

BLS Capital

Global Equity: MSCI ACWI Benchmark

For the month of: **January** **2025**

Manager Performance Calculations

* Annualized returns

	Last <u>Month</u>	Last <u>3 Months</u>	Last <u>1 Year</u>	Last <u>3 Years*</u>	Last <u>5 Years*</u>
BLS	4.01%	3.83%	10.86%	6.40%	10.39%
MSCI ACWI	3.36%	4.68%	20.72%	8.41%	11.04%

Performance Attribution & Strategy Comments

In January, the top relative contributors to portfolio performance were St. James's Place (21% return in USD), Experian (16%), and LVMH (12%). The largest detractors were DSV (-6%), Yum China (-4%), and Budweiser APAC (-6%).

Eight of our portfolio companies reported earnings with results generally in line with expectations and some small positive surprises. LVMH, Mastercard, and Visa delivered reports indicating strong consumption trends in the U.S., while consumer confidence in China remained low, but stable.

St James's Place reported fourth quarter net inflows and funds under management both exceeding expectations. This continued the company's more than 20 years streak of consistently positive quarterly net inflows. With regulatory risk declining and strong progress in complaint resolution suggesting last year's provision was overly conservative, the valuation discount has been narrowing as the share price has risen.

LVMH reported full-year results with flat organic revenue growth, reflecting sequential improvement from the third quarter. Demand was particularly driven by strong U.S. consumers, while sales to Chinese consumers showed sequential improvement in the latter part of the year. The luxury sector experienced strong share price performance in January, following signs of demand stabilization and slightly better-than-expected sales.

Our elevator companies Kone and Otis reported fourth quarter results, where growth in maintenance remains strong and accelerating. Kone grew its maintenance revenues by a very strong 10% along with a more than 6% growth in the maintenance portfolio. Modernization orders and revenue growth of double-digits remain strong at both companies, and is a continued growth driver with improving profitability.

For Mastercard, revenues increased by 14% driven by payments network revenues growth of 14% and value-added services and solutions growth of 16%. Earnings per share increased 20%, and the company expects 2025 to be another solid year with revenue growth in the low teens. Visa grew revenues by 10% following payments volume growth of 9% and value-added services growth by 18%. Earnings per share grew 14%. Following the strong results, Visa now expects its revenues and earnings per share to grow by low-double-digits and low teens, respectively, this fiscal year.

Automatic Data Processing (ADP) reported strong quarterly results with an 8% increase in revenue, an expanded operating margin, and 10% earnings per share growth. ADP announced a 10% quarterly dividend increase, qualifying the company for Dividend King status with 50 years of uninterrupted dividend per share increases. ADP maintained its fiscal year guidance, expecting 6-7% revenue growth and 7-9% adjusted EPS growth.

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	41%	35%	50%	ok
Japan	0%	0%	0%	ok
Europe ex UK	33%	15%	35%	ok
UK	20%	5%	13%	check
Pacific ex Japan	0%	0%	0%	ok
Emerging Markets	5%	10%	30%	check
Non-Index Countries	0%	0%	0%	ok
Total	100%			
B7. Normal Global Portfolio Characteristics				
Capitalization (45%-75%)	115	45	75	check
Price/Book Value	7.7	5	9	ok
Price/Earnings (current)	21.8	17	23	ok
Price/Cash Flow (current)	18.6	19	24	check
Dividend Yield	2.0%	1.8%	2.8%	ok
ROE	47%	31%	37%	check
ROIC	47%	42%	50%	ok
FCF Yield	5.4%	3.8%		ok
F2. Brokerage commissions not to exceed \$0.03/share for U.S. equities				Yes
F3. Annual turnover	29%		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 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 4 \$ 7,734

Organizational/Personnel Changes

There were no changes to the investment team in January 2025.

Account Turnover

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