



Honda Motor Co., Ltd

A Japanese auto original equipment manufacturer

INTRODUCTION

Our investment process is oriented around determining the resilience of a business and its commitment to sustainable dividends combined with a consistent approach to identifying long-term value at the right price. We use a proprietary scorecard framework (see figure to right) that allows us to attach a disciplined and repeatable process to our investment decision making.

WHAT IS IT?

Honda is a Japanese multinational conglomerate known for its diverse and high-quality range of products.

WHY DO WE OWN IT?

While others may be dissuaded by cyclical aspects of the auto industry, we believe our focus on evaluating future quality, as measured by resilience, yields differentiated insights. In cyclical industries, one way we look for stability is through diversity of cash-flow generation, for example, across regions and product segments. Honda's auto business in the US, its primary revenue driver, centres on a small number of models where it has scale and brand power, driving pricing power and ultimately improving returns. In addition, its EM-focused motorcycle business delivers industrial-like segment returns as the number-one manufacturer in India. As we think about the future of the industry in the context of the energy transition, the company's thoughtful approach to electric vehicle (EV) adoption is enabled by what

KEY POINTS FOR HONDA MOTOR CO., LTD²

- Year over year, Honda's sales revenue from its automobile business increased by 27.8%, whilst its operating profit increased by 307%.
- Honda aims to introduce approximately 30 electric motorcycle models to the global market by 2030.
- Honda's commitment to quality is supported by its vehicles' durability — it's estimated that products remain viable for over 200,000 miles after being built.
- Honda's market share represents 5% of consumer vehicles worldwide and is growing.

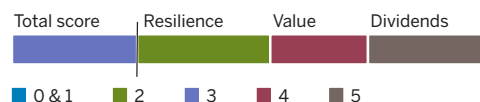
Sources: ¹Interbrand Top 100 - 2023. ²Honda FY24 3rd Quarter Financial Results presentation, data as of February 2024.

CONSIDER THE RISKS

Investors should consider the risks that may impact their capital, before investing. The value of your investment may fluctuate from the time of the original investment. Please refer to the risks section enclosed. A decision to invest should take account of all the characteristics and objectives described in the prospectus and KIID/KID and/or offering documents. Please refer to the sustainability related disclosures for information on the commitments of the portfolio:

<https://www.wellington.com/en/legal/sfdr>

SUMMARY STATS



we believe to be industry-leading hybrid technology and fuel efficiency of its existing fleet. We see attractive upside in the value of the company, as we believe the impact of improving returns and management culture remains underappreciated by the market. Honda is more cash generative than peers given conservative finance practices and is deploying that cash for shareholders, having committed to a stable growing dividend allocation and return of excess capital through increased share repurchases. We believe that management's capital allocation discipline, coupled with strong governance and a focus on shareholders, are additive over the long term.

COMPETITIVE ADVANTAGE – EXPERTISE, BRAND AND DIVERSIFIED PRODUCT RANGE

The company's core product range revolves around engines, and its engine manufacturing expertise gives it a significant edge in the industry that few competitors can match. Its dominance in the motorcycle and engine industries has increased its brand recognition and reputation, supporting its position as a market leader. In fact, Honda's brand ranks 5th amongst automotive industry peers and 27th amongst all companies globally, ahead of the likes of Netflix, Audi and Volkswagen.¹ Honda offers many products to its consumers including engines, cars, motorcycles, jets, robots and other power equipment products. While cars generate a significant portion of the company's revenue, its overall product portfolio is diversified when compared to key peers. This is exemplified by its leading position in motorcycle manufacturing in the Asia-Pacific region, the largest motorcycle end market in the world. Honda's global presence and reputation allows it to remain innovative and pioneering when it comes to progressive industries; for example, the company aims to sell 3.5 million e-motorbikes globally in 2030.

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This is a marketing communication. Please refer to the prospectus of the Fund and to the KIID/KID and/or offering documents before making any final investment decisions. The company showcased is part of a diversified portfolio. Commentary provided is for illustrative purposes only and is not intended to constitute investment advice.



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Please refer to the fund prospectus and KIID/KID for a full list of risk factors and pre-investment disclosures.

The Wellington Global Quality Value Fund is actively managed and seeks long-term total returns, in excess of the MSCI All Country World Index (the "Index"), primarily through investment in equity and equity-related securities of companies worldwide.

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