DUNDAS GLOBAL INVESTORS

DUNDAS GLOBAL EQUITY GROWTH

Q3 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	2,704
Global strategies	2,239
International strategy	210
International ADR strategies	255

Strategy data	
Holdings (#)	51
Sectors (#)	8
Countries (#)	13
Average Market Cap	$274bn
Median Market Cap	$101bn
P/E (next 12 months)	24.1x
Dividend yield*	1.3%
Active share	89%

INVESTMENT BELIEFS

1. **LONG TERM EQUITY RETURNS CAN BE LARGELY ATTRIBUTED TO GROWTH IN DIVIDENDS:** We aim to outperform by investing in companies that can deliver higher dividend growth than the market.

2. **REINVESTMENT AND DIVIDEND GROWTH GO HAND IN HAND:** We focus on owning the few special companies that we believe can reinvest in R&D, M&A and capital expansion to drive long term dividend growth.

3. **OWNING DIVIDEND-PAYING COMPANIES CAN REDUCE RISK:** Dividends are typically less volatile than both share prices and earnings, whilst the discipline of paying a growing dividend, we believe, leads to superior capital allocation.

4. **INVEST WHEREVER WE FIND THE BEST DIVIDEND GROWTH:** We invest globally in the companies with the best dividend growth opportunities, regardless of domicile or sector. This leads to significant differentiation from benchmarks.

Sources: Dundas, Bloomberg. Data as of 30 September 2025. Firm assets inclusive of ADR model portfolios. Note: AUM may not sum due to rounding. *Trailing 12 month dividend yield.

DIVIDEND DECLARATIONS

Excludes special dividends and buy backs

Stock	Change (%)	Stock	Change (%)	Stock	Change (%)
Equifax	28.2	Straumann Holding	11.8	Lindt	7.1
DBS Group	27.2	Sysmex	11.6	L'Oreal	6.1
Novo Nordisk	21.3	TSMC	11.1	bioMérieux	5.9
American Express	17.1	Ametek	10.7	Factset	5.8
Alcon	16.7	Thermo Fisher Scientific	10.3	Alphabet	5.0
Keyence	16.7	WW Grainger	10.2	ASML	4.9
Intuit	15.4	Ross Stores	10.2	Apple	4.0
Applied Materials	15.0	Accenture	10.1	Sonova	2.3
Air Liquide	13.4	Booking Holdings	9.7	Home Depot	2.2
ResMed	13.2	Microsoft	9.6	LVMH	0.0
Dassault Systemes	13.0	Assa Abloy	9.3	Lonza	0.0
HDFC Bank	12.8	AIA Group	8.7	Novonesis	0.0
Nasdaq	12.5	Hexagon	7.7	EssilorLuxottica	0.0
WR Berkley	12.5	Analog Devices	7.6		
Costco	12.1	Atlas Copco	7.1		
Quarterly Average	**11.9**				
YTD Average	**10.1**				

QUARTERLY TRANSACTIONS

Purchases	Sector	Listed	Sales	Sector	Listed
Hannover Re	Financials	Germany	Factset	Financials	US
Saleforce	IT	US	Home Depot	Consumer Staples	US
			Marsh & McLennan	Financials	US
			Costco	Consumer Disc.	US
			Lindt	Consumer Staples	Switzerland

Source: Bloomberg Dundas.

PERFORMANCE

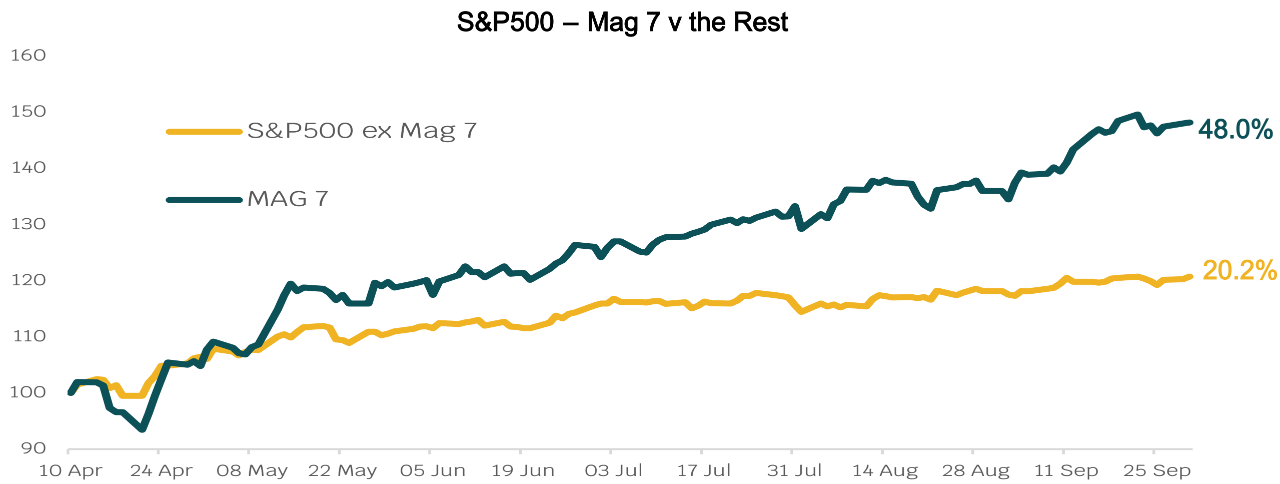
Global Equity Growth Composite	Quarter	1 Year	3 Years	5 Years	10 Years	Since inception
Composite return (gross)	1.15	4.72	17.18	9.54	11.89	10.48
Composite return (net)	1.01	4.17	16.56	8.95	11.32	9.93
MSCI ACWI	7.62	17.27	23.12	13.54	11.91	10.94

Sources: Morningstar, MSCI, Dundas. All data shown is percentage total return in US Dollars to 30 September 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

The path to performance has been narrow

Market leadership remained unusually concentrated in the third quarter of 2025, dominated by US mega-cap growth and EAFE value. The US market—driven by the “Magnificent Seven”—produced 42% of the MSCI All Country World Index’s return, while European and Japanese value sectors, notably banks and defence, added support. This selective advance has created a narrow path to outperformance, favouring a small number of dominant themes. The chart below shows the outsized impact of US mega-cap stocks since the market trough on 8 April 2025.



Source: Bloomberg, S&P. Data in USD

Are the ‘Mag 7’ going to take over the world?

The durability of returns from these market leaders remains the question on everyone’s mind: will the “Magnificent Seven” continue their exceptional run? Applying Occam’s Razor and the Law of Large Numbers provides perspective. These businesses are likely to keep growing and innovating at scale, reinforcing dominant market positions. However, price is what you pay and value is what you get—fundamental progress does not always translate into sustained shareholder returns when valuations are already extreme.

As at 30 September 2025, the world’s ten largest companies had a combined market value of $22 trillion—equivalent to a substantial share of global GDP, estimated by the World Bank at $111 trillion in 2024—and accounted for a record 24.5% of the MSCI All Country World Index. If the next five years were to mirror the last five, when these companies returned an average of 386%, their combined market capitalisation would exceed $85 trillion—dwarfing global GDP. They have changed the world and will likely continue to do so, but will they ultimately consume the global equity market? Highly unlikely. The Law of Large Numbers eventually asserts itself—incremental growth becomes harder, and valuations must increasingly be justified by earnings, not sentiment or multiple expansion.

REVIEW

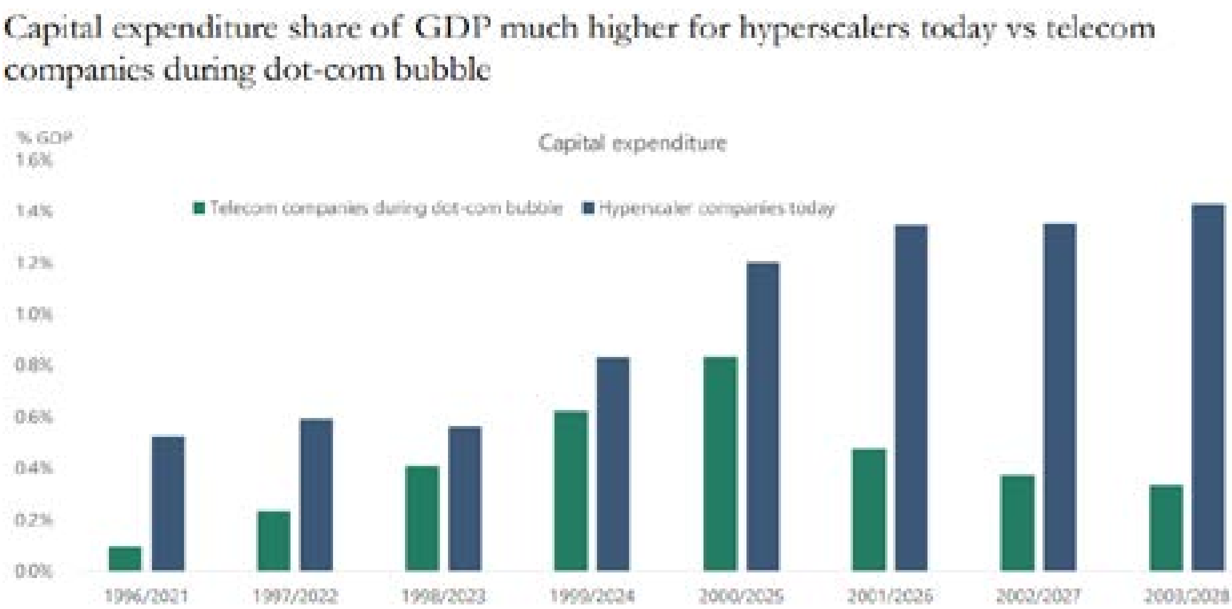
Or are they in Dire Straits?

"Money for nothing and your chips for free" is more than a Dire Straits lyric—it captures today's sentiment around AI-driven capital expenditure. Chip suppliers, AI platform providers, and cloud hyperscalers appear locked in a circular investment cycle, bidding up capacity and expectations. Rather than revisit well-covered debates on AI hype, we focus on the economic reality behind the spending.

Many investors look to history for guidance, often comparing today's AI buildout to the dot-com telecom boom. As Torsten Slok's team at Apollo Academy recently highlighted, AI-related hyperscaler capex has already surpassed dot-com era spending—both in absolute dollars and as a share of GDP. Yet the comparison breaks down on one key dimension: asset longevity. Fibre optic infrastructure from the 1990s remains productive today, with useful lives of 20–25 years. In contrast, hyperscalers depreciate AI and SaaS servers over just 5–8 years. Nvidia's accelerated GPU release cycle—Ampere (2020), Hopper (2022), Blackwell (2024)—suggests economic life may be even shorter as each new generation rapidly renders the last obsolete for cutting-edge AI workloads.

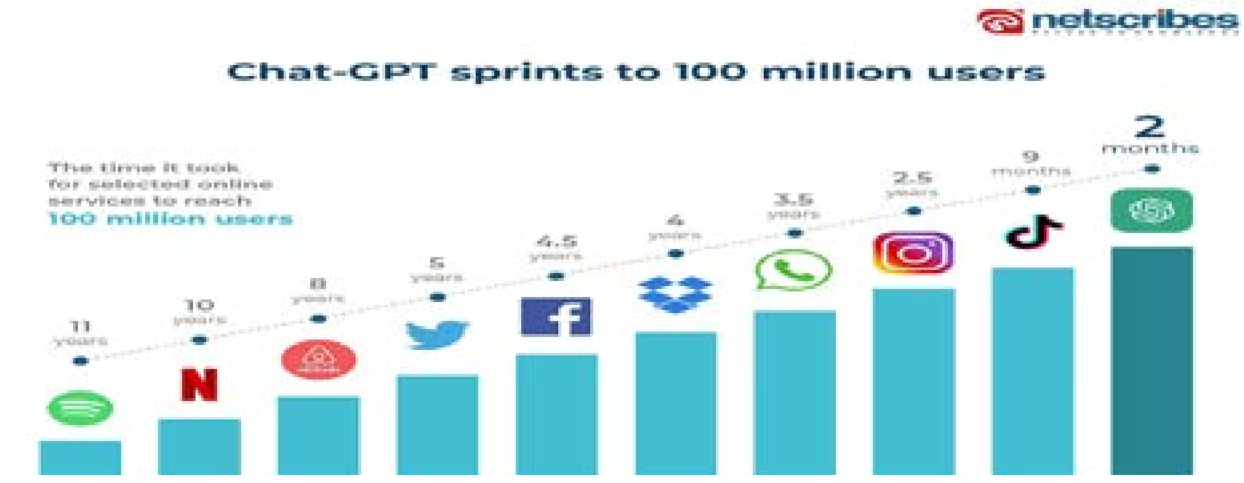
In other words, the AI buildout may prove transformative—but it must also prove profitable before the hardware expires.

The shorter the useful life of an asset, the more revenue and profit it must generate in a compressed timeframe to deliver an adequate risk-adjusted return. The infographic below from Netscribes (using World of Statistics data) illustrates this challenge: even the most successful digital platform businesses—those celebrated for rapid scaling—typically took more than five years to reach profitability.



Source: Apollo Academy

REVIEW



Source: Netscribes

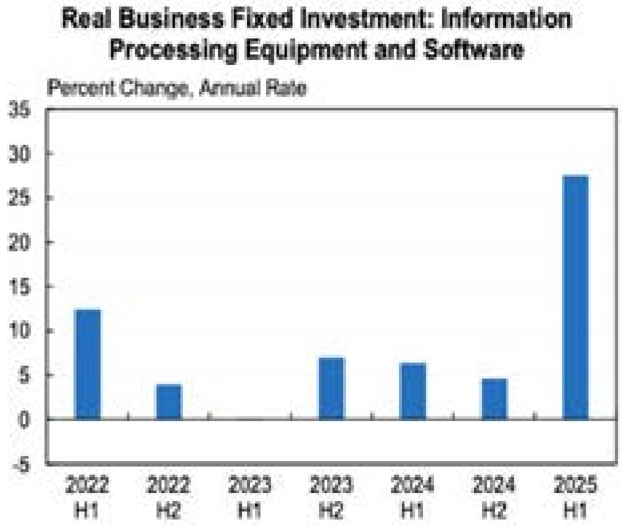
So what does this mean? AI-native software vendors will need to monetise quickly. To offset short asset lives and high infrastructure costs, many will be forced to charge premium prices and accelerate revenue generation. Some will succeed—but many will not—making much of today's AI-driven capital expenditure inherently speculative. As AI spending shifts from model training to inference and enterprise deployment, aggregate investment is likely to remain elevated. However, if businesses fail to realise measurable gains in revenue or productivity, capital allocation will eventually be rationalised. In that scenario, data centre operators and AI infrastructure providers could find themselves in dire straits—having invested heavily but earning far too little in return.

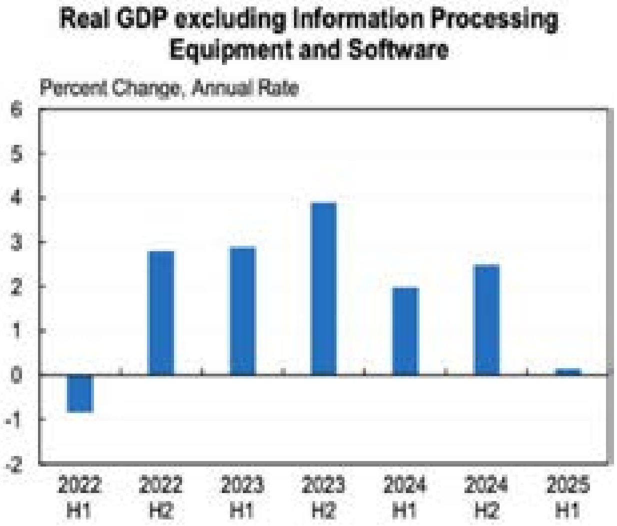
If the path to performance has been narrow, then the path to growth is narrower

The US Bureau of Economic Analysis (BEA) recently revised second-quarter GDP growth to an annualised 3.8%. However, the headline masks weakness beneath the surface. The path to US growth—like market leadership—has become increasingly narrow.

Research by Harvard economist Jason Furman illustrates this clearly: Information Processing Equipment and Software contributed an estimated 92% of real GDP growth in the first half of 2025, linking directly to the capital expenditure boom by hyperscalers and AI-related investment. Strip that out, and the broader economy shows little forward momentum.

REVIEW



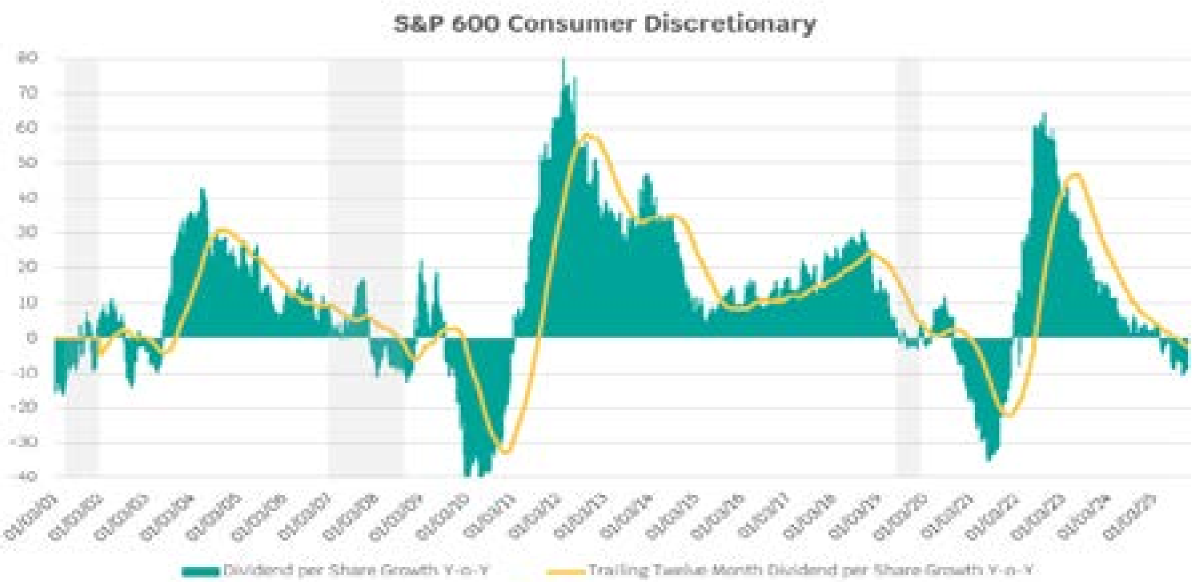


Source: Bureau of Economic Analysis

We monitor dividend announcements at both the company and sector level as powerful coincident indicators of economic activity, with a forward-looking component that reflects management confidence. With the US consumer representing 68–70% of GDP (BEA), small and mid-cap consumer businesses provide an important signal.

Today, the dividend growth of the S&P 600 Consumer Discretionary sector has turned negative—a pattern historically aligned with recessionary periods. During the dot-com unwind, the Global Financial Crisis and the COVID recession, dividend declines coincided with economic contraction, often followed by a second leg down as consumer recovery lagged. Current trends suggest US consumer-focused SMEs are again signalling strain.

Taken together, the message is clear: outside of AI-related investment, the US economy is flirting with recessionary conditions.



Source: Factset

OUTLOOK

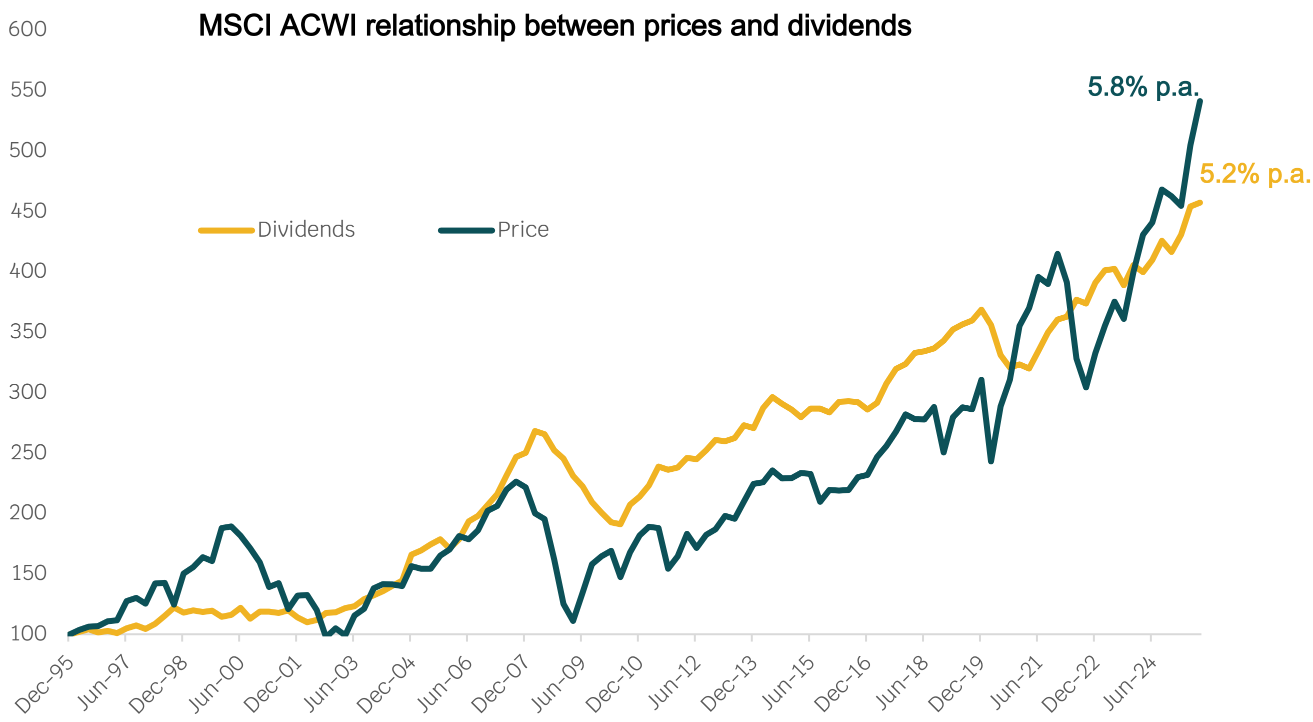
Outlook – At a time when markets feel untethered

Our returns are built on substance, not speculation. Dividend growth is the most powerful driver of long-term equity returns — and the best proof of business progress

Global markets continue to drift between excitement and unease — with AI reshaping the future even as wars, tariffs, and geopolitical rifts leave investors untethered. The question remains: which truths can serve as a compass?

The chart below shows the relationship between dividends and share prices for the MSCI ACWI Index over the past 30 years. The key takeaway is clear: over the long term, share prices track underlying business growth, as reflected in dividend growth. While valuations can drive short-term swings, history suggests they matter far less over extended periods.

The valuation tailwinds that have lifted markets are now more likely to become headwinds, and history shows such adjustments can be both rapid and severe. Dividend growth, too, appears stretched at around 6%, buoyed largely by banks benefiting from higher interest rates — a pace that is unlikely to be sustained.



Source: Bloomberg, MSCI. Data to 30 September 2025.

QUARTERLY ATTRIBUTION

The Strategy returned a net return of 1.01%, compared to 7.62% for the MSCI ACWI Index. Over five years, the Strategy delivered an annualised return of 9.54%, while the Index returned 13.54% (all in US$ terms).

Major factors for the quarterly variance were our underweight to the Mag 7 (2.3% of variance), EAFE value and overweight to Healthcare (3%).

That said, several holdings performed strongly. Amphenol rose more than 90% over the year, supported by acquisitions and data centre exposure. TSMC advanced 65% as it accelerated US plant construction and captured semiconductor demand. EssilorLuxottica gained more than 30%, powered by strong uptake of Ray-Ban Meta smart glasses. These successes underline our philosophy of backing high-quality companies with durable advantages and disciplined reinvestment.

Conversely, Novo Nordisk, Accenture, and Dassault Systèmes faced setbacks from management changes, contract losses, or lowered forecasts. While disappointing in the short term, these companies retain strong franchises and recovery potential.

Our AI positioning takes a “Goldilocks” approach — not too hot, not too cold — giving investors the right balance between growth and stability. Rather than chasing the volatility of the Magnificent 7, we focus on high-quality businesses that provide the critical infrastructure and services behind AI’s long-term expansion. At quarter-end, 19% of the Fund was invested in leaders such as TSMC, ASML, Applied Materials, Amphenol, Microsoft, and Alphabet. These companies combine durable competitive advantages with disciplined capital allocation, allowing us to capture the upside of AI adoption while avoiding the risks of over-concentration and speculative excess.

Sector	Main factor	Attribution (bps)
Communication Services	Stock selection	37
Consumer Staples	Allocation	20
Real Estate	Allocation	9
Utilities	Allocation	7
Energy	Allocation	7
Consumer Discretionary	Stock selection / Allocation	-21
Industrials	Stock selection	-28
Materials	Stock selection	-64
Financials	Stock selection	-161
Health Care	Stock selection	-181
Information Technology	Stock selection	-198

Sources: Dundas, Bloomberg. Data as of 30 September 2025. Dundas Global Equity Growth Strategy performance attribution represented by the first funded account in the composite relative to the MSCI ACWI.

TOP 5 STOCK CONTRIBUTORS

Stock	Attribution (bps)	Comment
Amphenol	45	Amphenol is a global leading manufacturer of connectors and sensors used to transmit power and data across various industries. Its share price benefitted from earnings upgrades and valuation expansion following very strong results driven by sale of products to data centres supporting the AI ecosystem, which is expected to continue in the coming quarters.
TSMC	43	As the world's largest semiconductor manufacturer, TSMC produces chips for smartphones, data centers, AI, and advanced electronics. Strong quarterly results were primarily driven by continued demand from the AI sector, which led to both valuation expansion and earnings upgrades
Alphabet	40	Alphabet, the parent company of Google, YouTube, and Google Cloud, saw its share price benefit from valuation expansion during the quarter. This followed solid financial results and the unveiling of a new "AI mode" for its search function.
EssilorLuxottica	27	The global leader in eyewear and vision products, EssilorLuxottica's share price was re-rated during the quarter. This was a result of strong earnings, including triple-digit growth in its Ray-Beta Smartglasses. Additional positive factors included Meta announcing a 3% stake in the company and regulatory approval for its new myopia control lens technology.
ASML Holding	23	ASML manufactures the world's most advanced machines for producing cutting-edge computer chips. The company's shares were re-rated during the quarter, reflecting renewed optimism around AI-driven chip demand and a strong order momentum for its advanced lithography tools.

Sources: Dundas, Bloomberg. Data as of 30 September 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
Brown & Brown	-62	Brown & Brown's share price came under pressure as market concerns over softer pricing in some categories (rising competition) and margin compression in the insurance brokerage industry outweighed its otherwise solid growth in commission and fee income. The share weakness may also reflect investor caution around its capital structure after the $9.9bn acquisition of RSC Topco, the holding company of Accessin Risk Management, prompting some de-rating despite continued execution.
Sage Group	-58	Sage's share price slipped over the quarter despite delivering organic growth of +9% in its third quarter results, driven by continued momentum in its Sage Business Cloud. Management maintained full-year guidance for the year. Yet these results led to a modest multiple de-rating.
Novonesis	-43	Novonesis' share price came under pressure, while its first half results reported an acceleration in organic growth of +9%, largely driven by rising volumes. Management shared its outlook for 6-9% organic growth to 2030, highlighting Food & Heath, Planetary Biosolutions and Emerging Markets are key growth drivers. The Board raised the interim dividend by 12.5% in the quarter.
Accenture	-38	Accenture's share price weakened over the quarter as investors reacted to its cautious outlook for FY2026, guiding for 2-5% revenue growth and citing a 1-1.5% headwind from reduced US federal work. While management reiterated that AI remains expansionary for the business, with generative AI engagements carrying accretive pricing, sentiment was muted as investors weighed this against near-term spending restraint. The company also announced business transformation plans targeting $1 billion in cost savings to support margins and reinvestment.
Novo Nordisk	-37	Novo Nordisk's share price softened over the quarter after management cut its 2025 guidance amid competitive pressure from compounded versions of its GLP-1 drugs. The company's announced restructuring to sharpen focus on obesity and diabetes execution, along with investment in innovation to defend its pipeline, suggest the slide reflected market caution over execution risk rather than a failure of its core strategy. The company continues to explore new avenues for growth, including the anticipated launch of an oral obesity pill in 2026.

Sources: Dundas, Bloomberg. Data as of 30 September 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	7.5	6.6
MSCI ESG Rating	AA	A
ESG Ratings Distribution		
Leaders	57%	44%
Average	42%	53%
Laggard	0%	3%
Not Covered	1%	0%

MSCI Inc is a holding within the Strategy. In accordance with its ESG & Climate Methodology, MSCI does not assess or rate itself, and therefore it is excluded from the ESG metrics reported in this document.

Ratings & metrics from MSCI ESG Research LLC as of 30 September 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).

DIVERSIFICATION

Market Cap (USD)	Number of Stocks	Strategy (%)
> $500bn	5	14.96
$100bn – $500bn	21	43.52
$50bn – $100bn	5	7.03
$10bn – $50bn	19	31.54
$2bn – $10bn	1	0.74
Cash		2.21

Top 10 Holdings	Wgt (%)	Sector	Country
Microsoft	4.36	I.T.	USA
WR Berkley	4.11	Financials	USA
Amphenol	3.46	I.T.	USA
TSMC	3.36	I.T.	Taiwan
Alphabet	3.31	Comms. Services	USA
EssilorLuxottica	3.20	Health Care	France
American Express	2.90	Financials	USA
Visa	2.81	Financials	USA
Abbott Laboratories	2.70	Health Care	USA
Brown & Brown	2.70	Financials	USA
TOTAL	**32.88**		

Sources: Bloomberg, Dundas, MSCI. Index is the MSCI ACWI. Data as of 30 September 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	28.48	27.17	1.32
Financials	23.76	17.40	6.36
Health Care	21.80	8.50	13.30
Industrials	8.77	10.70	-1.93
Consumer Discretionary	5.56	10.65	-5.09
Materials	3.79	3.58	0.21
Communication Services	3.31	8.83	-5.53
Consumer Staples	2.31	5.28	-2.97
Energy	0.00	3.46	-3.46
Real Estate	0.00	1.87	-1.87
Utilities	0.00	2.55	-2.55

Country Exposure	Strategy	Index	Active*
United States	57.39	63.37	-5.99
France	11.89	2.30	9.59
Switzerland	4.70	2.30	2.40
Sweden	3.73	0.78	2.95
Taiwan	3.36	2.09	1.27
Denmark	3.20	0.41	2.79
United Kingdom	2.58	3.23	-0.65
Hong Kong	2.41	1.04	1.37
Singapore	2.21	0.43	1.77
Netherlands	2.20	1.19	1.00
Germany	1.80	2.13	-0.33
Japan	1.72	4.84	-3.11
India	0.61	1.64	-1.03

Sources: Bloomberg, Dundas, MSCI. Index is the MSCI ACWI. Data as of 30 September 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:	30 September 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]	9.3	8.9	18.4	14.2	12.5	2	2,218	2,449
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 30 September 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 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 CO_2 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.

Further information can be found in the Consumer Facing Disclosures for the Heriot Global and Heriot Global Smaller Companies Fund.

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