability, supported by other team members.

- **Voting / associations:** Dundas' investor contribution includes voting all proxies aided by a proxy advisor. Its PRI report is available on the firm's website. The firm's Stewardship Report sets out how it upholds the UK Stewardship Code and the EU's Shareholder Rights Directive II.

- **Lexicon:** The FCA's labels tighten up how the word 'sustainable' can be used in fund marketing. Whilst agreeing that greenwashing needed to be confronted, Dundas may use 'sustained' in reports and communications in its plain English sense of 'something continuing into the future'. We'll take care not to use it inappropriately.

- **Accessing other relevant information:** the sustainability disclosures section of the Dundas website discloses all relevant information.

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