

Case Study

VANGUARD GLOBAL CAPITAL STEWARDS EQUITY FUND



ServiceNow

Information Technology, US-based global software company.

Vanguard Global Capital Stewards Equity Fund is an active fund, managed by Wellington Management. It is designed for investors who want to generate long-term growth from their investments. The fund aims to achieve this whilst investing in companies that display good stewardship¹.

First bought

June 2024.

What is it?

A US-based global software company that automates and documents the work done by the IT, HR, Legal and Finance teams at large corporations.

What makes the company a good steward?

ServiceNow² has evolved from IT service management to a platform with over 30 products for IT, employee, and customer workflows, quickly integrating more than 150 generative AI features into its Now Platform. ServiceNow has demonstrated commitment to innovation and expanding its ecosystem by looking to invest \$1 billion in ServiceNow Ventures by 2026, with a

focus on AI, machine learning and hyper-automation. The company also stands out amongst peers with science-based target initiative goals, a clear approach for nurturing human capital demonstrated by its low staff turnover, and strong oversight of its supply chain.

Why does Wellington own it?

Wellington views ServiceNow as a high-quality company with a robust product offering and strong customer loyalty, evidenced by its 98% customer-renewal rate. ServiceNow has been early in commercialising AI-enabled products that leverage a client's service request history into resources that allow employees to independently solve their own IT or HR issues. Wellington believes these products will offer substantial cost and efficiency gains for customers and extend the duration of returns for ServiceNow. Customers onboarded in 2010 grew their spend with ServiceNow by 25% in 2023. This ability to develop and sell more products to existing customers leads to very efficient and profitable growth. ServiceNow has high free-cash-flow margins and a healthy balance sheet, and it takes a long-term view when investing in further innovation.

Key points for ServiceNow

- Wellington views this as an attractive high-quality software business with a robust product range that is growing efficiently through new and existing customers.
- ServiceNow aims to invest \$1 billion in ServiceNow Ventures by 2026, focused on innovation in AI and automation.
- The company stands out for its commitment to sustainability; aiming for net-zero emissions by 2030, including reducing emissions across its operations and value chain; using 100% renewable electricity; and supporting a carbon-neutral cloud.

¹ Wellington defines stewardship as how companies balance the interests of all stakeholders (customers, employees, communities and the supply chain) in the pursuit of profits and how they incorporate material environmental, social and/or governance (ESG) risks and opportunities in their corporate strategy. The Fund targets net zero emissions by 2050 in alignment with the Paris Agreement.

² Source: ServiceNow, as at January 2025.

Investment risk information

The value of investments, and the income from them, may fall or rise and investors may get back less than they invested. Past performance is not a reliable indicator of future results.

Some funds invest in emerging markets which can be more volatile than more established markets. As a result the value of your investment may rise or fall.

Investments in smaller companies may be more volatile than investments in well-established blue chip companies.

Reference in this document to specific securities should not be construed as a recommendation to buy or sell these securities, but is included for the purposes of illustration only.

The Funds may use derivatives in order to reduce risk or cost and/or generate extra income or growth. The use of derivatives could increase or reduce exposure to underlying assets and result in greater fluctuations of the Fund's net asset value. A derivative is a financial contract whose value is based on the value of a financial asset (such as a share, bond, or currency) or a market index.

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For further information on risks please see the "Risk Factors" section of the prospectus on our website at <https://global.vanguard.com>.

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