
C WorldWide Asset ManagementInternational Equity: MSCI ACWI ex US 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>
C WorldWide Asset Mgmt	4.11%	-0.38%	N/A	N/A	N/A
MSCI ACWI ex US	4.03%	1.08%	N/A	N/A	N/A

Performance Attribution & Strategy Comments

Among January's top contributors to investment returns were SAP, LVMH and Hoya. SAP's shares were strong in 2024 based on robust 2024 results, with all key metrics, revenue growth, operating profit and free cash flow at the top of guidance. The cloud backlog was impressive, accelerating to 40% growth over the last year. The management team pointed out that 60% of Cloud ERP revenue comes from existing customers, 30% from new wins, and 10% from upsell, showing that the SAP Cloud story is not only about transitioning existing customers. Generative AI has emerged as a driver of ERP, with around half of deals driven by AI. While the market overall is likely close to "peak hype" around AI and its use as a revenue driver (and IR/marketing tool...), we believe that its use internally in large software firms to save costs is an underestimated driver. R&D to sales is 19% for SAP, vs close to 12% for Microsoft. While Microsoft has some scale advantages, SAP's R&D should also be more focused on its core ERP offerings than Microsoft's broader offerings. We believe that the opportunity remains to narrow the gap and increase margins.

The luxury goods sector and LVMH recovered from outstanding results from peer Richemont, which reported robust jewellery sales. When LVMH reported, its Tiffany jewellery brand was up 9%. The key Fashion & Leather Goods division was softer than expected at -1%, up four percentage points from the third quarter. Luxury spending credit card data from the U.S. showed the first growth in over ten quarters in early 2025, pointing to signs of a turnaround in the sector.

Among the top detractors were HDFC Bank, Diageo, and AIA. However, the absolute magnitude of the names on the list of detractors was only in the low teen bps, except for HDFC Bank (negative 32 bps), which saw its shares fall back after a powerful Q4 2024 performance.

While news flow remains volatile overall, it's worth addressing two key issues regarding long-term portfolio positioning this year. They are trade war concerns as well as DeepSeek. We see the trade war escalation as having a limited impact on current portfolio positioning. Most portfolio companies have high margins, strong market positions, and localised production, minimising tariff risks. An exception could be Diageo, which has exposure to Mexican tequila and Canadian whisky and may try to push through price hikes. Regarding DeepSeek, AI disruptions will likely broaden semiconductor demand over time despite short-term uncertainties for firms like ASML.

Manager Style Summary

C WorldWide Asset Management will manage an international equity mandate. They utilize a "bottom up" strategy and will hold a maximum of 30 stocks (one in/one out) with a quality and large cap bias. The portfolio will exhibit low turnover and the investment horizon is long term. Global trends and themes assist with portfolio construction from idea generation to execution. The firm is looking for stable and sustainable business models favorably aligned with global and regional themes.

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Portfolio Guideline Compliance

Portfolio Guideline:	C World	Min	Max	Compliance
A2. Cash exposure <= 5%				Yes
B2. Securities with a >=5% weighting, not to collectively exceed 40% of the port				Yes
B3. Security position <= 10% of the account				Yes
B4. Number of issues	29.0	25	30	ok
B5. Normal Regional Exposures (benchmark min/max):				
Europe ex U.K.	44%	20%	60%	ok
U.K.	16%	0%	30%	ok
Pacific	18%	0%	30%	ok
Emerging Markets	13%	0%	30%	ok
United States	9%	0%	20%	ok
Total	100%			
B6. Normal Global Portfolio Characteristics relative to benchmark				
Capitalization	163.88%	50%	200%	ok
Price/Book Value	243.83%	50%	-	ok
Price/Earnings	158.39%	50%	-	ok
Price/Cash Flow	178.89%	50%	-	ok
Dividend Yield	64.25%	-	200%	ok
D. No derivatives, short sales, commodities, margin or currency hedging.				Yes
E1. Brokerage commissions not to exceed \$0.06/share for U.S. equities				Yes
F3. Annual turnover	17%	0%	30%	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

There were no deviations.

Total Firm Assets Under Management (\$m) as of: Qtr 4 \$ 18,006

Organizational/Personnel Changes

No changes in organization or personnel.

Account Turnover

Gained: Number of Accounts: 0 (\$m): \$ -
 Lost: Number of Accounts: 1 (\$m): \$ 2.7 mn
 Change in investment strategy

Reason(s):