

BLS Capital

Global Equity: MSCI ACWI Benchmark

For the month of:

March

2025

Manager Performance Calculations

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
BLS	-3.21%	4.81%	10.41%	7.33%	15.59%
MSCI ACWI	-3.95%	-1.32%	7.15%	6.91%	15.18%

Performance Attribution & Strategy Comments

Global equity markets had a turbulent March 2025, capping a volatile first quarter as most major indices had negative returns. The market decline was largely impacted by escalating trade tensions, as President Trump declared that tariffs would hit "all countries" sparking fears of a global trade war and economic slowdown. US macro data added to growth worries as February core inflation came in above expected and consumer spending disappointed, fanning stagflation fears. The S&P 500 fell 6% while European equities fared relatively better, with the MSCI Europe flat in US dollars. Emerging markets proved resilient, buoyed by strength in Chinese shares with the Hang Seng index up 1%. High Dividend and Value factors demonstrated resilience with modest declines, while Growth and Momentum plummeted as evidenced by the 10% drop in the Magnificent 7. The portfolio benefitted from relatively high non-US exposure alongside a sizable weakening of the US dollar. US Gold prices hit record highs above dollar 3,100 per ounce as investors sought safe havens.

Our primary China-exposure Yum China and Budweiser APAC were consistent with this picture with continued solid share price performance on the back of their fourth quarter reports in February. Our interaction with Yum China management in March points to a stable albeit tepid economic environment in China.

Novo Nordisk was the weakest share price performer during March and year-to-date. Sentiment around the company has been negative, driven primarily by two factors. First, the clinical data from CagriSema, Novo Nordisk's next-generation obesity candidate. The first weight-loss data released in December fell short of expectations, contributing to a share price drop of over 20%, after which we re-added Novo Nordisk to the portfolio. pipeline — is however likely to form a broader portfolio of weight-loss therapies over time. Second, prescription trends and the impact of compounders in the US. Wegovy, Novo Nordisk's weight-loss treatment, has previously faced supply constraints in the U.S. Compounders have thus been a more affordable access from a "parallel-import" like distribution channel, as Wegovy has patent protection until 2032. We used the share price weakness to further add to our position at what we view as a highly attractive valuation.

We divested Nike early March, as we found more attractive risk-reward in other holdings, and re-allocated the capital to more share-price beaten up names such as IHG, Hilton and Zoetis. We found that the valuation of Nike was based on a rebound in profitability, while we have continued to see a postponement of a return to the previous years' both growth and profitability trajectory. During March, we added the #1 global consumer health company, Haleon, to the portfolio. We further increased our holdings in Zoetis and Hilton/IHG upon valuation derating. These were funded by Nike, and reducing our well-performing holdings in Kone, Anheuser-Busch InBev, and Otis.

Manager Style Summary

BLS is a "bottom-up" manager, whose process is driven by individual security selection. They invest in quality companies which have the best possibility of creating sustainable value and generating attractive risk adjusted returns to investors in the long term. Country and sector exposures are by-products of the security selection process and are unconstrained by index weights. The portfolio consists of roughly 25-30 securities at a time. It is a concentrated global equity portfolio, and as such, may experience more volatility relative to the market.

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Portfolio Guideline Compliance

Portfolio Guideline:	BLS	Min	Max	Compliance
B3. No more than 10% of the account shall be invested in any one security @ purchase				Yes
B4. No more than 2 companies headquartered in Denmark				No
B5. Number of issues	25	25	30	ok
B6. Normal Regional Exposures (* benchmark +/- min/max):				
North America	38%	35%	50%	ok
Japan	0%	0%	0%	ok
Europe ex UK	36%	15%	35%	check
UK	20%	5%	13%	check
Pacific ex Japan	0%	0%	0%	ok
Emerging Markets	6%	10%	30%	check
Non-Index Countries	0%	0%	0%	ok
Total	100%			
B7. Normal Global Portfolio Characteristics				
Capitalization (45%-75%)	108	45	75	check
Price/Book Value	6.4	5	9	ok
Price/Earnings (current)	20.0	17	23	ok
Price/Cash Flow (current)	17.8	19	24	check
Dividend Yield	2.1%	1.8%	2.8%	ok
ROE	46%	31%	37%	check
ROIC	44%	42%	50%	ok
FCF Yield	5.6%	3.8%		ok
F2. Brokerage commissions not to exceed \$0.03/share for U.S. equities				Yes
F3. Annual turnover	38%		40%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines			<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Manager Explanations for Deviations from Portfolio Guidelines

B4. Denmark HQ Limit:	We see attractive risk-adjusted return potential in our globally exposed companies with HQs in Denmark. We assess underlying exposure more so than location of HQ.
B6. Regional Exposures:	We have continued to see more attractive risk-adjusted return potential in our European and UK listed companies as opposed to Emerging Markets holdings.
B7. Capitalization:	We continue to see attractive risk-adjusted returns in higher market capitalization names.
B7. Price/Cash Flow:	The price/cash flow metric is not our key valuation measure, the free cash flow yield. As the free cash flow yield has increased, the price/cash flow has drifted lower.
B7. ROE:	We continue to see attractive opportunities in companies with higher returns on equity.

Total Firm Assets Under Management (\$m) as of:	Qtr 1	\$	7,924
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Organizational/Personnel Changes

Analyst, Thomas Winther Sorensen, has decided to leave the firm.

Account Turnover

Gained:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
Lost:	Number of Accounts:	0	Total Market Value (\$m):	\$	-
	Reason(s):				