

# INVESTING FOR THE LONG TERM

Walter Scott International Equity and  
Global Equity Investment Strategies



Not FDIC-Insured. Not Bank-Guaranteed. May Lose Value.

➤ **BNY** | INVESTMENTS

## A longer view

Walter Scott believes that long-term returns are best derived by investing in companies that they think have the potential for compound growth over time. In their view, there is no more effective way of doing this than through a collaborative team-based approach.

Walter Scott & Partners Limited (“Walter Scott”), an Edinburgh, Scotland-based money manager, is a subsidiary of BNY. Since its inception in 1983, the firm has been committed to global equity investing and aims to deliver a superior client experience to pension funds, endowments, foundations, and individual investors, worldwide.

With over \$78.2 billion\* in assets under management, more than 175 employees work together to help realize their dual objectives of seeking investment opportunities in companies with fundamental strengths that indicate the potential for compound growth, and the highest level of client service.

\* As of December 31, 2024.



## On Walter Scott's purpose

From the start, the firm's overriding purpose has been to help build prosperity through considered long-term investing. Walter Scott believes the interests of clients, stakeholders, and broader society are best served by an active investment approach that prioritizes responsibly managed companies they think are capable of sustaining exceptional levels of growth.

This approach is underpinned by a commitment to disciplined research, rigorous analysis of company fundamentals, and a team-based decision-making framework that encourages debate and challenge. Their culture is simply a reflection of their purpose and investment beliefs: client-oriented, collegiate, and resolutely long term-focused.

## Investment philosophy and approach

Returns derived from investing in the shares of a company will reflect the growth generated by that business. Walter Scott invests in companies whose fundamental strengths offer the potential for compound growth.



### PROPRIETARY PROCESS

Disciplined, rigorous, in-house company research following a proprietary process



### TEAM APPROACH

All proposals challenged and debated by an experienced and stable investment team

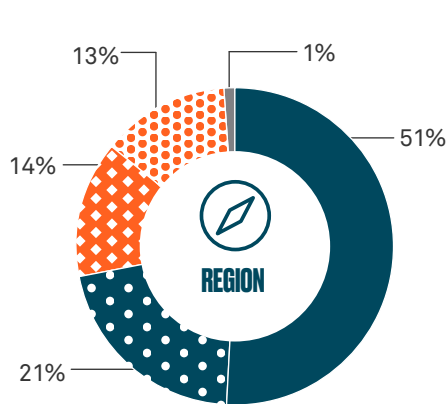


### LONG-TERM INVESTMENT HORIZONTAL

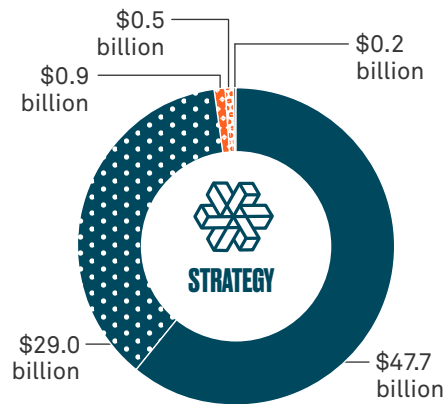
A buy-and-hold approach focused on compound growth

## Client profile

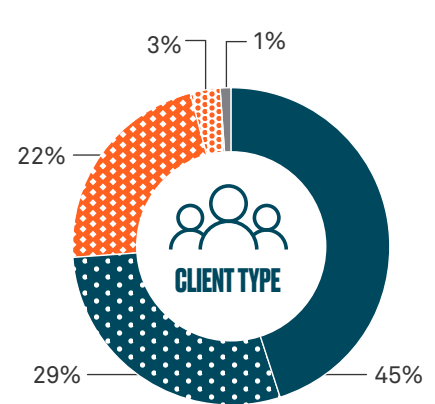
As of December 31, 2024



- USA
- Canada
- Australia & Asia
- EMEA
- Rest of the World



- Global & Kokusai
- EAFE/International
- Europe
- Emerging & Pacific
- USA



- Pension
- Mutual Fund
- Other
- Endowment/Foundation
- Multi-Manager



## The power of conviction

Walter Scott's culture of independent thinking and the courage of its convictions are in their view, natural extensions of the firm's Scottish heritage. The focus is always on company fundamentals, not stock market indices. The team goes to extraordinary lengths in seeking to find superior investment opportunities. The exhaustive work behind each idea is what ensures the company's confidence in each investment held in clients' portfolios.

As a high-conviction, active money manager, portfolios are typically comprised of 40–60 stocks. Because most portfolio positions have equal conviction when purchased, and bets on sectors and geographic regions are eschewed, Walter Scott believes client portfolios are capable of achieving the benefits of mitigating risk through diversification while potentially remaining positioned for above-average market returns over extended periods.

High conviction, however, is never confused with “set-it-and-forget-it.” Recognizing the fluid nature of businesses, economies, technologies, and political landscapes, the team carefully monitors each portfolio position for any fundamental changes that may affect the potential for growth.

## A repeatable, team-based process

Walter Scott's investment process seeks to ensure that rigor and rationality, not bias or emotion, will dictate where clients' funds are invested.

Because a company's growth arises in many different ways, the discovery process focuses on individual companies sourced by a single investment manager, regardless of sector or geographic region.

Each investment candidate undergoes a detailed quantitative financial analysis, looking at a company's past, and qualitative analysis to try and project its future.

## Quantitative analysis

Walter Scott closely tracks key financial metrics over time. Investee companies have characteristics that include the potential to benefit from compounding and robust cash flows to internally finance investments to drive future growth.



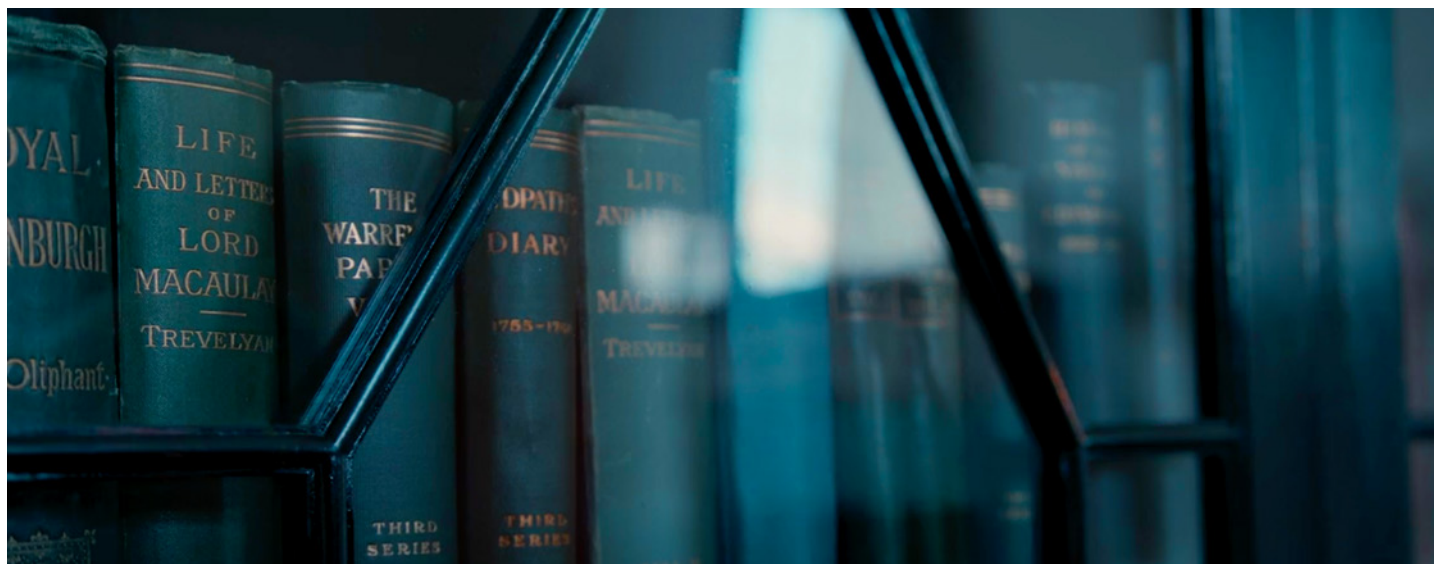
**COMPOUND  
GROWTH**



**FINANCIAL  
METRICS**

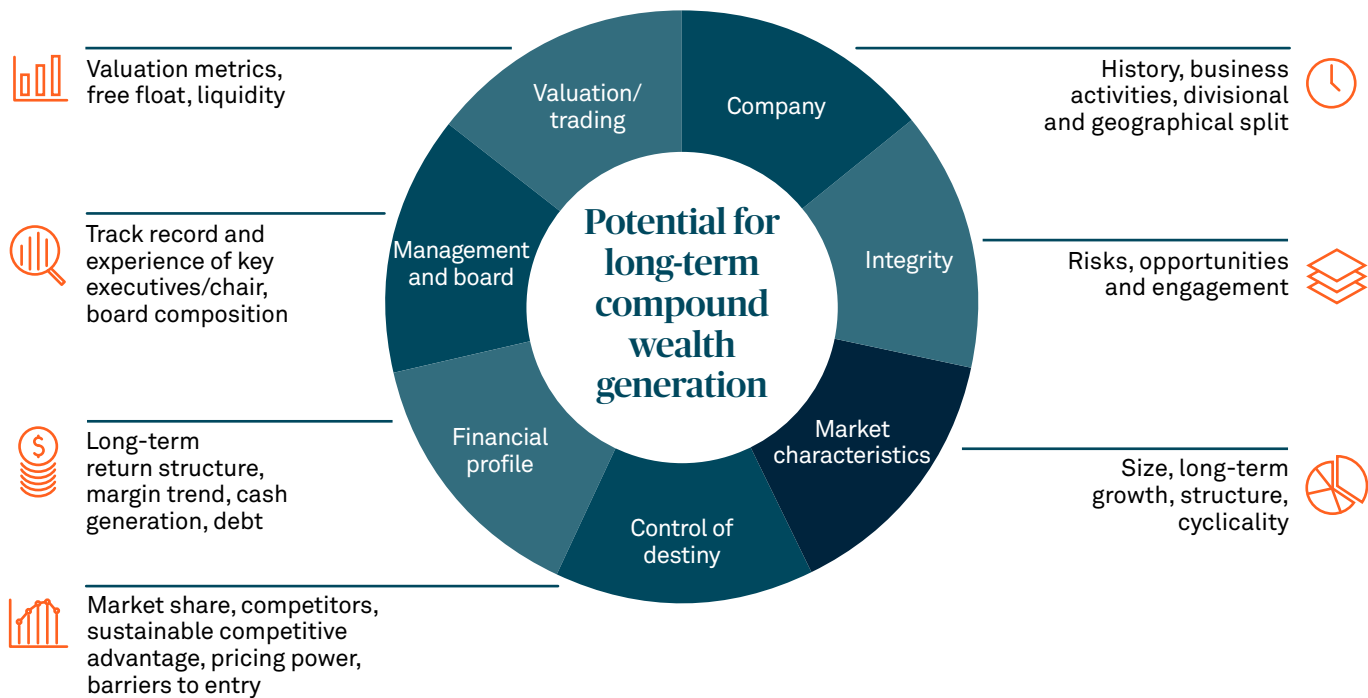


**BALANCE  
SHEET**



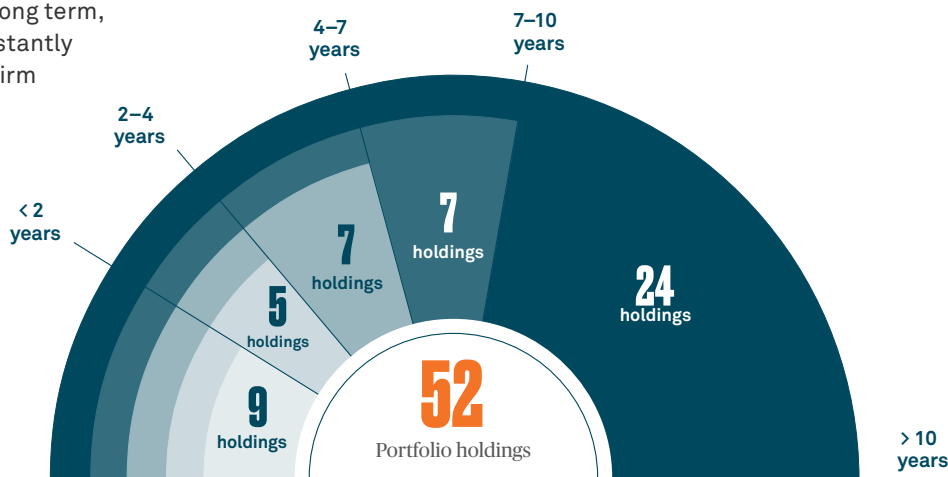
## Qualitative analysis

The likely future success of a prospective investment is further assessed by their analysis of seven key attributes.



## Typical investment holding periods of assets in portfolio

While the intention is to hold investments for the long term, investments are constantly re-evaluated to reaffirm their original thesis.



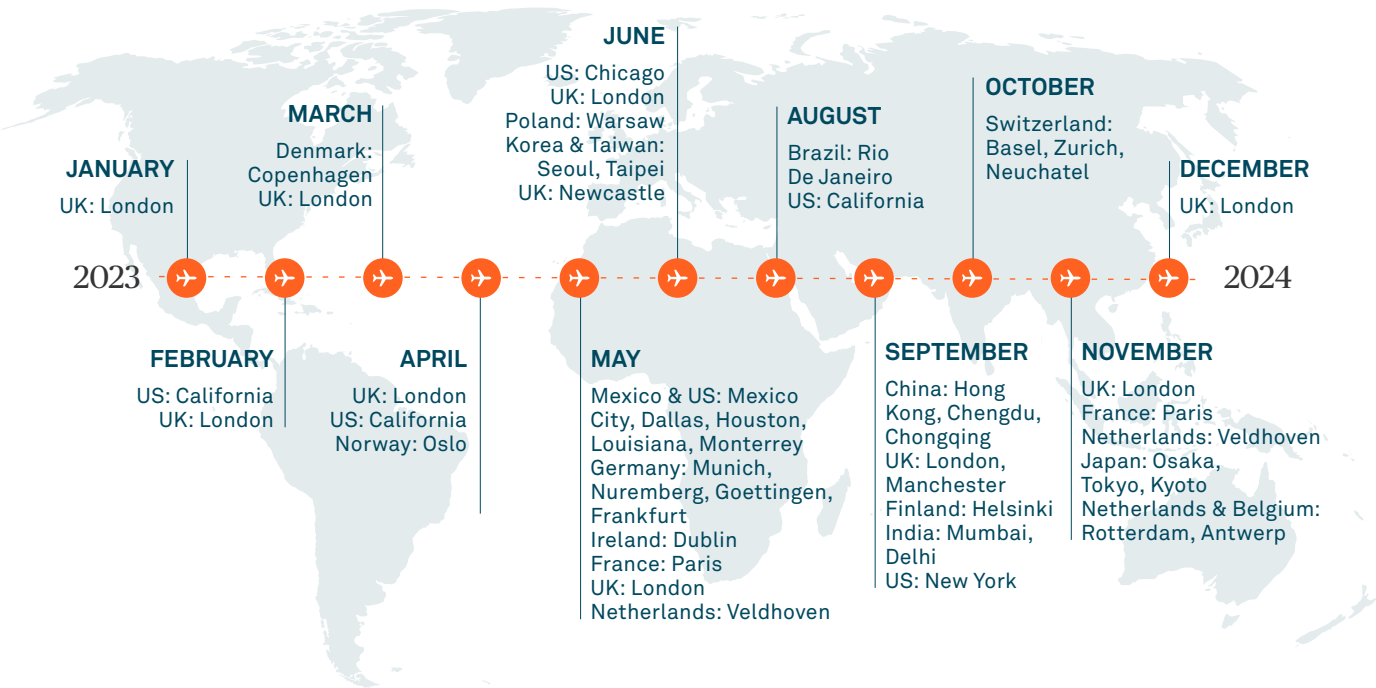
As of December 31, 2024. Chart is provided for illustrative purposes only, and does not represent a current or future portfolio.

## The value of a visit

Fully understanding a business requires being on the ground. That means field trips are a vital part of Walter Scott’s research work. Getting out from behind the desk enables the team to fully immerse themselves in the regions, countries and companies in which they invest. Research trips can include visits to factories, distribution centers, and executive management offices. Local, on-the-ground conversations can include workers, government officials, labor organizations, suppliers, and competitors.

## Searching the globe for leading, high-quality companies

We reinforce our rigorous desk-based analysis with research trips around the world.



Source: Walter Scott. Activity 12 months to December 31, 2024.

## One philosophy, two executions

Walter Scott applies the same investment philosophy to both its Global and International strategies.



The **International Equity strategy** seeks its long-term growth objective by investing in non-US companies. Generally investing in 40–60 companies, this actively managed, concentrated portfolio will not mirror any international index.

**40–60**

non-US companies

The **Global Equity strategy** aims to provide long-term growth to investors by investing in 40–60 US and non-US companies that, in their view, demonstrate strong, sustainable growth potential. This actively managed strategy, by design, does not resemble any stock market index.

**40–60**

US and non-US companies



## A culture that looks further for the best opportunities

In Walter Scott's view, investment research goes well beyond number crunching. Uncovering special investment opportunities requires exceptional people.

Walter Scott investment managers share a number of key qualities: they are bright, intellectually curious, and work collaboratively in a way that they believe raises those around them.

Analysts represent a diverse range of backgrounds and experiences that they actively seek out to ensure that their collective thinking is open to the broad perspectives of a diverse world.



## Robust final investment decision-making processes

All their investment decisions are team-based. Every investment idea is subject to the scrutiny of the entire team, with debate and dissent fostered within a highly collaborative environment.

This debate and challenge is central to their investment approach and is actively encouraged within a collegiate team-based environment.

The unanimous agreement of the entire investment team is required to initiate a new investment. A sale can be triggered by any team member with a well-researched argument. However, it is more common for the Research team to collectively decide that the investment rationale for a stock has deteriorated or its valuation has risen to a level that they think can no longer be supported by the company's fundamentals.

**FDIC** is Federal Deposit Insurance Corp. **FINRA** is Financial Industry Regulatory Authority.

### ABOUT BNY INVESTMENTS AND WALTER SCOTT

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### RISKS

**All investments involve risk including loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fee and expenses before investing.**

**Equities** are subject to market, market sector, market liquidity, issuer, and investment style risks, to varying degrees. **Small and midsize company stocks** tend to be more volatile and less liquid than larger company stocks as these companies are less established and have more volatile earnings histories. Investing in **foreign denominated and/or domiciled securities** involves special risks, including changes in currency exchange rates, political, economic, and social instability, limited company information, differing auditing and legal standards, and less market liquidity. These risks generally are greater with emerging market countries.

**No investment strategy or risk-management technique can be guaranteed to be successful in any market environment.**

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