

## GLOBAL CAPITAL STEWARDS EQUITY FUND

LOW-COST ACTIVE  
EQUITY

## Quarterly update

**Vanguard Global Capital Stewards Equity Fund is an actively managed fund designed for investors who want to generate long-term growth from their investments. The fund aims to achieve this whilst selecting investments which meet certain ESG criteria.**

**Highlights**

- Global financial markets performed unevenly over the fourth quarter of 2024.
- Developed markets, led by the US, were the strongest performers over the period.
- Growth stocks outperformed value stocks.
- The Vanguard Global Capital Stewards Equity Fund underperformed its benchmark.
- Wellington focuses on companies with strong competitive positions that generate high returns on capital.

**Market overview**

Global financial markets performed unevenly in the fourth quarter of 2024. US equities posted gains amid resilient economic growth and optimism about future tax cuts and deregulation. The US Federal Reserve's signalling of less enthusiasm for further interest rate cuts, however, trimmed those returns and led to a decline in bond markets. Weaker economic growth outside the US contributed to negative returns from many regions, notably European equities.

**Performance**

The Vanguard Global Capital Stewards Equity Fund returned 2.24% over the quarter and underperformed its benchmark, the FTSE All World Net Tax (UK UCITS) Index in GBP, which returned 5.89%<sup>1</sup>.

Negative stock selection in the consumer discretionary and technology sectors detracted from returns, while stock selection in the industrials and telecommunications sectors contributed positively to fund performance. From a regional lens, negative stock selection in Europe detracted from returns. This was partially offset by strong stock selection in Asia Pacific.

At the individual stock level, the largest detractors were DSM-Firmenich (DSM) and AIA Group.

The share price of DSM, a Netherlands-based company that is active in the nutrition, health and beauty industries, declined due to supply disruption

in the vitamin market, which impacted profitability of its vitamin segment, despite strong performance in other areas and a positive outlook for the company overall.

The share price of AIA Group, a Hong Kong-based insurance company, declined due to a broad downturn in the Hong Kong equity market. This was influenced by disappointing stimulus plans and weak inflation data in China that leave the country in deflationary territory.

The largest contributors were Visa and Northern Trust.

The share price of Visa, a US credit card network company, rose due to an increase in payments volume and cross-border transactions, while expanding access to underserved consumers.

The share price of Northern Trust, a US financial services company, rose in October after management delivered strong quarterly results. Wellington values the company's conservative approach to deposit gathering and reinvestment.

**Activity**

Wellington initiated a position in Danish pharmaceuticals firm Novo Nordisk, which focuses on medication to treat various health conditions, including obesity, cardiovascular and liver diseases and diabetes. Together with Eli Lilly, Novo Nordisk leads in these fields, having produced extensive data supporting the efficacy and safety of these medications.

<sup>1</sup> Source: Vanguard, as at 31 December 2024. Performance is calculated net of fees, on a NAV-to-NAV basis with gross income reinvested.

Wellington eliminated a position in Cisco Systems, a US-based networking systems and communication products provider. Recent board engagements revealed strategic drift, diminishing the team's confidence in management. The team believes that execution quality has worsened, marked by slower, more bureaucratic decision-making and significant internal leadership turnover.

## ESG Engagement

Wellington's investment framework emphasises identifying companies with strong relative returns on capital and the stewardship to sustain those returns over time. The team prioritises companies that demonstrate transparency on material ESG issues, credible engagement with key stakeholders and ambitious improvement targets.

Succession planning is a key focus in Wellington's engagement with management and boards, as leadership transitions pose a potential risk to long-term performance. In recent engagements, Wellington highlighted the importance of board oversight in mitigating these risks and ensuring continuity in strategy, culture and capital allocation. By fostering effective governance and sustainability practices, Wellington believes companies can enhance both resilience and profitability.

Danaher, a life sciences and diagnostics company, exemplifies effective succession planning, with all CEO transitions since 1989 filled internally. Wellington met with Danaher several times in 2024, including a meeting with co-founder Mitchell Rales, who emphasised the board's focus on preparing successors proactively rather than waiting for incumbents to leave. Rales highlighted the importance of observing future leaders in their roles and rotating them across businesses to gain experience. This approach has contributed to Danaher's consistent success, with earnings per share compounding at over 20% annually since 1984. Succession planning remains central to the company's long-term resilience and growth.

## Outlook

Wellington's equity team is dedicated to long-term investing, focusing on companies with strong competitive positions that generate high returns on capital. The team believes these returns can be sustained when companies effectively manage shareholder capital and maintain stakeholder trust. Companies that compound or expand high returns, consistently year after year, outperform

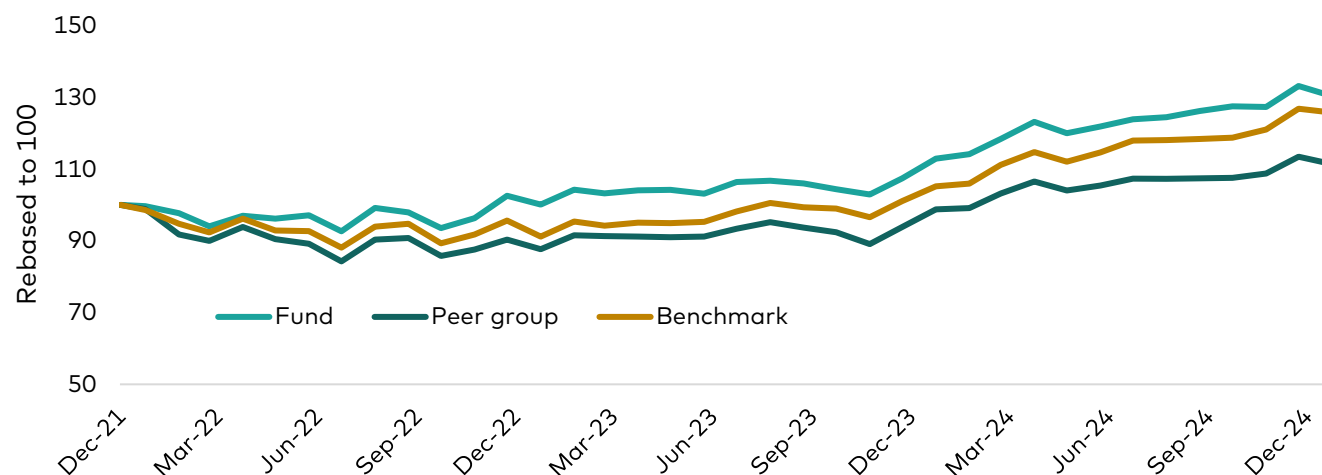
the market rather than reverting to the mean. In today's challenging environment, businesses must balance profit-seeking with responsibility; those neglecting customers, employees, supply chains and communities risk losing the privilege of earning high returns over time.

## Key fund facts (as at 31 December 2024)

**Investment manager:** Wellington Management Company LLP  
**Inception date:** 8 December 2021  
**Domicile:** United Kingdom  
**Benchmark:** FTSE All World Net Tax (UK UCITS) Index in GBP  
**Peer group:** IA Global  
**Ongoing charges figure<sup>1</sup>:** 0.48%

**Fund AUM:** GBP 125m  
**Number of holdings:** 38  
**Median market cap:** GBP 95.3B  
**PE ratio:** 20.9X  
**Equity yield (dividend):** 2.2%  
**ISIN:** GB00BMV9B621

## Fund performance (Cumulative % growth, GBP, 8 December 2021 to 31 December 2024)



Cumulative return (%) as at 31 December 2024	YTD	3 month	1 year	3 yr (ann.)	5 yr (ann.)	Since inception (ann.)
Fund	15.44	2.24	15.44	9.36	--	9.03
Peer group	12.81	3.59	12.81	4.07	8.76	3.58
<i>Fund relative to peer group</i>	<i>2.64</i>	<i>-1.35</i>	<i>2.64</i>	<i>5.29</i>	<i>--</i>	<i>5.45</i>
Benchmark	19.54	5.89	19.54	8.44	11.47	7.77
<i>Fund relative to benchmark</i>	<i>-4.10</i>	<i>-3.66</i>	<i>-4.10</i>	<i>0.92</i>	<i>--</i>	<i>1.27</i>

12-month return (%) to:	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023	31 Dec 2024
Fund	--	--	--	--	--	--	--	0.45	12.80	15.44
Peer group	2.85	23.94	13.87	-5.71	22.01	14.81	17.57	-11.34	12.66	12.81
Benchmark	3.77	29.20	13.54	-3.70	21.98	12.71	19.73	-7.54	15.39	19.54

### Past performance is not a reliable indicator of future results.

Source: Vanguard and Morningstar. Performance figures include the reinvestment of all dividends and any capital gains distributions. Basis of fund performance NAV to NAV. Basis of index performance is total return. All performance is calculated in GBP, net of fees. Note that small daily changes to cash balances and manager weights mean the fund return is not a simple average of the subadvisor returns over the quarter.

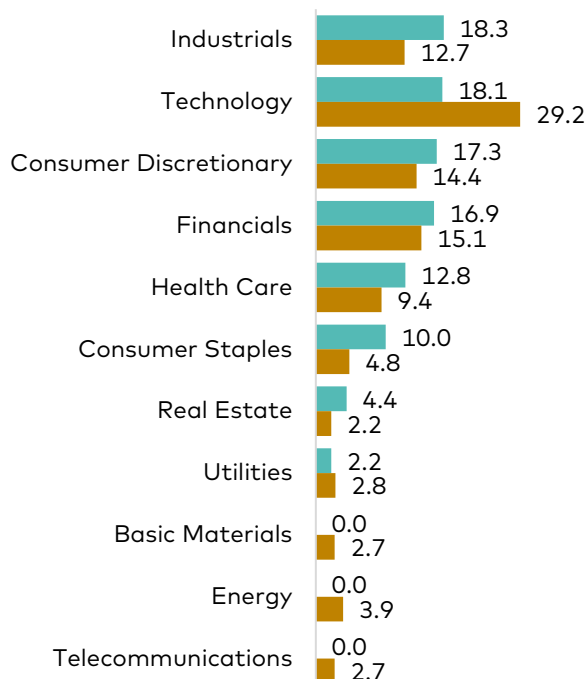
<sup>1</sup> The Ongoing Charges Figure (OCF) covers the fund manager's costs of managing the fund. It does not include dealing costs or additional costs such as audit fees.

## Top 10 fund holdings (% exposure, as at 31 December 2024)

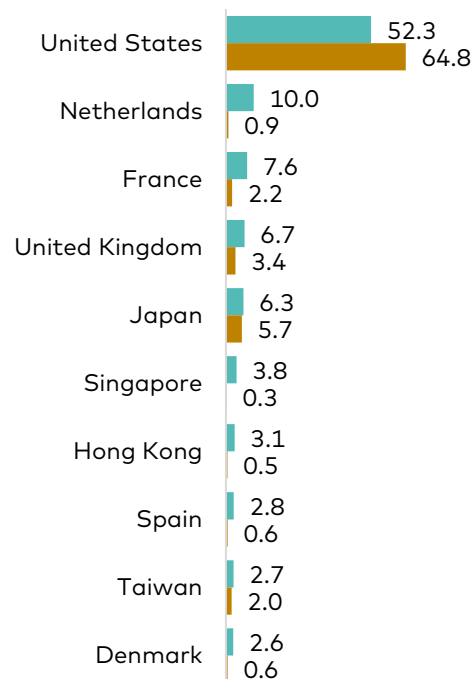
Company	%
Microsoft Corp	5.7
Deere & Co	4.3
DBS Group Holdings Ltd	3.7
Visa Inc	3.7
Edwards Lifesciences Corp	3.4
Northern Trust Corp	3.1
AIA Group Ltd	3.1
Cie Generale des Etablissements Michelin SCA	3.0
ING Groep NV	2.9
ASML Holding NV	2.8

## Breakdown (as at 31 December 2024)

### Sector exposure (%)



### Regional exposure –top 10 regions (%)



■ Fund ■ Benchmark

Source: Vanguard, as at 31 December 2024.

Benchmark: FTSE All World Net Tax (UK UCITS) Index in GBP.

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## Performance analysis<sup>1</sup>

### Top contributors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
Visa Inc.	3.7	0.6	23.3	0.5
Edwards Lifesciences Corporation	3.5	0.1	20.2	0.4
DBS Group Holdings Ltd	3.8	0.1	17.1	0.4
Cisco Systems Inc.	0.0	0.3	19.7	0.4
Northern Trust Corporation	3.1	0.0	22.8	0.4

### Top detractors 3-month (%)

Company name	Portfolio weight	Bench weight	3-month return	Total effect
DSM-Firmenich AG	2.3	0.0	-21.5	-0.9
AIA Group Limited	3.1	0.1	-13.4	-0.7
Tesla Inc.	0.0	1.4	65.3	-0.5
Compagnie Generale des Etablissements Michelin	3.0	0.0	-13.3	-0.5
L'Oreal S.A.	2.8	0.1	-15.5	-0.5

### Top contributors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
Recruit Holdings Co. Ltd.	2.1	0.1	71.2	1.2
DBS Group Holdings Ltd	3.8	0.1	50.2	1.0
Taiwan Semiconductor Manufacturing Company Limited	2.7	1.0	75.6	1.0
Trane Technologies plc	1.6	0.1	55.7	0.6
ServiceNow Inc.	2.1	0.3	36.0	0.5

### Top detractors 12-month (%)

Company name	Portfolio weight	Bench weight	12-month return	Total effect
NVIDIA Corporation	0.0	4.0	176.1	-2.7
L'Oreal S.A.	2.8	0.1	-26.5	-1.0
Diageo plc	2.8	0.1	-8.5	-0.9
Broadcom Inc.	0.0	1.4	113.4	-0.7
AIA Group Limited	3.1	0.1	-13.0	-0.7

### Past performance is not a reliable indicator of future results.

<sup>1</sup>Weights are as at the end of the reporting period, but the total effect is based on positions held over the full period. The portfolio attribution data shown above is provided by FactSet based on information provided by Vanguard about the fund's daily portfolio holdings as of the market close. Because the fund buys and sells stocks throughout the trading day and not necessarily at the market close, the attribution data shown above is an estimate and may not precisely reflect actual attribution information.

Source: FactSet, as at 31 December 2024. FactSet is a holdings-based attribution tool. Portfolio transactions are valued at closing price, which may cause some slight deviations with the fund return (based on NAV).

Note: performance attribution is sourced from FactSet, therefore the portfolio weights shown may differ from those on the previous page.

Benchmark: FTSE All World Net Tax (UK UCITS) Index in GBP.

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## **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.

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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.

Some funds invest in securities which are denominated in different currencies. Movements in currency exchange rates can affect the return of investments.

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

## Important information

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For further information on the fund's investment policies and risks, please refer to the prospectus of the UCITS and to the KIID before making any final investment decisions. The KIID for this fund is available, alongside the prospectus via Vanguard's website <https://global.vanguard.com/>.

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Reference number: 4194375