



WALTER SCOTT

---

▶ BNY MELLON | INVESTMENT MANAGEMENT

*Equity Investing*

PLYMOUTH COUNTY  
RETIREMENT ASSOCIATION

*15 December 2020*

# WALTER SCOTT

---

 BNY MELLON | INVESTMENT MANAGEMENT

## *Equity Investing*

### PLYMOUTH COUNTY RETIREMENT ASSOCIATION

*15 December 2020*

#### ***Private and confidential***

Authorised and regulated in the United Kingdom by the Financial Conduct Authority.

Walter Scott & Partners Limited (Walter Scott) is also registered as an investment adviser with the US Securities and Exchange Commission (SEC).

Securities offered in the US by BNY Mellon Securities Corporation (BNYMSC), a registered broker-dealer.

Investment advisory products offered in the US through BNYMSC employees acting in their capacity as associated investment adviser representatives of BNYMSC.  
This material is approved for one-on-one presentations by authorised individuals only and may not be reproduced in whole or in part or used for any purpose except as authorised by Walter Scott.

# HISTORY OF WALTER SCOTT

**1983**

*We were founded by Dr Walter G Scott, Marilyn Harrison and Ian Clark, based at 9 Great Stuart Street, Edinburgh*

**1985**

*Partnership with First Interstate Bank begins in North America*

**1986**

*We move to Millburn Tower, Edinburgh*

**1991**

*Our longest-standing International segregated client appoints Walter Scott*

**1993**

*Our longest-standing Global segregated client appoints Walter Scott*

**2004**

*We move to One Charlotte Square, Edinburgh*

**2006**

*We are acquired by Mellon Corporation*

**2007**

*Mellon Corporation merges with Bank of New York*

**2010**

*Jane Henderson appointed Managing Director*

**2017**

*Research team move into 1 North Charlotte Street, Edinburgh*

**2019**

*We create a North American presence dedicated to Client Service based in Boston, USA*

**2020**

*AUM at \$81.0bn  
WFH strategy implemented in Q1  
remains in place*

*As at 30 September 2020*

## **COMPANY OVERVIEW**

**BESPOKE EQUITY PORTFOLIO MANAGER**

**BASED IN EDINBURGH, SCOTLAND & BOSTON, USA<sup>†</sup>**

**100% OWNED BY BNY MELLON SINCE 2007**

**US\$81.0BN ASSETS UNDER MANAGEMENT,  
265\* CLIENT RELATIONSHIPS**

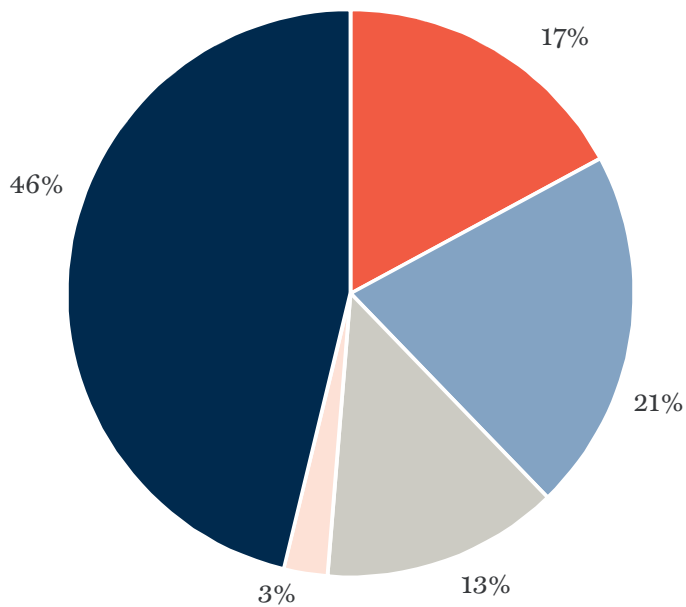
**LONGEVITY OF CLIENTS, STAFF & PHILOSOPHY**

*As at 30 September 2020. \*265 consists of 130 Clients and 135 Fund Investors  
<sup>†</sup>Our head office is in Edinburgh and we have a client service presence in Boston, MA*

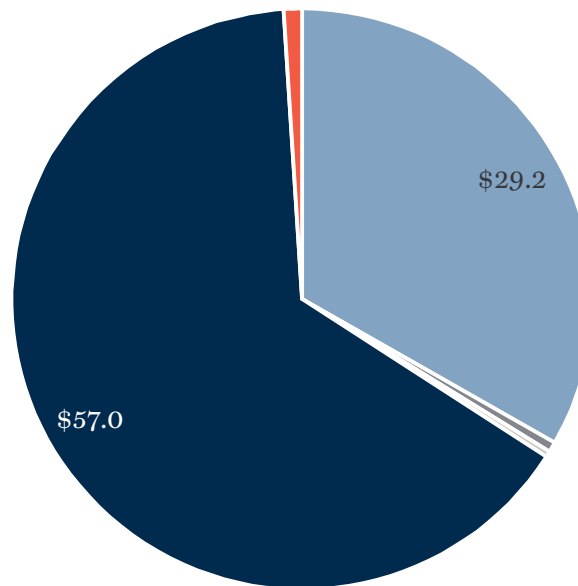
# OUR CLIENTS

*We manage bespoke equity portfolios for institutional investors around the world*

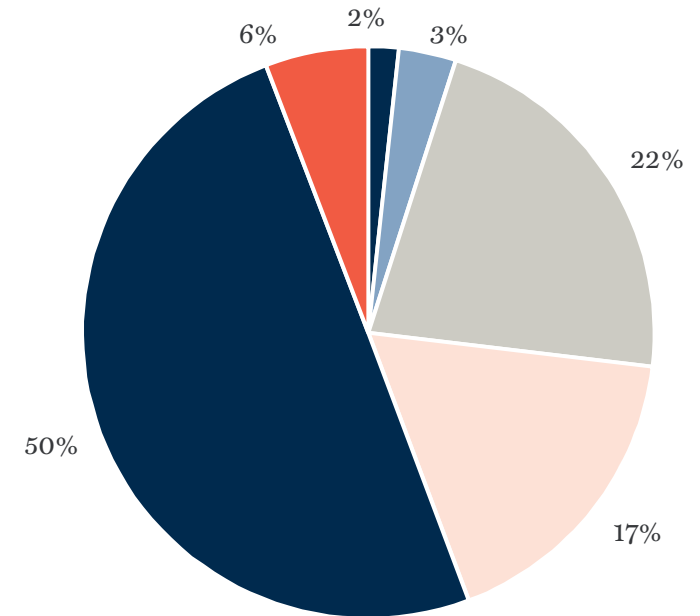
**REGION, % AUM**



**STRATEGY, US\$BN**



**CLIENT TYPE, % AUM**



- Australia & Asia Pacific
- Canada
- EMEA
- ROW
- USA

- EAFE/International
- Emerging & Pacific (\$0.5bn)
- Europe (\$0.3bn)
- Global & Kokusai
- USA (\$0.9bn)

- Endowment/Foundation
- Multi-Manager
- Mutual Fund
- Other
- Pension
- Wrap

*As at 30 September 2020. Please note these charts include Advisory assets.*

## INVESTMENT TEAM

### INVESTMENT EXECUTIVE



Roy Leckie  
*Executive Director -  
Investment and Client Service*



Jane Henderson  
*Managing Director*



Charlie Macquaker  
*Executive Director -  
Investment*

### RESEARCH TEAM



Alex Torrens  
*Co-Head of Research*



Alan Edington  
*Co-Head of Research*

### EMEA



Fiona MacRae



Tom Miedema



Paul Loudon



Joseph Friedland



Ashley-Jane Kitchen



Michael Scott\*

### ASIA PACIFIC



Des Armstrong



Alistair Ceurvorst



Fraser Fox



Alan Lander



Gareth Evans

### AMERICAS



Yuanli Chen



Matthew Gerlach



Lindsay Scott



Maxim Skorniakov



Jamie Zegleman



Laura Clark



Sasha Thompson

*As at 30 September 2020. The wider investment team includes Investment Operations, Investment Assistants, Dealing, Portfolio Implementation, Cash Management and Client Service not listed here. Alex Torrens is in the EMEA team, Alan Edington is in the Asia Team. \*Effective 1<sup>st</sup> October 2020.*

## INVESTMENT TEAM EXPERIENCE

*Stable and experienced team. Average firm tenure 10 years*

Name	Title	Year Joined Firm	Firm Tenure (yrs)	Industry Experience (yrs)
Jane Henderson	Managing Director	1995	25	25
Charlie Macquaker	Executive Director - Investment	1991	29	29
Roy Leckie	Executive Director - Investment and Client Service	1995	25	25
Alex Torrens	Co-Head of Research	2010	10	10
Alan Edington	Co-Head of Research	2012	8	10
Fiona MacRae	Investment Manager	2014	6	33
Maxim Skorniakov	Investment Manager	2003	16	16
Fraser Fox	Investment Manager	2003	16	16
Lindsay Scott	Investment Manager	2004	16	18
Des Armstrong	Investment Manager	2004	16	16
Yuanli Chen	Investment Manager	2006	14	19
Alan Lander	Investment Manager	2006	13	13
Thomas Miedema	Investment Manager	2007	13	14
Jamie Zegleman	Investment Manager	2008	12	12
Paul Loudon	Investment Manager	2014	6	8
Matthew Gerlach	Investment Manager	2016	4	4
Alistair Ceurvorst	Investment Manager	2019	1	6
Michael Scott*	Investment Analyst	2016	4	4
Gareth Evans	Investment Analyst	2016	3	14
Ashley-Jane Kitchen	Investment Analyst	2017	3	5
Laura Clark	Investment Analyst	2017	3	3
Joseph Friedland	Investment Analyst	2019	1	1
Sasha Thompson	Investment Analyst	2020	<1	<1

*As at 30 September 2020 \*Effective 1 October 2020.*

## INVESTMENT PHILOSOPHY AND APPROACH

*Returns derived from investing in the shares of a company will reflect the internal wealth generated by that business*



### PROPRIETARY PROCESS

Disciplined, rigorous, in-house company research following a proprietary process



### TEAM APPROACH

All proposals challenged and debated by an experienced and stable investment team



### LONG-TERM INVESTMENT HORIZON

A buy-and-hold approach focused on sustainable compound growth

*To deliver superior investor returns we invest in companies that deliver sustainable wealth creation over the long-term*



# OUR PROPRIETARY PROCESS REMAINS UNCHANGED

Our proprietary process breaks an individual company into key constituent parts. It forces rigour and rationality over any bias

### SEVEN SISTERS SAMPLE

Stock chart:

COMPANY NAME	Business	Comment
<b>Company</b>	Business	History of the company, when it was founded, what are its key principal business lines etc.
<b>Control of Destiny</b>	Market leader	Market controller Proprietary position Control pricing leverage
<b>Integrity</b>	Qualifid methods	Accounting standards Audit statement – Qualified or not? Who is the auditor? How many years have they used the current auditor? Off balance sheet vehicles? Off by liabilities History of ownership, management ownership, treatment of minority shareholders? Any other black marks on the company through its history Board structure / Independent director representation / separation or CEO and Chairman roles? Environmental footprint / CO2 emission reduction targets / Other "E" factors to be aware of / "E" ratings by third party information providers etc. Social considerations – Usually taken from company Sustainability report
<b>Market Position</b>	Market share	What kind of market is this – High growth / Low growth? Is the industry controlled by a small number of big players or is it highly fragmented? Cyclicality of industry (peak to trough growth rates) and cyclical of company growth? Is this a high barrier to entry industry? If so, why? Is the industry exposed to technological disruption? Who are the key customers? % of revenues accounted for by top 5 customers etc. Is this an industry driven by consumer fads? ROTA's (Return on Trading Assets)
<b>Profitability</b>	IRR	IRF % (Internal Rate of Return) ROE % (Return on Equity) Does the current return structure appear to be sustainable? Cash flow generation – does it cover Capex and other requirements?
<b>Financial Control</b>	Balance sheet stability	Balance sheet analysis commentary – Net debt to Equity / Leverage ratio / Interest coverage / Credit rating and Outlook If there is debt, is it fixed or floating? Debt duration / average cost of debt / maturity profile
<b>Management</b>	Who are management?	Previous experience and current tenure and competency of management Do we have access to management, view of the transparency and competency of management
<b>Valuation/Trading</b>	Information on trading	Information on trading information Average daily trading volumes Single class of stock or multiples? Valuation metrics

### COMPANY NAME

Financial table with columns for 2015, 2016, 2017, 2018, 2019, 2020, 2021. Includes rows for Sales, Profit, Cash flow, etc.

### EMERGENCY ANALYSIS

	2015	2016	2017	2018	2019
OPERATING PROFIT MARGIN	14.1%	14.5%	14.8%	15.1%	15.4%
NET INCOME	12.8%	13.2%	13.5%	13.8%	14.1%
OPERATING ASSETS	15.0%	15.5%	16.0%	16.5%	17.0%
RETURN ON INVESTMENT	16.5%	17.0%	17.5%	18.0%	18.5%

### WALTER SCOTT

Purchase Note as at December 2019

#### BUSINESS

Delivers erect pricing unit ditta rina...   
  
Or cum alia leas sans eius voluga reum, vrum quidem fessio nuptia alperha, sun qui nomei et veltia nungoveria altitatem et labor ma natum? Osequeq nam, non deit astatu? Quent quibdas gnatat vende dabitq, alperha tiamon coom ane deit astatu? Quent quibdas gnatat vende dabitq, alperha tiamon coom ane deit astatu? Quent quibdas gnatat vende dabitq, alperha tiamon coom ane deit astatu? Quent quibdas gnatat vende dabitq, alperha tiamon coom ane deit astatu?

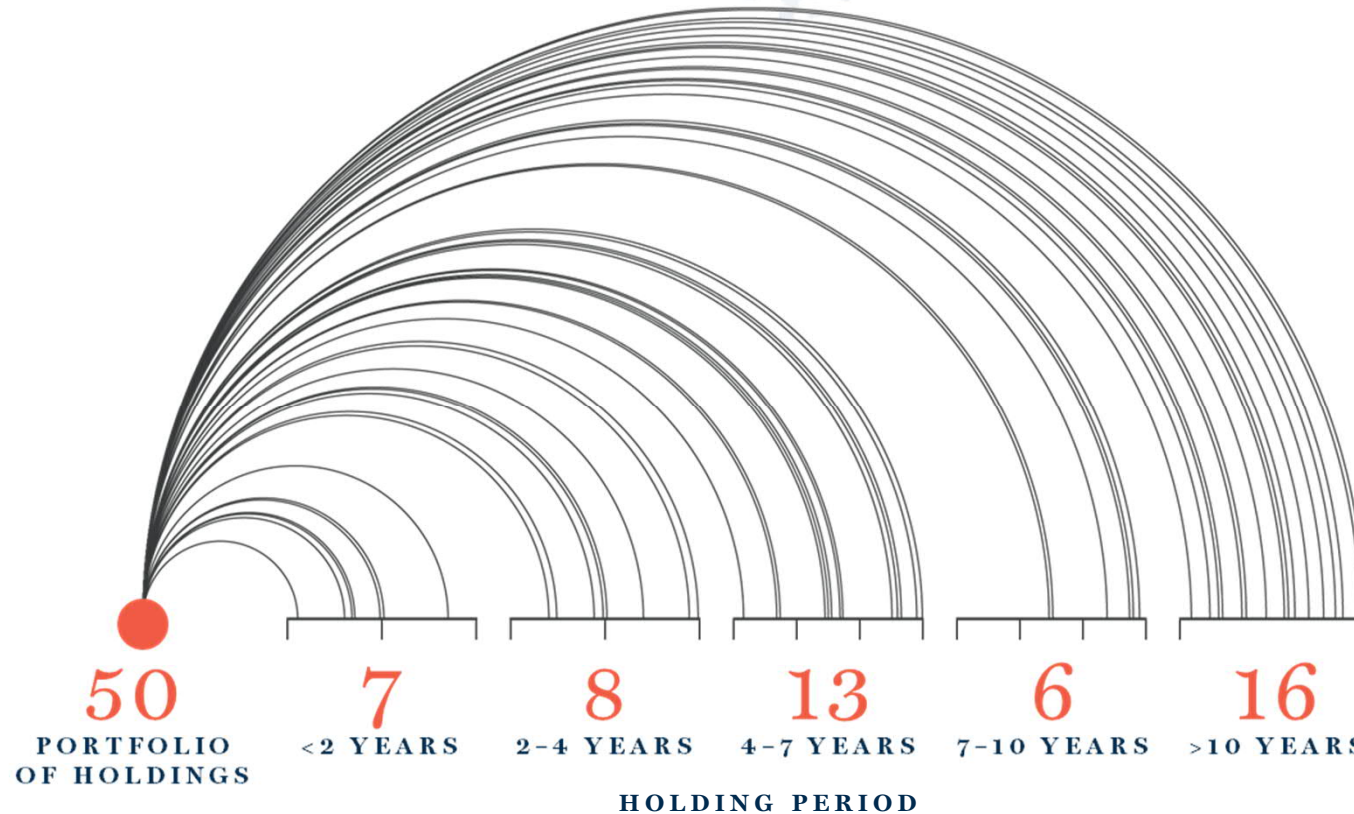
	2015	2016	2017	2018	2019
OPERATING PROFIT	21.5%	22.1%	22.7%	23.2%	23.7%
NET INCOME	19.2%	19.8%	20.4%	21.0%	21.6%
CASH FLOW	15.5%	16.1%	16.7%	17.3%	17.9%

Information provided should not be considered a recommendation to purchase of all any particular security. There is no assurance that any securities discussed herein will remain in a strategy at the time this document is received.

9

## INVESTING FOR THE LONG TERM

*We invest with the intention to buy and hold stocks for the long term in order to exploit the power of compound growth*



*As at 31 December 2019. Source: Walter Scott. A representative USD based international equity portfolio was used to illustrate this. Stocks sold and then re-purchased only include the duration held since most recent purchase. Please refer to the appendix for important information.*

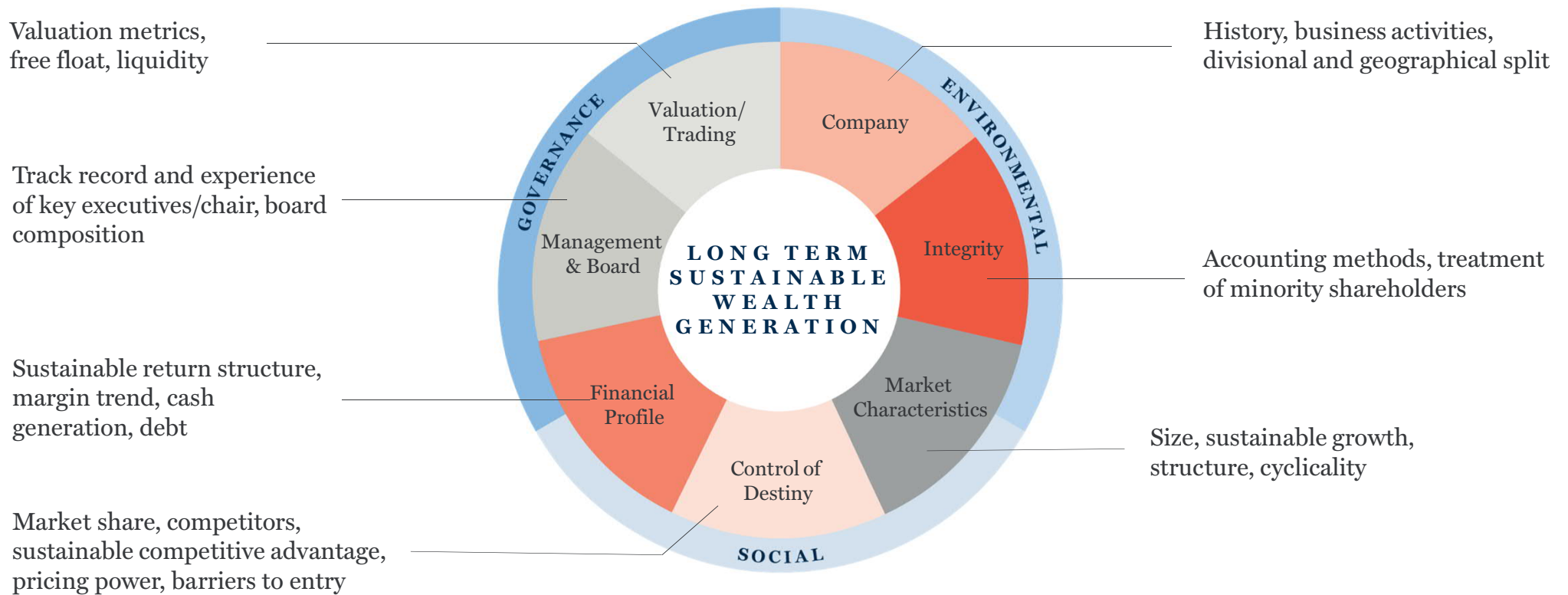
## COMPANY FOCUS

*We analyse companies from all over the world and select those businesses which meet our stringent investment criteria and standards, regardless of their geography or industry*



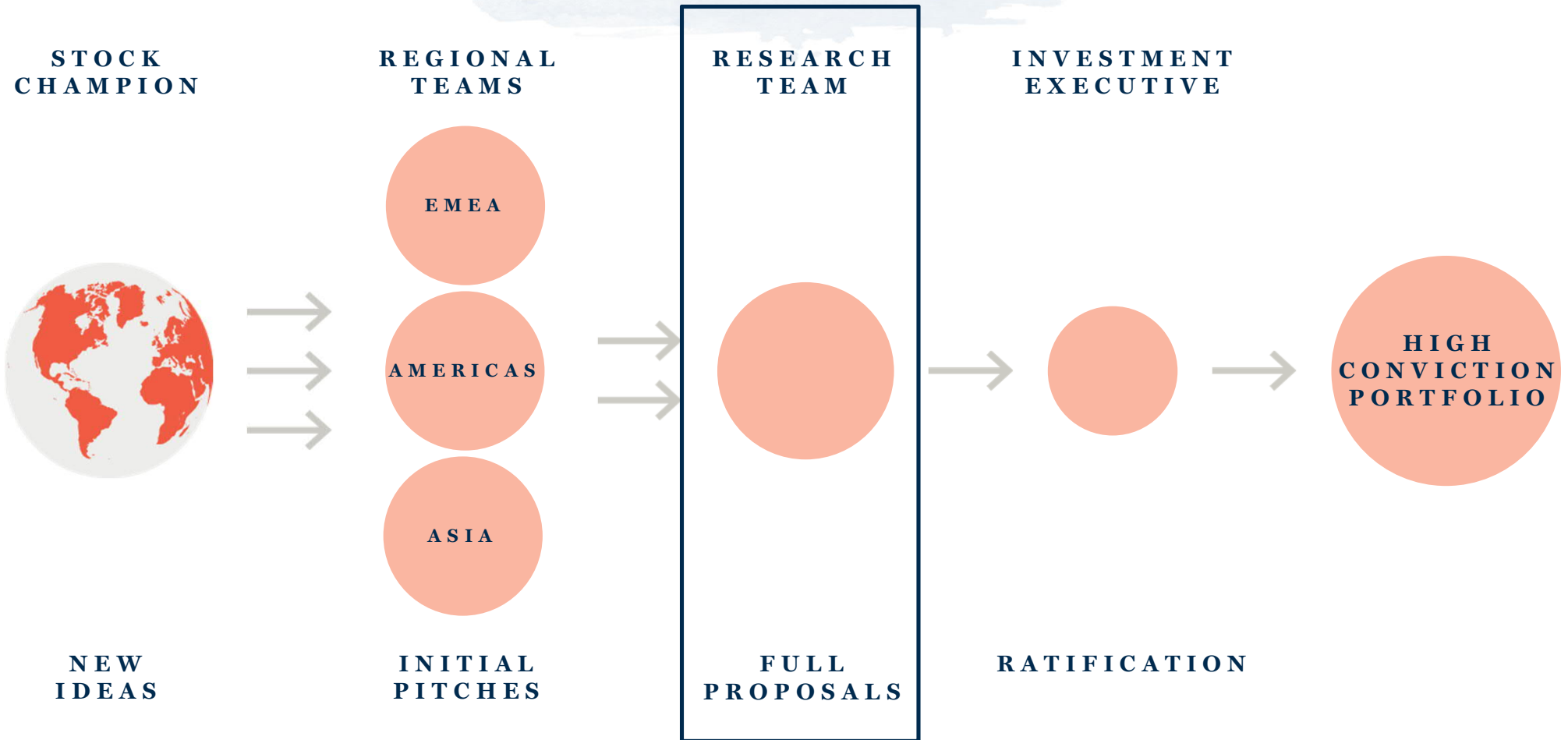
# QUALITATIVE ANALYSIS

*Our qualitative analysis challenges every aspect of a potential investment including all possible ESG factors*



# TEAM DECISION-MAKING - HOW WE BUY STOCKS

*All new purchases require unanimous support by the Research team*



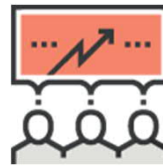
## PORTFOLIO MANAGEMENT & SELL PROCESS

*Initiation of portfolio activity comes from many areas.*



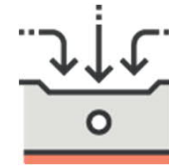
### INITIATOR

- Any member of the Research team, including Stock Champion
  - Performance
  - Valuation
- Annual stock review
- 5% single stock maximum portfolio weighting
  - Single dissenter



### DEBATE

- Regional and full research meetings
- Investment Executive
  - Stop/loss review



### ACTION

- Buy, sell, hold
- Top ups, trimming

## HOW WE THINK ABOUT RISK

*At the primary level, we consider risk to be the probability of losing our clients' money, and we seek to mitigate this through stock selection and our approach to portfolio management.*



### COMPANY

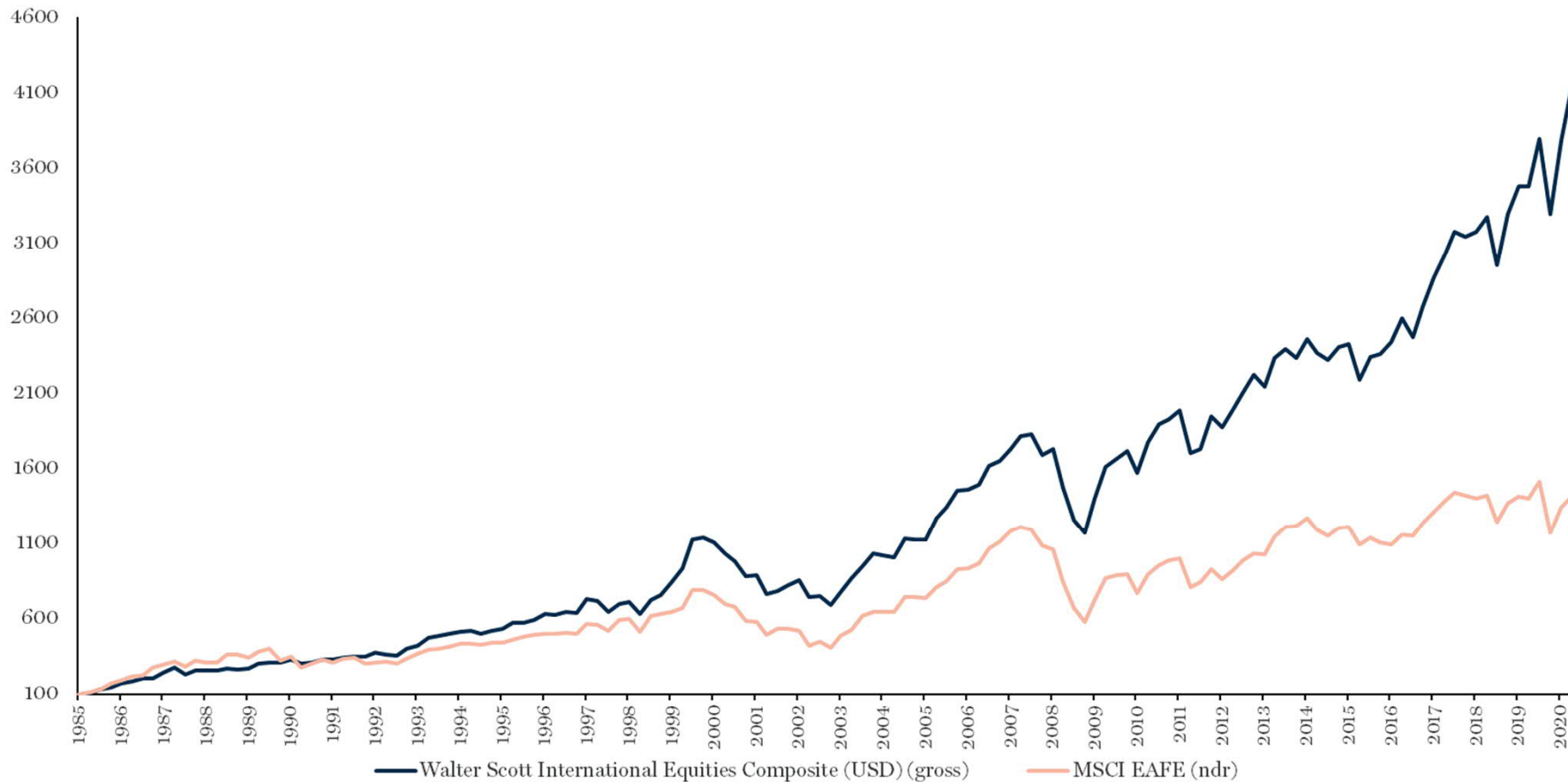
- Invest in high quality, financially robust, sustainable growth companies at sensible valuations
  - Extensive research – understand what you buy
- Continuous monitoring and regular engagement, review triggers
  - Conservative approach to liquidity risk



### PORTFOLIO

- Equally weighted positions at the outset, high active shares, diversification across geographies, sectors, growth drivers and factors
- Systematic adherence to client directed guidelines, limited friction costs
  - Maximum portfolio exposure limits
- Robust governance over AUM growth and investment capacity

## WALTER SCOTT INTERNATIONAL EQUITIES COMPOSITE UNIT PRICE GROWTH AS AT 30 SEPTEMBER 2020



Period	Quarter	Year to date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Walter Scott International Equities	8.8	8.5	18.2	10.9	13.4	8.8	8.1	7.2	8.2	9.1
MSCI EAFE (ndr)	4.8	-7.1	0.5	0.6	5.3	4.6	3.7	3.6	4.6	5.6

*Source: Walter Scott, MSCI. Returns shown in USD. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*



**DISTRIBUTION: BY SECTOR AND REGION  
& TOP TEN HOLDINGS  
AS AT 30 SEPTEMBER 2020**

Sector	Portfolio %	MSCI EAFE %	Difference %
Industrials	24.2	15.2	9.0
Information technology	15.1	8.6	6.5
Materials	10.5	7.6	2.9
Healthcare	16.1	14.4	1.7
Real estate	3.8	3.1	0.7
Consumer staples	12.1	11.9	0.2
Energy	2.4	2.8	-0.4
Utilities	2.2	4.0	-1.8
Consumer discretionary	8.3	11.9	-3.6
Communication services	0.0	5.5	-5.5
Financials	2.9	15.1	-12.2
Liquidity	2.4		2.4

Region	Portfolio %	MSCI EAFE %	Difference %
Emerging Markets	4.7	0.0	4.7
Canada	3.4	0.0	3.4
Asia Pacific ex Japan	12.0	11.2	0.8
Japan	26.0	25.8	0.2
Rest of World	0.0	0.6	-0.6
UK	9.9	13.3	-3.4
Europe ex UK	41.5	49.0	-7.5
Liquidity	2.4		2.4

Company	Weight (%)
Keyence	4.6
Taiwan Semiconductor - ADR	3.9
Daikin Industries	3.7
AIA Group	2.9
Shin-Etsu Chemical	2.8
SMC Corporation	2.7
Adidas	2.6
KONE Corporation	2.6
SAP	2.5
Roche	2.5
<b>TOTAL</b>	<b>30.9</b>

*Source: Walter Scott, MSCI. A representative international USD portfolio was used to illustrate this strategy. Sector and regional distribution are subject to change and may not be representative of future portfolio composition. Please refer to the appendix for important information and related portfolio holding and allocations in section*

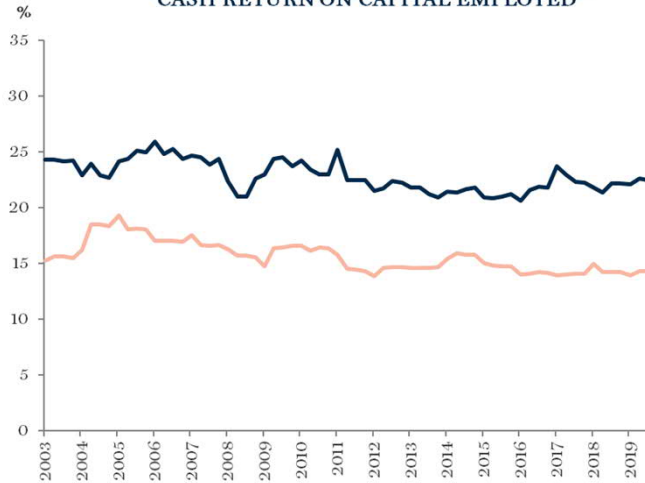
17.2.

## CHARACTERISTICS: INTERNATIONAL PORTFOLIO VS MSCI EAFE AS AT 30 SEPTEMBER 2020

**RETURN ON EQUITY**

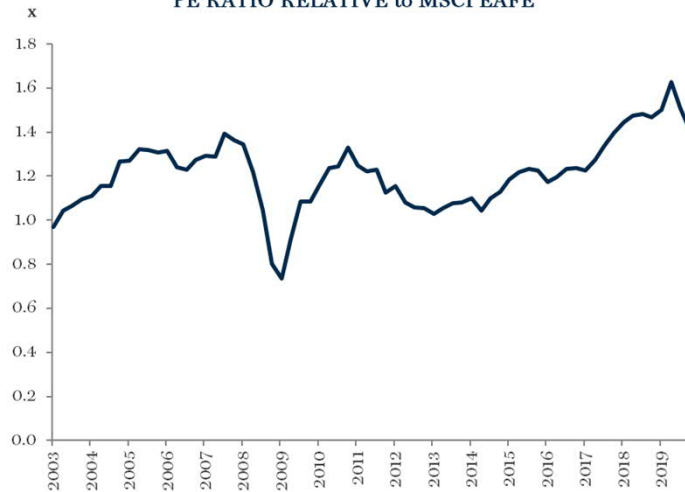


**CASH RETURN ON CAPITAL EMPLOYED\*\***



	Representative Portfolio	MSCI EAFE
ROE*	13.1%	8.3%
CROCE**	22.3%	14.3%
Operating Margin	14.0%	8.2%
Net Debt to Equity***	30.6%	87.7%
P/E	28.4x	20.2x
Dividend Yield	1.8%	2.7%
Number of securities	52	902
Turnover (12 months)	5%	-
Active Share	80%	-

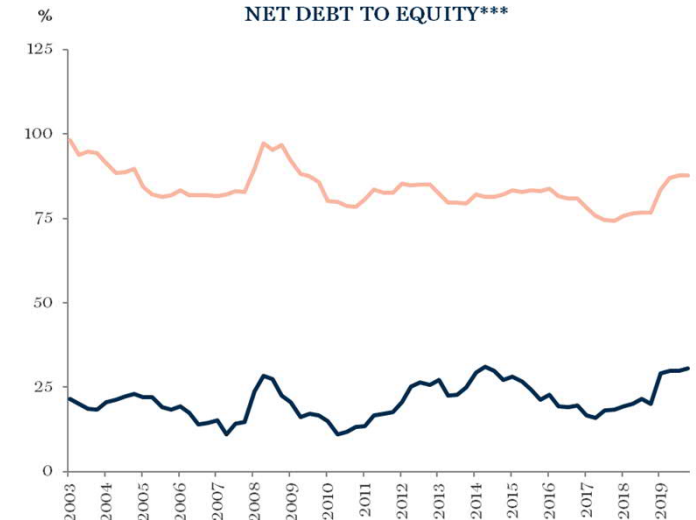
**PE RATIO RELATIVE to MSCI EAFE**



**OPERATING MARGIN**



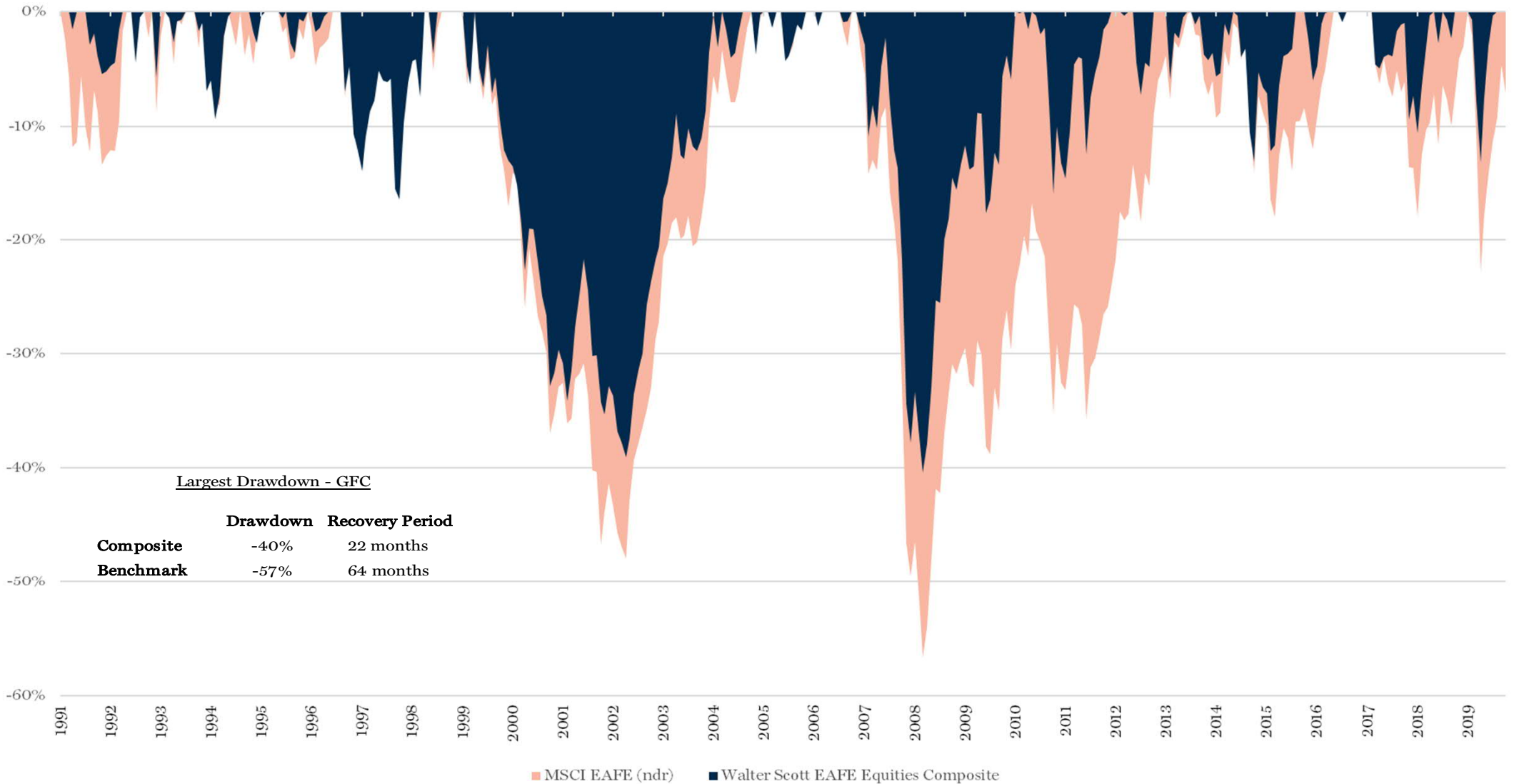
**NET DEBT TO EQUITY\*\*\***



Portfolio
  MSCI EAFE

*Source: Walter Scott, FactSet, MSCI. A representative international portfolio was used to illustrate this strategy. \*Walter Scott defined methodology which may vary from MSCI index figures. \*\*Cash Return on Capital Employed calculation excludes Financials and Real Estate holdings. \*\*\*Net Debt to Equity ex Financials. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Full details of characteristics calculation methodology available upon request.*

# WS INTERNATIONAL EQUITIES COMPOSITE (USD) VS MSCI EAFE (NDR) DRAWDOWN COMPARISON AS AT 30 SEPTEMBER 2020

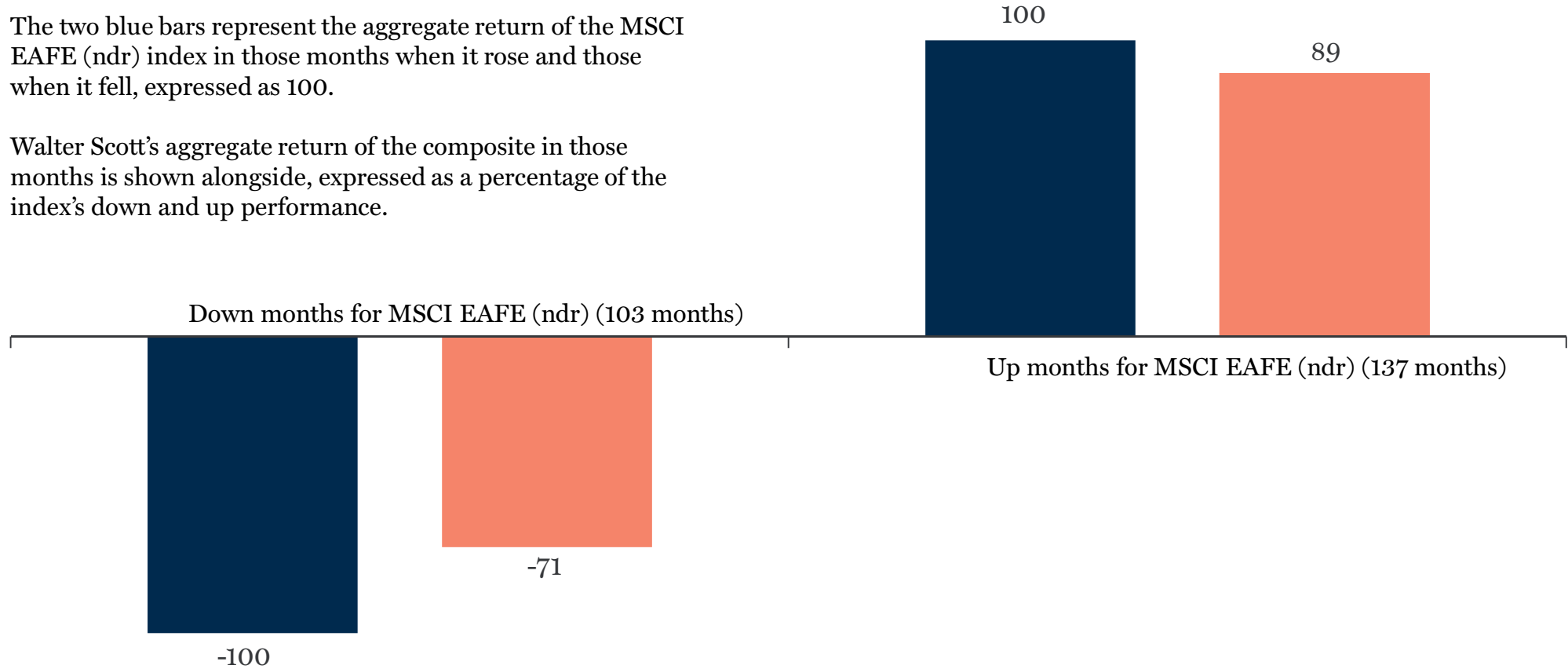


*Source: Walter Scott, MSCI, FactSet. Returns are gross of fees and are shown in USD. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

## WALTER SCOTT INTERNATIONAL EQUITIES COMPOSITE CAPTURE RATIOS TWENTY YEARS TO 30 SEPTEMBER 2020

The two blue bars represent the aggregate return of the MSCI EAFE (ndr) index in those months when it rose and those when it fell, expressed as 100.

Walter Scott's aggregate return of the composite in those months is shown alongside, expressed as a percentage of the index's down and up performance.



*Source: Walter Scott, MSCI. Walter Scott International Equities is also known as the Walter Scott EAFE USD Equities Composite. Capture ratios are calculated using returns in USD, gross of investment management fees. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

## TO SUMMARISE – WHAT IS OUR INVESTMENT EDGE?

*“Simply put, it is our people and our investment philosophy. Colleagues think, listen, scrutinise and challenge, and ultimately unite around the conclusions of our research. The process fosters rigour, conviction, and rationality over bias in decision making.”*

JANE HENDERSON



### PROPRIETARY PROCESS

- Focus on rigorous assessment of company fundamentals, rather than geography, sector or theme
- Consistently applied over 35 years so extensive knowledge and experience is drawn upon
- Collegiate decision making leads to objectivity and removal of biases
- ESG is fully integrated into all aspects of the stock selection process



### PEOPLE

- The group is experienced, stable, motivated and aligned to client outcomes
- The team are globalist and generalist, with deep and broad investment knowledge
- Supportive approach to continuous professional development and a robust compliance ethos
- Flat structure and an inspiring and supportive firm culture

## NOTABLE CONTENT

The below are standout pieces of content which are well worth the read and watch. Please access them via the Insights page on our website: [www.walterscott.com](http://www.walterscott.com)



### Article – Post-pandemic risks to equity returns – June 2020

The Covid-19 pandemic may bring about changes in economic and social behaviour. But what of the long-term risks it presents to equities?

### Article – Supply chains trapped as Western retailers close their doors – April 2020

Retailers' adaption to the Covid-19 crisis is not only impacting their employees but, just as starkly, workers at the end of the supply chain.

### Article – A question of balance – March 2020

Raising debt may seem like a logical response to an environment where interest rates are at record lows. Investment Director Charlie Macquaker assesses the risks within that all-too-common assumption.



### Vietnam & Bangladesh Supply Chain Research Trip

Our first *On the Road* video offers a truly unique insight into an ESG research trip undertaken by Investment Managers Alan Lander and Des Armstrong. Filming on their smartphones, they travelled to Vietnam and Bangladesh to examine standards and practices in factories contracted by global brands and retailers to manufacture apparel and footwear.

### Annual ESG Report

Through our *Annual ESG reports*, we evidence the work that we have done on ESG-related issues over the past year. They include case studies of companies that we believe demonstrate strong ESG credentials, as well as details of notable company engagements.



## CLIENT SERVICE TEAM

### INVESTMENT EXECUTIVE



Roy Leckie  
*Executive Director –  
Investment and Client Service*



Jane Henderson  
*Managing Director*



Charlie Macquaker  
*Executive Director –  
Investment*

### BOSTON<sup>1</sup>



Francis Sempill



Margaret Foley<sup>2</sup>



Kiersten Christensen<sup>2</sup>



Laura MacDonald<sup>2</sup>



Tom Quinn<sup>2,3</sup>

### EDINBURGH



Tom Duff<sup>2</sup>



Takashi Taji



Justin Atkinson



George Dent



Murdo MacLean



Dennis Wyles

**WALTER SCOTT COMPOSITE PERFORMANCE SCHEDULE  
AS AT 30 SEPTEMBER 2020**

**PERCENTAGE RETURNS IN USD, ANNUALIZED FROM TWO YEARS ONWARDS**

Period	Quarter	Year to date	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	25 Years	30 Years
Walter Scott Global Equities	8.4	5.1	14.0	13.4	14.4	11.5	9.7	8.9	10.6	10.8
MSCI World (ndr)	7.9	1.7	10.4	7.7	10.5	9.4	6.6	5.0	6.9	7.8
Walter Scott International Equities <sup>#</sup>	8.8	8.5	18.2	10.9	13.4	8.8	8.1	7.2	8.2	9.1
MSCI EAFE (ndr)	4.8	-7.1	0.5	0.6	5.3	4.6	3.7	3.6	4.6	5.6
Walter Scott Europe Equities	9.7	3.0	13.9	9.2	11.5	8.6	8.4	8.5	9.5	-
MSCI Europe (ndr)	4.5	-8.8	-0.8	-0.6	4.2	4.3	3.6	3.6	5.9	-
Walter Scott USA Equities	6.8	3.8	10.7	13.3	15.3	13.4	-	-	-	-
MSCI USA (ndr)	9.5	6.8	16.4	12.2	13.7	13.2	-	-	-	-
Walter Scott Emerging Markets Equities	3.8	-5.8	5.6	2.4	8.2	3.0	8.1	10.1	-	-
MSCI Emerging Markets (ndr)*	9.6	-1.2	10.5	2.4	9.0	2.5	5.8	7.8	-	-
Walter Scott USA Dividend Growth Equities	6.8	-0.2	4.9	8.9	10.4	11.4	-	-	-	-
MSCI USA (ndr)	9.5	6.8	16.4	12.2	13.7	13.2	-	-	-	-
Walter Scott International Dividend Growth Equities <sup>##</sup>	6.7	-1.9	7.0	5.0	8.8	6.9	-	-	-	-
MSCI EAFE (ndr)	4.8	-7.1	0.5	0.6	5.3	4.6	-	-	-	-
Walter Scott Pacific Equities	7.1	8.5	20.4	9.8	14.1	8.2	-	-	-	-
MSCI Pacific (ndr)	5.4	-4.1	2.6	2.8	7.3	5.4	-	-	-	-
Walter Scott Concentrated Global Equities Composite	9.9	9.3	19.9	13.4	-	-	-	-	-	-
MSCI World (ndr)	7.9	1.7	10.4	7.7	-	-	-	-	-	-

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®). Performance is shown gross of investment management fees.*

*Source: Walter Scott, MSCI. <sup>#</sup>Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite. <sup>##</sup>Walter Scott International Dividend Growth Equities Composite is also known as the Walter Scott EAFE Dividend Growth Equities Composite. \*Prior to 1st January 2001, data for MSCI Emerging (gdr) is used, as MSCI Emerging (ndr) was not yet in existence. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations.*

*Please refer to the appendix for important information and related performance disclosure in section 17.4.*



Reporting Currency: US dollars  
Gross of Management Fees  
Creation Date: 1 October 2019  
Inception Date: 1 January 1986

## WALTER SCOTT GLOBAL EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Period	Composite Return (%)	MSCI World Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	8.4	7.9	15.0	16.7	0.3	101	44,360	54.8
Q2 2020	16.7	19.4	14.6	16.0	0.3	98	40,564	54.9
Q1 2020	-16.9	-21.1	13.7	14.6	0.4	95	34,382	54.5
2019	31.2	27.7	11.3	11.1	0.7	96	42,130	56.7
2018	-0.8	-8.7	10.1	10.4	0.4	89	24,881	42.3
2017	26.6	22.4	9.6	10.2	0.9	91	27,600	41.5
2016	6.9	7.5	10.1	10.9	0.5	95	25,588	43.8
2015	1.4	-0.9	10.2	10.8	0.7	93	25,743	43.8
2014	3.8	4.9	9.7	10.2	0.5	99	32,704	47.9
2013	21.2	26.7	11.7	13.5	1.2	104	34,190	48.6
2012	19.2	15.8	14.7	16.7	0.6	96	26,061	45.4
2011	-2.3	-5.5	15.9	20.2	0.5	87	21,121	44.9
2010	12.4	11.8	19.8	23.7	0.6	74	18,086	40.1
2009	34.7	30.0	17.5	21.4	1.6	59	12,716	39.7
2008	-30.0	-40.7	15.6	17.0	0.9	55	8,453	40.4
2007	13.0	9.0	9.0	8.1	1.1	56	13,622	39.8
2006	16.4	20.1	9.3	7.6	0.8	47	9,473	30.6

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

*Source: Walter Scott, MSCI.*

Reporting Currency: US dollars  
Gross of Management Fees  
Creation Date: 1 October 2019  
Inception Date: 1 July 1985

## WALTER SCOTT EAFE EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Period	Composite Return (%)	MSCI EAFE Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	8.8	4.8	12.2	15.2	0.5	52	25,185	31.1
Q2 2020	14.8	14.9	11.9	15.0	0.4	51	23,092	31.2
Q1 2020	-13.2	-22.8	11.5	14.4	0.5	47	19,294	30.6
2019	28.3	22.0	9.9	10.8	0.6	45	21,909	29.5
2018	-6.9	-13.8	10.3	11.2	0.6	41	13,262	22.5
2017	28.1	25.0	11.3	11.8	0.6	43	15,185	22.8
2016	5.6	1.0	11.7	12.5	0.7	50	12,435	21.3
2015	1.1	-0.8	11.5	12.5	0.7	50	13,469	22.9
2014	-3.0	-4.9	11.1	13.0	0.5	54	15,151	22.2
2013	13.6	22.8	13.2	16.3	0.9	56	15,426	21.9
2012	21.7	17.3	15.3	19.4	0.6	55	14,619	25.5
2011	-8.8	-12.1	16.8	22.4	0.8	57	12,196	25.9
2010	14.1	7.8	20.5	26.2	1.1	57	13,639	30.2
2009	32.5	31.8	18.6	23.6	1.8	53	10,571	33.0
2008	-31.4	-43.4	16.3	19.2	1.0	51	6,984	33.4
2007	12.9	11.2	9.7	9.4	1.1	54	11,073	32.3
2006	20.8	26.3	10.1	9.3	1.3	67	12,548	40.6

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request.*

*Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

*Source: Walter Scott, MSCI. Walter Scott International Equities is also known as the Walter Scott EAFE Equities Composite.*

Reporting Currency: US dollars  
Gross of Management Fees  
Creation Date: 1 October 2019  
Inception Date: 1 March 2000

## WALTER SCOTT USA EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Period	Composite Return (%)	MSCI USA Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	6.8	9.5	17.3	17.8	-	3	898	1.1
Q2 2020	21.3	21.6	17.0	16.9	-	3	872	1.2
Q1 2020	-19.9	-19.8	15.4	15.1	-	3	689	1.1
2019	30.0	30.9	12.4	12.0	-	5	1,100	1.5
2018	0.2	-5.0	10.9	10.9	-	4	433	0.7
2017	27.4	21.2	8.9	10.0	-	4	550	0.8
2016	11.5	10.9	9.6	10.6	-	4	495	0.8
2015	-0.4	0.7	9.9	10.5	-	5	503	0.9
2014	5.8	12.7	8.7	9.1	-	6	589	0.9
2013	31.4	31.8	11.3	12.0	-	4	403	0.6
2012	11.7	15.3	14.5	15.2	-	4	307	0.5
2011	6.3	1.4	16.5	18.6	-	4	278	0.6
2010	14.0	14.8	19.0	21.9	-	5	325	0.7
2009	32.4	26.3	16.4	19.6	-	3	85	0.3
2008	-24.1	-37.6	-	-	-	2	52	0.3
2007	13.3	5.4	-	-	-	3	94	0.3

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

Source: Walter Scott, MSCI.

## WALTER SCOTT EMERGING MARKETS EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars

Gross of Management Fees

Creation Date: 1 October 2019

Inception Date: 1 December 1997

Period	Composite Return (%)	MSCI Emerging Markets Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	3.8	9.6	18.5	18.7	0.1	6	369	0.5
Q2 2020	20.8	18.1	18.3	18.3	0.7	6	358	0.5
Q1 2020	-24.9	-23.6	16.8	17.1	0.8	6	317	0.5
2019	25.2	18.4	13.1	14.2	-	6	450	0.6
2018	-14.7	-14.6	12.4	14.6	-	4	284	0.5
2017	28.8	37.3	12.6	15.4	0.7	6	477	0.7
2016	9.1	11.2	13.8	16.1	0.3	8	422	0.7
2015	-9.0	-14.9	12.7	14.1	0.6	8	422	0.7
2014	-4.2	-2.2	13.6	15.0	0.4	8	566	0.8
2013	-1.6	-2.6	16.3	19.0	0.7	7	539	0.8
2012	20.6	18.2	18.6	21.5	-	6	417	0.7
2011	-14.2	-18.4	22.1	25.8	-	5	199	0.4
2010	19.1	18.9	26.8	32.6	-	4	134	0.3
2009	73.8	78.5	25.9	32.3	-	3	80	0.3
2008	-38.3	-53.3	22.8	28.7	-	2	20	0.1
2007	37.4	39.4	14.2	18.1	-	2	33	0.1
2006	36.4	32.1	13.6	17.3	-	2	25	0.1

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

*Source: Walter Scott, MSCI.*

## WALTER SCOTT EUROPE EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars  
Gross of Management Fees  
Creation Date: 1 October 2019  
Inception Date: 1 April 1991

Period	Composite Return (%)	MSCI Europe Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	9.7	4.5	14.4	16.2	-	2	180	0.2
Q2 2020	15.0	15.3	13.9	16.0	-	2	164	0.2
Q1 2020	-18.4	-24.3	13.6	15.6	-	2	158	0.3
2019	29.7	23.8	11.1	11.9	-	2	186	0.3
2018	-5.0	-14.9	11.6	12.1	-	4	2,510	4.3
2017	24.8	25.5	12.0	12.4	-	3	2,468	3.7
2016	2.2	-0.4	12.8	13.3	-	5	3,167	5.4
2015	2.3	-2.8	12.4	13.7	0.5	7	3,187	5.4
2014	-6.7	-6.2	11.6	14.6	0.9	7	5,007	7.3
2013	20.1	25.2	14.7	18.4	0.2	7	6,442	9.1
2012	23.5	19.1	18.0	22.2	-	7	5,366	9.4
2011	-5.1	-11.1	19.7	25.4	-	5	4,297	9.1
2010	12.8	3.9	23.6	28.5	1.8	6	4,668	10.4
2009	41.3	35.8	20.9	25.2	0.9	6	2,789	8.7
2008	-35.7	-46.4	18.4	20.4	0.7	7	1,793	8.6
2007	13.9	13.9	9.3	9.7	1.0	8	3,932	11.5
2006	31.8	33.7	9.9	9.5	1.0	9	4,078	13.2

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

Source: Walter Scott, MSCI.

## WALTER SCOTT USA DIVIDEND GROWTH EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars

Gross of Management Fees

Creation Date: 1 October 2019

Inception Date: 1 August 2006

Period	Composite Return (%)	MSCI USA Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	6.8	9.5	14.4	17.8	-	1	26	0.0
Q2 2020	14.0	21.6	14.1	16.9	-	1	24	0.0
Q1 2020	-18.1	-19.8	13.2	15.1	-	1	21	0.0
2019	25.1	30.9	10.5	12.0	-	1	26	0.0
2018	-4.5	-5.0	9.9	10.9	-	2	477	0.8
2017	15.4	21.2	8.8	10.0	-	2	479	0.7
2016	11.6	10.9	9.5	10.6	-	2	365	0.6
2015	0.9	0.7	9.7	10.5	-	2	356	0.6
2014	8.8	12.7	8.1	9.1	-	3	448	0.7
2013	32.5	31.8	9.6	12.0	-	3	438	0.6
2012	11.8	15.3	12.5	15.2	-	3	343	0.6
2011	7.8	1.4	15.3	18.6	-	3	333	0.7
2010	15.0	14.8	17.9	21.9	-	3	397	0.9
2009	27.3	26.3	15.7	19.6	-	2	159	0.5
2008	-25.8	-37.6	-	-	-	2	78	0.4
2007	12.4	5.4	-	-	-	2	47	0.1
2006*	8.3	11.8	-	-	-	1	30	0.1

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

*Source: Walter Scott, MSCI. \*Returns are for the period 1 August 2006 through 31 December 2006.*

## WALTER SCOTT EAFE DIVIDEND GROWTH EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars

Gross of Management Fees

Creation Date: 1 October 2019

Inception Date: 1 February 2006

Period	Composite Return (%)	MSCI EAFE Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	6.7	4.8	12.3	15.2	-	1	16	0.0
Q2 2020	10.2	14.9	11.7	15.0	-	1	15	0.0
Q1 2020	-16.5	-22.8	11.4	14.4	-	1	14	0.0
2019	25.3	22.0	9.2	10.8	-	1	17	0.0
2018	-8.4	-13.8	9.3	11.2	-	1	14	0.0
2017	23.4	25.0	9.8	11.8	-	1	15	0.0
2016	4.3	1.0	10.5	12.5	-	1	12	0.0
2015	-2.4	-0.8	10.5	12.5	-	1	17	0.0
2014	2.4	-4.9	10.3	13.0	-	1	23	0.0
2013	10.3	22.8	12.0	16.3	-	1	23	0.0
2012	21.1	17.3	14.2	19.4	-	1	22	0.0
2011	-6.0	-12.1	15.5	22.4	-	1	19	0.0
2010	17.7	7.8	20.2	26.2	-	1	23	0.1
2009	31.6	31.8	18.5	23.6	-	1	20	0.1
2008	-34.9	-43.4	-	-	-	1	16	0.1
2007	12.3	11.2	-	-	-	1	26	0.1
2006*	27.5	19.0	-	-	-	1	23	0.1

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

Source: Walter Scott, MSCI. Walter Scott International Dividend Growth Equities Composite is also known as the Walter Scott EAFE Dividend Growth Equities Composite.

\*Returns are for the period 1 February 2006 through 31 December 2006.

## WALTER SCOTT PACIFIC EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars  
Gross of Management Fees  
Creation Date: 1 October 2019  
Inception Date: 1 February 2010

Period	Composite Return (%)	MSCI Pacific Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	7.1	5.4	13.1	14.3	-	1	84	0.1
Q2 2020	16.7	14.2	12.8	13.8	-	1	79	0.1
Q1 2020	-13.1	-20.3	12.0	13.0	-	1	68	0.1
2019	26.4	19.3	11.0	10.0	-	1	78	0.1
2018	-9.2	-12.0	11.8	11.4	-	1	65	0.1
2017	27.6	24.6	11.9	12.3	-	1	73	0.1
2016	11.6	4.2	12.1	12.9	-	1	61	0.1
2015	-1.6	3.0	11.2	12.8	-	1	55	0.1
2014	1.6	-2.7	10.3	12.6	-	1	56	0.1
2013	6.1	18.3	11.5	14.4	-	1	58	0.1
2012	20.5	14.4	-	-	-	1	76	0.1
2011	-12.2	-13.7	-	-	-	1	64	0.1
2010*	25.1	17.5	-	-	-	1	88	0.2

Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.

Source: Walter Scott, MSCI. \*Returns are for the period 1 February 2010 through 31 December 2010.



## WALTER SCOTT CONCENTRATED GLOBAL EX JAPAN EQUITIES COMPOSITE AS AT 30 SEPTEMBER 2020

Reporting Currency: US dollars

Gross of Management Fees

Creation Date: 1 October 2019

Inception Date: 1 May 2018

Period	Composite Return (%)	MSCI Kokusai Return (ndr) (%)	Composite 3 Yr Standard Deviation (%)	Benchmark 3 Yr Standard Deviation (%)	Composite Internal Dispersion (%)	No. of Portfolios in Composite at Period End	Composite Assets (Millions)	% of Total Firm Assets
Q3 2020	9.4	8.0	-	-	-	1	5,560	6.9
Q2 2020	17.8	20.1	-	-	-	1	5,085	6.9
Q1 2020	-15.4	-21.4	-	-	-	1	4,315	6.8
2019	32.4	28.4	-	-	-	1	5,098	6.9
2018*	-4.4	-8.0	-	-	-	1	3,852	6.5

*Walter Scott claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Walter Scott has been independently verified for the periods 1 January 1994 through 31 December 2019. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. Past performance is not a guide to future performance and returns may also increase or decrease as a result of currency fluctuations. Please refer to the appendix for important information and related performance disclosure in section 17.4.*

*Source: Walter Scott, MSCI. \*Returns are for the period 1 May 2018 through 31 December 2018.*

WALTER SCOTT

---

*On behalf of us all,*

**THANK YOU**

# APPENDIX

## 1. DEFINITION OF FIRM

Walter Scott & Partners Limited (“Walter Scott”) is an investment management firm authorised and regulated in the United Kingdom by the Financial Conduct Authority in the conduct of investment business. Walter Scott is a non-bank subsidiary of The Bank of New York Mellon Corporation. Walter Scott is responsible for portfolios managed on behalf of pension plans, endowments and similar institutional investors. Total assets under management were US\$81.0 billion as at 30 September 2020.

## 2. PRIVACY NOTICE

Personal information may be collected by Walter Scott following attendance at, or registration to attend, a Walter Scott, affiliate or partner event and will be used solely for the purpose of facilitating the provision of investment management services and managing business relationships. For more information about how Walter Scott collects, uses and shares personal information and an individual’s legal rights (including opt-out rights), please see the full privacy notice which is available on the website: [www.walterscott.com/privacy-policy](http://www.walterscott.com/privacy-policy).

## 3. FIRM COMPOSITES

Walter Scott constructs composites of portfolios invested in equities. Composites include all portfolios managed by Walter Scott where the company has full discretionary authority. No non-fee paying portfolios are included in the composites presented in this report. Portfolios where Walter Scott acts in an advisory only role are excluded from composites.

Composite figures in this presentation are extracted from one or more of the composites reports prepared by Walter Scott in compliance with the Global Investment Performance Standards (GIPS). The effective date of compliance of the Firm with GIPS standards is 1 January 1994.

Following a review of composites, Walter Scott performed a composite restructure with base currency no longer being a criterion used to differentiate composites. This resulted in certain changes to composite constituents to meet the new, broader composite description. The creation date of composites involved in the restructure is 1 October 2019. Further details are available on request.

## 4. CALCULATION METHODOLOGY

Performance results are calculated on a total return time weighted basis and include all portfolio income, unrealised and realised capital gains, contributions and withdrawals and are geometrically linked. Cash and cash equivalents are included in total portfolio assets and in the return calculations. Trade date accounting is used for valuations. For periods less than one year, rates of return are not annualised.

The composite shown is an aggregation of portfolios representing a similar investment strategy. Composites are size-weighted using beginning of period values to weight portfolio returns. Portfolios are included in a composite beginning with the first full month of performance and until the month immediately prior to termination of an account.

Annualised return represents the level annual rate which, if earned each year in a multiple-year period, would produce the actual cumulative rate of return over the whole period.

## 5. FEES AND TRADING EXPENSES

Composites are net of trading expenses, administrative fees and non-reclaimable withholding taxes on dividends and interest. Benchmark returns are net of withholding taxes on dividends unless otherwise stated. Performance results net of fees are available on request.

## 6. INTERNAL DISPERSION

The internal dispersion measure presented is the equal-weighted standard deviation of the annual returns of all the portfolios that were included in the composite for the entire period, but is not appropriate for less than five portfolios.

## 7. COMPOSITE CREATION DATE

The composite creation date is the date on which Walter Scott first grouped portfolios to create the composite.

## 8. MINIMUM PORTFOLIO VALUE

From 1 October 2014, a minimum asset level for inclusion in all composites has been set at US\$2m or composite currency equivalent. Portfolios that have previously been below this level must maintain a market value greater than US\$2m for three consecutive month-ends prior to being included in the composite (from the following month). Similarly, if a portfolio’s market value has dropped below this threshold, the month-end market value must remain below this level for three consecutive month-ends before being excluded from the next month.

## 9. STANDARD DEVIATION

The three-year annualised standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented when monthly returns were not available throughout the full 36-month period.

## 10. EXCHANGE RATES

WM/Reuters Closing Spot rates (taken at 4pm London time) are used in portfolio and composite level return calculations. Prior to 1 October 2014, composite return calculations were based on custodian exchange rates at the individual portfolio level. This created additional transient dispersion between the returns of portfolios which make up the composite. Benchmark data also uses the WM/Reuters Closing Spot rates.

## 11. LEVERAGE, DERIVATIVES AND SHORT POSITIONS

Walter Scott does not generally use derivatives, but American style currency options have been used occasionally for hedging purposes (most recently held in 2007). Walter Scott does not use leverage or short positions.

## 12. FIRM POLICIES

Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

## APPENDIX

### 13. BENCHMARK DEFINITIONS

Walter Scott compares its composites against the published MSCI indices as shown in this presentation. Further information on these indices can be found at: [www.msci.com](http://www.msci.com)

### 14. COMPOSITE DESCRIPTIONS

Walter Scott applies the same investment philosophy and process across all portfolios, regardless of size, mandate type or base currency.

Walter Scott uses broad inclusion criteria for its composites. Some composites may contain portfolios that have ethical or other investment restrictions, and portfolios that are subject to different tax regimes. Although these mandate differences can lead to some performance dispersion within composites, Walter Scott believes that its composite methodology accurately reflects the firm's investment record. The returns for each composite are shown alongside the relevant benchmark.

Walter Scott has been independently verified from 1 January 1994. Performance data for the full history of some composites has not been shown. This information is available on request.

A description of each composite included in this report follows. A full list of the firm's composite descriptions is available on request.

#### **Walter Scott Global Equities**

This composite includes all global portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott EAFE Equities**

This composite includes all global ex USA portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott Europe Equities**

This composite includes all European portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott USA Equities**

This includes all USA portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott Emerging Markets Equities**

This composite includes all emerging markets portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott USA Dividend Growth Equities**

This composite includes all USA equity portfolios that are managed with an emphasis on dividend growth. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott EAFE Dividend Growth Equities**

This composite includes all global ex USA equity portfolios that are managed with an emphasis on dividend growth. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott Pacific Equities**

This composite includes all pacific portfolios. Portfolios within the composite typically hold 40 to 60 stocks.

#### **Walter Scott Concentrated Global Equities**

This composite includes all global portfolios that are predominantly invested in large and mid-cap equities. Portfolios within the composite typically hold 20 to 30 stocks.

## APPENDIX

### 15. FEE SCHEDULE

Unless otherwise stated, returns are calculated gross of advisory fees, and include the reinvestment of dividends. The effect of advisory fees could be material. If the advisory fees were reflected, the performance shown would be lower. As an example of the effect of investment advisory fees on the total value of an account, a three year compound return before the deduction of investment advisory fees of 14.75% would be 13.61% after investment advisory fees of 1.00% per annum.

Investment advisory fees are described in more detail in Part II of Form ADV for Walter Scott. An example of the current US\$ fees charged to a portfolio included in the composite are set forth below.

Segregated Accounts1:	%	Commingled Accounts2:	%
Initial funding in excess of US\$100m		NCS LLC – Global/Intl/EM3	
On the first US\$100m	0.75	Flat fee	0.75
Thereafter	0.50		
		NCS Group Trust - Global/Intl/EM	
Initial funding in excess of US\$250m		On the first US\$100m	0.75
On the first US\$250m	0.55	Thereafter	0.50
Next US\$250m	0.50		
Next US\$250m	0.45	Assets in excess of US\$175m	
Next US\$250m	0.40	On the first US\$100m	0.70
Thereafter	0.35	Thereafter	0.50
		Assets in excess of US\$250m	
Initial funding in excess of US\$500m		On the first US\$250m	0.55
On the first US\$500m	0.50	Next US\$250m	0.50
Next US\$250m	0.45	Next US\$250m	0.45
Next US\$250m	0.40	Next US\$250m	0.40
Thereafter	0.35	Thereafter	0.35

Segregated Dividend Growth Accounts:  
 Capital fee rate: 30bps of AUM and;  
 Income fee rate: 10% of dividend yield

#### Notes:

1. Concentrated and US strategies are subject to different rates
2. Fund pays custody and other expenses
3. No other fees are applicable in these funds

### 16. COMPLIANCE STATEMENT

Communication of performance figures reflected in this document must be on a one-on-one basis, private and of a confidential nature. They may not be disseminated to the public in any print, electronic or other medium, including a web-site or any database of general circulation. The following disclosures must be provided in writing when onwardly communicating these performance figures.

Unless otherwise stated performance figures do not reflect the deduction of investment advisory fees.

Returns will be reduced by investment advisory fees and any other expenses that may be incurred in the management of an account.

### 17. IMPORTANT INFORMATION

#### 17.1 Walter Scott's Investment Approach

This presentation contains certain statements based on Walter Scott's experience and expectations about the markets in which it invests its portfolios and about the methods by which it causes its portfolios to be invested in those markets. Those statements are not guaranties of future performance and are subject to many risks, uncertainties and assumptions that are difficult to predict. The information in this presentation is subject to change and Walter Scott has no obligation to revise or update any statement herein for any reason. The opinions expressed in this presentation are those of Walter Scott and should not be construed as investment advice.

#### 17.2 Portfolio Holdings and Allocations

To derive ten largest holdings, characteristics, economic sector weightings, country weightings and portfolio holdings for presentation purposes, Walter Scott has identified a representative institutional account to be used as a proxy for this strategy.

Portfolio data should not be relied upon as a complete listing of the portfolio's holdings (or top holdings) as information on particular holdings may be withheld. Portfolio holdings are subject to change without notice and may not represent current or future portfolio composition. The portfolio date is 'as of the date indicated.

The information provided in this document should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a portfolio at the time this report is received or that securities sold have not been repurchased. The securities discussed do not represent an entire portfolio and in the aggregate may represent only a small percentage of a portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions Walter Scott make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The allocation distribution and actual percentages may vary from time to time. The types of investments presented in the allocation chart will not always have the same comparable risks and returns. The actual performance of the portfolio will depend on Walter Scott's ability to identify and access appropriate investments, and balance assets to maximise return while minimising its risk. The actual investments in the portfolio may or may not be the same or in the same proportion as those shown above.

## APPENDIX

### 17.3 Third Party Sources

Some information contained herein has been obtained from third party sources that are believed to be reliable, but the information has not been independently verified by Walter Scott. Walter Scott makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason.

### 17.4 Performance Statement

Past performance is not a guide to future returns and returns may increase or decrease as a result of currency fluctuations. The objective mentioned may therefore not be reached. Many factors affect investment performance including changes in market conditions, interest rates, currency fluctuations, exchange rates and in response to other economic, political, or financial developments. Investment return and principal value of an investment will fluctuate, so that when an investment is sold, the amount returned may be less than that originally invested. This presentation does not represent and must not be construed as an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products. This presentation may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised.

Some of the data included reflects performance and characteristics of the assets of other accounts managed by Walter Scott, (collectively, the "Other Accounts"). Such assets are managed with a similar investment philosophy and process to the International Equity strategy. Performance information of the Other Accounts is presented gross of management fees and expenses that would be applicable to fund investors. There may be material differences between the International Equity strategy and the Other Accounts and their respective investment strategies. Therefore, information from the Other Accounts is included for illustrative purposes only and should not be relied upon when making an investment decision.

### 17.5 Performance Indices

Comparisons to the indices have limitations because the volatility and material characteristics of the indices represented in this presentation may be materially different from that of the portfolio managed by Walter Scott. Because of these differences, investors should carefully consider these limitations when evaluating the performance in comparison to benchmark data as provided herein. Where referencing MSCI or any other index performance figures:

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. ([www.msci.com](http://www.msci.com))

The term 'sector' in this document is a contraction of 'GICS Sector' unless explicitly noted otherwise.

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Walter Scott & Partners Limited. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

### 17.6 Benchmark Definitions

#### MSCI World

The MSCI World Index is a broad global equity benchmark that represents large and mid cap equity performance across 23 developed markets countries. With approximately 1,650 constituents, it covers around 85% of the free float-adjusted market capitalisation in each country and MSCI World benchmark does not offer exposure to emerging markets. Further information can be found at [www.msci.com](http://www.msci.com)

#### MSCI EAFE (Europe, Australasia, Far East)

The MSCI EAFE Index is designed to represent the performance of large and mid cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East, excluding the US and Canada. With approximately 900 constituents, it covers around 85% of the free float-adjusted market capitalisation in each of the 21 countries. Further information can be found at [www.msci.com](http://www.msci.com)

#### MSCI Europe

The MSCI Europe Index represents the performance of large and mid cap equities across 15 developed countries in Europe. With approximately 450 securities it covers around 85% of the free float-adjusted market capitalisation in each country. Further information can be found at [www.msci.com](http://www.msci.com)

#### MSCI USA

The MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With approximately 600 constituents, the index covers around 85% of the free float-adjusted market capitalisation in the US. Further information can be found at [www.msci.com](http://www.msci.com)

## APPENDIX

### **MSCI Emerging Markets**

The MSCI Emerging Markets Index represents the performance of large and mid cap equities across 24 Emerging Market countries. With approximately 1,150 constituents, it covers around 85% of the free float-adjusted market capitalisation in each of the 24 countries. Further information can be found at [www.msci.com](http://www.msci.com)

### **MSCI Pacific**

The MSCI Pacific Index captures large and mid cap representation across 5 Developed Markets (DM) countries in the Pacific region. With approximately 450 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. Further information can be found at [www.msci.com](http://www.msci.com)

# WALTER SCOTT

---

 BNY MELLON | INVESTMENT MANAGEMENT

WALTER SCOTT & PARTNERS LIMITED, ONE CHARLOTTE SQUARE, EDINBURGH EH2 4DR

TEL: +44 (0)131 225 1357 · FAX: +44 (0)131 225 7997

[WWW.WALTERSCOTT.COM](http://WWW.WALTERSCOTT.COM)

Registered in Scotland 93685. Registered Office as above. Authorised and regulated by the Financial Conduct Authority.

FCA Head Office: 12 Endeavour Square, London E20 1JN · [www.fca.org.uk](http://www.fca.org.uk)