



Transcript: 2024 Outlook and investment strategy Walter Scott & Partners Ltd. | Renaissance Global Growth Fund

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[2024 outlook and investment strategy,
Walter Scott & Partners Ltd. | Renaissance Global Growth Fund]

[What is your 2024 outlook for global equities?]

[Roy Leckie, Executive Director
Investment & Client Service
Walter Scott & Partners Ltd.]

The range of possible outcomes for global equities in 2024 is really very wide. There's huge uncertainty as it currently stands around rates of economic growth, around rates of inflation, around the course of interest rates.

And of course this means that trying to determine the trajectory of corporate profits is really, really difficult.

[A stock ticker. A group of investors meeting in an office boardroom, looking at a chart. The New York Stock Exchange building.]

And then of course you've got to figure how markets are going to value them.

So it's an extremely tough question. There are so many different outcomes that are really very feasible. And then of course you throw in politics, lots of elections taking place around the world. Political risk has to be factored in.

[The Taiwanese flag.]

Indeed the Taiwanese election should really be highlighted I think in as much as they could set the tone for China-US relations for the foreseeable future and that will impact of course investor sentiment around China and Asia and emerging markets and possibly elsewhere.

[The US and Chinese flags. The Beijing cityscape.]

So what we're really saying is that no one, myself included, knows what the near-term future holds for equity markets. But we mustn't lose sight of the fact that equities are a long-term asset class. Over the long term, throughout time, they provide a very predictable and reliable return, a very positive return as they capture that general propensity for economies to grow and living standards to rise, and new



ideas and new technologies to come to the fore. So very reliable over the long term. Huge uncertainty over the short term. There's just too many things out with our control to make point estimates or tight predictions about what's going to happen over a 12-month outlook.

[How are you positioning your investment strategy to align with the outlook? (Renaissance Global Growth Fund).]

We are positioning the portfolios in the same way that we always do, that is we recognize that as global equity investors, there's just so much out with our control. Therefore, we really have to focus on the two things that are within our control. And that is, what companies we own and how much we pay for them.

We'll continue to invest our portfolios within the tight parameters of Walter Scott's longstanding investment philosophy and approach to investing that we know, given the passage of time, works really well. And that is we are in the business of trying to find longevity of compound growth. Companies that can deliver superior rates of intrinsic value over long periods of time. And if we can buy them, pay a sensible price for them and own them as they deliver that internal wealth creation that will flow to shareholders, i.e. our clients.

So we're aligning portfolios to a very select group of high-quality growth companies. Companies that are very profitable - cash profits. Companies that are very, very well capitalized. Companies that in the main grow independently of the vagaries of the economic cycle. We're not driven by benchmarks. We're driven by the conclusions of our own research. And irrespective of the outlook for markets, it's tough not to be really optimistic about our portfolios because we're optimistic about the companies and what they're doing.

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