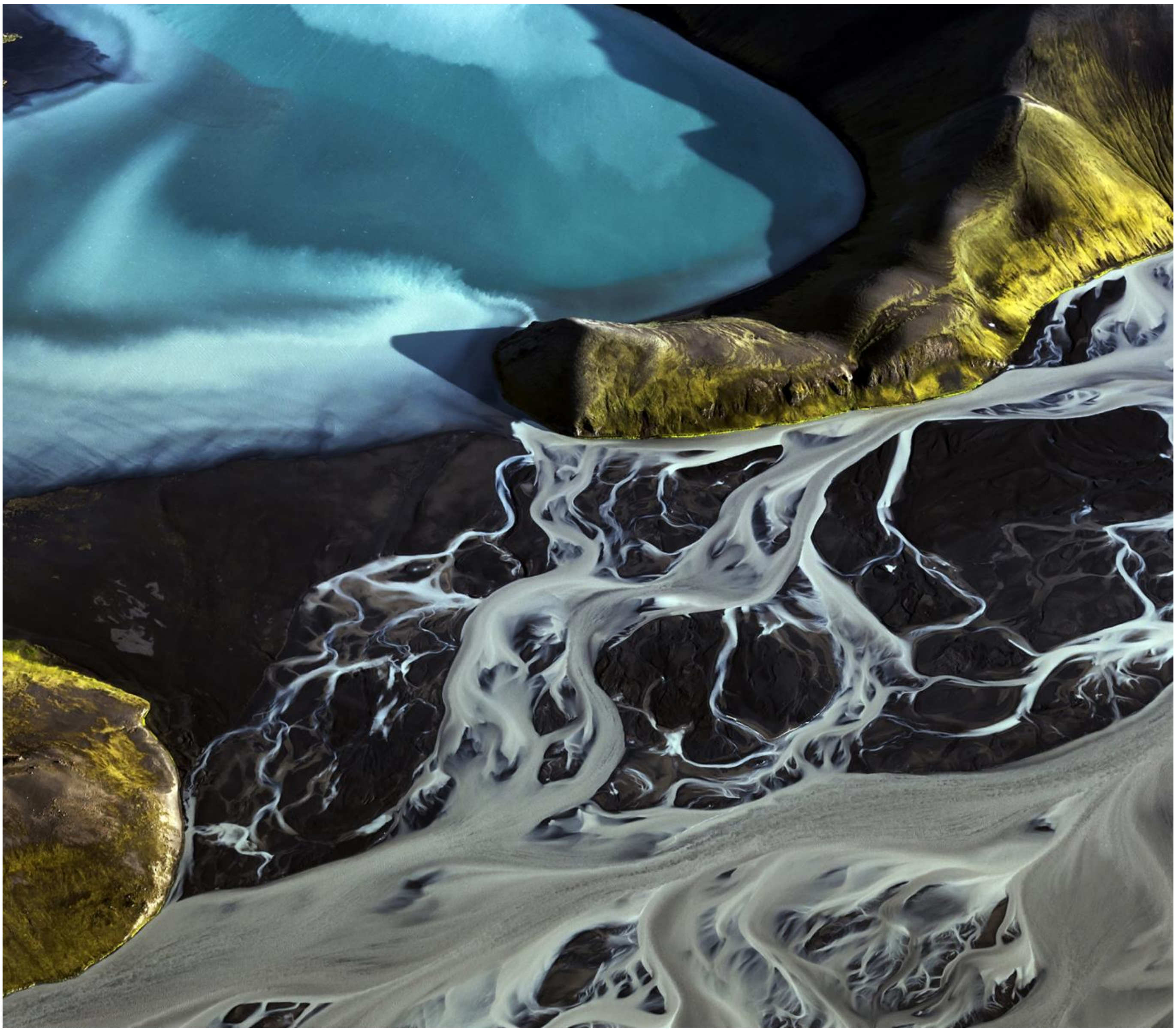
Baillie Gifford

Global Alpha Quarterly Update

30 June 2024



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Past Performance

Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document are gross of fees unless otherwise stated and reflect the reinvestment of dividends and interest.
Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results.
It should not be assumed that recommendations/ transactions made in the future will be profitable or will equal performance of the securities mentioned.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

Any stock examples, or images, used in this paper are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style. A full list of portfolio holdings is available on request.

The commentary relates to the above mentioned strategy and not all stocks mentioned may be held in the portfolio.

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Product Overview

Global Alpha is a long-term, diversified, global equity strategy selecting growth stocks on a bottom up basis with a focus on fundamental analysis. The strategy combines the specialised knowledge of Baillie Gifford's investment teams with the experience of some of our most senior investors.

Risk Analysis

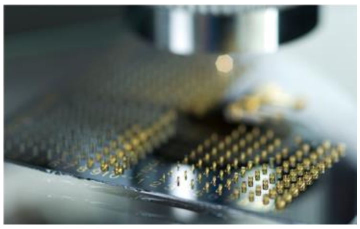
Key Statistics	
Number of Holdings	93
Typical Number of Holdings	70-120
Active Share	79%*
Rolling One Year Turnover	17%

*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

We believe that harnessing a broad perspective is key to long-term investment success.

We invest in diverse companies with overlooked or underappreciated growth prospects.

Ultimately, markets should come to reward the portfolio's superior growth fundamentals.



Baillie Gifford Key Facts

Assets under management and advice	US$283.7bn
Number of clients	649
Number of employees	1738
Number of investment professionals	372

In 1848, a small Californian town called Coloma saw its population explode over two hundredfold to 90,000 within a matter of months after a local carpenter named James Marshall found a few shining flecks of gold in the tailrace of a sawmill that he was building. His discovery changed the course of America's history. The mania of the Gold Rush that was sparked by his discovery was characterised by hard work, high prices, and primitive living conditions. Few struck it rich.

The Gold Rush was relatively short-lived. It peaked in 1852, and by the end of the decade, it was over, with the most workable deposits exhausted. What is not immediately obvious is that the wealthiest beneficiaries of the Gold Rush were not the mine operators themselves, but the merchants supporting this endeavour. Samuel Brannan, founder of California's first newspaper, the California Star in 1847, became one of the wealthiest men in the area by opening multiple stores and purchasing all the supplies available in San Francisco, before reselling them at a substantial profit. Another beneficiary was Levi Strauss, a Bavarian immigrant. He recognised the opportunity to supply durable clothing to miners, who needed rugged apparel to withstand the rigours of their work. By partnering with a local tailor named Jacob Davis, Strauss introduced durable work trousers reinforced with copper rivets. The rest is history. Today there are over 3,000 Levi stores globally and the company generates $6.2bn in sales annually. It can be lucrative to look beyond the obvious and this foundational principle underpins the way in which we manage the Global Alpha portfolio.

A modern-day Gold Rush

Over the past 12 months, equity markets have experienced a Gold Rush of their own. The market's willingness to recognise the transformational potential of artificial intelligence (AI) and machine learning has manifested in the share prices of a small band of the world's largest technology companies. This has landed in the laps of market commentators giving rise to the so-called 'Magnificent 7' (Apple, Alphabet, Amazon, Meta, Microsoft, NVIDIA, Tesla). Collectively these stocks have driven 30% of index (MSCI ACWI) returns over the past year (at the time of writing, in the year to the end of May). Those commentators love a catchy slogan and latterly, the "Mag 7" has given way to the 'Fab 5' as Tesla's shares weakened and Apple's failed to keep pace.

We invest in five of the 'Mag 7' and did so in most cases long before the AI Gold Rush began. We have held Amazon, Alphabet, Meta, and Microsoft for an average of 12 years. Getting in early has allowed Global Alpha portfolios to benefit from these 'multi-baggers' (since purchase, Amazon is up 160x; Meta 16x, Alphabet 6x; Microsoft 5x). NVIDIA has been a much more recent addition. Buying it a year ago was behaviourally challenging and there was considerable debate about whether we were too late – but it has risen 3x since purchase. It is AI's poster child. Its near monopoly on the graphics processing units (GPU) market (90% market share) was no fluke, instead the result of CEO Jensen Huang who has been building towards this for many years. Its GPUs are a key enabler of machine learning processes based on ever-growing data sets. Its next-generation Blackwell B200 GPU offers 4x the AI training performance of its current Hopper H100 semiconductor. They are the driving force behind ever-increasing computing power. We are hugely excited by the potential of NVIDIA – indeed, we have added thrice in the past year, and it now commands a top ten position in the portfolio.

Although, in the round, we've successfully spotted these stocks early, the recent narrowness of market returns has been a relative headwind for more diversified approaches like ours. For example, the largest detractor from performance in the year to the end of June was our underweight position in NVIDIA (2.9% of the portfolio v 4.2% of the index). However, our approach remains index-agnostic. It is based on our assessment of the probability-adjusted upside for individual companies and while the direction of share prices may suggest otherwise, the 'Mag 7' are not homogenous. Indeed, we have taken the opportunity to add several times to Meta since January '23 when it was deeply out of favour with investors. We felt that a low-teens multiple of future earnings failed to recognise the potential for a huge inflection in earnings power. By leveraging its growing AI capabilities to demonstrate the utility of its advertising platform to merchants, Meta has driven demand for its advertising capacity and improved pricing. In conjunction with sensible cost control and more disciplined growth spending, these dynamics have enabled Meta to double its net income year-over-year and the stock has been a top contributor to relative performance over the past year. Similarly, we added twice to Amazon last year on share price weakness as the market baulked at further investment in its retail capabilities (more capacity and faster delivery). We believe the market underestimates the long-term earnings power of Amazon as its margins expand, thanks in a large part to its leading AI capabilities.

We have also sold the longstanding position in Tesla. Having first purchased the shares for Global Alpha in 2013, the position has delivered a 70x return in just over a decade. A leader in the decarbonisation of the automobile sector, Tesla is arguably a victim of its own success. An increasingly competitive market, especially in China (where Tesla has had to aggressively cut prices), and our reservations about the management team's ability to deliver sufficient growth from its self-driving software has underpinned our decision to move on.

Opportunities beyond the obvious

As with the Gold Rush, we believe that there are many opportunities beyond the obvious - up and down the AI value chain. What excites us is that the market has yet to appreciate many of them. Examples include HVAC (Heating, Ventilation and Air Conditioning) installer Comfort Systems and North America's largest manufacturer of utility poles, Stella-Jones.

The growing need for data centres (to house the necessary hardware for AI) and semiconductor manufacturing plants plays right into Comfort's hands. Cooling systems are essential for the optimal functioning of these sprawling hi-tech warehouses, where overheating can lead to a loss of function or fire damage. Our conviction lies in the potential of Comfort's 'modular' construction offering to accelerate future growth. This allows Comfort to build large parts of the system solution in-house before shipping near complete modules to the site for installation. This halves project completion timescales, materially increasing Comfort's growth potential. Indeed, its order book has doubled over the past year with modular construction accounting for around 20% of this. This should support revenue growth significantly in excess of its long-run average (+12% over the past decade) and a doubling in earnings per share over our 5-year investment horizon.

Our investment case for Stella-Jones – the largest supplier of utility poles in North America – rests on the capital investment required to upgrade a decaying power grid, much of which was installed in a post-World War II era. An upgraded and more flexible power grid is required to support renewable power, energy storage, and growing digital consumption (thanks, in part, to AI). This means heavier-duty electric cables, bigger transformers, and larger utility poles. Our insight is that Stella-Jones – as a scale player – is likely to be afforded growing pricing power as demand from a fragmented base of utility providers (2,000 utility companies across North America) inflects upwards. This has begun. Stella delivered a record increase in earnings (before interest and tax) last year (+36%) as volumes and margins in utility poles rose. Its current valuation (14x forward earnings) doesn't reflect the enduring nature of Stella's growth potential which could support a trebling in its share price over the next decade.

Strength in Depth

As you would expect, the portfolio reflects an eclectic mix of companies and the opportunities extend well beyond the AI value chain. Here are just a handful of the many areas that have significant overlooked upside at present.

Digital Payments

The digital payments market has developed hugely since the first consumer payment was recorded in 1994 (a CD copy of Sting's 'Ten Summoner's Tales' for $12.48 on NetMarket, for the trivia aficionados among you). Indeed, the value of global digital payment transactions has doubled (to over $6 trillion) in the past 5 years alone and there remains much to go for. The portfolio has exposure to a range of digital payment businesses, including Mastercard, the rapidly growing MercadoPago (operated by MercadoLibre) in South America, and Block which owns Cash App, the most popular finance application in the US with over 80 million users. We recently added to the position in Adyen, a founder-run provider of best-in-class, purpose-built payments software. The share price fell sharply last year amid concerns about investment spending (which impacted margins) and the potential for a price war in the US market. Management had earmarked 2023 as a year of investment for the business and the company is executing on what has been a clearly communicated strategy of counter-cyclical investment to grow its team in North America. We believe Adyen's counter-cyclical investment now will mean it is able to capture future growth opportunities and maximise long-term value creation.

Healthcare

The long-term drivers of the need for healthcare are clear. The global number of people aged over 60 will double by 2050. The number of people over 80 will triple. As we age, we consume much more healthcare. The portfolio's exposure to healthcare is intentionally broad in seeking to capture this opportunity. This includes positions in well-known names like Moderna (mRNA vaccines) and, more recently, Novo Nordisk (diabetes and weight loss drugs), but also in lesser-appreciated parts of the healthcare market. We have added to the portfolio's exposure to US health insurance. We have added a position in United Health to the longstanding holding in Elevance Health. The underlying structural driver of growth for both companies is the ongoing demand for private health insurance coverage in the US. United Health operates various businesses focused on health insurance for individuals and employees, healthcare delivery, and technology-enabled health services. The firm's strategic vision and consistent execution have established it as an industry leader. We think that the current valuation (17x forward PE) underestimates the potential of its higher-margin 'Optum' health business which offers a range of services aiming to make care delivery more efficient for both healthcare providers and patients.

Entertainment

The rise of online streaming has revolutionised how content is consumed. There is an estimated 2.1 billion hours a day of leisure time in the United States, largely dedicated to television and digital platforms. An age where broadcasters dictated our viewing habits is barely comprehensible when presented with the multitude of options available today. The portfolio has positions in Spotify, which is growing its pricing power by building its repertoire beyond music into podcast and audio books, and Walt Disney, which has an underappreciated back catalogue of content with which to populate its Disney+ offering. We have also added to one of the longest-standing holdings, Netflix. When we first invested in 2018, it had about 140 million subscribers, which today stands close to 270 million. We believe Netflix is entering the next phase of its growth. It has consistently adapted since its inception as a DVD rental business. Its most recent pivot to include ad-supported tiers and its investment in programmatic advertising helped it overcome some earlier challenges around password-sharing subscribers, and it has managed to raise prices in various regions without hindering subscription growth. Looking beyond the headline providers of content has led us to own other positions too. One example is The Trade Desk which operates a programmatic advertising platform, that allows for precise targeting of consumer groups and enhances advertising revenues for platforms like Netflix and Disney themselves.

Enhancing our perspective

We believe that harnessing a broad perspective is the key to success. Baillie Gifford's investment reach continues to grow – we conducted just shy of 4,500 company meetings last year and over 30,000 across the past decade. In this vein, we have recently made some enhancements to the way that we engage with our colleagues. Firstly, we have broadened our pool of scouts to draw on more teams across Baillie Gifford's investment floor. Secondly, we have divided our scouts into two groups, with one representing disruptive growth strategies and the other a broader, more flexible, growth style. We will alternate our regular meetings between these two groups. This will support smaller discussions and enhance engagement around similar growth philosophies. This should serve to broaden our funnel for new ideas and become a greater source of competitive advantage. In fact, the benefits of this are already coming to bear. The recent purchase of AutoZone was brought to our attention by our flexible growth scout for North America. AutoZone is a national car parts retailer in the US, with over 6,000 stores. It has several levers for future growth. A planned store rollout (adding around 300 stores per annum over the next 5 years in the US), increasing sales from servicing (which typically increases same-store sales by 20%) and international expansion in Brazil and Mexico will double revenue growth in the next 5 years. The market fails to appreciate the positive effect of significant investment in its warehousing and distribution capabilities. This will positively impact margins and improve the service AutoZone can offer (with more parts available in <1 hour). Its current valuation (18x forward earnings) fails to capture the growth potential of an excellent operator with a clear path to being significantly larger in the years ahead.

Outlook

At last count, Coloma's population had shrunk to 390 – a neat round trip back to pre-gold rush levels.

In contrast, we believe that the Global Alpha portfolio is primed to go from strength to strength. Its superior growth prospects are underpinned by the latitude our clients give us to invest in some of the largest but most dynamic growth companies in the world, many of which extend beyond the obvious. It is this strength in depth that supports a three-year earnings forecast that is +50% higher than the index (15% p.a. compared to 10% p.a.). Crucially, the portfolio is in robust health today. An overwhelming majority of holdings (99%) are free cashflow or earnings per share positive and significantly less reliant on debt funding than the market average (net debt-to-equity is 13% compared to 50% for the index). Delivered earnings in the year to the end of May grew +13% (the equivalent figure for the market shrunk by -4%) and the forward earnings multiple of the portfolio is undemanding (21x forward earnings compared to 17x for the index). Factoring in the superior growth, the portfolio is less expensive than the index on a price-earnings-to-growth basis.

Some believe that only death and taxes are inevitable. But history would suggest that the broadening of market returns following periods of concentration is equally assured. We know that the relative performance isn't where our clients or we want it to be. But we also know that the portfolio is packed with companies that are run by the modern-day Brannans and Strausses. This means that when – not if – the market broadens out, Global Alpha, with its wide-angled view of overlooked growth opportunities, is in a prime position to reap the rewards.

Performance Objective

+2% to 3% p.a. over rolling 5 year periods vs index.
The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	0.1	2.9	-2.9
1 Year	13.6	20.6	-7.0
3 Years	-0.9	9.1	-10.1
5 Years	8.2	11.4	-3.2
10 Years	11.9	12.3	-0.4
Since Inception	11.0	10.2	0.7

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	0.2	3.0	-2.9
1 Year	13.0	19.9	-6.9
3 Years	-3.8	5.9	-9.8
5 Years	8.1	11.3	-3.2
10 Years	8.6	9.0	-0.4
Since Inception	8.9	8.1	0.7

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	0.9	3.8	-2.9
1 Year	15.0	22.1	-7.1
3 Years	-0.5	9.6	-10.1
5 Years	9.4	12.6	-3.3
10 Years	11.3	11.7	-0.4
Since Inception	9.7	8.9	0.7

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.3	4.2	-2.9
1 Year	16.8	24.0	-7.2
3 Years	-0.6	9.5	-10.1
5 Years	9.1	12.3	-3.2
10 Years	11.3	11.8	-0.4
Since Inception	9.4	8.6	0.7

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.2	0.6	-2.8
1 Year	12.6	19.5	-6.9
3 Years	0.0	10.1	-10.1
5 Years	9.1	12.4	-3.2
10 Years	12.4	12.8	-0.4
Since Inception	9.6	8.9	0.7

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 May 2005
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Index (MSCI World Index prior to 31 March 2008).
Source: Revolution, MSCI.
The Global Alpha composite is more concentrated than the MSCI ACWI Index.

Discrete Performance

GBP	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	17.5	30.0	-23.5	11.9	13.6
Benchmark (%)	5.7	25.1	-3.7	11.9	20.6

USD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	14.0	45.3	-32.8	17.1	13.0
Benchmark (%)	2.6	39.9	-15.4	17.1	19.9

EUR	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	15.6	37.6	-23.8	12.3	15.0
Benchmark (%)	4.1	32.5	-4.0	12.2	22.1

CAD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	18.9	32.1	-30.0	20.2	16.8
Benchmark (%)	7.0	27.2	-11.8	20.2	24.0

AUD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	16.2	33.3	-26.6	21.0	12.6
Benchmark (%)	4.6	28.3	-7.6	21.0	19.5

Benchmark is MSCI ACWI Index (MSCI World Index prior to 31 March 2008).
Source: Revolution, MSCI.
The Global Alpha composite is more concentrated than the MSCI ACWI Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to June 30, 2024

Stock Name	Contribution (%)
Alnylam Pharmaceuticals	0.5
Chewy	0.3
TSMC	0.3
Prosus	0.2
Analog Devices	0.1
ASM International	0.1
SEA Ltd	0.1
HDFC Bank	0.1
Spotify	0.1
Moody's	0.1
Ryanair	-0.7
Apple	-0.7
Martin Marietta Materials	-0.5
CRH	-0.4
NVIDIA	-0.4
Block	-0.3
Siteone Landscape Supply	-0.3
CoStar Group	-0.2
Adyen	-0.2
Sartorius Stedim Biotech	-0.2

One Year to June 30, 2024

Stock Name	Contribution (%)
Meta Platforms	0.7
Apple	0.4
TSMC	0.4
CRH	0.4
Schibsted	0.3
Amazon.com	0.3
Spotify	0.3
ASM International	0.3
Eaton	0.2
Comfort Systems USA	0.2
NVIDIA	-1.0
Albemarle	-0.7
Pernod Ricard	-0.6
AIA	-0.6
B3	-0.5
Prudential	-0.4
Ryanair	-0.4
Eli Lilly	-0.4
Siteone Landscape Supply	-0.3
Broadcom	-0.3

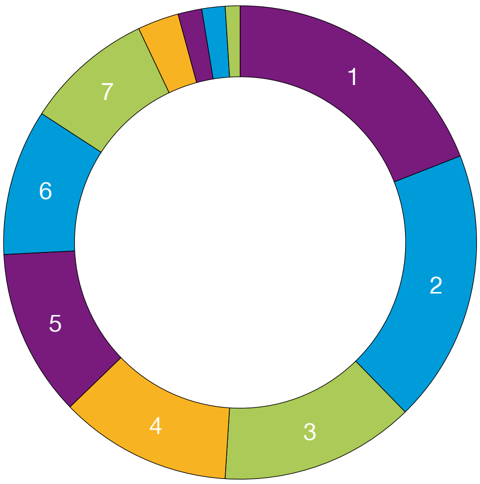
Source: Revolution, MSCI. Global Alpha composite relative to MSCI ACWI Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole period. All attribution figures are calculated gross of fees, relative to the index from stock level up, based on closing prices. As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Microsoft	Technology company offering software, hardware and cloud services	4.0
Amazon.com	E-commerce, computing infrastructure, streaming and more	3.9
Meta Platforms	Social media and advertising platform	3.7
Elevance Health Inc.	US health insurer	3.5
Martin Marietta Materials	Cement and aggregates manufacturer	3.3
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	2.9
TSMC	Semiconductor manufacturer	2.8
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	2.6
CRH	Building materials supplier	2.5
Ryanair	European low-cost airline	2.4
Total		31.7

Figures may not sum due to rounding.

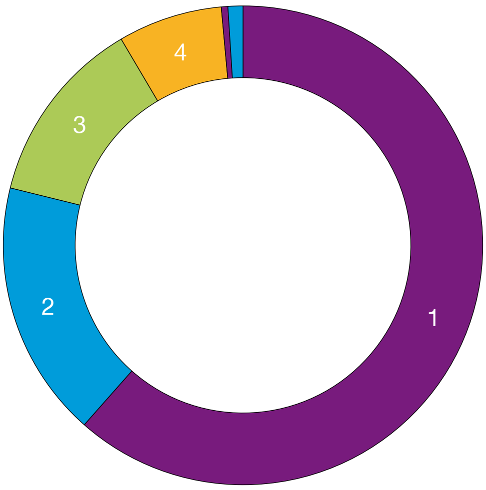
Sector Weights



		%
1	Consumer Discretionary	19.1
2	Information Technology	18.6
3	Health Care	13.3
4	Financials	11.8
5	Communication Services	11.4
6	Industrials	10.0
7	Materials	8.8
8	Energy	2.8
9	Real Estate	1.6
10	Consumer Staples	1.6
11	Cash	1.0

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	61.5
2	Europe (ex UK)	17.3
3	Emerging Markets	12.7
4	Developed Asia Pacific	7.0
5	UK	0.4
6	Cash	1.0

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	65	Companies	24	Companies	5
Resolutions	794	Resolutions	62	Resolutions	5

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., Albemarle Corporation, BHP Group Limited, CRH plc, NVIDIA Corporation, Ryanair Holdings plc, Samsung Electronics Co., Ltd., Sea Limited, Taiwan Semiconductor Manufacturing Company Limited, Woodside Energy Group Ltd
Social	Adyen N.V., Albemarle Corporation, BHP Group Limited, Ryanair Holdings plc, Samsung Electronics Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited
Governance	Adobe Inc., Advanced Micro Devices, Inc., Adyen N.V., Albemarle Corporation, Alnylam Pharmaceuticals, Inc., Arthur J. Gallagher & Co., BHP Group Limited, CRH plc, CoStar Group, Inc., Compagnie Financière Richemont SA, Epiroc AB (publ), HDFC Bank Limited, Meta Platforms, Inc., Moderna, Inc., Royalty Pharma plc, Ryanair Holdings plc, S&P Global Inc., STAAR Surgical Company, Samsung Electronics Co., Ltd., Schibsted ASA, Sea Limited, Service Corporation International, Sysmex Corporation, Taiwan Semiconductor Manufacturing Company Limited, Texas Instruments Incorporated, The Trade Desk, Inc., Thermo Fisher Scientific Inc., UnitedHealth Group Incorporated
Strategy	AIA Group Limited, Adyen N.V., CoStar Group, Inc., MercadoLibre, Inc.

Company	Engagement Report
Adyen N.V.	Objective: This quarter, we held two meetings with Adyen's sustainability team and chief financial officer. One focused on our ongoing climate engagement, specifically on Adyen's emissions reduction targets and downstream emissions progress. In the second meeting, we provided input into Adyen's materiality exercise to identify the most significant ESG issues for the business. Discussion: Regarding climate, we encouraged Adyen to take a bottom-up approach to target setting. It is taking a thoughtful approach, and we hope to see targets soon. Disappointingly, it has rolled back its work on engaging customers on emissions after seeing little demand for its offset at the point of payment trial. We suspect this has also been influenced by the criticism it received for previously offering low-quality offsets through the consultant Southpole. This was the second year we provided an investor perspective on Adyen's ESG materiality exercise. We were encouraged to see the company respond to the feedback we offered last year. The backdrop to this request is the EU's latest sustainability disclosure regulation, the Corporate Sustainability Reporting Directive (CSRD), which requires companies to assess and prioritise ESG issues for reporting purposes against the two dimensions of impact (defined as 'how the company affects people and the environment') and financial materiality (described as 'effects that flow through to the company's bottom line'). CSRD introduces complex and onerous reporting requirements, so we were eager to understand how internal processes have adapted in response. Outcome: Our climate engagement improved our knowledge of Adyen's emissions reduction approach, and we provided the company with guidance on what we think is best practice. We welcome the opportunity to continue supplying Adyen with our input in their CSRD materiality exercise.
Alnylam Pharmaceuticals, Inc.	Objective: This was a post-results call with chief executive officer (CEO) Yvonne Greenstreet. Given ambitious plans to target more prevalent diseases, we wanted to understand how the organisation managed growth. Discussion: Greenstreet explained that the first era at Alnylam had focused on rare diseases to validate the company's RNAi technology. Greenstreet became CEO in 2022 and is now focusing on taking RNAi into larger disease opportunities and looking at RNAi targets outside the liver. Having focused on rarer diseases, she now needs to build up the company's capabilities while maintaining the strengths that have brought Alnylam to its current position. The company is now investing in developing its commercial footprint while continuing to invest in research and the pipeline. Alnylam is an ambitious company - and we were comforted that it looks for areas where it has a differential advantage and then pursues those spaces "hard and fast." As the company grows, we also noted the challenges this can present to culture: Greenstreet is determined to stay focused and nimble, even as the company moves into more common diseases. Outcome: There is a good deal of ambition at Alnylam, and it is exciting to hear about its drive to remain at the forefront of RNAi treatments. However, it is also good to hear that it is determined to keep its culture, even as it targets more prevalent diseases.

Company	Engagement Report
BHP Group Limited	Objective: The purpose of the meeting was to assess mining company BHP's progress in addressing the aftermath of the 2015 Samarco mine dam failure in Brazil, focusing on social, environmental and legal remediations. Attendees included BHP's ESG and IR representatives. The discussion centred on the final stages of remediation efforts, compliance with UN global compact principles and ongoing legal challenges. Discussion: Significant progress was noted across social remediations. The Renova Foundation, which was set up to administer the compensation and resettlement, is nearing the completion of resettlement and cash compensation programmes. Despite the absence of a fixed deadline, a considered approach has been taken, involving multiple stakeholders to ensure a durable administration of the process. The variety of resettlement options reflects a flexible approach to meeting the needs of the affected communities. Environmental remediation has largely been successful, with water quality restored to pre-disaster levels in 2018 and long-term projects underway to rejuvenate fish populations and riverbank ecosystems. Legal remediation presents a mixed picture, with ongoing negotiations with the Brazilian government and a significant UK civil case expected to continue until 2029. Samarco Social License to Operate (SLO) shows signs of improvement, with efforts to engage the community in the mine reopening process and changes implemented to the tailings management strategies to improve trust. Outcome: The meeting underscored BHP's comprehensive and multi-faceted approach towards remediation following the Samarco disaster. The progress in social and environmental remediation reflects a commitment to stakeholder engagement. However, the ongoing legal challenges highlight the complexity of fully resolving the disaster's aftermath. The improvement in Samarco's SLO and the anticipation of further upgrades by third-party ESG data providers indicate a positive trajectory for BHP. We continue to monitor progress in this area, with more milestones expected to be completed by the end of the 2024 calendar year.

Company	Engagement Report
CoStar Group, Inc.	Objective: In April, we met with CoStar's outgoing chief financial officer (CFO), Scott Wheeler. We wanted to focus on the company's potential in the residential market through Homes.com and how this aligns with chief executive officer (CEO) Andy Florance's broader vision. In February, Wheeler announced plans to retire this year so we also wanted to discuss the CFO succession plan. Discussion: The bulk of CoStar's current business is in commercial property. Now, it is also strategically and aggressively pursuing growth opportunities in the residential market, notably through Homes.com. CoStar's approach, leveraging its scale and strong position relative to competitors, makes it an "apex predator," seizing on residential market opportunities. CoStar has a clear strategy that differentiates it from competitors such as Zillow by emphasising agent visibility and consumer experience, thereby addressing the market's pain points. Integrating Homes.com into CoStar's portfolio represents a significant step towards disrupting the traditional real estate model, focusing on a "Your listing, your lead" approach. This strategy, inspired by the Rightmove model in the UK, aims to monetise seller rather than buyer agents, marking a departure from the practices of competitors such as Zillow and Realtor.com. Furthermore, the meeting covered CoStar's broader ambitions, including geographic expansion and establishing itself as the "Bloomberg of real estate." This holistic approach to growth encompasses both commercial and residential sectors, with strategic investments in technology and marketing to disrupt traditional models and create a more agent and consumer-friendly ecosystem. The cultural fit of CFO Scott Wheeler within CoStar's ethos, particularly his ability to work well with CEO Andy Florance, was a key focus. Finding a suitable successor will be important. The company's deep listening and problem-solving culture has been critical to its success. It suggests that integrating the new CFO into this culture will be vital for CoStar's continued growth and innovation. The new CFO should be announced in the summer. Outcome: The meeting underscored CoStar's strategic positioning and innovative approach to digitising real estate. The residential market, mainly through Homes.com, is a significant growth opportunity. Replicating Scott Wheeler's financial stewardship and alignment with CEO Andy Florance's vision is vital for the incoming CFO, with whom we will look to meet as soon as practicable once they are appointed.

Company	Engagement Report
HDFC Bank Limited	Objective: Over the past year, we have held several meetings with multiple members of HDFC's senior management (chief executive officer, chief financial officer, head of mortgages and head of commercial rural banking). This included a visit to its Mumbai offices, to understand the impact of the merger between HDFC Corp and HDFC Bank, particularly on its growth prospects, governance and culture. Discussion: When India's largest mortgage lender, HDFC Corp, merged with its subsidiary HDFC Bank in 2023, it was the largest merger in India's corporate history. Our discussion focused on the merger's impact on the newly merged HDFC Bank's deposit and loan growth, particularly given additional reserve requirements and unexpected liquidity tightening across the Indian banking system. As branches are the central deposit engines for Indian banks, we discussed the company's branch expansion plans to understand how HDFC Bank plans to support growth in the face of these challenges. The location of the branch is an important factor, and HDFC Bank has been expanding into smaller towns and cities, which generate lower growth rates. While there are clear strategic intentions behind the expansion and evidence of some success in deposit growth, we will continue to monitor the realistic pace of deposit and loan growth in the future. Given the importance of the cultural pillar to our investment thesis, we also discussed how leadership managed the integration of two distinct corporate cultures and its impact on employee engagement and attrition, especially at the management level. Management has identified this as a priority. There has also been a noted shift in work culture preferences among the younger generation, favouring a flat versus hierarchical working environment, to which management is responding. Outcome: While substantial hurdles exist, HDFC Bank is making strategic adjustments. We were reassured that asset quality remains excellent, and we continue to see the old conservatism on display. The reality post-merger has highlighted the difficulties in integrating two distinct cultures; however, HDFC Bank's management acknowledges this and places a strong focus on creating a supportive working environment and reducing attrition.
Moderna, Inc.	Objective: Ahead of Moderna's 2024 AGM, we had a call with the company's chief legal officer and her team to better understand the board's approach to refreshment and executive compensation. We have been advocating for compensation alignment, long-termism, and board refreshment for several years, and we again were able to ask about the board's plans in these areas. Discussion: While there have been recent rotations between board committees, Moderna informed us that we can expect board refreshment within the next 12 months. Following an external board review, it is looking for pharmaceutical expertise and is interested in experience in responsible AI and government affairs. We agreed that more expertise in these areas will be essential for the company's ambitions in the next five years. Again, we expect to see further improvement and long-termism in executive compensation in the next plan. Finally, we discussed Moderna's approach to equal pay, ESG, and its work with suppliers to reduce their emissions. We questioned its approach to climate risk, on which it has done a company-wide assessment in 2023. Outcome: We continue to support Moderna's long-term shareholders and look forward to any announcement of new board directors. On the call, we queried whether Moderna would consider a more differentiated and simplified approach to its compensation plan. We plan to discuss this again before the company sets future plans.

Company	Engagement Report
Sea Limited	Objective: We met with Sea Ltd to continue discussing board composition and remuneration and hear an update on the company's developing climate strategy. Discussion: Our engagement focused on board recruitment, including management's considerations and efforts in recruiting new board members, focusing on finding individuals with the correct skill set. We also discussed remuneration, particularly a recent executive compensation cap. Sea Ltd clarified its remuneration approach and reassured us that employee pay is competitive. The meeting also provided an opportunity to question the company's climate change strategy. While there are no immediate plans to set decarbonisation targets, Sea Ltd has considered climate and has published scope 1 and scope 2 emissions data, indicating relatively low emissions. Future emissions reductions are expected to result from broader operational improvements. Outcome: Overall, our engagement highlighted ongoing efforts and challenges in board recruitment, which we will continue to monitor. Sea Ltd's actions reflect responsiveness to investor concerns and a willingness to improve governance and environmental stewardship.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Advanced Micro Devices Inc	Annual 05/08/24	4	We supported a shareholder resolution to provide a right to call special meetings with a lower threshold, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.
Amazon.com	Annual 05/22/24	10	We supported a shareholder resolution requesting a report on how the company's climate strategy is consistent with a 'just' transition. Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. We believe they should carefully consider the impacts their climate strategy will have on stakeholders and any barriers to implementation. This is consistent with how we voted on this resolution previously.
Amazon.com	Annual 05/22/24	11	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long-term future growth. This is consistent with how we voted on this resolution at the 2023 AGM.
Amazon.com	Annual 05/22/24	12	We supported a shareholder resolution on freedom of association. In light of several recent high profile controversies, we believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 05/22/24	13	We supported a shareholder resolution requesting additional emissions reporting. There are many reasons why a broader boundary would be useful to shareholders. It would reveal more about the scale of the company's true commercial carbon footprint and enable engagement on particular areas of concentration and possible mitigants. It also has reputational relevance which could work to Amazon's long-term advantage in customer attraction and retention.
Amazon.com	Annual 05/22/24	7	We supported the shareholder resolution requesting an independent report on lobbying. We continue to believe that shareholders would benefit from an unbiased and independent view of this matter given the concern regarding a lack of disclosure and potential reputational risk when lobbying activities potentially contradict company public positions. Further, it would give insight into Amazon's influence and priorities with regards to its lobbying activities. This is consistent with how we have voted on this resolution previously.

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 05/22/24	8	We supported a shareholder resolution on gender/racial pay gap reporting. We have supported this resolution at Amazon for the last four years. We believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. We believe a diverse workforce supports future business growth.
Markel	Annual 05/22/24	5	We supported the shareholder proposal regarding disclosure of GHG emissions from the company's underwriting, insuring, and investment activities, considering the potential materiality of climate risk to the company's core activities. We believe there is scope for improvement of carbon reporting and that this data will enable the company and its shareholders to better understand the company's climate risks.
Meta Platforms Inc	Annual 05/29/24	11	We supported the shareholder resolution requesting a report on child safety and harm reduction. We believe that this topic is material for the company, and we see good progress made and being made by the company.
Meta Platforms Inc	Annual 05/29/24	14	We supported the shareholder resolution regarding lobbying alignment with the company's climate goals as we believe that shareholders will benefit from more transparency around this topic.
Meta Platforms Inc	Annual 05/29/24	5	We supported the shareholder resolution on equal voting rights as we believe this is in the best interests of long-term shareholders.
Meta Platforms Inc	Annual 05/29/24	7	We supported the shareholder resolution asking for a breakdown of vote results per share class as the proposal will improve transparency for shareholders at the company with a multi-class share structure.
Meta Platforms Inc	Annual 05/29/24	9	We supported the shareholder resolution asking to allow the lead independent director to add agenda items to board meetings to ensure an additional layer of independent oversight and effective board deliberation. We believe this will also strengthen the role of the lead director, which is an important counterbalance to the concentrated power of the Chair/CEO.
Moody's	Annual 04/16/24	5	We supported a shareholder resolution requesting shareholders owning fifteen percent of the company's shares be able to call a special meeting. We believe this threshold strikes an appropriate balance between enhancing shareholder rights and the protection of long-term shareholder interests.
Netflix Inc	Annual 06/06/24	4	We supported the shareholder proposal requesting a transparency report and ethical guidelines in relation to artificial intelligence. We believe that shareholders would benefit from additional transparency on this topic.

Company	Meeting Details	Resolution(s)	Voting Rationale
Netflix Inc	Annual 06/06/24	8	We supported a shareholder proposal to reduce the ownership threshold for shareholders to call a special meeting to fifteen percent. We believe that this lower threshold provides a reasonable balance between shareholder rights and protecting the company from misuse of the authority.
NVIDIA	Annual 06/26/24	4	We supported the shareholder proposal on simple majority voting. We believe that supermajority voting requirements can lead to entrenchment and make it difficult to implement positive corporate government reforms.
Tesla Inc	Annual 06/13/24	12	We supported the shareholder resolution requesting the company commit to a moratorium on deep-sea mining, or if they cannot commit to disclose their rationale. We believe experts should take the time to set the rules and by supporting the moratorium, Tesla would reinforce the authority of the International Seabed Authority and the wider network of experts seeking to close the knowledge gaps.
Tesla Inc	Annual 06/13/24	6	We supported the shareholder resolution requesting a reduction in director terms. We are supportive of annual elections as it increases accountability to shareholders and works to reduce entrenchment.
Tesla Inc	Annual 06/13/24	7	We supported a shareholder resolution requesting the company adopt a majority voting standard and remove the supermajority voting standard. We are generally supportive of the removal of the supermajority provision as its presence makes the passing of other governance-positive amendments to bylaws improbable.
Tesla Inc	Annual 06/13/24	8	We supported the shareholder resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts. This is consistent with how we have voted on this resolution previously.
Texas Instruments	Annual 04/25/24	5	We supported a shareholder resolution to lower the threshold to call special meetings, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.
The Trade Desk	Annual 05/28/24	3	We supported a one year say on pay vote frequency as we believe it is in shareholders' best interests to have a regular vote on compensation decisions.

Companies	Voting Rationale
AIA Group, AJ Gallagher & Co, ASM International NV, Adevinta, Adobe Systems, Advanced Micro Devices Inc, Adyen NV, Albemarle, Alnylam Pharmaceuticals, Amazon.com, Atlas Copco B, B3 S.A., Block Inc, CATL 'A', CRH, Cbre Group Inc, Certara, Cloudflare Inc, CoStar Group, Comfort Systems USA, Coupang, Datadog, Doordash Inc, Eaton, Elevance Health Inc, Entegris Inc, Epiroc B, Floor & Decor Holdings, HDFC Bank, Kweichow Moutai 'A', LVMH, Li Auto 'H', Markel, Martin Marietta Materials, Mastercard, MercadoLibre, Meta Platforms Inc, Mobileye Global Inc., Moderna Inc, Moody's, NVIDIA, Netflix Inc, Olympus, Royalty Pharma, S&P Global Inc, SCP Pool Corporation, SMC, Sands China, Schibsted, Schibsted B, Service Corp.Intl., Shopify 'A', SiteOne Landscape Supply, Spotify Technology SA, Staar Surgical, Sysmex Corp, TSMC, Teradyne, Tesla Inc, Texas Instruments, The Trade Desk, Thermo Fisher Scientific, Wayfair Inc, Woodside Energy Group Ltd, YETI Holdings	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Adobe Systems	Annual 04/17/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Adobe Systems	Annual 04/17/24	4	We opposed executive compensation due to concerns with weak performance targets and vesting conditions, and poor disclosure for annual bonus performance targets.
Adobe Systems	Annual 04/17/24	5	We opposed the shareholder proposal requesting a mandatory director resignation policy as we believe it is beneficial for the board to have flexibility in how to respond to low shareholder support for a director. Additionally we do not believe that the company's practices are out of line with market practice on this topic.
Adobe Systems	Annual 04/17/24	6	We opposed the shareholder resolution requesting a report on the hiring of persons with arrest or incarceration records. We agree that hiring practices relating to people with a criminal background is an important issue. However, Adobe does not automatically exclude candidates with a criminal background and has a number of initiatives aimed at increasing representation within its workforce of underrepresented groups. We do not believe that that the report requested would be additive to the information already available and therefore do not believe that it would be a good use of company time and resources.
Advanced Micro Devices Inc	Annual 05/08/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

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AJ Gallagher & Co	Annual 05/07/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Albemarle	Annual 05/07/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Amazon.com	Annual 05/22/24	14	We opposed a shareholder resolution on customer use of certain technologies. We think the company has demonstrated adequate responsiveness to the concerns and requests outlined by the proponent. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 05/22/24	15	We opposed a shareholder resolution requesting the board adopt a policy to disclose individual directors' political and charitable giving. We don't have any concerns with the board's assessments of director's independence, expertise, capabilities etc. Directors are bound by fiduciary duties of care and loyalty to shareholders which means they have a legal requirement to act in shareholders' best interests.
Amazon.com	Annual 05/22/24	16	We opposed the shareholder resolution requesting the company establish an Artificial Intelligence (AI) committee. The company is already demonstrating leadership and have demonstrated a responsiveness that provides a degree of assurance. Further, we generally do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.
Amazon.com	Annual 05/22/24	17	We opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. The company continues to make demonstrable progress on health and safety. They continue to provide extensive disclosure and detailed safety metrics and continue to take pre-emptive action, investing in safety initiatives, tech, and programs. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 05/22/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Amazon.com	Annual 05/22/24	4	We opposed the shareholder resolution requesting the company establish a public policy committee. We believe Amazon's oversight is adequate and do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 05/22/24	5	We opposed the shareholder resolution requesting the company establish a board committee to oversee financial impact of policy positions. We believe Amazon's oversight is adequate and do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.
Amazon.com	Annual 05/22/24	6	We opposed the shareholder resolution requesting an independent report on the company's due diligence of its customers for certain technologies. We have consistently opposed this resolution as the company continues to be proactive and make improvements. We do not share the proponent's concerns.
Amazon.com	Annual 05/22/24	9	We opposed the shareholder resolution requesting a report evaluating how the company oversees risks related to denying or restricting service to users or customers based on their viewpoint. We do not have concerns with the company's current processes.
B3 S.A.	AGM 04/25/24	6	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
Eaton	Annual 04/24/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Elevance Health Inc	Annual 05/15/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Elevance Health Inc	Annual 05/15/24	4	We opposed the shareholder proposal asking for a policy to request the potential recipients of the company's donations to produce an annual report on political activity expenditures prior to receiving such donations. We find that the request is burdensome to the Company. We also are satisfied with the current level of transparency and existence of the board-level oversight.
Entegris Inc	Annual 04/24/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
LVMH	MIX 04/18/24	10-12, 14, 15	We opposed five resolutions relating to executive compensation. We continue to have concerns with a lack of disclosure of performance targets and believe better disclosure would allow shareholders to assess the stringency of target setting and ultimately the alignment between pay and performance. Furthermore, we are concerned by the company's lack of response to minority shareholder dissent to executive compensation at recent annual general meetings.

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Markel	Annual 05/22/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Mastercard	Annual 06/18/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Mastercard	Annual 06/18/24	4	We opposed a shareholder proposal requesting a report on lobbying payments and policy. We are satisfied with the company's current reporting on this topic so do not believe that the proposal is necessary.
Mastercard	Annual 06/18/24	5	We opposed a shareholder proposal requesting a mandatory director resignation bylaw. We believe that the board should have flexibility to decide how best to proceed where a director does not receive majority support.
Mastercard	Annual 06/18/24	6	We opposed a shareholder proposal requesting a report on congruency of the company's privacy and human rights policies with its actions. We are satisfied with the company's current policies and reporting on privacy and human rights so do not believe that the proposal is necessary.
Mastercard	Annual 06/18/24	7	We opposed a shareholder proposal requesting a report on congruency of the company's human rights statement with its charitable contributions and voluntary partnerships. We are satisfied with the company's current reporting on charitable contributions and voluntary partnerships so do not believe that the proposal is necessary.
Mastercard	Annual 06/18/24	8	We opposed a shareholder proposal requesting a report on gender based compensation and benefits inequities. We are satisfied with the company's current reporting on benefits, including its gender pay gap, so do not believe that the proposal is necessary.
Meta Platforms Inc	Annual 05/29/24	10	We opposed the shareholder resolution calling for a human rights impact assessment of targeted advertising as we are satisfied with the progress made by the company. We note that the company has released some outcomes of its salient human rights risk assessment and included those in the annual human rights report, touching on risks related to AI, elections, crisis, etc, and is committed to build upon its findings.
Meta Platforms Inc	Annual 05/29/24	12	We opposed the shareholder resolution regarding a report on minimum age for access to social media. We are satisfied that the company complies with the law on the age threshold to use the company's products, and we do not think this report will be additive.

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Meta Platforms Inc	Annual 05/29/24	13	We opposed the shareholder resolution regarding political advertising, as we are satisfied with the progress made by the company on this front.
Meta Platforms Inc	Annual 05/29/24	6	We opposed the shareholder resolution calling for the report on AI-related risks as we think Meta are on an appropriate trajectory to managing the emerging risks in question and have good disclosures around policies and behaviours. We will however be monitoring the company's assessment of this risk.
Meta Platforms Inc	Annual 05/29/24	8	We opposed the shareholder resolution calling for human rights risks in the non-US markets, as we do not find that a report would be additive. We are satisfied with the Company's reporting, expansion of content moderation in additional languages and conducted country-specific human rights impact assessments.
Netflix Inc	Annual 06/06/24	5	We opposed a shareholder proposal requesting a committee on corporate sustainability. We believe that board and committee structures are best left to the judgement of the board.
Netflix Inc	Annual 06/06/24	6	We opposed a shareholder proposal requesting a mandatory director resignation bylaw. We believe that the board should have flexibility to determine how to proceed where a director tenders their resignation after receiving less than majority support from shareholders.
Netflix Inc	Annual 06/06/24	7	We opposed a shareholder proposal requesting an amended code of ethics and report on compliance with the amended code. We did not believe that the requested amendment and report would be necessary or additive.
SCP Pool Corporation	Annual 05/01/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Service Corp.Intl.	Annual 05/07/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Staar Surgical	Annual 06/20/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Teradyne	Annual 05/09/24	2	We opposed executive compensation due to a concern with weak performance targets.
Teradyne	Annual 05/09/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

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Tesla Inc	Annual 06/13/24	10	We opposed the shareholder resolution requesting a report on the effects and risks associated with Electromagnetic Radiation and Wireless technologies. We are satisfied that Tesla adheres to all regulatory requirements. Further, according to latest scientific studies there is no conclusive evidence that radiofrequency exposure from wireless devices is harmful to humans.
Tesla Inc	Annual 06/13/24	11	We opposed the shareholder resolution requesting the company assess the feasibility of integrating sustainability metrics into executive compensation. While there has been controversy surrounding the CEO's pay package and compensation of board members, it is not clear how a report assessing the integration of sustainability metrics in executive compensation plans will provide meaningful information on those issues.
Tesla Inc	Annual 06/13/24	3	We opposed the request to move the company's state of incorporation from Delaware to Texas. While we accept that, at an absolute level, shareholder rights in both jurisdictions are substantively the same, we think that given the infancy of Texas' business courts, and due to Texas law being silent on fiduciary duties of controlling shareholders to other shareholders, that on balance the move could be detrimental to the interests of minority shareholders.
Tesla Inc	Annual 06/13/24	9	We opposed the shareholder resolution requesting the company adopt a policy on freedom of association and collective bargaining. These rights are enshrined in the National Labor Relations Act and like any US company, Tesla must comply with the law and this is not a matter for company policy. This is consistent with how we have voted on this resolution previously.
Texas Instruments	Annual 04/25/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Texas Instruments	Annual 04/25/24	6	We opposed a shareholder resolution on the report on due diligence efforts to trace end-user misuse of company products, as we are satisfied with the steps the company have already taken.
Thermo Fisher Scientific	Annual 05/22/24	2	We continued to oppose executive compensation due concerns with several aspects of the variable incentive plans including overlap in performance conditions between the short and long-term incentive plans and the short performance period within the long-term incentive plan.
Thermo Fisher Scientific	Annual 05/22/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

Company	Meeting Details	Resolution(s)	Voting Rationale
Thermo Fisher Scientific	Annual 05/22/24	4	We opposed the shareholder resolution requesting the company adopt a majority voting standard because the company has already largely complied and we are comfortable with the current provisions in place.
Woodside Energy Group Ltd	AGM 04/24/24	2A	We opposed the election of the Board Chair as the company lags behind our expectations regarding setting emissions reductions targets. We believe that climate risk poses a material financial risk for the long-term business development of the company and long-term shareholder value creation. Improved disclosure and stronger reduction targets are in the best long-term interest of our clients.
Woodside Energy Group Ltd	AGM 04/24/24	6	We opposed the Company's Climate Transition Action Plan and 2023 Progress Report as the company lags behind our expectations regarding setting emissions reductions targets. We believe that climate risk poses a material financial risk for the long-term business development of the company and long-term shareholder value creation.

Companies	Voting Rationale
AJ Gallagher & Co, Eaton, Entegris Inc	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching.
CRH, Royalty Pharma	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Albemarle	Annual 05/07/24	2	We abstained on executive compensation. We have concerns with the low vesting threshold for the relative total shareholder return metric within the long-term plan. However we chose to abstain rather than oppose to recognise that the compensation committee exercised discretion to lower annual bonus outcomes during the year, which we consider a responsible decision.
Kweichow Moutai 'A'	AGM 05/29/24	11	We abstained on the independent director system as the details were not disclosed.
S&P Global Inc	Annual 05/01/24	4	We abstained on the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls. We are engaging with the Company on this issue.
Schibsted	AGM 04/26/24	9b	We abstained on the election of the director who chairs the remuneration committee to encourage greater transparency in the remuneration report.
Schibsted B	AGM 04/26/24	9.B	We abstained on the election of the director who chairs the remuneration committee to encourage greater transparency in the remuneration report.

Votes Withheld

We did not withhold on any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
Sberbank Of Russia	We did not vote in order to ensure that there is no risk of breaching sanctions regulations.

New Purchases

Stock Name	Transaction Rationale
AeroVironment	AeroVironment is a US-based defence company that provides reconnaissance drones, loitering munitions, and bomb-disposal robots. We believe there to be a significant market opportunity for the company, driven by the need to upgrade defence systems, moving away from traditional platforms (such as ships, jets, and tanks) towards more technologically advanced systems. AeroVironment is a leading player. In particular, the emerging category of precision-targeting loitering munitions is an area of growth. Increased defence spending by NATO countries presents opportunities for its products. We anticipate significant sales growth, from $540m in 2023 to potentially $1.7bn by 2028, driven by both US and international demand, the latter of which is seeing continued customer base expansion, with negotiations underway in over 20 countries. The company is focusing on expanding its manufacturing capabilities, managing supply chain constraints, and improving margins through product mix optimisation and operational leverage.
AutoZone	AutoZone is a car parts retailer, renowned for its very high level of customer service and high availability of stock. It caters to individual DIY customers fixing their own cars and also the "Do It For Me" market segment, serving local garages that want quick and easy access to parts required for customers' jobs. AutoZone is one of only a few scale players in the market, and over time we expect significant consolidation to favour larger competitors that can compete on price and availability. Furthermore, we expect the company to experience meaningful revenue growth from international markets and increased penetration in the 'Do It For Me' market segment. AutoZone is a well-managed company that quietly and efficiently executes on strategy. The company's profitability is already very high, but we expect this to continue to expand as relative scale improves. Management is very shareholder-friendly, doing very few M&A deals and reducing share count significantly since listing in the late 1990s. While the company is broadly exposed to internal combustion engines, which may be a very long-term threat in the face of electrification, for the next decade, an ageing car fleet will be a significant opportunity in a consolidating market.
Brunswick Corp	Brunswick is a global leader in marine recreation, with a strong position in power boats, marine engines and electronic systems. This is an attractive and improving business where long-term growth is supported by premiumisation trends. We believe there are opportunities to increase operating margins and capture further market share in its marine engines business, as well as to capture an increasing share of electronics sales to boat manufacturers. This is supported by electronics becoming an ever more important feature of new boat models, similar to the shift seen within autos. Lastly, we believe Brunswick can continue growing membership of its nascent shared access business, Freedom Boat Club, which allows more and more people to get out onto the water. We have taken a position at a time when we believe the market underappreciates the long-term growth prospects of what is a high-quality company.
Kweichow Moutai	We have invested in Kweichow Moutai, China's leading producer of premium Maotai, a highly valued baiju (white alcohol). The company has deep-rooted significance in Chinese culture because of its heritage, giving it unmatched brand power. Indeed, it is seen as a symbol of prestige and national pride. Consequently, it boasts 20% of the wider baiju market but close to 60% market share in ultra-premium and prestige baiju. Its centuries-old production techniques, limited supply and loyal customer base mean Moutai commands exceptional pricing power. This in turn means the company is extremely profitable, reflected by its very high and stable gross margins. We believe the brand's cultural significance and competitive moat, make Kweichow Moutai a resilient growth investment and compelling compounder long-term.
Rakuten	We have taken a new position in Rakuten, a prominent player in Japan's internet sector. After building a strong market position initially in e-commerce followed by fintech, it has recently entered into mobile services, introducing affordable, high-quality plans to disrupt a predominantly oligopolistic market structure. Rakuten's aim is currently to increase its user base of 6 million mobile customers to at least 10 million. This goal does not seem too stretching to us given there are about 200 million mobile contracts in Japan. Their strategy involves utilising 'connectivity' to cross-sell its extensive range of over 70 online services, including e-commerce, travel, and banking. Despite achieving a consistent sales growth of 13.5% over the past five years, Rakuten has been out of favour in the market due to the significant debt incurred from its investment in mobile services which has delayed profitability. However, we believe that Rakuten's growth potential, particularly through its emerging mobile network, presents a compelling investment case with an attractive upside potential. We expect Rakuten's competitive pricing and high-quality mobile tariffs to attract new customers who can then benefit from the company's wider ecosystem.

Stella-Jones	We have invested in the Canadian company Stella-Jones. It is North America's largest manufacturer of pressure-treated wood products. The growth case rests on its core product, wooden utility poles, used for electrical and communications infrastructure. In order for the US to decarbonise its energy systems and have a chance of achieving its Net Zero ambitions, it will require substantial investment into its national power grid. With meaningful funds being committed by the Federal Government, we see a strong case for utility pole volumes inflecting upward. Stella-Jones has consolidated the market and its dominant position gives it formidable pricing power with its fragmented customer base. Together, we believe volume growth and pricing power will boost profitability in the coming years. If this well-managed business continues to execute well, we believe it has the potential to deliver attractive upside for clients.
UnitedHealth	UnitedHealth Group is a leading American healthcare company that provides a wide range of health-related services. It operates various businesses focused on health insurance for individuals and employees, healthcare delivery and technology-enabled health services. The firm's strategic vision and consistent execution have established it as an industry leader, best placed to capitalise on structural trends such as Medicare expansion and the shift to value-based care (VBC). VBC is an alternative to the fee-for-service (FFS) payment model in which doctors, hospitals and medical practices charge separately for each service they perform. It is particularly effective for populations with complex and chronic conditions, who are generally poorly served under the legacy system and so is a meaningful improvement on the status quo in US healthcare. We believe the company will deliver high single-digit revenue growth led by its higher-margin, non-regulated Optum healthcare operation. Optum operates across three main divisions: OptumHealth, providing care delivery and management; OptumInsight, offering data analytics and healthcare solutions; and OptumRx, which manages pharmacy care services. Market myopia and overestimation of regulatory risk give us the opportunity to purchase a quality compounder at an attractive price.

Complete Sales

Stock Name	Transaction Rationale
Alibaba	We have made the decision to fully disinvest from our position in Alibaba. We originally invested in the company in 2014 due to its transformative role in transitioning China from traditional retail to e-commerce supremacy, becoming the nation's primary retail channel. Despite broadening its services to include cloud computing, digital media, payments and more, Alibaba's e-commerce segment has been losing market share to competitors, and its cloud growth has been lacklustre despite its potential. This combination of a tougher competitive landscape and slower growth means that the skew of potential investment returns is less favourable. Additionally, the anticipated spin-off of its logistics arm, Cainiao, to enhance value has not materialised. As a result, the prospects of attractive investment returns from here have materially diminished.
Teradyne	First purchased for Global Alpha clients in 2012, Teradyne is a semiconductor testing business specialising in back-end testing for manufacturing defects. Having seen substantial growth over five and ten years (+400% and +146%, respectively), Teradyne has been a successful holding for Global Alpha. However, having recently reviewed our investment case, we believe the company is less well-positioned than its competitors to benefit from the most important tailwinds supporting long-term growth in the semiconductor sector. These include the boom in artificial intelligence (AI) boosting demand for chips, increasing test intensity as chips become ever more complex, and the potential for the cloud hyperscalers to become new customers as they ramp up their in-house chip development and production. This view is compounded by the company's non-core investments in robotics, which we believe have proven to be unhelpful at the margin. With the share price up around 25% over the last year, we have taken the opportunity to sell the holding and redeploy capital into higher conviction ideas.
Tesla Inc	The Global Alpha team has made the decision to move on from Tesla. It has been one of the top-performing holdings since its purchase ten years ago, paving the way for decarbonisation in a key sector, as well as being an important accelerator in the industry, forcing others to keep up in the EV race. However, we have growing concerns about the outlook for the EV manufacturer due to increasing competition and over-supply in a sector that is still lacking the infrastructure to support growth. Its product pipeline is uninspiring and serious competition has been emerging at pace, particularly in China (Tesla's second-largest market). We think that it may be more challenging for Tesla to deliver the growth required to meet our growth hurdle over five years. We have chosen to increase alternative exposure to the EV transition in higher conviction in areas, such as batteries and advanced driver-assistance systems.

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