DUNDAS GLOBAL INVESTORS

STEWARDSHIP REPORT 2024

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INTRODUCTION

Dundas Global Investors (Dundas) manages global equity portfolios for long-term dividend and capital growth on behalf of clients in the UK, USA, Australia, and New Zealand.

The simpler an investment management organisation, the fewer conflicts of interest. Three things help keep Dundas simple.

First, Dundas is independent, owned and controlled by partners working in the business.

Second, we invest alongside our clients via the Heriot Global Fund and Heriot Global Smaller Companies Fund, our UK-domiciled OEICs. Portfolios managed for clients elsewhere are created exclusively from stocks held in these two funds.

Third, staff and partners' profit shares come from a common pool derived from our management fees minus overheads. There are no individual incentives for sales or investment achievement.

This is our fifth UK Stewardship Code report. Writing it has sharpened our definition of stewardship and how we exercise our obligations to clients, particularly the delegated responsibilities we place upon those running the companies in which we invest.

During 2024, we implemented changes to improve our governance structure, including the appointment of two new Managing Partners and a new Independent Non-Executive Chair of our Compliance and Audit Committee who will bring an outside perspective on decision making, risk mitigation and controls. We believe this will enhance the effectiveness of our governance.

In addition, we strengthened the Stewardship team by formally including Stewardship responsibilities to Natasha Hayward's role.

Given our intention to commit to Net Zero for our portfolios and business operations by 2050, we published our inaugural Task Force on Climate related Financial Disclosures (or TCFD report). This report reflects on the reported climate-related data from the companies in our portfolios. It provides details on our governance around climate-related risks and opportunities, discloses the actual and potential impact of climate related risks on Dundas, how we identify, assess and manage climate-related risks and disclosure of key climate metrics and targets.

In addition to increased adoption of the IFRS S1 and IFRS S2 sustainability disclosure standards, we expect that by 2030 all the companies held in our portfolios shall have validated carbon reduction pledges – a key focus for our on-going stewardship activities.

Just as clients rely on us to be good stewards of their savings, the companies we invest in must be good stewards of their businesses, balancing the interests of shareholders, customers, staff, suppliers, and wider stakeholders.

Companies that manage the Net Zero transition will gain competitive advantage. We are seeing that already.

We are fortunate to work with many great clients who challenge us to be better stewards. They have our thanks for both the assets entrusted to us and for the dialogue on stewardship throughout 2024.

Alan McFarlane
Chair of the Partnership

David Keir
Managing Partner and Head of Stewardship

ABOUT US

Founded in 2010 and based in Edinburgh, UK, Dundas manages global equity portfolios for institutional and professional clients worldwide. We seek the best dividend growth companies for portfolios because where dividends grow, share prices follow. Dundas is an independent partnership. Partners and staff invest alongside clients via the Heriot Global Fund and the Heriot Global Smaller Companies Fund, the two UK domiciled funds we manage, and which provide the stocks held in other clients' portfolios.

REGULATION AND SUSTAINABILITY LABELLING

The UK Financial Conduct Authority (FCA), is Dundas' principal regulator. We uphold standards issued by equivalent Australian and US bodies.

The FCA has introduced the Sustainability Disclosure Requirement (SDR) regime which was implemented throughout 2024. As part of that regime, investment managers are required to describe their approach to sustainability in one of five ways. A manager can use one of the FCA's four sustainability labels or declare that it operates without one.

For the present, Dundas opted not to have a label.

Dundas' policy on sustainability labelling is kept under review. Once satisfied that that reporting permits consistent sustainability evaluation, we may adopt one of the FCA's Sustainability categories.

Regulators want 'sustainability' to be applied clearly and credibly in investment product marketing. Investment product descriptions must fit the facts. Dundas' use of 'sustainability' is not intended to refer to or describe the sustainability characteristics of a sustainable product.

UK STEWARDSHIP CODE

Initially published in 2010 with the objective of encouraging stewardship best practice and accountability, the UK Stewardship Code (The Code) outlines a set of high standards for asset managers, asset owners and service providers.

Developed by the UK's Financial Reporting Council (FRC) in response to the financial crisis of 2008, The Code was the first of its kind and has since been followed by a number of countries and investor associations globally.

Revisions in 2012 and 2020 strengthened The Code, increasing expectations for Environmental, Social and Governance (ESG) and providing the opportunity for stewardship to be reported annually in line with 12 principles.

The FRC currently define stewardship as "the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society"*.

In 2024, the FRC proposed revisions to The Code, including a change to the definition of Stewardship. Changes will be confirmed and implemented in 2025.

PURPOSE OF THIS REPORT

This report has been produced in accordance with the expectations of the UK Stewardship Code 2020 and the SRD II. Dundas accepts and applies their principles to all equity holdings, regardless of listing domicile. Through this report we intend to enhance the understanding and transparency around our ongoing stewardship activities.

This report sits alongside our Responsible Investment Policy, Proxy Voting and Engagement Policy, Modern Slavery Statement and policy on Conflicts of Interest, all of which are available on our website and via links in the Appendix.

*Source: The UK Stewardship Code 2020, Financial Reporting Council.

UK STEWARDSHIP CODE

PURPOSE & GOVERNANCE	**PRINCIPLE 1**	Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.
	PRINCIPLE 2	Signatories' governance, resources and incentives support stewardship.
	PRINCIPLE 3	Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.
	PRINCIPLE 4	Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.
	PRINCIPLE 5	0Signatories review their policies, assure their processes and assess the effectiveness of their activities.0
INVESTMENT APPROACH	**PRINCIPLE 6**	Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.
	PRINCIPLE 7	Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.
	PRINCIPLE 8	Signatories monitor and hold to account managers and/or service providers.
ACTIVE OWNERSHIP	**PRINCIPLE 9**	Signatories engage with issuers to maintain or enhance the value of assets.
	PRINCIPLE 10	Signatories, where necessary, participate in collaborative engagement to influence issuers.
	PRINCIPLE 11	Signatories, where necessary, escalate stewardship activities to influence issuers.
	PRINCIPLE 12	Signatories actively exercise their rights and responsibilities.

EVOLUTION OF STEWARDSHIP AT DUNDAS

2010

Firm Founded

Single strategy: investing globally for long-term dividend growth.

Research

Appreciation that ESG factors are key components of sustainable dividend growth companies.

2012

PRI Membership

Focus on the G in ESG.

First client: Global Strategy inception.

Policies

First ESG and Proxy Voting policies

First PRI objectives on

executive compensation, ESG scores.

and Director independence.

2014

Exclusions

Exclude tobacco and munitions stocks from the investment universe.

ESG Bloomberg data integrated in financial analysis.

ESG Frameworks

Paris Agreement, UN Sustainable Development Goals (SDGs), TCFD.

ADR Strategy inception.

2016

Ratings

Global funds score high on Morningstar Sustainability.

International Strategy inception.

Engagement Policy

'A' rating for PRI reporting.

ESG policy published on website.

2018

Sustainability

Quarterly ESG reviews.

Firm-wide sustainable practices.

Engaging collaboratively.

ESG Data

MSCI ESG Research and Ratings.
ESG in stock notes.

Focused company engagements.

ADR Unconstrained Strategy inception.

2020

Stewardship

Publicly support TCFD.

Climate change considerations.

Enhance Proxy Voting.

New Initiatives

PRI and UK Stewardship Code changes.

ESG disclosure for clients.

Smaller Companies Strategy inception.

2023

Net Zero

Climate change and SDGs impacting mandates.

Carbon data integration and access.

Appointment of New Head of Stewardship

Intention to commit to Net Zero for our portfolios and business operations.

2024

Publication of TCFD Report

Setting Net Zero targets.

PURPOSE & GOVERNANCE

PRINCIPLES 1–5

PURPOSE & GOVERNANCE

OUR PURPOSE

We invest in global equities for sustainable dividend growth. Ensuring our full focus is on that task we have organised our business to be as simple as possible.

We uphold standards of conduct anyone should expect of a serious investment business - these four either set us apart or are applied in our way as to be a defining feature of what we do.

Simplicity

Dundas manages global equity portfolios which hold stocks identified by internal, independent research. We are seeking the best companies world-wide that will deliver sustained dividend growth which in turn will drive excellent long-term returns. The firm has no other activities.

Aligned interests

We invest in the same stocks as our clients via the firm's two UK domiciled mutual funds, the Heriot Global Fund and the Heriot Smaller Companies Fund.

Partnership

Partners and staff are paid from the firm's profits. There are no individual incentives for sales success or stock-picking results.
Everyone's efforts focus on common outcomes -investment returns, efficient operations, and warm client relationships- so everyone participates in the same profit pool.

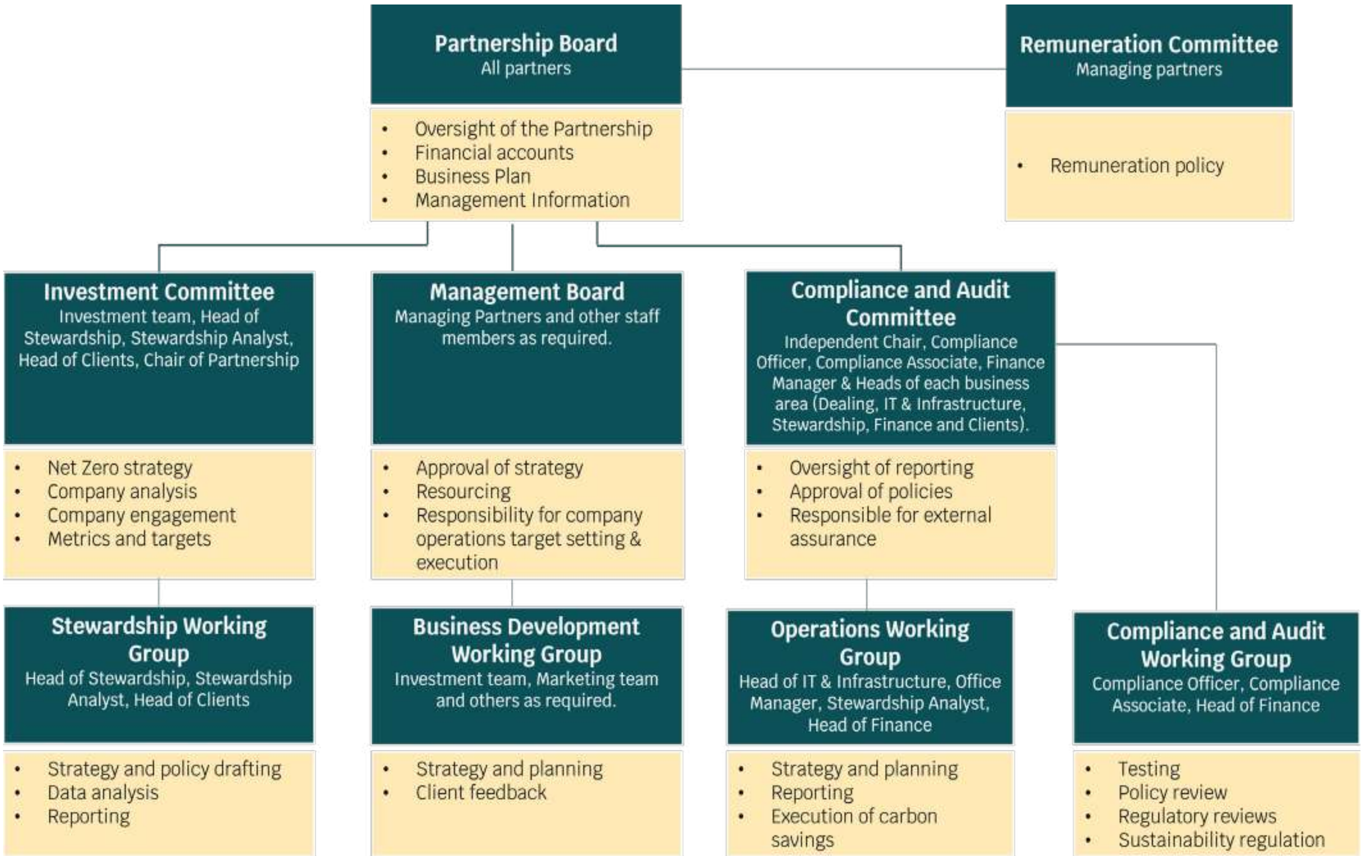
Independence

We exercise investment judgement free from external influence. We do our own research on companies around the world using publicly available material such as annual reports, investor relations presentations, management interviews and press coverage supported by commercial financial databases including Bloomberg and FactSet. We do not use 'Street' research nor pay for anything using soft dollars.

GOVERNANCE & OVERSIGHT

During 2024, the firm announced that Vanessa Murchinson and David Keir will take on the role of joint Managing Partners effective from 1 January 2025. David and Vanessa will work in conjunction with the rest of the partnership to lead the firm. Alan McFarlane will continue to Chair the Partnership and remains a member of the investment team.

GOVERNANCE STRUCTURE (In effect from Jan 2025)



Dundas is a Limited Liability Partnership (LLP) with a leadership team comprised of a Chair, two Managing Partners and six other equity Partners. The Partners Board has ultimate responsibility and accountability for all aspects of the business. The Board meets quarterly and is kept up to date through reporting from the three main sub-committees: the Investment Committee, the Compliance and Audit Committee and the Management Board, each of which meet weekly or monthly.

As part of the firm's governance changes, Dundas put in place a Remuneration Committee. The Committee is responsible for the compensation and benefits for all Partners and employees, establishing reward policies to encourage the team to achieve firm objectives and ensuring those policies support the firm's long-term business success. The Committee will meet at least twice a year and is made up of the Chair and Managing Partners.

THE THREE COMMITTEES:

1. Investment Committee

Comprises those directly responsible for company research, decision implementation and client communications. They oversee all aspects of investment research, portfolio management and risk assessment, performance analysis and stewardship activities.

2. Compliance and Audit Committee

Is chaired by an external non-executive. It oversees compliance across the three regulatory jurisdictions in which the firm operates (UK, USA, and Australia/New Zealand). It supervises all external audit and assurance undertaken on the firm and its portfolios, best execution within client portfolios and the firm's overall risk framework.

3. Management Board

Has day to day responsibility for managing the firm. It comprises the Managing Partners and calls on other team members as required to feed into decision making. This Management Board is primarily responsible for implementation of the firm's business plan and priorities.

STEWARDSHIP RESPONSIBILITIES

David Keir, Managing Partner and Natasha Hayward, Senior Dealing and Stewardship Analyst, lead the firm's Stewardship policy making, reporting and compliance. This includes all climate-related issues related to the firm's portfolios and investments.

David is a member of the Investment Committee and the Compliance and Audit Committee. He is responsible, along with other members of the Dundas Investment Team, for day-to-day decision making and implementation across all Dundas investment portfolios of agreed policies and strategy.

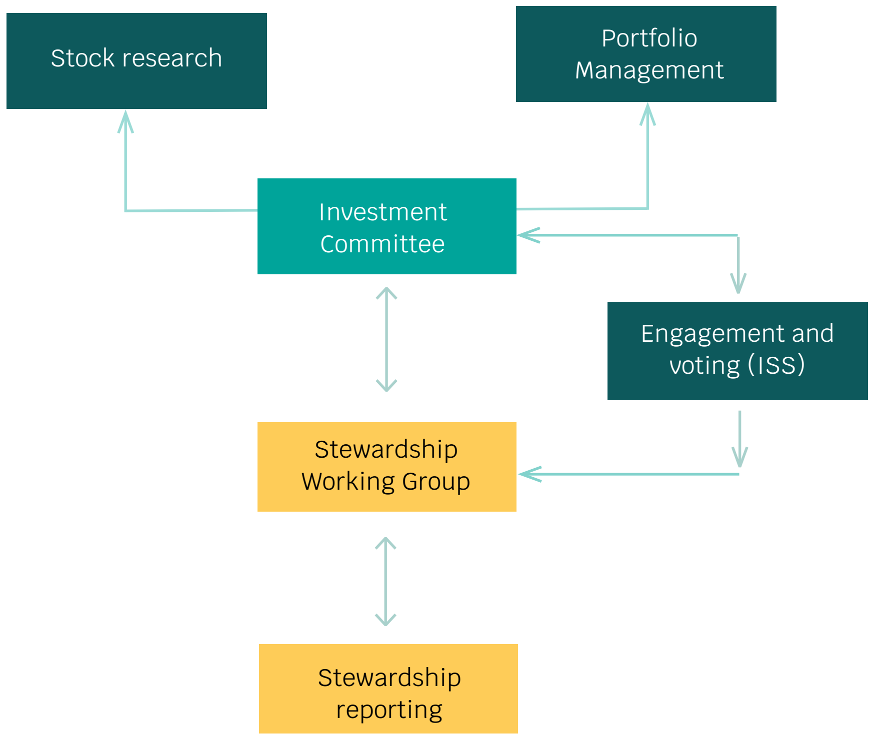
Natasha, who also plays a key role in the firms' stewardship reporting and voting activities, achieved the CFA Certification in ESG investing and was officially appointed Senior Dealing and Stewardship Analyst during 2024 – further strengthening the firm's stewardship focus.

Internal communication on stewardship is monitored through investment research and portfolio monitoring and a Corporate Access Tracker system covering all company interactions. These updates flow through our Investment Committee with stewardship covered monthly. The Investment Committee reviews ESG activity and sets objectives for the firm's sustainable investment process. Investment team members have a particular role to play in ESG integration through the research and monitoring of the businesses considered for and owned within our portfolios. Dundas has been a signatory to the Principles for Responsible Investment (PRI) and UK Stewardship Code since 2012 and 2021, respectively.

WHAT IS ESG?

ESG stands for **E**nvironmental, **S**ocial, and **G**overnance. It is a set of criteria used to evaluate a company's impact on the environment, its treatment of people, and how it's governed. It includes factors like sustainability, labour practices, and leadership transparency. ESG is important for assessing a company's long-term ethical and social responsibility.

ESG IN PRACTICE AT DUNDAS



STRATEGY

We invest in the best companies capable of sustained dividend growth to meet our clients' risk and return objectives. Our philosophy sets us apart, focusing on the most powerful factor driving long run, sustainable returns.

This strategy has served us and our clients well, demonstrated by our portfolio's dividend track record shown in the table below:

STRATEGY SCORECARD

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	% of stocks held
Numbers of stocks which:												
-increased the dividend	64	58	62	65	69	60	49	56	56	58	55	84%
-held the dividend	6	8	18	8	8	10	13	14	9	7	3	14%
-cut the vidend	1	-	-	-	-	3	9	5	-	1	1	2%
Dundas global strategy estimated dividend growth	10%	9%	9%	14%	13%	11%	1%	11%	15%	12%	12%	11%

Portfolio: Dundas Global Equity Growth Strategy.
Dividend growth of the portfolio is the weighted average growth in dividends per share (DPS) of each portfolio holding in local ccy - Special dividends are excluded from this calculation.Period shown is from 31 December 2014 to 31 December 2024.

BUSINESS MODEL

Collaborating with distributors has proven to be a successful strategy for Dundas, contributing to our business development over the past decade. During this period, we have expanded our assets under management, enabling us to sustain our cost-effective fee model. Our efforts involve regular engagement through quarterly update meetings and investment topic presentations, both in-person and via webinars. We strive for consistency in our content across various jurisdictions, facilitated by the commonality of our dividend growth strategies.

Our partnership with Apostle Funds Management, our Australian distributor, dates back to 2012. Over this period, our flagship global fund for Australian and New Zealand clients, Apostle Dundas Global Equity Fund, has grown to over A$2.7billion* (US$1.7 billion).

In the UK, LGBR Capital has served as our distribution partner since 2019, contributing to the growth of the:

- Heriot Global Fund from £80 million to £352 million* (US$440 million)
- Heriot Global Smaller Companies Fund (launched in September 2021) from £11 million to £17.3 million (US$21.6 million*).

The expansion of our distribution in Australia, New Zealand, and the UK has resulted in significant firm and client growth. This development has enhanced the financial outlook for fund investors, enabled larger investors to consider our funds for clients, and diversified the investor base.

This strategic approach is set to continue into 2025.

We entered the US market in 2015 and have managed business development internally since 2022. We offer our global and international equity strategies through separate accounts and via model delivery and are exploring alternative vehicles to reach a broader investor base. As of December 2024, our US client assets totalled $456 million.

ASSETS UNDER MANAGEMENT

FIRMWIDE ASSETS

ASSETS BY REGION

*Data as at 31 December 2024.

CHANGE OF AUTHORISED CORPORATE DIRECTOR

In 2013, we selected T Bailey Fund Services (TBFS) to act as Independent Authorised Corporate Director (ACD) when we launched the Heriot Global Fund in the UK.

ACDs are responsible for the running of an investment fund. They have a duty to act in the best interests of the fund's investors and ensure that the fund is well managed in line with regulations and with the investment objectives and policies set out in the prospectus. They are directly regulated by the FCA.

In 2023, TBFS were acquired by Waystone Management (UK) Limited (Waystone), and in early 2024, responsibility for the ACD and other fund services moved to Waystone. We met with senior leadership over the first six months to discuss the short-term change within the legacy TBFS business, as well as the two other recent ACD acquisitions Waystone had made. These acquisitions have resulted in Waystone becoming the largest independent ACD in the UK with a substantial number of sub-funds and assets under management. With that scale comes a closer relationship with the FCA, increased oversight and scrutiny which is of benefit to us and our underlying clients.

On completion of our due diligence, we welcomed a member of the Waystone manager due diligence team to our office who wanted to ensure we are meeting their expectations of an investment manager for one of their host funds. They were interested to understand the firm, our strategy, investment process, business risks and our IT infrastructure and security. Waystone were satisfied with the information shared, and similar exercises will be completed periodically in the future.

One of the benefits of this change, was a fresh perspective from a new external entity on the value our funds offer clients, in their assessment of value. We discuss the value assessment in greater detail within this report.

ENHANCING CUSTOMER CARE

We work with compliance consultants in each of our regulatory jurisdictions. We train the whole Dundas team on regulatory changes to ensure everyone fully understands the rationale, expectations and day-today work required for compliance.

In July 2023, the FCA implemented the Consumer Duty (Duty) requirements. The Duty sets higher and clearer standards of consumer protection across financial services and requires firms to put the customers' needs first. The positive outcomes are around products and services, price and value, consumer understanding and consumer support.

Dundas is a MiFID investment firm that does not hold client money and only has permission to market to professional and institutional clients – not retail. We are co-manufacturers of our UK Funds along with the Authorised Corporate Director, Waystone Management (UK) Limited and we also distribute the Funds to professional investors through our distribution partner, LGBR Capital. These manufacturer and distributor roles require us to understand the benefit our product has on the end consumer's needs, how our product is viewed and marketed and to keep this under constant review.

We mapped the customers journey though discussion with several independent financial advisers; understanding how they market and allocate our Fund to their clients, what makes their clients suitable for our funds – do they have the same investment risk appetite and investment time horizon and how do they identify vulnerable clients. These discussions gave us an insight to the part of the client journey we did not have before. The Assessment of Value for each of the Funds showed us positively against our peer group. We will continue to monitor this activity as is appropriate for the permissions we have.

MAPPING THE DUTY OUTCOMES TO ACTIVITY

Consumer Duty Outcomes

	Products & Services	Price & Value	Consumer Understanding	Consumer Support
Key Topic	• Product governance • Product suitability • Product monitoring	• Annual value assessment • The EMT "plus" data • Enhanced disclosure of costs	• Fund Prospectus • Key Investor Information Document (KIID) • Supplementary information Document (SIID)	• Factsheets • Webinars • Annual report • Marketing material production
Responsibility	Dundas Waystone	Waystone Dundas	Waystone Dundas Advisors Platforms	Waystone Dundas Advisors Platforms

PEOPLE & PROCESSES

OTHER NOTABLE CHANGES WITHIN THE FIRMS' STRUCTURE

Having been with Dundas since inception Russell Hogan, former Managing Partner and Investment Manager, retired in March 2024. Russell took on the interim role of non-executive Chair of the Compliance and Audit Committee, with a new independent Chair due to start in March 2025. An independent perspective on decision making, risk mitigation and controls will contribute to the effectiveness of our governance.

In addition, and further strengthening the compliance function at Dundas, Lesley-Ann Byron joined the team in November in the role of Compliance Associate, a dedicated compliance resource for the firm to support the increasing demand of the compliance function and to support the governance changes taking place in 2025.

Andrew Brown was invited to join the Partnership during October 2024. Having a breadth and depth of experience, with almost 20 years investing in high-quality, large and small cap Global Equities. His addition as a partner further strengthens our partnership model.

RESOURCES & INCENTIVES

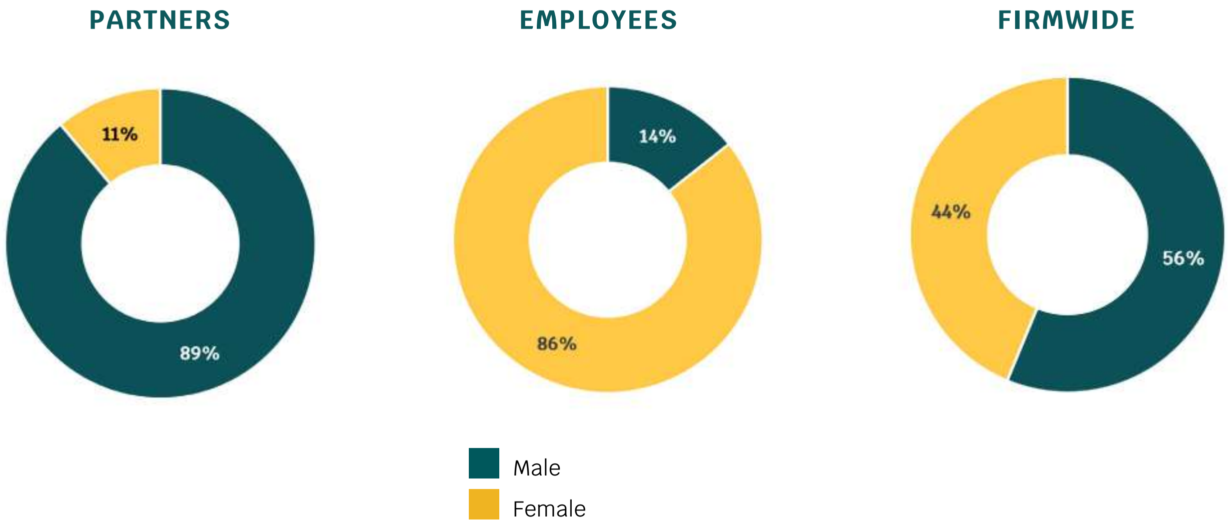
The firm is structured to be aligned with our client interests. Employees are paid competitive salaries alongside discretionary bonuses reflecting the overall profits of the firm. Partners are rewarded through profit share which is a function of returns delivered on existing assets, new asset growth and managing costs.

TEAM BUILDING

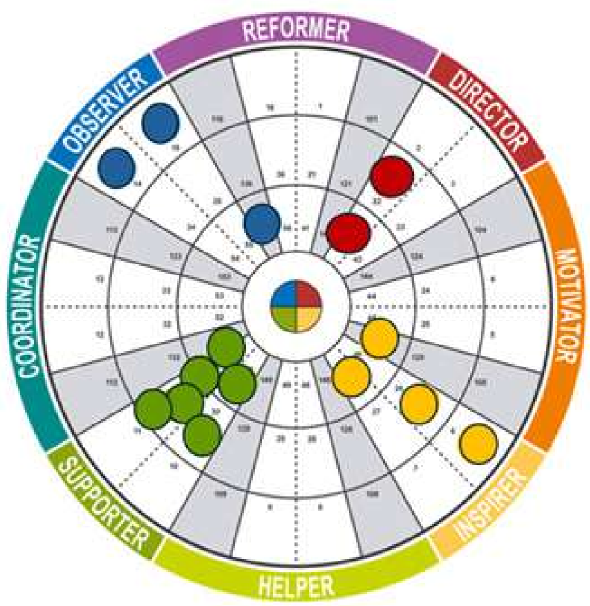
Continuous team development is the best way to grow the firm's capabilities and plan for succession. Members of the firm are diverse in gender, age, and culture, as well as in professional and academic backgrounds. We are confident that our commonalities combined with our diversity provide a solid foundation for good decision making, helping to drive the future success of both the business and our investments.

TEAM BREAKDOWN

GENDER DIVERSITY*



BEHAVIOURAL DIVERSITY*



Source: Insights discovery profile for the team at Dundas – responses to the Insights Preference Evaluator test.

*Data as at 31 December 2024.

We embrace the advantages of employing individuals from a range of backgrounds, it fosters a creative work environment and a team that values differences. We embrace diversity, challenge discrimination, and promote tolerance and fairness.

All employees and job applicants are treated fairly to avoid unfair or unlawful discrimination.

SOCIAL/GOVERNANCE

Case Study - Visa application process [Stewardship for people]

Overview

In 2024, we made the strategic decision to invest in a colleague who joined us on a graduate visa. Recognising her significant contributions to our firm, we chose to support her by sponsoring her work visa.

Being a small firm, this decision involved navigating the complexities of visa sponsorship, obtaining a sponsorship license, and applying for her visa.

Process

The entire application process involved coordination between our firm, an external agency, and the applicant.

The first step was applying for a sponsorship license, which would allow us to legally sponsor her visa. We hired an external agency to guide us throughout each stage of this application. After 10 weeks, we received the certificate of sponsorship.

Engaging an immigration solicitor, we were then able to help process the Skilled Worker visa application.

Outcome

The sponsorship process resulted in a successful application and allowed our colleague to transition from a graduate visa to a full work visa, enabling her to continue contributing to the firm.

This investment in her professional growth has enhanced our firm's capabilities and helped build a stronger, more diverse team and the process of obtaining our sponsorship license has opened the door for future international talent to join our team, creating new opportunities for growth and diversity.

PERSONAL DEVELOPMENT

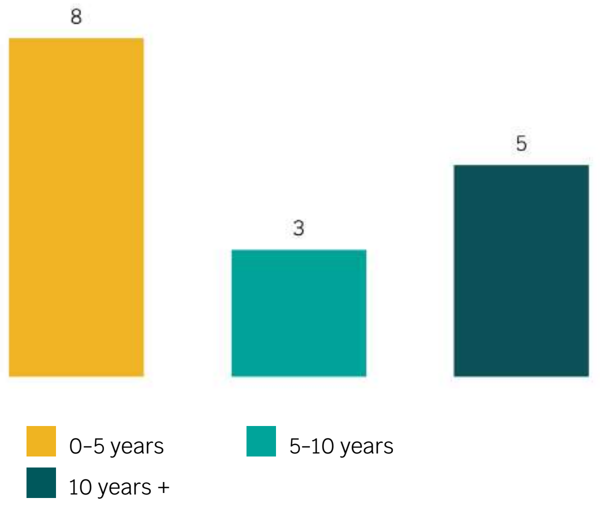
We encourage team members to deepen their skills and knowledge via a range of methods, including:

- The CFA UK's Investment Management Certificate and its Certificate in ESG investing
- A minimum 21 hours of Continuing Personal Development (CPD) a year following CFA Institute guidelines. Compliance, cybersecurity, HR and development training arranged by the firm covers this minimum for all staff
- In 2024, a bespoke programme addressing sustainability was run for the whole Dundas team by the University of Edinburgh Business School
- In addition, some staff members completed a GHG carbon accounting course run by the Edinburgh Climate Change Institute

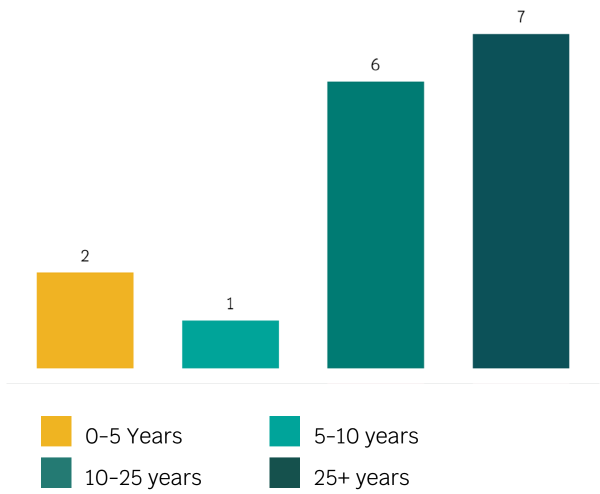
TEAM BREAKDOWN

EXPERIENCE*

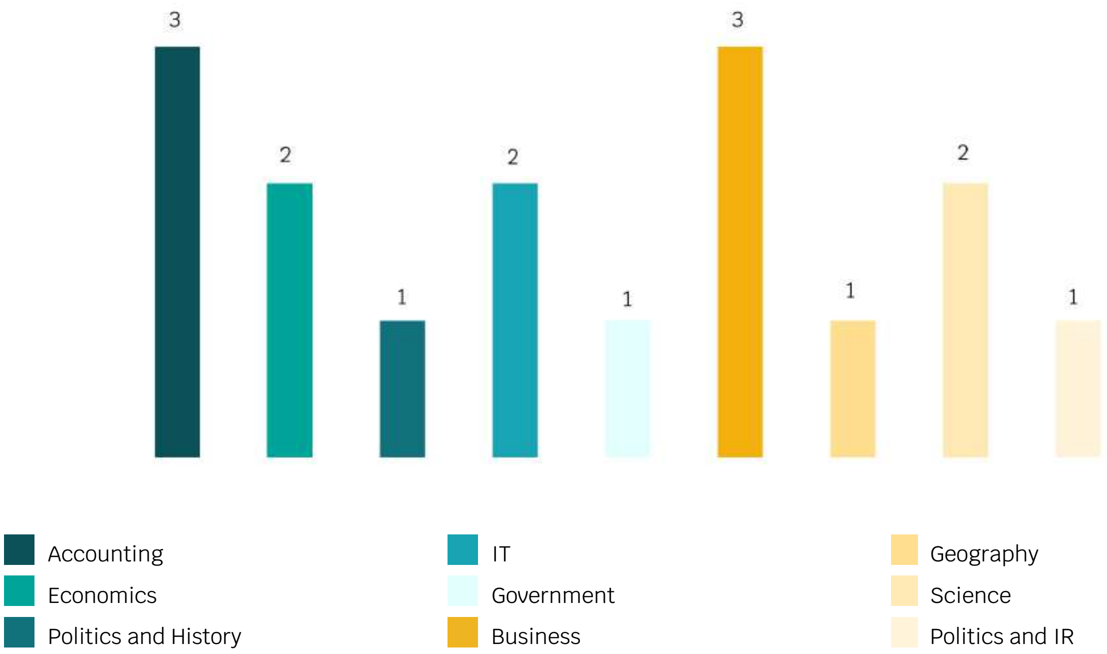
FIRM TENURE**



INDUSTRY TENURE



BACKGROUND*



*Data as of 31 December 2024.

**the Firm's inception date is 2010.

COMPANY INITIATIVES:

The Saltire Scholar Programme is Entrepreneurial Scotland's flagship programme designed to find, grow and connect students with the ambition and potential of becoming future leaders for Scotland.

Open to full-time undergraduate penultimate and final year students from all 16 of Scotland's universities, the programme puts students in an 8-12 week funded summer internship with host companies from all over the world.

Dundas have engaged with Entrepreneurial Scotland and their Saltire Scholar Programme on a number of previous occasions and did so again in 2023. We will continue to work with the Saltire Scholar Programme on any suitable future projects.

Dundas is also a member of Future Asset, a charity encouraging girls in Scotland to take up a career in investment management. Future Asset provides industry-wide engagement with schools, educators, and pupils in Scotland, aiming to raise awareness of the investment sector, spark interest in a career in financial services and widen the industry’s talent pool.

As a member of Future Asset, several members of the firm volunteered to be Investment Mentors in the 2023 Growing Future Assets Competition, supporting girls in exploring their careers, developing skills, and gaining experience and confidence in investment research.

Dundas intends to continue participating in this excellent initiative, helping to enable girls from all backgrounds to explore fulfilling careers in investment management and improve gender diversity.

CONFLICTS OF INTEREST

The firm's policy on conflicts of interest ensures that where actual or potential conflicts of interest arises, we pay due regard to the interests of our clients and treat them fairly. We maintain effective organisational and administrative arrangements that are proportionate to the risks we face to prevent conflicts of interest as defined in the guidelines of FCA SYSC 10, Australian Securities and Investments Commission (ASIC) and Securities and Exchange Commission (SEC). These controls and systems allow us to appropriately identify, monitor and mitigate potential conflicts of interest.

Senior managers are responsible for establishing and managing their areas of conflict while our Compliance Officer is responsible for assessing and monitoring overall conflicts, logged in a Conflicts of Interest register.

MITIGATION CONTROLS

We have identified potential conflicts of interest and mitigating actions described below.

CONFLICT	MITIGATING CONTROL
Personal Account Dealing	Staff may not deal in individual equities. Dundas encourages investment via the Heriot Global Fund and Heriot Global Smaller Companies Fund, our UK domiciled funds.
Client Investment Performance	The firm adheres to the Global Investment Performance Standards (GIPS®) of the CFA Institute to calculate and present its performance results, including management of its policy in setting composite performance schedules.
Research and Broker Commission	Access to company meetings or specific research is paid for by Dundas.
Remuneration and outside business interests	The team are remunerated depending on the firm's overall performance and profitability. Outside business interests must be approved in advance and reported to the Compliance Officer. All interests are registered and disclosed to the Partnership.
Gifts, Hospitality and Inducements	Firm limit of £50, noted on the register. Anything above this level must be approved in advance.

POTENTIAL CONFLICTS OF INTEREST

Dundas is structured as a Partnership to provide a single focus on the overall long-term performance of the firm. This is delivered through investment success rather than multiple and potentially competing remuneration policies. All team members share in the overall profitability of the firm which is directly tied to the long-term growth of our clients' investments.

Members of the firm hold a total of four outside business interests including directorships, chair and trustee positions, and advisory services involving foundations and charities. None give rise to conflict of interest.

We encourage all team members to invest alongside our clients in our UK-domiciled funds. We are aware that while this approach aligns the interests of individuals working at the firm with those of our clients, the potential for conflicts of interest exist where these individuals are actively involved in the investment decision making process. This is of particular concern when the assets invested in our funds become an increasing proportion of individuals' savings. We have worked to mitigate this potential conflict of interest through several avenues:

- We reduce bias in our investment decision making process by our generalist research approach and team decision making

- Since 2019 we have partnered with a distributor to market the Heriot Global Fund and Heriot Global Smaller Companies Fund to professional investors in the UK. As a result, the proportion of assets held by team members has reduced

- As part of wider work done reviewing the Dundas Pension Scheme in 2021, we offered all team members consultations with an independent financial planner to advise on topics from pension contributions and salary exchange to diversifying their savings and investments – we continue to provide this support on a regular basis

RISK MANAGEMENT

FIRM RISK

As long-term investors, sustainable well-functioning markets are vital to enable us to deliver for our clients. Similarly, as a small investment firm, we have established an appropriate robust operational framework to ensure we do a good job for our clients. We take seriously wider questions about structure and operations.

BEST PRACTICE

Rather than adopt a patchwork of rules by market, we aim to apply the most rigorous regulation from across our jurisdictions. This approach means we can incorporate future obligations early and reduce dispersion between client portfolios.

Diversity, Equity and Inclusion (DEI) is a focus for our clients. Our Australian clients are subject to annual reporting following the introduction of the Modern Slavery Act 2018. Focus is on the risk of modern slavery amongst both investment managers' operations and their underlying investments. In addition, our Australian Superannuation fund clients are industry leading with their approach to Net Zero and have been instrumental in our intention to commit our portfolios and business operations to Net Zero by 2050.

CORPORATE RESPONSIBILITY

The Senior Managers and Certification Regime (SMCR) aims to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their conduct and competence. Within the firm we used this as a catalyst for change to ensure we had in place effective controls by encouraging greater individual accountability.

We reviewed each risk identified by the firm and made Senior Managers personally accountable for each of those risk areas. We continue to assess the competence and capability of each member of the team against set objectives and the FCA Conduct Rules. Each year we revisit the documented responsibilities of our Senior Managers to ensure accountability remains relevant and accurate as the team grows.

As an expanding team, we ensure new employees undergo criminal and financial checks and regulatory references where required. We notify the regulator of any changes including seeking prior approval for the appointment of partners and revalidate criminal and financial checks for the whole team every two years as is appropriate for our firm.

CAPITAL ADEQUACY

We prepare an Internal Capital Adequacy and Risk Assessment (ICARA) annually (which is part of the MiFIDPRU 8 Disclosure on our website) to provide a public document assessing the overall risks faced by the firm, our risk appetite and mitigants including the regulatory capital held by the firm as required by the FCA.

In addition, to the annual review, we conduct an internal mid-year review to ensure financial and risk markers are current and in line with regulatory expectations.

The primary risk identified was a prolonged period of negative global equity returns resulting in a decline in fee revenue and the loss of clients. We examined credit, market and operational risks and determined that given our business model these risks are modest and appropriately mitigated.

MANAGING STYSTEMIC RISK

The Investment Firm's Prudential Regime (IFPR) was introduced by the FCA in January 2022. The IFPR's aim is to streamline and simplify prudential requirements for MiFID investment firms by looking at not just the risks firms could potentially cause, but also the harms to consumers and markets. The regime asks firms to consider the amount of capital and liquid assets we hold to wind-down or exit the market in an orderly way. Firms that are subject to the IFPR fall into one of two categories: Small and Non-Interconnected (SNI) and Non-Small and Non-Interconnect (non-SNI).

During 2023, due to an increase in MiFID Assets Under Management, Dundas moved from an SNI to a non-SNI. The change required us to increase our disclosures around risk and remuneration and consider additional markers when calculating our regulatory capital requirements and liquidity.

We undertook a full review of our ICARA which included updating our Own Funds Adequacy Requirements. As a non-SNI we must now consider a new metric in our regulatory capital calculation called K-Factor. The K-factor requirement is based on the type of business activity or the type of assets we manage.

Our wind-down plan was reviewed and tested against three different scenarios to establish how and in what circumstances there would be a need to wind-down the business. The FCA's expectation is that wind-down is done in an orderly way to minimise disruption to consumers and the market.

We considered our wind-down planning with this in mind and calculated everything from staffing requirements during the period to legal fees and exiting vendor and cancelling client contracts.

The Remunerations requirements for non-SNI are more stringent and require increased public disclosure. The FCA Remuneration Code is in place to promote effective risk management in the long-term interests of investment firms and their customers; to ensure alignment between risk and individual reward; support positive behaviours and healthy firm cultures and to discourage behaviours that can lead to misconduct and poor customer outcomes. Dundas was required to identify Material Risk Takers, an employee whose professional activities could have a material impact on the firm's risk profile – we identified four in addition to the Partners.

We reviewed our pay structure to ensure we had a fixed and variable remuneration in line with the Code's expectations; there is no differentiation between variable remuneration schemes within the firm other than that between salaried staff and partners. The financial performance of the firm is the primary factor impacting remuneration levels in the firm and particularly variable remuneration.

LEARNING ABOUT RISKS

Case Study - Climate Conversations

ENVIRONMENTAL

Overview

Having set our intention to commit to Net Zero by 2050 for the portfolios we manage and our business operations, we decided to partner with University of Edinburgh Business School to design the 'Climate conversations' series as a means to provide all staff learning sessions.

The aim was to broaden our knowledge of the climate and sustainability-related risks and opportunities which affect and are affected by our industry and ensure that we are aligned in our understanding of what this transition mean for us as a business and for our work.

Action

Working with Dr Bernice Maxton-Lee, Programme Director at University of Edinburgh Business School, we designed a three-part programme (held at and facilitated by the University of Edinburgh) covering questions ranging from 'what are the options, opportunities, risks, and practicalities of Scope 3 accounting', 'how can we optimise our organisational sustainability strategy' and 'the positive impacts of markets such as China and India'.

Outcome

These climate conversation sessions, allowed us to ensure that all members of the firm had the same base level of knowledge, whilst being able to engage in and discuss and debate climate related topics pertinent to our industry.

> *"The finance sector plays a vital role in the development of a more sustainable economic system. Dundas Global Investors are at the forefront of thinking in this area, and we were delighted to have the chance to work with them."*
>
> -Dr Bernice Maxton-Lee, Programme Director at University of Edinburgh Business School.

Case Study - Cyber Security

GOVERNANCE

Overview

As part of our Vendor Management programme we regularly review our service providers to help ensure we continue to receive the best possible services for money spent.

Dundas continue to undergo annual testing for Cyber Essentials certification which is a UK Government-approved certification scheme. The scheme is centred around five core controls that if implemented correctly, will protect any organisation from many of the most common cyber-attacks.

Action

This year we decided to change our Cyber Essentials IASME registered testing consultant resulting in a more efficient testing procedure and reduced costs.

Case Study – continuation

Outcome

Dundas passed the Cyber Essentials Basic test in September 2024, and were tested for the Cyber Essentials Plus certification, the audited version of the Cyber Essentials security standard in December. This audit involves a series of tests that provide a further level of assurance that our technical controls have been successfully implemented within the organisation.

Seeking external assurance demonstrates our commitment to cyber security, helping to protect the confidentiality, integrity and availability of data stored on devices connected to the internet.

CYBER SECURITY TRAINING

During 2024, the firm added an additional module to our Cyber Training platform, to include Compliance related material. This has allowed us to deliver mandatory training not only on key Cyber Security related topics, but also Modern Slavery, Human Trafficking, Climate Risks and General Data Protection Regulation (GDPR).

PORTFOLIO RISKS

We work exclusively with professional investors; institutional pension funds, independent financial advisers or wealth managers, all of whom have well diversified portfolios. Equities are only a part of these portfolios and the allocation to Dundas is only a proportion of those. Nonetheless, as a market participant, we are still subject to market- wide and systemic risks.

MARKET RISK

We manage and mitigate market risk through our investments in resilient businesses capable of paying dividends through recessions and periods of rising interest rates. The defensive characteristics of these companies are manifest in the risk-adjusted returns achieved by our large-cap strategy, particularly the downside capture ratio which measures how much of market declines are avoided over time.

Our long-term (five years or more) investment horizon results in low portfolio turnover. This means we are not seeking market liquidity every day and can be more selective in those trading days.

LIQUIDITY RISK

In addition, 99% of our AUM is invested in businesses with a capitalisation greater than US$2bn with few issues of portfolio liquidity. The remaining 1% of our AUM is invested in smaller companies following the successful launch of the Heriot Global Smaller Companies Fund in September 2021.

The Fund invests in stocks with a market capitalisation greater than US$250m at purchase and sufficient liquidity for the size of the portfolio.

We understand the increased liquidity risk within this market cap range and have enhanced our ongoing liquidity monitoring process to ensure sufficient liquidity is available to raise funds in a timely manner under normal market conditions.

SECURITY SELECTION RISK

With most client portfolios drawn from the largest 85% of global equity market capitalisation, these businesses are listed on the world's largest equity markets and subject to the greatest degree of regulation and transparency requirements, helping to mitigate Security selection risk.

Our internal research is focused on businesses in growing industries, with strong financial track records and an appropriate strategy for sustainable dividend growth. Dundas' portfolios are also well-diversified by industry and geography, with active share of around 90 percent meaning that they are quite different from the comparator index (MSCI ACWI).

CLIMATE CHANGE

As responsible stewards of client's assets, it is essential to integrate climate considerations into our investment process and business operations. During 2023, we announced our intention to commit to Net Zero for both our portfolios and our business operations.

We believe that Net Zero is becoming an instrument of corporate competitive advantage.

We assess climate methodologies and metrics, using a combination of company reported data (obtained directly or via data providers such as Bloomberg and FactSet) and support this with ESG metrics and research from MSCI ESG.

We leverage this data and internal investment research, applying the same fundamental criteria to all the stocks that we research, and avoid biases for or against a particular industry group. We have identified sectors and industries that are likely to face the greatest risks and opportunities associated with climate change.

ENVIRONMENTAL

Case Study – Task Force on Climate Related Financial Disclosures (TCFD) Report

Overview

During the fourth quarter of 2024, we published our first TCFD report. It covers the period from 1 January 2023 – 31 December 2023.

The TCFD was set up in 2015 to develop accounting and reporting standards that companies would disclose:

- Governance around climate-related risks and opportunities;
- The impact of climate-related risks and opportunities on business strategy;
- The assessment and management of climate-related risk; and the
- Metrics and targets used to assess and manage climate-related risks

Recognising the limitations of a voluntary model, in 2023 the Task Force transferred responsibility for its standards to the International Financial Reporting Standards (IFRS) Foundation.

Building on the TCFD and other work, the IFRS accounting standards provide common, consistent global financial reporting in over 130 jurisdictions which require companies to apply them, providing investors with the tools necessary for informed decision making.

Our future reports on climate-related risks and opportunities will follow the new IFRS Sustainability Standards.

Case Study – Continuation

Action

Careful consideration was given to each of the sections of the report. As an example, within the Metrics and Targets section, rather than use a top-down approach to assign a target (for example 25%) reduction of greenhouse house (GHG) emissions from the portfolio, without really knowing how that could be achieved, we are using the actual reported climate-related data from the companies in our portfolios as of 31 December 2023. We use this to form projections of the amount of carbon emissions that our investee companies will make each year until 2030, 2040 and 2050 (based on their own validated claims).

Using this data, we have set a target for all the companies held in our portfolios to have validated carbon reduction pledges by 2030. Analysis shows that current company pledges representing more than 80% of our assets under management imply a 19% carbon footprint reduction in Scope 1 and 2 greenhouse gas emissions by 2030.

We will review this figure annually to ensure that carbon emissions from our portfolios are reducing in line with the goal to get to Net Zero by 2050. We will direct our stewardship activities to help us achieve this.

Outcome

In creating this report, our thinking around climate reporting was certainly challenged but we are now seeing Companies getting to grips with their Scope 1 and 2 reporting and producing more detailed, thorough and credible climate-related reports that they issue to investors but also to potential customers. We have seen companies state that they will favour suppliers with the best Scope 1 and 2 status (including SBTI validated plans), both because they recognise its importance and because it helps their own Scope 3 assessments.

We believe that proper, measurable plans audited and reported under IFRS Sustainability Standards showing climate ambition will lead to competitive advantage for the companies in which we invest.

Companies lacking credible Net Zero by 2050 commitments will become uncompetitive and unsustainable. They cannot form part of our portfolios.

DUNDAS AND NET ZERO

In 2023, we announced our intention to commit to Net Zero for the portfolios we manage and our business operations by 2050. You can read more about this and our pathway to get to Net Zero in our TCFD report on our website.

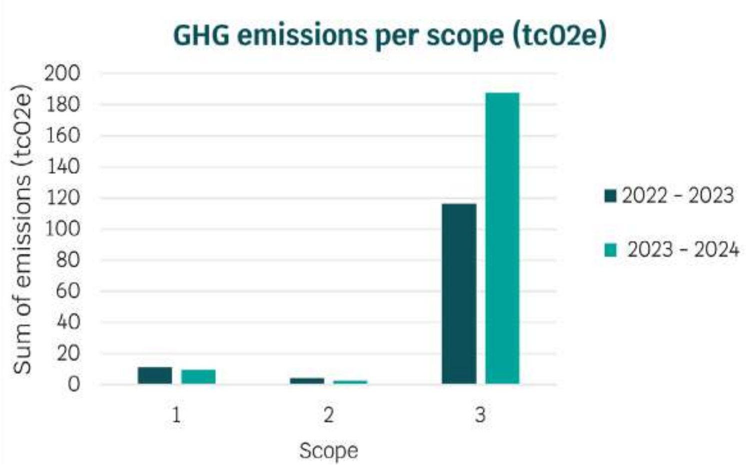
Using the industry recognised, GHG (greenhouse gas) protocol for recording carbon emissions, we have been tracking our own operational greenhouse gas emissions across Scope 1, 2 and 3 since April 2022.

A series of initiatives were undertaken, to improve our methods for collecting and recording our carbon emissions data, and to reduce our Scope 1 and 2 emissions – including focusing on heating management and a behavioural change programme within our office building to improve energy efficiency.

Following on from our baseline report (covering April 2022- March 2023), our results for April 2023 – March 2024 for each Scope across our operations are as follows:

Scope*	2022 - 2023 Sum of emissions in tCO2e	2023 - 2024 Sum of emissions in tCO2e
1	11.22	9.62
2	4.32	2.52
3	116.37	187.77
Total	131.91	199.91

Source: Dundas Partners LLP



Source: Dundas Partners LLP

Across Scope 1 and 2 operational emissions, this equates to 0.81 tons of CO2 equivalent greenhouse gas emissions per employee.

Over the two years of recording this data, we can see a drop in our Scope 1 and 2 emissions of 14.26% and 41.67%.

Our Scope 3 emissions have increased by 61.20%, in part due to more accurate data collection, and also increased vendor costs over the period.

We will be disclosing information about our operational emissions on an annual basis, with a target of reducing our operational greenhouse gas emissions each year.

*Scope 1 - Direct emissions from the company operations (Gas - for heating and hot water)
Scope 2 - Emissions relating to provided utilities including electricity, water, sewage
Scope 3 - Emissions of third parties directly relating to Dundas Partners LLP operations

CARBON METRICS

We report quarterly, the climate-related risk metrics for our flagship global equity strategy are detailed below*.

8.1
CARBON FOOTPRINT

38.9
CARBON INTENSITY

33.1
WEIGHTED AVERAGE CARBON INTENSITY

- t CO_2e/$M Invested - Normalised measure of a portfolio's contribution to climate change.
- t CO_2e/$M Sales - The ratio of portfolio carbon emissions normalised by sales.
- Weighted Average Carbon Intensity - The sum product of each company's Carbon Intensity and portfolio weight.

Compared with the ACWI Q4 2024 index, our global strategy:

Carbon footprint and intensity	86.3% lower carbon footprint per $ invested.* 72.4% lower carbon used per $ of revenue.*
No fossil fuels	0% direct exposure. Final stock divested in 2019.
Renewable energy investments	Not investible due to margin pressures and soaring valuations.
Transition plans	>60% of portfolio companies have top quartile carbon management scores.

*Source: MSCI. Data as at 31 December 2024. Certain information ©2023 MSCI ESG Research LLC. Reproduced with permission.

CHANGING SUSTAINABILITY STANDARDS

On 6 March 2024, the Securities and Exchange commission (SEC) issued their final rules on "the enhancement and standardisation of climate related disclosures for Investors" which requires American companies to provide climate disclosures in their annual reporting and accounts, beginning with annual reports for the year ending 31 December 2025.

We believe that this ruling along with the adoption of IFRS S1 and IFRS S2 in many other countries has great potential to improve and harmonise climate-related accounting disclosures by companies and other entities around the world.

During 2023, we engaged with our European holdings, to find out how the new IFRS standards would impact them.

During 2024 we wrote to our American holdings as they prepare for the upcoming SEC rules on enhancing and standardising climate related disclosures.

The implementation of these rules is currently 'Stayed' due to judicial review, however, believing that companies should continue preparing for the (potential) implementation of the final SEC Rules, we posed four key questions to our American holdings.

Questions we asked:

1. The SEC ruling marks a shift from voluntary to mandatory climate-related disclosure. What are the implications for your present and future reporting?

2. We understand that, to date, much climate-related disclosure is based on estimation about, for example, energy use, carbon intensity, CO_2 emissions, and so on. The SEC ruling require companies to provide accurate, verified data. Can you please comment on the implications for data gathering, veracity, and reporting?

3. How will the SEC ruling be brought into your company's financial and operational reporting systems? And what immediate implications do you foresee for how the business is run?

4. Does the new climate-related disclosure system offer competitive advantages? If so, please provide examples

Many companies responded by expressing confidence that their existing voluntary disclosures, which align with frameworks such as the TCFD, Corporate Sustainability Reporting Directive (CSRD) and/or the Climate Corporate Data Accountability Act (CCDAA) – often referred to as the California Act (CA), can be adapted to meet the SEC requirements. The use of Science Based Targets Initiative (SBTI) or the Carbon Disclosure Project (CDP) as proof of validation for their data is common and many include limited third-party assurance for their climate data – increasingly provided by the same firm that provides the audit on financial data.

Several companies, such as eBay, are already working on improving their data collection systems and reporting platforms to ensure accurately recording of data, reducing the need for estimates. Some, like Amex and FactSet, highlighted the need for increased resources and tools to manage data and reporting. However, challenges remain, particularly around data verification and standardisation.

In terms of competitive advantages, several companies see the new regulations as a way to reduce risks, improve trust with investors, and align with sustainability goals. Amex and eBay both highlighted the potential reputational and governance benefits, while companies like HDFC Bank view the regulations as an opportunity for financing sustainable initiatives. Marsh & McLennan sees the disclosure requirements as a growth opportunity by helping clients navigate the transition to Net Zero.

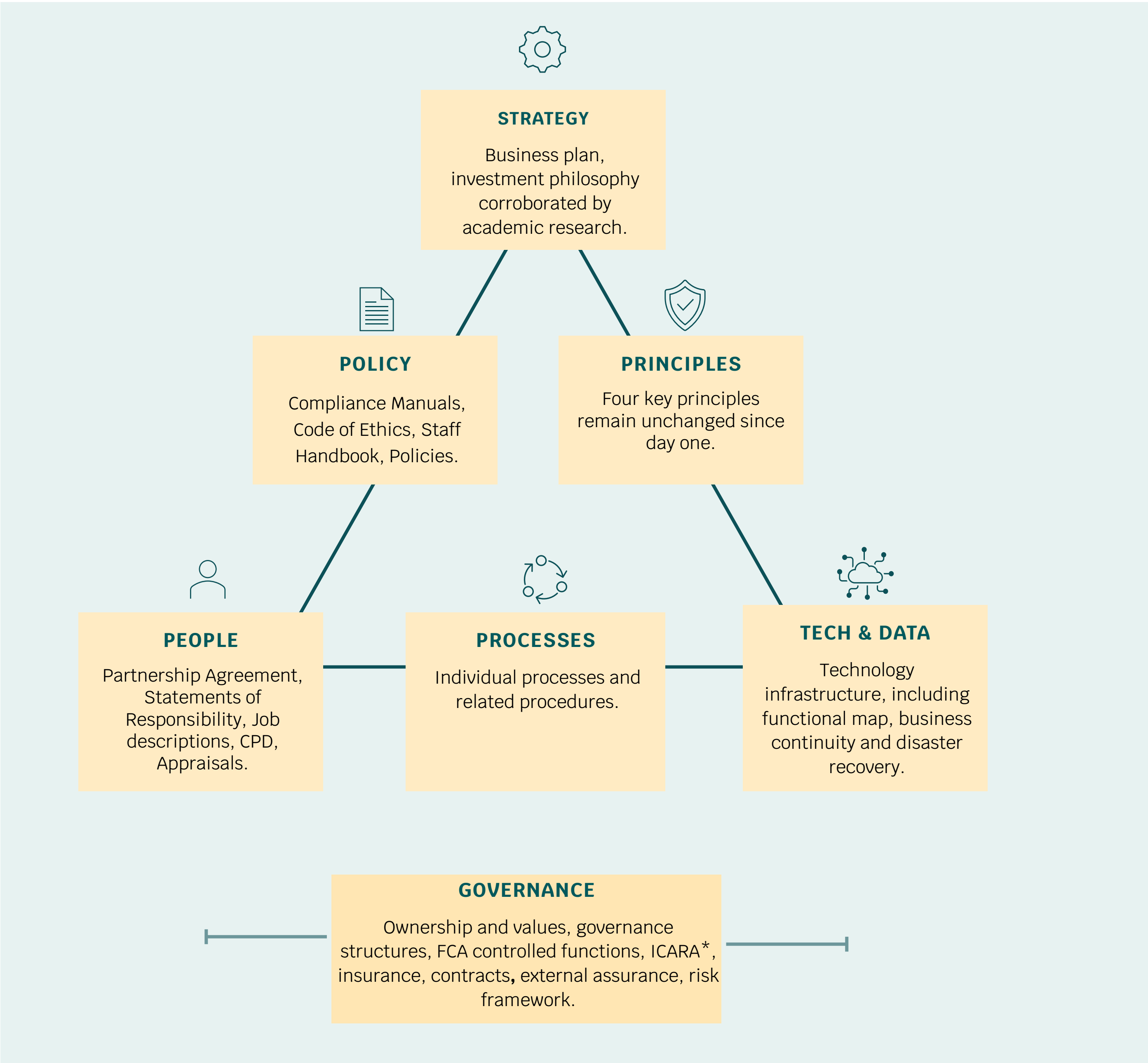
Overall, the responses reveal a mix of optimism and challenges, with an emphasis on preparing for the eventual rollout of the SEC rules. Generally, we feel a level of confidence that preparations are well under way out at our American holdings for these potential changes.

REVIEW & ASSURANCE

OPERATING MODEL

Dundas' Operating Model is the framework for governance, business structure, and the various external assurances provided on behalf of our clients.

A multi-year project to refresh and revise all aspects of the model is on-going. Due to the size and scale, we are taking an iterative approach to review and implement change business area by business area to minimise disruption and risk, rather than a big-bang approach. Ultimately this will provide a complete view of the business operations. Benefits of this project and assurance includes easy identification of risks and their controls, access to key documents with version control, a catalogue of all key processes and procedures, and of course all information held centrally and readily available.



*Internal Capital Adequacy Risk Assessment (ICARA).

TRADING INFRASTRUCTURE

In 2018, Bloomberg's investment management, trading, and operations solution (AIM) was installed. This decision was based on research of various solutions and evaluating three options via cost/ benefit analysis.

The firm's trading processes are frequently reviewed, and we have discussed them within previous versions of this report, enhancements made from further automating our foreign exchange (FX) trading process to utilising an internal Dundas SharePoint site and the approvals system in Microsoft Teams for a unified, standardised, and easy-to-use system for all pre-trade approvals.

These developments significantly improve how we trade, making the trading cycle for equities and FX more streamlined, integrated, and timelier. We continue to develop our systems to automate manual processes and minimise interventions wherever possible.

Straight through processing, in as close to real time as possible has helped us adapt in 2024 to changes in the settlement cycles from T+2 to T+1 in the American and Canadian markets. The UK has confirmed T+1 adoption from October 2027 and there are similar plans for much of Europe.

The settlement cycle – the time between the transaction date and the settlement date – for most securities, in many markets globally, including the equities within our portfolios – has been two business days, often referred to as T+2. We have adapted to this change, with 50% of our global portfolio currently adopting a T+1 settlement cycle and 50% on T+2.

EXTERNAL ASSURANCE

Dundas is subject to a range of external assurance through financial, systems and controls audits, compliance with international standards, and ongoing due diligence conducted by clients and their advisors.

The ISAE 3402 standard represents an in-depth audit of a service organisation's control objectives and activities. These activities often include controls over information technology and related processes. The audit aims to provide assurance on the firm's operations to meet specified control objectives in respect to the investment management process.

We undertake an ISAE 3402 audit annually, and our most recent was completed by Azets for the year ended 31 March 2024. There were no material findings from the audit, and one recommendation which we implemented to improve our position reconciliation processes. Work will commence on the ISAE 3402 audit for 2024/25 in Q3 2025.

This Stewardship Report and PRI reporting describe the application of our policies on sustainability and stewardship, providing context for our approach, decision making, and objectives. As outlined in ESG Performance and Reporting, our portfolios and processes have been rated, scored, and assessed independently by third parties.

We use several independent organisations for external assurance of our stewardship approach. Dundas reports in accordance with requirements and recommendations of the PRI, EU SRD II, and the UK Stewardship Code. We report in line with these frameworks and share the objective assessments publicly. These ongoing reviews enable us to contemplate and improve our reporting, ensuring it is fair, balanced, and understandable.

Case Study – Operational Due Diligence

GOVERNANCE

Overview

Developed by the Australian Institute of Superannuation Trustees (AIST), ODDs cover 11 key areas: Organisation structure, Personnel, Governance and risk management, Trading processes and operational functions, Valuations, IT systems and security, Business continuity, Service provider oversight, Reporting, Environmental, Social and Corporate Governance, Data Governance and Management.

Action

In the second quarter of 2024, we completed a project debrief to gather learnings and make improvements for the next report. Working with our Australian distributer, Apostle Funds Management, we engaged with two audit firms based in Australia. At the end of the tendering process our preferred provider was KPMG, who we instructed in Q3 2024 to complete our second ODD.

Outcome

Working with KPMG we completed and published the Operation Due Diligence report in December 2024, there were no material findings.

VALUE FOR INVESTORS

Providing our services for equitable fees is one of the firm's founding principles. We believe investment management fees could be a hurdle to achieving clients' return objectives.

In the UK, Waystone, as the ACD of both the Heriot Global Fund and Heriot Global Smaller Companies Fund is required by the FCA to provide an annual independent assessment with the aim of strengthening the duty of care and acting in investors' best interests.

VALUE ASSESSMENT

The ACD considers seven criteria as outlined below.

- **Performance** – is the performance in line with investment objectives, policy, and strategy?
- **Cost** – are costs reasonable and fair?
- **Economies of scale** – have economies of scale been passed onto investors?
- **Comparable market rates** – are costs reasonable relative to other funds?
- **Comparable services** – are services good value relative to other services provided by the ACD?
- **Classes of units** – are shareholders with similar rights subject to higher charges?
- **Quality of service** – are a range and good quality of services provided?

Waystone's governance committee concludes whether these funds have delivered value to clients during the 12-month period by analysing cost, services and performance and engaging with us as the fund's investment adviser and sponsor. The results of this assessment provide good external assurance of effective stewardship.

Waystone concluded that the Heriot Global Fund and Heriot Global Smaller Companies Fund both delivered overall value to investors over the period*.

It was noted that the size of the costs charged in the Heriot Global Fund are lower than the Investment Association sector (IA Global) median and any savings from economies of scale are always passed on to investors. Periodic reviews of external provider costs are also carried out to ensure our services are provided on a competitive basis.

As detailed in a previous report, we made the decision to cap 'Other Costs and Charges' paid by investors in the Heriot Global Smaller Companies Fund at 10 basis points. This brought the all-in cost of the A share class to 95 basis points, down from one percent, ensuring we deliver our services in line with our principles. This cap was implemented across all share classes to ensure fair treatment to all clients.

This is the first value assessment carried out by the Funds new ACD, Waystone Fund Services (UK). It is reassuring to read similar findings across the seven criteria as we have seen in previous years through the Funds' former ACD.

*As at 31 May 2024.

STEWARDSHIP REPORTING & ASSESSMENT

STEWARDSHIP REPORTING

Dundas has been a PRI and UK Stewardship Code signatory since 2012 and 2021 respectively. Evolving signatory expectations have been fundamental in developing our sustainability and stewardship policies, as outlined in the Evolution of Stewardship at Dundas. We are committed to transparency, and pride ourselves on effective communication and collaboration with clients.

As a signatory, we are assessed annually against these initiatives' respective principles. The PRI framework is a standardised Q&A format, whereas this Stewardship Report aims to satisfy the expectations of the UK Stewardship Code alongside other requirements.

ASSESSMENT PROCESS

The annual PRI reporting cycle provides accountability for signatories, standardised reporting, and a process for signatories to develop their responsible investing approach. Over the years our involvement has ensured consistent, clear, and measurable reporting for our clients and prospects.

Assessment includes our disclosures, internal processes for ESG integration and active ownership, and the level of review and assurance given to our reporting.

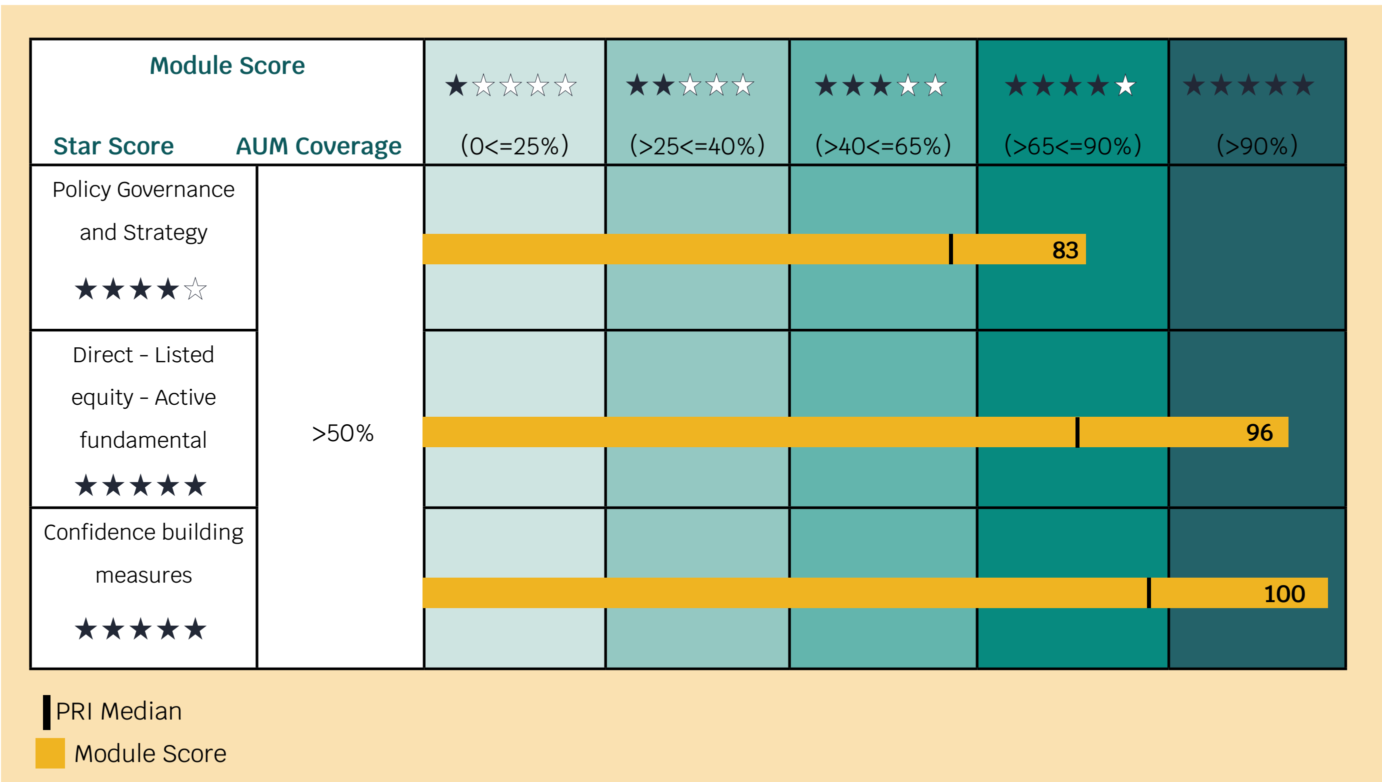
The PRI has several measures in place to reduce reporting errors and enhance the credibility of data - from public disclosure of reporting to cross checking of comparable data points with prior years' reports.

We completed its most recent PRI reporting cycle to end February 2024.

Since 2014, we have consistently worked toward responsible investing best practices, and we are proud to see our scorecard improve year after year, including in our 2024 submission which contained two 5-star scores and one 4-star score.

You can see the summary scorecard for this below:

PRI REPORTING SCORECARD



OUTCOMES

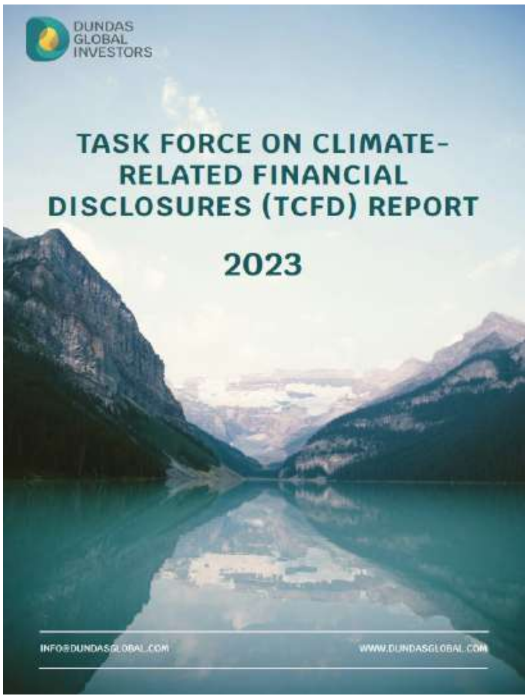
Transparency on our stewardship activities has been enhanced via both public disclosure and ongoing client reporting. The PRI assessment methodology provides checks on these disclosures, ensuring they are fair, balanced, and understandable, with our scorecard outlined in ESG Performance and Reporting.

Completing the recent reporting cycle led us to review our proxy voting policy. A change to a Climate related overlay policy will be implemented in 2025. In addition, it led us to re-assess our overall responsible investment policy with regards to integration of both environmental and social factors and our exclusions policy. Both policies were updated in 2024. Our current policies can be viewed here.

Given our intention to commit to Net Zero for our portfolios and business operations by 2050, we published a TCFD report in 2024.

This report provides details on our governance around climate related risks and opportunities, discloses the actual and potential impact of climate related risks on Dundas, how we identify, assess and manage climate-related risks and disclosure of key climate metrics and targets.

You can read a summary of this work in this case study.



ESG RATINGS

MORNINGSTAR'S SUSTAINABILITY RATING

Measures financially material ESG risks in funds relative to a peer group. Using Sustainalytics ESG Risk Ratings, Morningstar score fund holdings on a trailing 12 month basis and assign an overall rating from Low to High (five being the highest) relative to its Morningstar Global Category.

The rating is a good indicator of how funds are managing risks associated with sustainability.

4 GLOBES
Heriot Global Fund

5 GLOBES
Apostle Dundas Global Equity Fund

Both funds have been awarded the 'Low Carbon Designation' rating.

The Low Carbon Designation™ badge is an indicator that the companies held in a portfolio are in general alignment with the transition to a low-carbon economy.

Low Carbon

MSCI ESG RATINGS

Assesses companies' resilience to long-term, industry-specific ESG risks and opportunities. Company-level ratings range from CCC to AAA and fall into three categories, Laggard, Average and Leader.

An asset-weighted rating provides insights into ESG characteristics of portfolios.

AA
Global Equity Growth

AA
International Equity Growth

A
Global Smaller Companies Growth

Morningstar and MSCI ratings as at 31 December 2024.
PRI Reporting Scorecard relates to the 2024 reporting cycle. PRI Report 2024 and Assessment Report available on our website.

GOVERNANCE

Case Study - Reporting to the Securities and Exchange Commission (SEC)

Overview

Since 2018, Dundas has been required to submit a quarterly holdings report to the Securities and Exchange Commission (SEC), in the form of a 13F filing. This is filed by institutional investment managers to increase the public availability of information regarding the securities holdings of institutional investors. The aim of this increased disclosure is to increase investor confidence in the integrity of the United States securities markets.

In November 2022, the SEC added a new rule under the Securities Exchange Act of 1934, which increased the number of managers required to file Form N-PX. Dundas was one those firms. Form N-PX is an annual filing that companies use to report certain proxy voting records, including executive compensation. The purpose of this form is to make specific aspects of proxy voting records public.

Action

In preparation for the first filing, we spent time understanding the filing requirements to assess whether this could be completed internally, whilst also investigating third party options to help us decide on a ‘buy vs. build’ approach. We opted to build a solution – a decision we will review annually – gathering the necessary proxy voting data, populating the Form N-PX table per the SEC’s technical specifications and uploading it via the EDGAR filing system. EDGAR stands for - Electronic Data Gathering, Analysis and Retrieval, an internal database system operated by the SEC that performs automated collection, validation, indexing, and accepted forwarding of submissions by companies and others who are required by law to file forms with the SEC.

Outcome

Our first form N-PX was filed with the SEC in 2024 and is available to view via the SEC’s EDGAR filing system.

We publish our proxy voting and engagement policy as well as a summary of all proxy votes undertaken on an annual basis on our website.

INVESTMENT PERFORMANCE

An ongoing measure of our stewardship is the investment performance of our composites. Performance is reviewed on a quarterly basis by the Investment Committee, forming part of our internal assurance of effective stewardship of client assets.

DUNDAS GLOBAL EQUITY GROWTH COMPOSITE* VS. MSCI ACWI BENCHMARK

Period	Composite gross of fees return (%)	Composite net of fees return (%)	Benchmark return (%)
1 year	9.8	9.2	17.5
3-year annualised	1.1	0.5	5.4
5-year annualised	9.6	9.0	10.1
10-year annualised	9.7	9.2	9.2

1. Dundas Global Investors claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.

2. The firm's GIPS compliant performance information is available by contacting performance@dundasglobal.com

3. For the purposes of GIPS 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 US$2.2 billion as at 31 December 2023.

4. 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 approximately 60 – 100 companies with a market capitalisation greater than US$2bn, which demonstrate sustainable cash generation that can fund both business expansion and dividend increases.

5. 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.

6. The composite prohibits the use of leverage, derivatives or short positions.

*Dundas Global Equity Growth Composite inception date: 1 September 2012.

All data in USD as at 31 December 2024.

DUNDAS INTERNATIONAL EQUITY GROWTH COMPOSITE* VS. MSCI EAFE + CANADA BENCHMARK

Period	Composite gross of fees return (%)	Composite net of fees return (%)	Benchmark return (%)
1 year	0.6	0.2	4.7
3-year annualised	(4.0)	(4.4)	1.9
5-year annualised	5.1	4.7	5.1
Since Inception annualised	7.7	7.3	6.5

1. Dundas Global Investors claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organisation, nor does it warrant the accuracy or quality of the content contained herein.

2. The firm's GIPS compliant performance information is available by contacting performance@dundasglobal.com

3. For the purposes of GIPS 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 US$2.2 billion as at 31 December 2023.

4. The Dundas International Equity Growth Composite includes all fee-paying, fully discretionary accounts which invest in international equities with the goal of delivering long term capital and dividend growth. A typical portfolio will consist of approximately 35 – 50 companies with a market capitalisation greater than $2bn, which demonstrate sustainable cash generation that can fund both business expansion and dividend increases.

5. The benchmark for the composite is the MSCI EAFE + Canada Index. The MSCI EAFE + Canada Index is an equity index which captures large and mid-cap representation across Developed Markets countries around the world including Canada. With around 1,000 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

6. The composite prohibits the use of leverage, derivatives or short positions.

*Composite inception date: 1 June 2016.
All data in USD as at 31 December 2024.
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INVESTMENT APPROACH

PRINCIPLES 6-8

DIVIDEND GROWTH INVESTING

INVESTMENT PHILOSOPHY

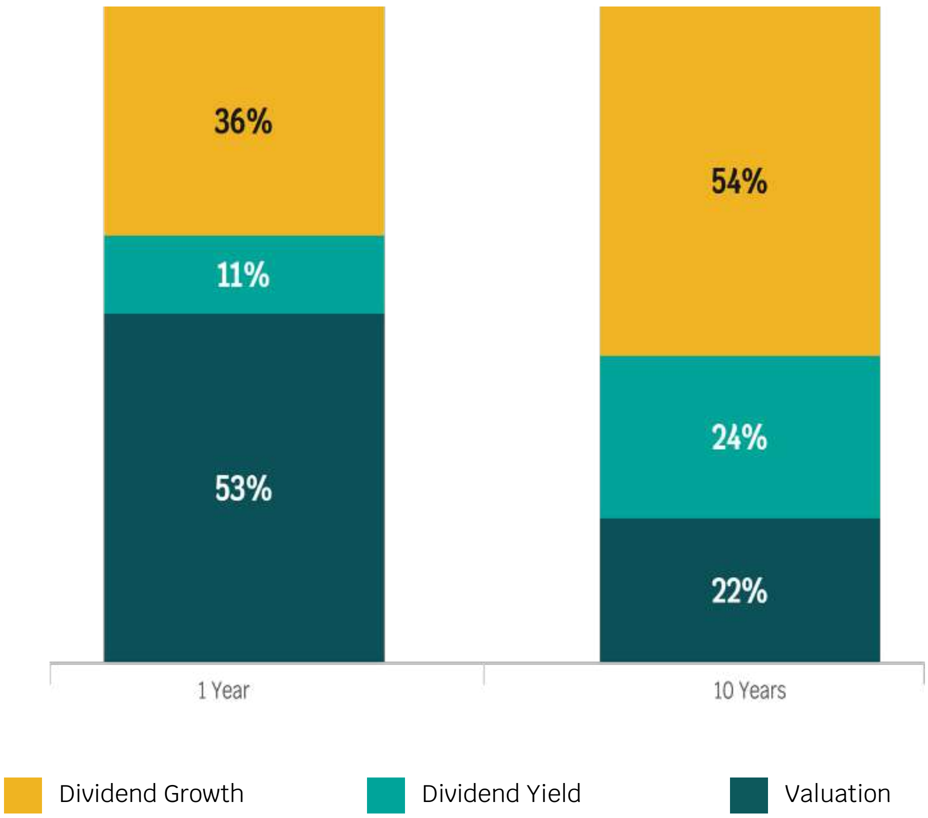
Equity investors receive two types of return, first via capital appreciation – a rising share price - and second from the dividends paid out to shareholders.

Most of the market's attention is captured by the first of those factors, despite the latter having much more of an impact on long-term returns. In fact, dividends remain largely invisible to many investors because their impact is often concealed within pension funds and reinvested in the stock when paid. Mainstream media reports daily on stock market moves but rarely dividend changes, unless a perennial high yielding company slashes its plans, sending shockwaves through the market.

Dividend growth is often the unsung hero of the piece; a silent force driving the long-term return. Focus on fluctuating share prices is understandable in the short-term, given the volumes of stocks being traded for capital gains, propensity for daily drama, and the relatively small part played by dividends in a single year's returns, shown in the chart below. However, for those more interested in tracking tidal changes rather than waves, dividends are a strong indicator for long-term performance.

Illustrated in the chart below, as the investment horizon increases to 10 years the dividend yield and dividend growth components of equity returns rise to 78%, with valuation expansion explaining just 22% of total return. We pay attention to this dividend growth, recognising the benefits of companies which can commit to growing dividends sustainably.

DIVIDENDS MATTER MORE OVER THE LONG TERM



Source: MSCI. Data from 30 December 1994 to 30 November 2024. Chart is provided for illustrative purposes and reflects hypothetical performance.

INVESTMENT BELIEFS

Case Study – Dividend Engagement

GOVERNANCE

Overview

Sonova Holding AG is a Swiss hearing care company. Its business encompasses the design and development of hearing instruments and cochlear implants, as well as their production, distribution, and servicing. Sonova became part of our global portfolio in 2018.

In May 2024, Sonova announced its planned dividend payment for fiscal year 2023, pending approval at the upcoming AGM. The proposed dividend per share represented a 6.5% decrease from the previous financial year, effectively constituting a dividend cut for shareholders. This development prompted an immediate review of the holding within our portfolio.

Action

We engaged with Sonova's Senior Group Director of Investor Relations to seek clarification on the rationale behind the dividend reduction. The initial response referenced Sonova's total shareholder return and cash deployment strategy, as detailed in its regular investor presentations, emphasising its commitment to maintaining an earnings payout ratio of approximately 40%.

This was the first instance in a decade where Sonova had reduced its absolute dividend, and the company highlighted its historically strong long-term dividend growth rate. Several factors contributing to the earnings decline—and consequently the dividend reduction—were discussed in a subsequent call. The most significant was the strategic decision to cease business with a large value retail client to protect the value of its intellectual property and innovation. This decision aligns with Sonova's commitment to its broader base of innovation-driven customers.

Outcome

Sonova remains a holding in our global portfolio, though our most recent review identified an increasing risk of a slowing growth trajectory. As a result, the holding has been classified as ‘amber’ (our own internal Red, Amber, Green classification scheme) to reflect our concerns and is now subject to an accelerated review process, involving more frequent discussions to assess whether this risk is temporary or indicative of a more sustained challenge to Sonova’s growth outlook.

As a dividend growth-focused investor, we value Sonova’s swift and transparent response to our concerns. Maintaining a strong dividend growth premium is critical to driving our portfolio’s long-term outperformance, which remains our core commitment to clients. We actively monitor, discuss, and communicate the annual dividend announcements of all portfolio holdings, ensuring that each one informs our ongoing investment monitoring process.

INVESTMENT APPROACH

Dundas offers one investment strategy for global equity portfolios pursuing dividend growth.

Our investment process begins by conducting our own research, independent from external opinions. Bias removal, robust challenge and inclusive decision making are fundamental to our process.

Engaging in independent research empowers our team to uncover valuable insights and connections for better investment opportunities. Leveraging readily available financial and ESG metrics, as well as company and industry materials, we conduct our own analysis. This fosters critical thinking, free from external bias.

All research is stored in our central library, housing over a decade's worth of insights. This serves as a valuable resource, guiding our decision-making with a wealth of collective knowledge and experience.

COMPANY RESEARCH

As generalists, we do not focus on any specific country, industry, or company. Rather, our team looks at different areas of the market together. This allows us to mitigate our personal biases, which can cloud judgment and sway decisions.

Through open dialogue and challenge, we keep things objective, balanced and minimise the risk of relying on any one individual.

In addition, as generalists we identify links between various companies and industries. Recognising and understanding the factors that affect multiple companies helps the team discover better investment prospects.

We utilise publicly available information to conduct our in-house investment research, avoiding sell-side analysis. Any additional resources are paid for by the firm through our Profit and Loss account.

In our investment research and portfolio management, we employ FactSet, Bloomberg, and our own internal proprietary financial analysis system. To support our assessments of companies' resilience to long-term, industry-specific ESG risks and opportunities, such as carbon emissions, supply chain management and board structures, we take input on company and portfolio-level ESG analysis from MSCI ESG Research and Ratings.

All portfolios are constructed from our global public equity models, one of large-cap stocks and the other focused on smaller companies. Typically, these two models consist of 120 holdings, less than two percent of the universe of around 9,000 stocks, and make up our three unitised funds, the Heriot Global Fund; Heriot Global Smaller Companies Fund; and Apostle Dundas Global Equity Fund. Various investment strategies are derived from these 120 holdings, including our global ex USA (international) equity managed accounts and portfolios of American Depository Receipts (ADRs).

SIFTING STAGES

8,500+ stocks

ELIGIBLE UNIVERSE

Stocks above US$250m in market capitalisation. Approximately 2,500 stocks in the MSCI All Country World Index and 6,000 in the MSCI All Country World Small Cap Index.

Exclusions:

- ▹ Companies whose principal activity is the manufacture, production, distribution of tobacco
- ▹ Manufacture of 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 shareholders' interests are not respected
- ▹ Companies whose principal activity is thermal coal mining or use in power generation

Whilst not formally excluded, the use of MSCI 'Laggards' which are defined as companies with 'B' or 'CCC' MSCI ESG rating is considered.

Prohibited companies are observed through bottom-up stock research with rules coded in our trade compliance system.

1,500+ stocks

SECTOR BY SECTOR

Maximise insight and reduce bias in the research process by addressing all sectors. While utilities may be less likely to offer sustainable dividend growth investments, research may inform industrial or technology investments due to capital allocation and innovation strategies.

We consider exposure to industry specific ESG risks and opportunities e.g., how might increasing privacy regulation impact data services stocks?

300 stocks

SUSTAINABLE GROWTH

Our investment philosophy is to focus on high quality, growth companies driven by excellent capital allocation. By conducting thematic and sector research, digging deep into supply and distribution chains, we can better assess the sustainability of growth over time. This is vital given our long-term investment horizon.

ESG factors managed through our investment analysis of growth drivers e.g., how well is a company leveraging its position in the low carbon transition through R&D?

~120 stocks*

PORTFOLIO CONSTRUCTION

Candidates generated by the sift are added to the portfolio if they are accretive on key measures such as dividend growth, economic exposure (diversification) and return on capital.

Position sizing is based on holdings sustainable growth outlook. Portfolio monitoring incorporates risk assessments on ESG and Climate Change metrics.

*Firm-wide holdings across all investment strategies.

ASSESSING THE EFFECTIVENESS OF OUR INVESTMENT APPROACH

Alpha is a term used in investing to describe an investment strategy's ability to beat the market.

We question whether we can consistently achieve a higher alpha from the stocks added to our current portfolio. This involves evaluating both the number of stocks in the portfolios and selecting those that would ensure greater returns from our existing stocks.

Case Study - Portfolio policy changes

GOVERNANCE

Overview

As part of our ongoing investment review process, we regularly assess portfolio rules to ensure they continue to deliver the best of Dundas for our clients. This review is sponsored and overseen by the Investment Committee.

The key question guiding our analysis was: ***Can we generate more alpha while remaining true to our core investment philosophy?***

To answer this, we focused on the following:

- Should we allow a small allocation to non-dividend-paying stocks?
- What is the optimal number of holdings to maximise risk-adjusted returns?
- Would liquidity constraints arise if the portfolio were to grow?
- Are there any other opportunities to enhance portfolio performance?

Action

We conducted a combination of historical and scenario analysis, which was then discussed with the Investment Committee. The key insights from this review included:

1. Non-dividend-paying stocks did not contribute meaningfully to portfolio alpha compared to their dividend-growing counterparts
2. The portfolio consistently operated at the lower end of the 60–100 stock range - reducing the number of holdings could enhance risk-adjusted returns
3. Allowing the percentage held in the top 10 holdings to increase could strengthen performance
4. Cash should be maintained at 1% or below

Outcome

Following this internal analysis of our global strategy, we made the decision to adjust our execution approach.

We are doubling down on dividend growth, the largest driver of long-term returns, and exit non-dividend-paying stocks. The final non-payer held in our global strategy was sold in Q4 2024.

We will also allow our winners to run more by increasing the weight of our top 10 stocks towards 35% of the portfolio in aggregate.

The third refinement of our process made last year (which will shortly be reflected in the product documentation of both of our global Funds, Apostle Dundas Global Equity Fund and the Heriot Global Fund) is to narrow the range of stocks we invest in from 60–100 to 50–65.

These changes ensure our portfolio remains well-positioned for superior long-term returns while staying true to our core investment philosophy.

ESG INTEGRATION

Just as clients rely on us to be good stewards of their savings, we rely on our investee companies to be good stewards of their businesses, balancing the interests of their shareholders, customers, staff, suppliers, and wider stakeholders across society.

PORTFOLIO TOOLS

We utilise publicly available information to conduct our in-house investment research, avoiding sell-side analysis. Any additional resources are paid for by the firm through our Profit and Loss account.

In our investment research and portfolio management, we employ FactSet, Bloomberg, and our own internal proprietary financial analysis system. To support our assessments of companies' resilience to long-term, industry-specific ESG risks and opportunities, such as carbon emissions, supply chain management and board structures, we take input on company and portfolio-level ESG analysis from MSCI ESG Research and Ratings.

ENVIRONMENTAL

We use the MSCI ESG Ratings report to help us assess the impact of climate change on our companies with regards to physical risks (the risks resulting from climatic events, such as wildfires, storms, and floods) and transition risks (the risks presented by policy action taken to transition the economy off fossil fuels).

We also use company data from Annual Report and Accounts, Sustainability reports and MSCI carbon metric data to assess the impact our companies have on climate change via Scope 1 and 2 emissions. We will include an assessment of Scope 3 post adoption of IFRS S1 and S1 Sustainability standards.

We assess our companies Net Zero plans which involves analysing the plan and target year and whether the targets have been verified by the Science Based Targets Initiative (SBTi). We monitor progress against targets on an annual basis.
We engage with companies to identify the risks and opportunities presented by climate change, understand how they are working to mitigate these risks and understand the potential opportunities that may arise from the transition to a lower carbon economy.

To effectively assess and track the climate impacts of our portfolio companies as well as the climate-related physical and transition risks they face over time, we report on the following metrics at a portfolio level.

- Carbon Footprint = Normalised measure of a portfolio's contribution to climate change (t CO2e/$M Invested)
- Carbon Intensity = The ratio of portfolio carbon emissions normalised by sales (t CO2e/$M Sales)
- Weighted Average Carbon Intensity = the sum product of each company's Carbon Intensity and portfolio weight

RISK METRICS FOR GLOBAL STRATEGY

8.1
CARBON FOOTPRINT

38.9
CARBON INTENSITY

33.1
WEIGHTED AVERAGE CARBON INTENSITY

- t CO2e/$M Invested - Normalised measure of a portfolio's contribution to climate change.
- t CO2e/$M Sales - The ratio of portfolio carbon emissions normalised by sales.
- Weighted Average Carbon Intensity - The sum product of each company's Carbon Intensity and portfolio weight.

*Source: MSCI. Data as at 31 December 2024. Certain information ©2023 MSCI ESG Research LLC. Reproduced with permission.

SOCIAL

Human rights are a key consideration in our sustainability analysis.

We use MSCI ESG rating reports and MSCI data to help identify those companies, sectors, and geographies where the risks of modern slavery practices are likely to be highest.

MSCI conduct a comprehensive analysis of labour management and supply chain labour standards for companies in the investment universe exposed to these social issues, flagging poor management practices and controversies.

We integrate this analysis into the investment process. This data and reports are reviewed as part of ongoing stock monitoring in both new stock research and monitoring of portfolio holdings. We use this to inform decisions on buying/selling stocks, portfolio management, engagement, and voting.

GOVERNANCE

An appreciation of good corporate governance is the key to success for any long-term investor, our firm included. This principle is applied throughout everything we do.

We value clear accountable governance structures paying close attention to the extent to which a company demonstrates alignment with the interests of long term investors analysing factors such as board leadership, diversity and independence, management remuneration and shareholder rights.

Corporate governance is essential if a company is to capitalise on its opportunities, make repeated good capital allocation decisions, and pay rising dividends year after year to its investors. In our experience, companies with strong governance perform strongly under ESG analysis and scoring.

EXCLUSIONS

Prohibited companies are observed through bottom-up stock research with rules coded in our trade compliance system.

As of 31 December 2024, our exclusions policy is as follows:

- Companies whose principal activity is the manufacture, production, distribution of tobacco
- Manufacturer of cluster bombs or 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 shareholders' interests are not respected
- Companies whose principal activity is thermal coal mining or use in power generation

Whilst not formally excluded, the use of MSCI 'Laggards' which are defined as companies with 'B' or 'CCC' MSCI ESG rating is considered.

CASE STUDIES – EXAMPLE OF ESG INTEGRATION IN PRACTISE:

Engagement with Thermo Fisher

SOCIAL

Overview

Thermo Fisher Scientific Inc, has been held in the Global Strategy since 2016.

Our annual review noted reports of Thermo Fisher halting sales of its DNA identification kits in Tibet, China over concerns that these products were being used in a way that abused human rights.

Action

Engaging with the Investor relations team, the company directed us to their 2024 Corporate Sustainability Report which stated the following: "In 2023, Thermo Fisher increased human rights oversight, appointing a Global Human Rights Counsel with responsibility for leading the coordination of our human rights program across all businesses. This position will further improve awareness, compliance and adherence to governing principles and ethical and legal codes. In 2023, we continued to enhance our human rights due diligence practices. This included in-depth human rights risk assessments of our operations and supplier network in compliance with the latest regulatory requirements. A new internal oversight process enables the company to more regularly monitor human rights matters and increases our reporting capacity to meet the disclosure requirements of country-specific modern slavery, human rights and supply chain due diligence acts in jurisdictions where we operate. We also enhanced human rights and supply chain due diligence oversight this year by embedding leadership committees in our enterprise CSR governance model".

Outcome

Whilst we are satisfied with their response and the steps that Thermo Fisher are taking to increase their oversight in these areas, we will continue to monitor this closely and plan to follow up with the company as part of the next annual review.

LVMH Moet Hennessy Louis Vuitton - Supply Chain Action

SOCIAL

Overview

We hold LVMH in our global and international strategies.

Early in 2024 reports emerged regarding the Italian luxury goods supply chain. They focused on working conditions and the nature of employment of contract workers. As it became clear that a third-tier Italian supplier at one of LVMH's major brands Christian Dior, was exposed to these issues we sought to engage with the business.

In June 2024, Italian Dior were put under judicial administration by the Italian authorities. They have since cancelled contracts with this supplier and submitted plans to the authorities to demonstrate the actions that have been and will be taken.

LVMH's Supplier Code of Conduct (covering all design houses /Maisons, including Dior) places a substantial emphasis on fair employment through fair pay, working hours and environment. This policy was also applicable to sub-contracted suppliers. Furthermore, the brand equity of the fashion and leather goods business is core to LVMH's business success as it generates around 70% of group earnings before interest, taxes, depreciation, and amortization (EBITDA).

LVMH Moet Hennessy Louis Vuitton - Continuation

Action

Meeting with the head of Investor relations for Dior, we established that the Senior executive and controlling shareholders have made resolving these supply chain issues and preventing them from recurring the key priority.

- ▹ LVMH has appointed a Group Director of the 'Vigilance Plan', who has re-issued their supplier code requiring signatures from all suppliers and sub-suppliers
- ▹ Responsibility is decentralised to LVMH's Maisons but they are accountable to central LVMH management with new governance in place that will be mirrored across all Maisons
- ▹ Supply chain audit or audit selection, will now rest with the supplier vigilance team. Supplier sustainability will be given primacy
- ▹ LVMH's vigilance and audit teams have conducted more than 3,000 on site audits since July 2024, 65% of them in the region of Italy where the issues emerged

Outcome

Through this engagement we have some confidence that LVMH was placing the appropriate emphasis on supply chain sustainability and is now deploying a Trust but Verify operating model that would greatly reduce the risk of supply chain abuse from reoccurring. We will continue to closely monitor this situation and will ask LVMH for an update at the next stock review.

STOCK MONITORING

Our perspective of the parts of the world's economy which are growing and shrinking is built piece by piece from our company analyses. We use this context to set our upcoming research agenda and create scenarios on the demand patterns for various industries. We avoid biases for or against a particular industrial group, paying particular attention to the underlying economic growth drivers which link individual stocks together.

Put simply, our monitoring programme assesses each stock's ability to deliver dividend growth investments over the long term. We focus on company financials, such as accounting policies, key sensitivities, and risks; products, customers, and competitive position; the long-term growth drivers and demand trends for the industry; management's strategy and governance, comparing it to past policy and outcomes; environmental and social practice; ESG risks and opportunities.

RESEARCH & MONITORING METRICS

Key outcomes and activities from our research and monitoring programme over the past year.

120
Portfolio holdings reviewed

15
Research sifts completed

4,000+
Stocks sifted through

138
New companies dicussed

76
Company interactions

27
Stocks bought

27
Stocks sold

116
Total firm holdings*

As bottom-up stock pickers, allocations to industries are the result of gradual changes, influenced by key growth drivers like cloud computing, industrial automation, and artificial intelligence in technology; demography, access to healthcare and chronic ailments in health care; and Asian life insurance and banking in financials.

Our global large-cap portfolio's highest sector weightings are Information Technology, Health Care, and Financials, with no direct exposure to Energy, Real Estate or Utilities. In our global smaller companies' portfolio, Information Technology, Industrials and Health Care hold the highest sector exposures and similarly the portfolio has no direct exposure to Energy, Real Estate or Utilities.

*Data as at 31 December 2024.

CASE STUDIES – EXAMPLES OF STOCK MONITORING IN PRACTICE:

Temenos

GOVERNANCE

Overview

Temenos is a Swiss company that provides software to financial services companies, particularly in the banking industry. We held this in our Smaller Companies strategy since inception in 2021.

The company had a challenging 2022, with banks slowing their spend on third party software, along with a shift in the revenue recognition. As a result of this, management repeatedly lowered their sales targets through the year, eventually leading the CEO and Chief Revenue Officer in the US to leave the company in late 2022.

At this point, our view was that the issues that Temenos had been facing were short term rather than structural and we chose to monitor the holding closely as we awaited a new CEO.

In mid-February 2024, a report was released claiming Temenos had employed irregular and aggressive accounting practices. The company still did not have a new CEO, which made it very difficult for the company to effectively defend its credibility.

A new CEO was appointed in June 2024, but based on information the company made available we became concerned that the new management team would set sales targets even lower, given the challenges the company was facing and the already weak sentiment in the share price.

Action

This concern and lack of confidence in the governance of the firm and its ability to deliver dividend growth, led us to sell our position in the stock.

Outcome

We consider the good governance of the firms we invest in crucial to a business being successful. As in this case, we monitor, and review all held stocks at least once a year and potential candidates during our stock research process – discussing any governance issues as they may arise.

Nordson

GOVERNANCE

Overview

Nordson Corporation is a U.S.-based manufacturer specialising in industrial precision dispensing solutions. The company generates over half of its revenue from consumables across the electronics, packaging, medical, and industrial sectors. Nordson became part of our global portfolio in 2021.

In May 2024, our ESG rating provider, MSCI, downgraded Nordson's ESG rating, citing concerns related to an over-boarded director and limited disclosures on its anti-bribery policies.

Action

In response, our investment team engaged with Nordson's Investor Relations team to seek clarification on these issues. A call was held with Nordson's Vice President of Investor Relations, its ESG Leader, and its Senior Corporate Counsel to discuss the rationale behind the downgrade.

Nordson's representatives viewed the rating downgrade as overly punitive and misaligned with the realities of the situation. Regarding the alleged over-boarding, the concern pertained to Annette Clayton, a newly appointed Non-Executive Director who was in the process of stepping down from one of her other board positions. The report failed to acknowledge that this situation was temporary and short-lived.

With respect to anti-bribery policies, Nordson's team expressed concern that MSCI's assessment was inconsistent with ratings from other ESG agencies, all of which had scored the company favourably in this area. Furthermore, the company noted that there were limited opportunities to engage with MSCI to clarify or rectify the issue.

Nordson has committed to continuing its efforts to address analytical errors and reporting weaknesses with all ESG ratings providers to ensure more accurate assessments.

Outcome

Nordson remains part of our global portfolio, having demonstrated a willingness to engage transparently and constructively on ESG-related matters. The concerns raised by MSCI were promptly addressed through direct and effective communication between our investment team and Nordson's leadership.

As highlighted in our previous Stewardship Report, we recognise the inherent limitations of ESG research and ratings and remain cautious about their accuracy. This experience reinforces the importance of maintaining a critical perspective on third-party ESG assessments and highlights the time lag in updating information.

We will continue to foster strong relationships with our investee companies to ensure open lines of communication when such discrepancies arise. We maintain a pragmatic investment approach and remain committed to holding investee companies to the highest regulatory and governance standards.

NIBE

ENVIRONMENTAL

Overview

Owned since 2023 in our Smaller companies strategy, Nibe, a leading Swedish heat pump manufacturer, has been at the forefront of the energy transition, offering an alternative to fossil-fuel-based heating systems. With strong brand recognition, an efficient manufacturing footprint, and extensive R&D investment, Nibe appeared well-positioned to benefit from regulatory tailwinds promoting heat pump adoption. However, the business is highly sensitive to external factors, including interest rates, government subsidies, and the electricity-to-gas price ratio (the "spark ratio"). As these factors turned unfavourable, the investment case weakened.

Action

Our September 2024, review flagged increasing risks to Nibe's near-term prospects. While the long-term structural growth story remained intact, mounting external pressures raised concerns:

- Rising interest rates dampened consumer appetite for large capital expenditures
- Declining government support, including stalled EU policy initiatives, weakened subsidy-driven deman
- An unfavourable spark ratio (above 3x) reduced the economic attractiveness of heat pumps relative to gas boilers
- The European Heat Pump Association significantly curtailed its annual units sales forecast, highlighting a more challenging market

We engaged directly with Nibe's CFO in January 2025 to assess these risks further. The discussion confirmed our concerns—there was no clear catalyst for a regulatory rebound, and management signalled a potential dividend reduction due to earnings weakness. With these factors in mind, we exited our position.

Outcome

Selling our position helped us avoid further downside risk, as heat pump sales continued to fall, and policy support remained weak. While Nibe retains long-term potential, its dependency on external macroeconomic and regulatory factors made it a poor fit within our framework for resilient, dividend-growing investments. This case reinforced our focus on identifying companies with structural advantages less reliant on external interventions.

CLIENTS & COMMUNICATION

CLIENT BASE

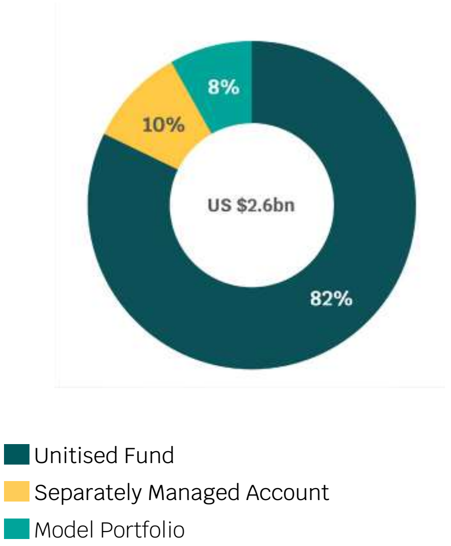
An investment strategy designed to deliver dividend growth is in the realm of patient investors who understand that to buy and hold stocks has benefits beyond the minimisation of trading costs. Our clients are all long-term investors with an investment horizon of five years and more.

This single strategy is applied to all portfolios, meaning one client will be invested in some or all the stocks held in our global equity models. While portfolio implementation can vary by client-mandated restrictions or exclusions, every portfolio still derives investments from these models.

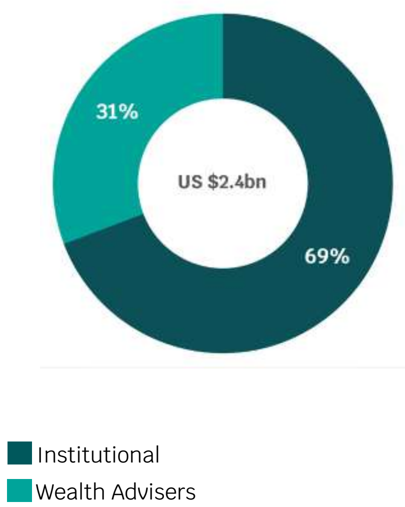
Our client base varies across the different geographies where we do business. In the UK we manage assets in the Heriot Global Fund and Heriot Global Smaller Companies Fund on behalf of professional investors – wealth managers, Independent Financial Advisers (IFAs), high net worth individuals, Discretionary Fund Managers (DFMs), family offices, and charities.

In the USA we manage assets for public pension plans via Separately Managed Accounts (SMAs) and provide advisory services to wealth management platforms. In Australia and New Zealand, most of our clients are institutional and wholesale (like professional investors in the UK), including superannuation funds, charities, and family offices, all invested in the Apostle Dundas Global Equity Fund.

ASSET BY PRODUCT TYPE*



ASSET BY CLIENT TYPE*



INVESTMENT MANDATES

Client requirements are formally expressed via the Investment Management Agreement (IMA) setting out objectives and specific needs, typically through guidelines and exclusions. These rules are then coded within our portfolio and order management system.

Compliance monitoring and adjustments are required as client restrictions change, such as following government sanctions.

Clients carry out investment and operational due diligence on the firm's staff, processes, and infrastructure. We augment these assessments with annual reporting, external assurances, and disclosures to standard setting bodies.

*AUM data as at 31 December 2024.

CLIENT ENGAGEMENT – OUR APPROACH

Effective client communication is a core tenet of our firm and allows us to respond to client needs and their evolving expectations. Our Customer Relationship Management (CRM) system centralises client data, monitors interactions and captures feedback.

The Client & Marketing Team are responsible for ongoing materials enhancements and the efficiency of our reporting process. The team is structured and resourced to facilitate on-going engagement with our clients, sharing information, views and soliciting feedback.

Client interest in our stewardship activities continues to increase, and we are devoting more time to stewardship topics. During 2024, we responded to specific client ESG questionnaires, as well as sharing our research and views across a range of stewardship subjects. In addition, engagement case studies and carbon metrics are important components of our quarterly reports.

CLIENT MATERIALS

- **Factsheets** – Monthly fund update with performance data, portfolio breakdown, dividend and stock commentary
- **Quarterly reports** – A summary of the quarter, including firm updates, performance analysis, portfolio updates, and ESG and carbon metrics
- **Dividend reports** – Update on dividend announcements with stock commentary and numeric statistics
- **Strategy updates** – Quarterly updates for each strategy, including performance analysis and portfolio information
- **Scheduled questionnaires** – Client mandated requests for portfolio/performance metrics/analytics; along with client-specific commentary
- **Ad hoc questionnaires** – We frequently provide information to clients via questionnaires covering topics such as sustainability, diversity, equity and inclusion, and modern slavery
- **Website** – Our policies related to Stewardship and the latest Proxy Voting Disclosure are published on our website
- **Webinars** – Regular webinars on various topics followed by Q&A sessions
- **Documents** – We produce various papers relating to stewardship including our PRI report, Stewardship Report, IR Treasure articles and white papers
- **Databases** – Strategy performance, data, metrics, and commentary

You can find insight pieces / videos and other client materials on our website.

SHARING INSIGHTS

Our objective for 2024 was to further develop our communication channels to reach more prospects whilst continuing to support our clients through relevant and informative content creation.

We successfully provided an aggregation of insights from our company-specific research, including presentations on clinical diagnostics, the magnificent seven and tomorrow's world. These interactions were facilitated by business trips across the UK, USA, Australia, and New Zealand, along with webinars, and virtual meetings.

Global macro issues including high inflation and rising interest rates were the focus of our clients' queries. Dividend declarations were highlighted in our communication, their continued progression reassured clients.

WEBINAR CONTENT

Many of our webinars in the UK and Australia are accredited to provide CPD for advisers. The webinars aim to be educational on buy and hold strategies versus seeking short-term gains from repricing returns. Often these webinars encompass market environments rather than simply marketing, covering three categories:

1. Quarterly updates on our UK-domiciled funds and a review of the overall market and economy
2. Educational presentations on insights gleaned from our investment research, including AI and Healthcare
3. Topical discussions such as the outperformance of the so called magnificent seven

If you are a UK Professional Investor, you can view our recent webinars on our website.

UPDATING OUR CLIENT ENGAGEMENT EXPERIENCE

REBRANDING – GIVING DUNDAS A GLOW UP

Since our inception, our branding had remained unchanged. However, as our target audience expanded significantly since 2011, we recognised the need for a brand that better reflects who we are and what we stand for.

The first step was to define our identity and our relationship with both us and our clients. We conducted a company-wide workshop to establish our brand archetype—a structured and proven approach to defining our identity and tone of voice. This process was extended to our distributors and service providers to compare and benchmark perceptions.

Our strategy focuses on investing in companies that grow their dividends. Co-investing alongside our clients we wanted a message that reinforced the story of shared success. We developed our strapline: ***'Investing with you'***—a statement that reflects our alignment with clients, investments, and our role as stewards of capital.

A key element of the 'with you' philosophy is accessibility—we maintain a 'virtual open door' for clients, allowing them to participate in research meetings should they wish to.

The final stage of the rebrand involved redesigning our logo and colour scheme.

Our new logo embodies the 'D' in Dundas and Dividends, forming a protective shape around the 'golden egg' of savings.

Additionally, its abstract design symbolises a golden path for long-term investments.

The rebrand has been successfully integrated into all our marketing materials and has received highly positive feedback from clients and prospects, particularly for our open-door policy.

DIGITAL MARKETING

In addition to our company rebrand, which encompassed a refreshed visual identity, we created a new website and introduced a crucial shift in our digital strategy. This was overseen by our newly appointed Communication Associate.

Our previous marketing efforts had placed less emphasis on our digital presence, so we had sporadic online engagement. When considering the rebrand, it became clear that a more consistent and robust digital strategy was needed to support our growing firm and its evolving objectives.

Aiming to enhance our brand awareness, drive traffic to our website and to have a more direct outlet of communication with our clients, we decided to review all social media and website management and broader communicational efforts.

Producing new content was key to drive the digital strategy forward. We partnered with FREAKWORKS, a film production company, to produce 16 topical videos. These videos were posted first on LinkedIn and are available on our website.

Following the implementation of a new cohesive digital strategy, we have seen a noticeable increase in social media engagement, especially on LinkedIn. Since March 2023, our page has gained more than 4,800* page visits, 66,700* impressions and more than 1,800 reactions* We now have consistent online visibility and a more solidified brand identity.

Our work with FREAKWORKS to produce high-quality video content elevated our LinkedIn presence and has enhanced the overall user experience with valuable content that resonates with our target audience.

We have seen improved site performance, functionality, and user experience on our website, but the journey does not end here.

We will continue to ensure that the website and social media output is consistently interesting, relevant and accessible for our clients and prospective clients alike.

*LinkedIn Analytics from 1 March 2023 to 1 March 2024.

Case Study - Providing Client Training

SOCIAL

Overview

Our dividend growth investing approach has often been misunderstood by prospects, largely due to common assumptions about dividend yield investing. We believe it is essential for investors to grasp the distinction between dividend growth investing and dividend yield investing—whether they choose to invest with us or not.

To address this, we developed a training course designed to clarify these differences. The course has been delivered to clients and prospects and has qualified for Continuous Professional Development (CPD) points, encouraging participation.

Action

The training course, developed in-house at Dundas, was designed with the following key learning outcomes:

- Understanding the critical role of dividend growth in long-term equity returns
- Examining how certain academic theories on dividends and share prices may have led investors astray
- Differentiating between dividend growth and dividend yield
- Exploring how dividend growth strategies can enhance client portfolios

The course was structured into two main sections: (1) theory and (2) practical application, featuring real-life stock examples. We incorporated definitions and insights from respected sources such as The Economist, FTSE Russell, S&P, and MSCI. Additionally, we challenged widely cited academic work, including Nobel Prize-winning research by Miller and Modigliani.

Outcome

The course has been met with strong demand and positive feedback, and we continue to refine and deliver it across our client and prospect base.

As asset managers, we believe educating investors is far more important than simply selling to them. A deeper understanding leads to better investment decisions, and we remain committed to providing educational initiatives like this – after all, we are investing with you.

Source: Dundas, Bloomberg data from Novo Nordisk and and GSK as at 31 December 2024.

SERVICE PROVIDERS

MONITORING INFRASTRUCTURE

Our ability to provide clients with secure and seamless service depends on the processes we have in place and the suppliers we choose to partner with. We specify Vendor Champions for each supplier to ensure that appropriate due diligence is carried out.

Dundas has a Vendor Management Policy which sets out the approach we take towards vendor or third-party supplier management. This includes the steps we take to identify, assess, and manage risk associated with vendor management.

Third-party suppliers are categorised into three tiers:

TIER 1

Business critical vendor requiring high due diligence and governance.

TIER 2

An important supplier to the firm requiring moderate due diligence and governance.

TIER 3

Supplier does not provide services critical or key to the firm's operations but where we have signed a service contract.

Due diligence is completed prior to contracting to assess the capabilities of the supplier, strategic alignment, and risks. For Tier 1 vendors, risks are registered and regularly reviewed, with due diligence conducted annually. For Tier 2 and 3 suppliers, due diligence is generally carried out at contract renewal.

Key areas for monitoring include operational risks, business risks, and project management for implementation and enhancements. Our Compliance and Audit Committee reviews third party performance against key controls, highlighting any non-performance, and escalating to the Partners Board as appropriate. The vendors we place in Tier 1 play a key role for the firm for example, IT systems, Cloud storage, ACD services, accounting and distribution.

Through the course of the year, we have been reviewing our vendor due diligence process. In 2025 a new supplier code of conduct will be issued to all vendors. This sets out our expectations of any suppliers that we work with – incorporating (amongst other topics) modern slavery oversight and assurance in the supply chain. Responses to this, in addition to out regular vendor due diligence questionnaire, will be assessed and monitored, at the Compliance and Audit Committee who may escalate to the Management Board if there is any significant issue with a vendor. Strengthening our vendor due diligence will provide us with more oversight and will align our processes more closely to our values.

STEWARDSHIP SERVICE PROVIDERS

We invest around 12% of revenue per annum in IT to provide the systems architecture necessary to manage client assets and business expansion. Stewardship service providers are monitored through the Investment Committee with respect to proxy voting, financial data, and ESG research.

PROXY VOTING

In 2014, we employed Institutional Shareholder Services (ISS) to support our proxy voting. ISS receive proxy ballots on our behalf, execute votes in line with our policy, and maintain voting records. ProxyExchange is a system providing comprehensive reports on all votes cast, including metrics on unvoted meetings, votes against policy, and votes against management.

ISS carry out daily audits, detailed vote reconciliation and automated, end-of-day production checks to ensure all votes are executed accurately. Discrepancies are reported to us and highlighted by regular internal reviews and discussed by the Investment Committee.

FINANCIAL DATA

We undertake all our own research on company financials, industry context and management strategy primarily using public company materials and interactions. We use external data providers to corroborate, scrutinise and triangulate research.

Our collegial approach demands that all eyes have assessed the financials of a company prior to investing. Anomalies and inaccuracies across our information sources are examined and queried. Where questions remain, we revert to the company's financial reports to clarify.

Our stewardship approach continues to benefit from improvements to our technology usage, vendor relationships and data monitoring and integration.

ESG RESEARCH AND RATINGS

Since 2019, we have used MSCI ESG data to measure companies' resilience to material ESG risks. MSCI use a rules-based methodology to identify leaders and laggards through exposure to industry-specific ESG risks and opportunities, and how well these exposures are managed relative to peers.

We produce ESG and carbon metrics on a quarterly basis for portfolio monitoring and client reporting.

ACTIVE OWNERSHIP

PRINCIPLES 9-12

ACTIVE OWNERSHIP

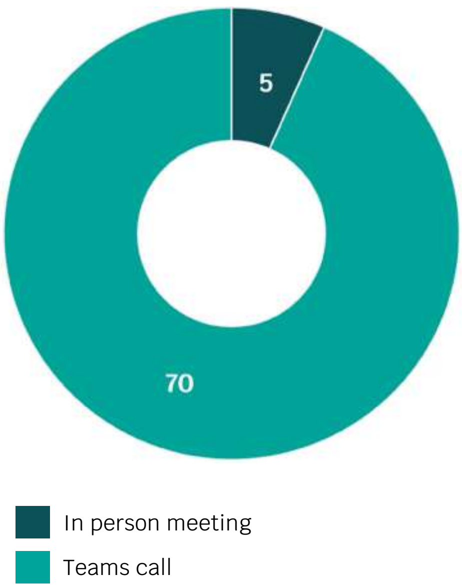
ENGAGEMENT & ESCALATION

We are stewards of our clients' assets. This means monitoring portfolio holdings, engaging on ESG issues, and voting proxies to guide companies towards better practices. We invest in global equities only and follow the same process for engagement and escalation across geographies.

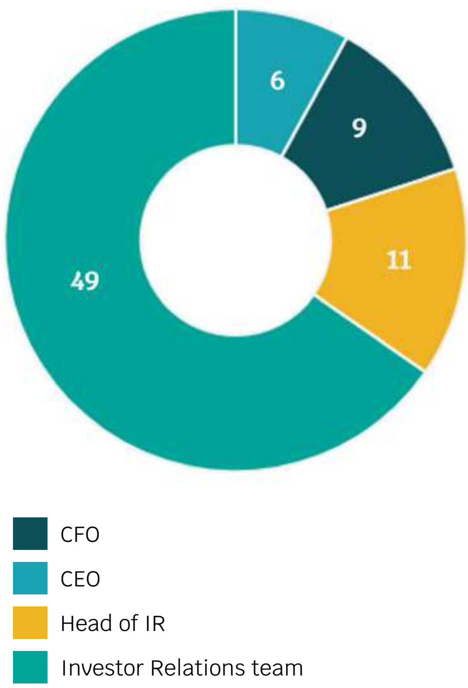
Dialogue with companies in which we invest is a key component of the investment process. We are long term investors, investing for more than five years, typically much longer. Further, we sift out over 98% of the investable universe, investing in around 120 companies across our strategies. For the companies that make up our portfolios, we maintain contact over the term of the investment.

In 2024, our research and monitoring programme comprised of 75 company interactions through calls, meetings, and email. Over two thirds of interactions were with holdings in our global portfolios, with the remainder of candidates for investment or our research library.

HOW WE ENGAGED



WHO WE ENGAGED



PRIORITISING ENGAGEMENTS

In our experience, the strong governance exhibited by the companies in which we invest mitigates many ESG risks. When issues do occur, we conduct targeted engagements and prioritise issues deemed as a potential risk to the company's long-term outlook. Given the infrequency and uncommonness of ESG issues in our investments, we decided thematic approaches were not the most appropriate and effective way to engage with companies.

Rather than seeking out trending ESG issues, we prefer to embed engagement into our stock monitoring programme. Integrating ESG analysis this way allows our analysts and portfolio managers to flag ESG issues as they arise, confirm an engagement approach through the Investment Committee, and engage with the company effectively.

Typically, issues will be flagged during the stock or AGM review, discussed by the team, and brought to the Investment Committee for a decision. Similarly, updates on ongoing engagements and potential escalations are provided in this setting. Engagements may be driven by controversies arising outside of this monitoring programme, in which case we follow the same process of team decision making.

ESCALATIONS

We aim to engage with portfolio companies first before deciding to escalate our stewardship. Escalation can be triggered by a lack of responsiveness or transparency by a company, or if more time-sensitive issues become apparent. Methods of escalation come down to the materiality of the ESG risk and our experience communicating with the company. We use voting such as dissenting director elections or compensation; collaboration through support of shareholder proposals; and divestment or a reduction in our shareholding.

COMMUNICATION CHANNELS

Our dialogue with companies varies from email communication to conference calls to in-person meetings. Lines of communication vary too, with investor relations being our first port of call for general monitoring queries. For an engagement, defined as trying to instigate a change at one of our companies, concerns relating to ESG issues are typically raised with the Chair of the Board and/ or chairs of relevant sub-committees. Issues on company strategy or financials are typically raised with the executive team.

COLLABORATION

Collaboration with like-minded investors can amplify the impact of engagement and voting for smaller investment managers like Dundas. Collaboration is especially useful where we lack sufficient shareholding to be heard or initiate change, following multiple unsuccessful engagement attempts, or to raise awareness of ESG issues affecting whole industries or the global economy.

As bottom-up investors our preference has always been for individual company engagements on ESG issues. Our involvement in collaborative engagements boils down to actions that can ultimately benefit our clients. We will initiate or support collaborations that we believe to be relevant to our investment strategy.

Over the years we have engaged with governments, regulators, and public policy makers on ESG issues.

We regularly attend industry conferences, speak at investor days and produce webinars to advocate for and inform on such issues.

COLLABORATIONS

- Adoption of the Paris Agreements by governments
- Standardised ESG disclosures in US Public Company reporting
- Issues surrounding different definitions, priorities and methods relating to ESG analysis
- Support for the Just Transition
- Climate-related financial reporting
- The risks surrounding share buybacks and the implications for institutional investors
- The risks of relying on ESG ratings to inform investment decisions
- The importance of prudent governance

THE INVESTOR AGENDA

The Investor Agenda formed by seven major investor groups* — AIGCC, CDP, Ceres, IGCC, IIGCC, PRI and UNEP FI — is a proactive collaboration to elevate the best investor guidance on tackling climate change. The Investor Agenda[1] advocates for public policy to accelerate the Net Zero transition and highlights four areas of importance in its investor climate action plan:

1. Corporate Engagement to align to the 1.5 degrees scenario
2. Investment to manage systemic climate risks
3. Policy Advocacy for Net Zero economy by 2050
4. Investor Disclosure to ensure clients and beneficiaries understand climate change risk management

As part of our own disclosure to help clients understand how we manage climate change risk, we include portfolio carbon metrics in our reporting to clients, as well as public disclosures in our annual Stewardship and PRI reports. We believe that the Investor Agenda is having a material, far-reaching influence on how investors manage climate change risks and advocate for better commitment from governments to the Net Zero transition.

GLOBAL ETHICAL FINANCE INITIATIVE

Dundas has been involved with Global Ethical Finance Initiative (GEFI) for several years. GEFI brings together financial Service stakeholders managing over £2 trillion in assets. As pledged on the path to COP29, GEFI is committed to a swift, just, and equitable transition, underpinned by deep emissions cuts and scaled-up finance which are turned into real-economy outcomes.

Attending the Ethical Finance 2024 conference, 'Procrastination or Progress?' we heard from 36 international inspiring speakers who, through a combination of conversations, panels and presentations, covered a variety of topics, including advancing ethical finance, navigating uncertainty, AI in ethics, leadership and purpose in times of crisis, delivering a just transition to Net Zero, and developing practical solutions for climate and nature.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

We monitor the PRI collaboration platform for opportunities to join with the PRI and other organisations that we can work with collectively for engagement activities. During 2024 we added our name to PRI led statements calling for:

- Worldwide ISSB S1 and S2 accounting standards (for sustainability) adoption
- A ban on plastic pollution
- Action on vaping – reducing the appeal and availability to children

*Asia Investor Group on Climate Change (AIGCC), Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC) and United Nations Environment Programme Finance Initiative (UNEP FI).

[1]Source: The Investor Agenda.

LOCAL COLLABORATIONS

In addition, we collaborated locally:

- ▹ The Edinburgh Chamber of Commerce who have provided us with contacts, information, and training courses on getting our own business operations to Net Zero by 2050. Amongst other topics, a highlight this year was learning about 'Building business resilience in a changing climate'
- ▹ We received training, facilitated by the Edinburgh Climate Change Institute (ECCI) to formulate a Carbon reduction plan / Climate strategy for operational Scope 1, 2 and 3 GHG emissions, and received assistance with producing the second year of our operational carbon emissions
- ▹ Learned about the journey to Net Zero of some local businesses, including, Port of Leith Distillery and The Royal Botanic Gardens of Edinburgh
- ▹ Collaborated with The University of Edinburgh Centre for Business, Climate Change and Sustainability team, to create an all-staff training programme covering sustainability/Net Zero topics across our investment and business operations – this took place over 3 sessions in Q1 2024
- ▹ Regularly organise and host compliance sessions with peer group organisations to share / distribute compliance and regulatory information that affects our industry
- ▹ We spent time with a similar small Edinburgh-based investment firm to share our own experience of our path to Net Zero

RIGHTS & RESPONSIBILITIES

GLOBAL VOTING POLICY

When voting on behalf of our clients, the ultimate goal is to maximise the value of our clients' investments in compliance with our sustainability and stewardship policies. Should a conflict of interest exist, we work to uphold our clients' best interests. We endeavour to vote all proxies with our proxy adviser, ISS, supporting us in voting management, processing, and execution.

Where Dundas has full voting discretion, we apply a Global Voting Policy. All voting decisions are underpinned by the ISS Global Voting Principles[1]. These principles promote long-term value creation through four tenets of accountability, stewardship, independence, and transparency.

Shareholder proposals will generally be supported where the proposal would improve the company's corporate governance or business profile without limiting business activity, capability or incurring significant costs with little or no benefit. The overall principle guiding vote recommendations on ESG-related shareholder proposals focuses on shareholder value in either the short or long term.

PROXY VOTING STRATEGY

Where Dundas has full voting discretion, we apply a Global Voting Policy. All voting decisions are underpinned by the ISS Global Voting Principles. These principles align with our clients' best interests by promoting long-term value creation through four tenets of accountability, stewardship, independence, and transparency. Dundas reserve the right to make the final decision.

From January 2025, we vote in line with ISS's Climate Policy recommendations which enhance existing ISS guidelines as follows:

- Voting against directors due to failure to manage environmental, social and governance (ESG) risks, including climate change.

- For large GHG emitters, vote against or withhold from the incumbent chair of the responsible committee where the company is not taking minimum steps needed to be aligned with a Net Zero target by 2050. ISS' minimum steps are similar to IFRS sustainability standards and include:

  - ▹ Detailed disclosure of climate related risks,
  - ▹ A declared target of Net Zero by 2050 or sooner that includes Scope 1, 2, and relevant Scope 3 emissions,
  - ▹ A set medium term target, and
  - ▹ Whether the company has a decarbonisation strategy

[1] Institutional Shareholder Services - Global Voting Principles.

In addition to the ISS climate policy, Dundas uses a customised voting policy to apply further thresholds as follows:

- Board independence and average tenure should be above 70% and below 7 years, respectively
- Director overboarding should be limited to three board seats total for non-executives and two board seats total for executives, with the exception of Japanese corporates where outside board commitments are not monitored
- Generally, vote against if the board lacks at least one director of an underrepresented gender identity or where the board has no racially or ethnically diverse members
- Audit firm tenure should be 10 years or less, with the exception of small cap stocks where tenure is undisclosed Deviations from the policy are reviewed case-by-case and approved formally by the Investment Committee

You can find details of our full voting policy and our most recent Proxy voting summary report on our website.

DIFFERENCES IN OUR APPROACH

Dundas manages global equities only. When developing our voting policy, we sought to apply it globally, across different sizes of companies and geographic markets. Our team meet with ISS regularly to review and discuss progress in our voting policies.

At these meetings, we take the opportunity to highlight areas of interest as identified by our monitoring process.

Considering the impact of a global policy on our portfolio of smaller companies, we worked with ISS to ensure this approach would not result in voting relatively harshly on these companies' proposals. From this research, the only caveat to our policy was to default to the benchmark policy on any auditor votes where some small-cap companies do not disclose the tenure of the auditor.

Looking across the markets in which we invest, our threshold for director board positions was adjusted for one market – Japan – where outside board seats are not tracked and therefore could not be assessed.

We expected our thresholds for board independence and tenure to have the greatest impact on votes against management in the US and Japan where market standards differ to Europe and the UK. From our research and understanding of global voting trends, we were comfortable that the standard we were setting was justified and in line with corporate governance best practice.

VOTING ON OUR CLIENT'S BEHALF

Currently we vote shares held in our funds domiciled in the UK and Australia, where we hold full voting discretion and investors cannot direct voting. Some of our clients have chosen to retain proxy voting control and implement their own policies. In this scenario, we ensure all proxy voting material is delivered to the client for the stocks we invest in on their behalf.

While we endeavour to vote all proxies there are circumstances currently outside our control which prevent voting, including split or partial voting preventions and share-blocking restrictions in certain markets. Any unvoted meetings are reviewed; procedures to improve access to voting in these markets will be considered.

Dundas does not partake in securities lending. We focus our attention on investment research, portfolio construction, and stock monitoring, which we believe delivers the most value to our clients. Where a client manages their own securities lending programme, any recall of shares for voting is to be managed by the client and their custodian.

VOTING SUMMARY

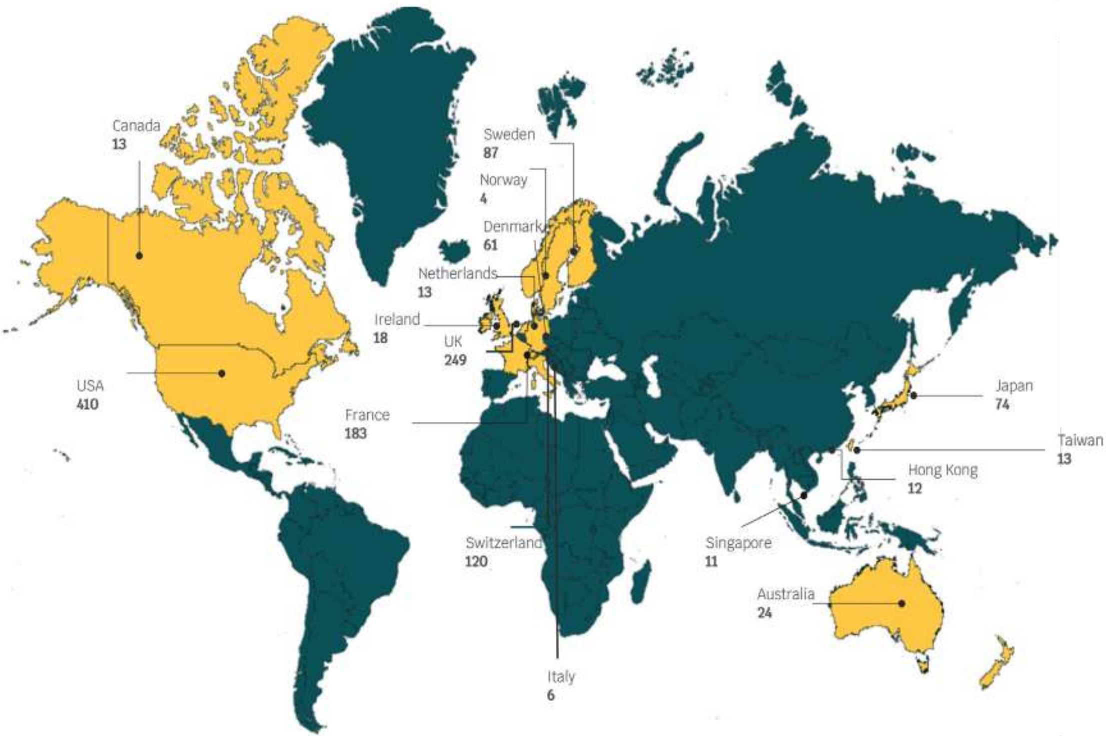
1,712 Proposals

1,298 Votes

108 Meetings

65 Votes on Pay

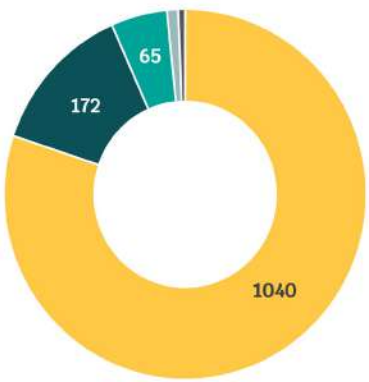
VOTED RESOLUTIONS BY REGION



Votes

No votes

VOTING DECISIONS



For

Against

Say on pay

Withhold (13)

Abstain (8)

SIGNIFICANT VOTES

Company	Meeting date 2023	Proposal(s)	Votes instructions	Rationale
American Express Co.	6 May 2024	Report on Climate Lobbying	Against Management	Additional disclosure would help shareholders better evaluate how the company is addressing any misalignments between its direct and indirect lobbying activities and its public commitment to achieve Net Zero emissions.
Microsoft Corp.	10 December 2024	Report on Risks of Operating in Countries with Significant Human Rights Concerns	Against Management	Shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries.
Apple Inc.	28 February 2023	Report on Median Gender/Racial Pay Gap	Against Management	Median pay gap statistics would allow shareholders to better compare and measure the progress of the company's diversity and inclusion initiatives.
Ross Stores Inc.	22 May 2023	Disclose All Material Value Chain GHG Emissions	Against Management	Disclosure of all material value chain GHG emissions would allow shareholders to better evaluate the company's progress toward its Net Zero ambition, better align it with peers, and help it prepare for potential regulatory requirements.

*Values <1

Shareholder Meetings relates to proxy voting activity carried out across the firm's total portfolio holdings for which it has full voting discretion.

Voting Decisions and Votes by Market relate to proxy voting activity carried out in a fund representative of our Global Equity Growth.

Strategy during the calendar year 2024.

CLOSING STATEMENT

Through this report we intended to enhance the understanding and transparency around our ongoing stewardship activities and demonstrate how we preserve and improve the value of our clients' assets through long-term engagement.

Our key area of focus for the year was to set our pathway to Net Zero for our portfolios and business operations by 2050 documented in the publication of our TCFD document.

Whilst there is no doubt that challenges remain, we are starting to see some improvements with the ways that our investee companies are reporting, and recording data, crucial in setting interim and long-term Net Zero targets and giving us leverage to target our engagements and stewardship activities.

We hope this report has given you a sense of how we go about investing responsibly at Dundas and the actions we have taken on behalf of our clients during 2024. We look forward to updating you on our progress during 2025.

Should you wish to learn more in the meantime, please feel free to contact our Stewardship team, comprising of David Keir (dkeir@dundasglobal.com) and Natasha Hayward (nhayward@dundasglobal.com).

STEWARDSHIP TEAM

Natasha Hayward

David Keir

APPENDIX – OUR STEWARDSHIP DOCUMENTS

The links to our Stewardship related documents/policies (referred to throughout this document) can be found on our website.

We have also listed them separately below:

- TCFD (2024)
- PRI - Public Transparency Report
- Proxy Voting Summary
- Net Zero and Scope 1, 2 and 3 emissions
- Conflict of Interest Policy
- Responsible Investment Policy
- Proxy Voting and Engagement Policy
- Modern Slavery Statement

DISCLAIMER

SUSTAINABILITY DISCLOSURE

- **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 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, 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.

- 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. Sustained dividend growth is produced by well managed companies that respect all their stakeholders' interests. As a result, we believe that these companies will meet our clients long term investment needs.

- **Stocks we decline to own on principle:**

  - Companies whose principal activity is the manufacture, production, or distribution of tobacco,
  - Manufacture of 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,
  - Companies whose principal activity is 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/Climate Report documents 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 Stewardship, 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:** other disclosures can be found on the Dundas Global Investors website (www.dundasglobal.com)

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

Dundas Global Investors

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