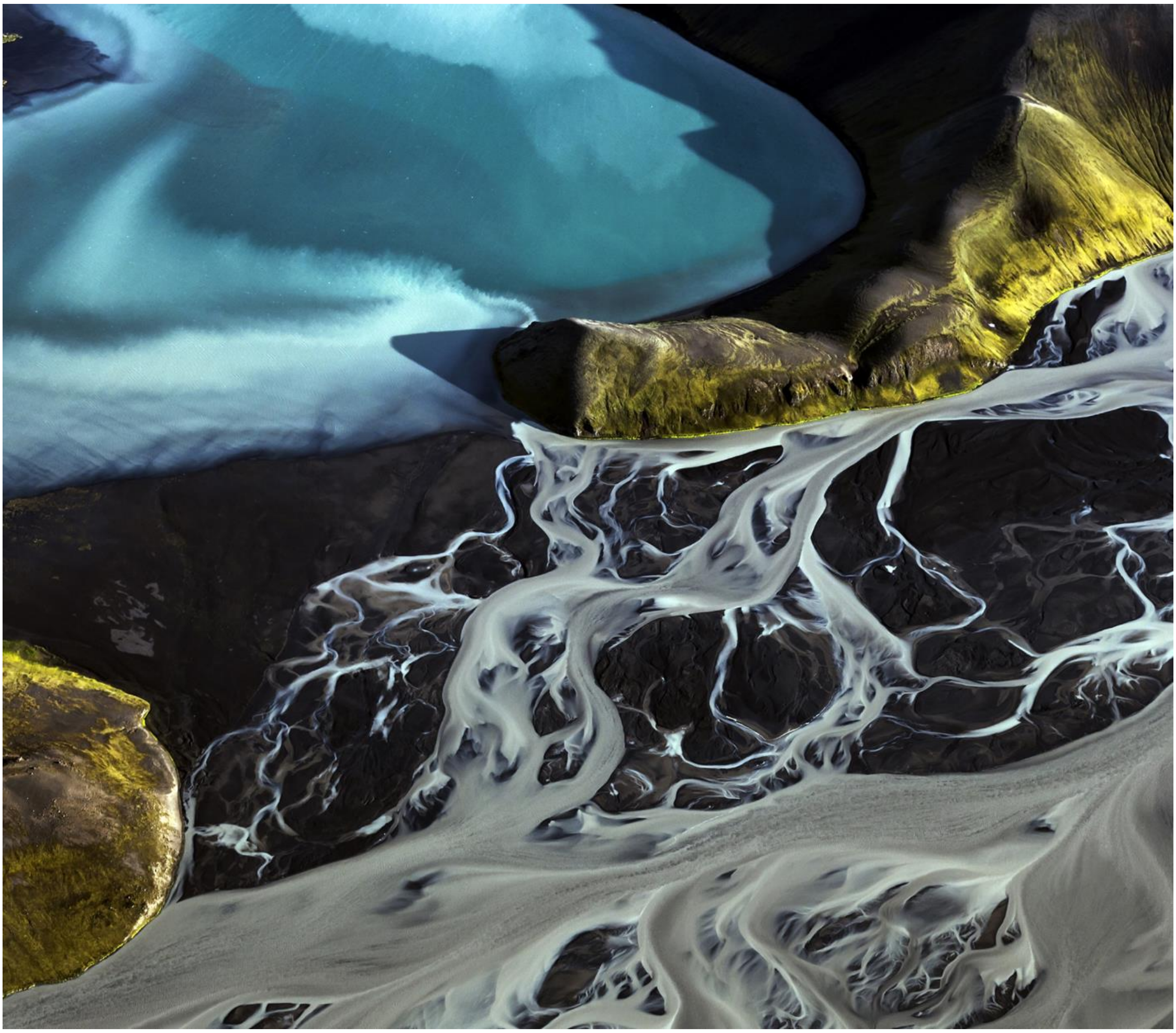
Baillie Gifford

Global Income Growth Quarterly Update

30 June 2024



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Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com

Ref: 111304

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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 Income Growth is a long-term global equity strategy that aims to deliver both a dependable income stream which grows at a rate above inflation and real capital growth, together combining to provide a total return ahead of equity markets.

Risk Analysis

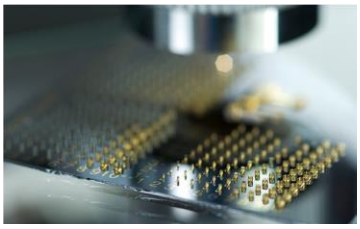
Key Statistics	
Number of Holdings	57
Typical Number of Holdings	50-80
Active Share	86%*
Rolling One Year Turnover	13%

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

Global equity markets kept their positive momentum and were driven by Artificial Inteligence (AI) -tinted and cyclical stocks.

Portfolio returns were positive but slightly lagged the index as durable compounders are temporarily out of favour.

Our annual results review shows the vast majority of holdings are delivering earnings growth in line with our expectations.



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 charge”

In gold, these letters appeared on Christine Lagarde’s necklace when she hosted the European Central Bank’s press conference in June. The ECB was the first major Western Central Bank to cut its interest rates and Madame Lagarde wanted the world to know. After dramatically misjudging inflation risks, Central Banks are keen to rebuild trust with financial markets and the general public.

Global economic activity over the past three months has extended the pattern seen in the first quarter: a resilient US economy, some improvement from a low base in Europe and the Chinese economy stabilizing as the Government implements measures to try and offset the impact of a still-struggling real estate sector.

Importantly, inflation has been coming down almost everywhere – not least in Argentina-, if not in a straight line. That gives space to Central Banks for rate cuts, and the ECB was the first one to act. Whilst lower rates are undoubtedly positive for economic activity, it is unlikely that these rates will go all the way back down to the ultra-low levels of the past decade anytime soon. Moreover, lower rates are now widely expected and likely priced in by financial markets. Bond yields oscillated in the quarter but by the end of it, the benchmark 10-year US Government bond yield was unchanged from the end of March.

The year was already rich in elections, but President Macron must have felt that France was being left out. After his party suffered a heavy defeat in the European elections, the French president unexpectedly called a national election. Whilst the intention may be generously framed as honourable, the emergence of a “new popular front” on the far left, and the high polling numbers for the far-right “Rassemblement National” spooked financial markets.

History shows, however, that elections come and go and rarely have a large influence on economies. Of course, there are some important exceptions like the 1930s in Europe, but over the past few decades, the impact of politics on markets has been much more subdued. A lot of noise will be made in the run-up to the US elections in November but we remain focused on the signal coming from our holdings.

Performance

Last quarter, the portfolio delivered positive returns but slightly lagged global equity markets.

We need to talk about Nvidia. Not held, it explains more than 60% of the relative underperformance last quarter. Nvidia is like the Tour de France cyclist gone on an *échappée solitaire*, leaving everyone behind. In April, it took about 30 days for the market capitalization of the company to grow by $1trn, from an already high base of $2trn. And when Nvidia races ahead, many of the active managers who don’t hold it are watching with a mix of despair and envy (slightly ironic since its name is a play on the Latin “invidia” -envy- and N -for new- and “videre” -to see).

We don’t hold it. Do we fear missing out? No, because at this stage in the AI hype cycle, sentiment takes over, making rational decisions difficult. When you get to the point where a leveraged ETF is created on a single company, as is the case with NVIDIA, you know you are unlikely to stumble upon an undiscovered gem.

We do not dismiss the potential of AI to deeply affect industries, science and economies, but we get exposure to it through other companies. Take Microsoft for example, who has a strategic partnership with OpenAI, offers AI infrastructure in their Cloud services and is one of the first companies able to monetize AI through their software tools.

And then there are companies which hold vast amounts of proprietary data that has become very valuable since the large language models like ChatGPT have now used most of the publicly available data. Companies like Intuit for example: the US software company is putting to use the enormous amount of proprietary data they hold to design better solution and services for their customers.

The Taiwanese company TSMC is another example, who tops the list of contributors to performance this quarter. It manufactures the precious Nvidia chips, which is no small feat: Nvidia’s Blackwell GPU holds 208 billion transistors on an area as “large” as a mobile phone screen. Being the dominant supplier of leading-edge semiconductors that TSMC is today is the result of a multi-year, relentless drive to innovate alongside customers and invest in research and development. We see a long runway for growth and the company remains a large position in the portfolio.

Other contributors to performance include French power equipment company Schneider Electric and Swedish industrial company Atlas Copco, who both benefit from AI-related investment. Schneider is a world-leading supplier of power equipment to datacentres and is seeing strong acceleration in that part of its business.

Atlas Copco is a major supplier of highly technical vacuum technology, a critical piece of equipment in chip manufacturing facilities.

Companies routinely appear alternatively in the list of top or bottom contributors to performance, depending on the period. But one of our holdings has been unusually consistent: Novo Nordisk, which is the top contributor over one and three years and in the top three this quarter again. Underlying growth remains very solid as supply is the only constraint, and the news in June that Wegovy, its flagship anti-obesity drug, had been approved in China provided further momentum to the share price.

The inherent risk with companies which keep boosting performance is to fall in love with them. We have trimmed Novo Nordisk several times over the past two years, but we still hold a large position as we remain convinced that these are only the early stages of a multi-year growth runway. Focusing just on the obesity market, Novo's drugs are used by ~1m people, out of an estimated 800m obese population in the world.

Of course, some holdings were more of a drag on performance last quarter. US distributor Fastenal saw its share price retreat after reaching an all-time high in April. It is one of very few companies which publish monthly sales figures, feeding the financial market's appetite for trade-inducing noise. Zoom out to the five-year period, however, and Fastenal appears as a top ten contributor to performance. Stepping away from the volatility of monthly sales figures, we see little reason to panic.

Other names weighing on performance were the US-listed lithium producer Albemarle on lingering concerns about a slowdown in the electric vehicles market and the Brazilian stock-exchange B3 as investors worry about short-term political tensions and the impact of higher-for-longer interest rates

But quarterly share price moves are a poor reflection of underlying progress at our holdings, affected as they are by short-term noise. This is why every year, we take a step back to review a longer period of companies' results.

Results review

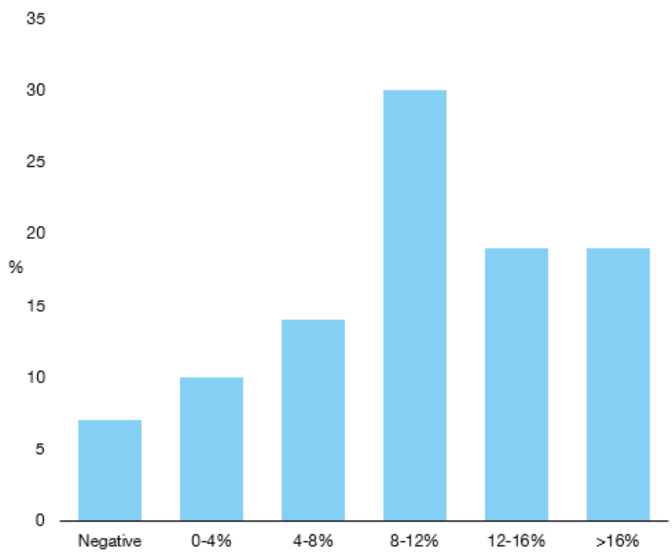
So, early last quarter, just as we do every year once annual results have been published, we analysed our holdings' earnings growth over the past 5 years. We go through this exercise to gauge the progress made by our holdings, compare it to our investment case, and learn lessons from our mistakes. We deliberately choose longer periods to remove the short-term noise and match our investment horizon. As a reminder, we aim to invest in long-term compounders able to deliver ~10% EPS growth per annum for the next decade or more.

The objective of the exercise (which involves cleaning up the reported numbers) is to get to a number as close as possible to the real, underlying profit growth. As ever, we aim to be broadly right rather than precisely wrong. It is more complicated than it sounds, because many factors affect the results of a company: currency moves, acquisitions and disposals or the treatment of certain accounting items. A strong dollar may boost profits for a European company with a large US business, but it has nothing to do with the underlying performance of that company; and it could easily reverse. Restructuring charges are a classic adjustment by companies but when it becomes an annual exercise, it stops being "exceptional", so we treat them as normal charges.

Taking stock, what does it look like for the portfolio over the past 5 years? On a weighted average basis and over the last five years, the portfolio has delivered slightly above the 10% EPS growth rate that we aim for when investing in quality compounders One important caveat: this number reflects the current portfolio, which will have changed over the past five years.

The chart below shows the portfolio split by annual EPS growth buckets over the past five years.

5 year EPS Growth



The good news is that the largest proportion of the portfolio is in the 8-12% EPS growth range we target. The other good news is that there is a skew to the right of the distribution: a larger part of the portfolio is invested in companies which have beaten our growth expectations rather than in those which have under-delivered. Altogether, it is ~68% of the portfolio is held in companies which are delivering in line or above our expectations.

Interestingly, the top five “EPS growers” include three Emerging Markets stocks (Chinese gaming company Netease, Brazilian stock exchange B3 and Chinese sportswear company Anta Sports) and two technology holdings: TSMC and Microsoft. Apart from Netease, bought at the end of 2020, the other four companies have been held for 10 years or longer.

How about the 15 companies which have delivered EPS growth below 4%? Some, like Diageo or South African company AVI, provide resilience in challenging environments and pay a generous dividend yield.

For others, growth has disappointed, and we need to understand why. One important point is that more than half of these companies have been held for less than 5 years. Indeed, the reason we were able to buy into some of these great franchises at attractive valuations is precisely because investors were concerned about slowing earnings growth (Texas Instruments is a case in point).

Of the 7 holdings showing negative annual growth over the past five years, only two were held for the full period. It is also important to remember that the start of that 5-year period was 2019, providing some with attenuating circumstances: airline IT specialist Amadeus saw its revenues collapse in 2020 as its clients were unable to fly.

For the others (TCI, Fevertree, Cognex), we may have learnt a lesson. They were small companies, more cyclical than we anticipated, and we bought them at too expensive valuation multiples. The lesson is: some cyclical businesses are great (Atlas Copco has been a major contributor to performance over the years) but when it comes to smaller ones, they need to have some less-cyclical parts and it is best to buy them in a down-cycle when investors get too pessimistic.

A review of the results also showed an unexpected divergence within consumer staples companies. Over the past five years, the household and toiletry companies (Procter & Gamble and L’Oréal) have delivered faster growth than the food and drink companies (Nestle, Diageo, Pernod). Maybe there's more pricing power in household products or maybe the food and drink companies were more affected by the pandemic as lockdowns decimated the restaurant trade. This is something we will look into over the coming months.

More broadly, we came to the conclusion that better defining milestones - and monitoring them - for each investment case would be beneficial to our process.

As a team, we always find this a worthwhile exercise. It can lead to adjustments in the portfolio (selling our Dolby Labs holding this year) or the process (defining clearer milestones). The main value, however, is to keep ourselves in check and assess as objectively as possible the progress of companies we hold.

Transactions

There were two complete sales this quarter, Dolby and Kering.

Dolby, of the ubiquitous logo, makes software for audio and vision applications, such as the sound encoded in broadcast TV. Held since 2012, the shares have delivered a cumulative return of more than 200% (in GBP), or about 10% per annum and slightly ahead of global equities over the period.

Although these results have been solid, we have been underwhelmed by the pace of revenue and profit growth at the company. Our analysis is that structurally, the company faces an ongoing headwind from pricing, with limited ability to raise its own prices due to intense competition among electronic device makers.

Meanwhile, highly technical engineers’ pay keeps rising, so although Dolby has come up with innovations such as spatial audio and has branched into video, it has struggled to grow its profits at an attractive rate. We do not see this fundamentally changing whereas the current valuation multiple shows investors remain quite optimistic about future profit growth, so we have divested from the holding.

Luxury group Kering, owner of brands such as Yves Saint Laurent, has been a successful investment since our first purchase in 2016. At the time, we anticipated a successful turnaround in the fortunes of its flagship brand, Gucci, under a new creative director. This led to several years of strong growth in profits, and ultimately resulted in a cumulative return on our initial investment of ~180%, compared with ~130% for the wider stock market over the same period.

However, in the past 18 months, the company appears to have gone off track. The creative director has left, we are not convinced by the new Gucci strategy and there has been a great deal of churn in the management team. The company is now quite leveraged, both operationally and financially, and we are concerned that it will see a prolonged period of weak sales and potentially even financial difficulties going forward. With its prospects looking unattractive, we divested from the holding.

The proceeds from these disposals were reinvested in existing holdings.

Conclusion

Global equity markets have delivered strong returns over the last 12 months, boosted by decelerating inflation, resilient global economic activity and AI excitement. Accordingly, AI-related stocks and the more cyclical sectors were the main drivers of equity returns. Although lagging the global equity index, the portfolio delivered strong absolute returns.

More importantly, and away from quarterly share price moves, our annual review of portfolio holdings' results shows solid operational progress for the vast majority of them.

Geopolitical tensions are high and new trade barriers are being erected, but global equity markets volatility has been unusually low since Q4 2023. Whatever the reasons, it would be unwise to assume that we have just entered a new era of low volatility forever. It is thus critical to maintain diversification and the quality growth characteristic of the portfolio that gives it resilience in more volatile environments.

We look to the future not with envy, but with confidence.

Performance Objective

To achieve a yield higher than the MSCI ACWI Index whilst, over rolling five-year periods, achieving growth in both income and capital by investing in companies anywhere in the world
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	1.0	2.9	-1.9
1 Year	10.4	20.6	-10.2
3 Years	6.6	9.1	-2.5
5 Years	10.1	11.4	-1.3
10 Years	11.2	12.3	-1.1
Since Inception	10.5	11.0	-0.5

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.1	3.0	-1.9
1 Year	9.7	19.9	-10.2
3 Years	3.5	5.9	-2.5
5 Years	10.0	11.3	-1.3
10 Years	7.9	9.0	-1.1
Since Inception	9.1	9.6	-0.5

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.9	3.8	-1.9
1 Year	11.7	22.1	-10.4
3 Years	7.0	9.6	-2.5
5 Years	11.3	12.6	-1.3
10 Years	10.6	11.7	-1.1
Since Inception	10.9	11.4	-0.5

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	2.2	4.2	-1.9
1 Year	13.5	24.0	-10.5
3 Years	7.0	9.5	-2.5
5 Years	11.0	12.3	-1.3
10 Years	10.6	11.8	-1.1
Since Inception	11.4	12.0	-0.5

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.2	0.6	-1.9
1 Year	9.4	19.5	-10.2
3 Years	7.6	10.1	-2.6
5 Years	11.1	12.4	-1.3
10 Years	11.7	12.8	-1.1
Since Inception	11.6	12.1	-0.5

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 March 2010
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Index. (25% FTSE All Share, 75% FTSE All World ex UK prior to 31 May 2012).
Source: Revolution, MSCI.
Global Income Growth composite is more concentrated than 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 (%)	7.5	24.3	-2.4	12.4	10.4
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 (%)	4.4	39.0	-14.2	17.7	9.7
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 (%)	5.9	31.7	-2.7	12.8	11.7
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 (%)	8.8	26.4	-10.6	20.7	13.5
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 (%)	6.4	27.5	-6.3	21.6	9.4
Benchmark (%)	4.6	28.3	-7.6	21.0	19.5

Benchmark is MSCI ACWI Index. (25% FTSE All Share, 75% FTSE All World ex UK prior to 31 May 2012).
Source: Revolution, MSCI.
Global Income Growth composite is more concentrated than MSCI ACWI Index

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
TSMC	0.5
Novo Nordisk	0.3
Analog Devices	0.3
Hargreaves Lansdown	0.2
Atlas Copco	0.2
Watsco	0.2
Schneider Electric	0.1
Experian	0.1
Roche	0.1
United Overseas Bank	0.1
NVIDIA	-1.0
Fastenal	-0.8
B3	-0.4
Albemarle	-0.3
Edenred	-0.3
Partners Group	-0.3
Alphabet	-0.2
Sonic Healthcare	-0.2
Apple	-0.2
ANTA Sports Products	-0.2

One Year to 30 June 2024

Stock Name	Contribution (%)
Novo Nordisk	1.7
TSMC	0.9
CAR Group	0.5
Tesla Inc	0.4
Schneider Electric	0.3
Partners Group	0.3
Intuit	0.3
Atlas Copco	0.3
SAP	0.2
Wolters Kluwer	0.2
NVIDIA	-2.4
Albemarle	-1.2
Edenred	-1.0
Sonic Healthcare	-0.9
B3	-0.9
UPS	-0.9
Pepsico	-0.6
Alphabet	-0.6
Roche	-0.5
Meta Platforms	-0.5

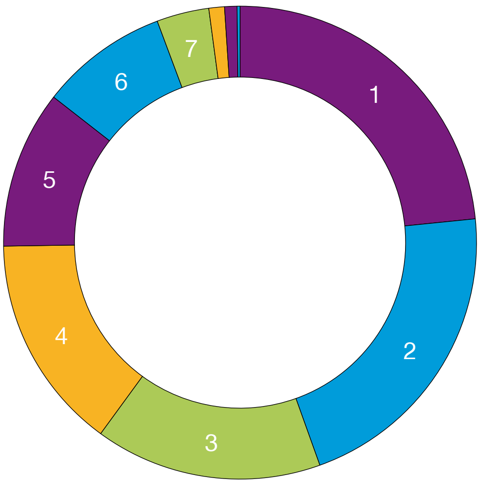
Source: Revolution, MSCI. Global Income Growth composite relative to MSCI ACWI Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions 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	4.7
Novo Nordisk	Pharmaceutical company	4.6
TSMC	Semiconductor manufacturer	4.4
Watsco	Distributes air conditioning, heating and refrigeration equipment	4.4
Fastenal	Distribution and sales of industrial supplies	3.2
Procter & Gamble	Household product manufacturer	3.2
Atlas Copco	Manufacturer of industrial compressors	3.1
Apple	Computing and media equipment	2.9
Schneider Electric	Electrical power products	2.8
Partners	Private markets asset management	2.8
Total		36.2

Figures may not sum due to rounding.

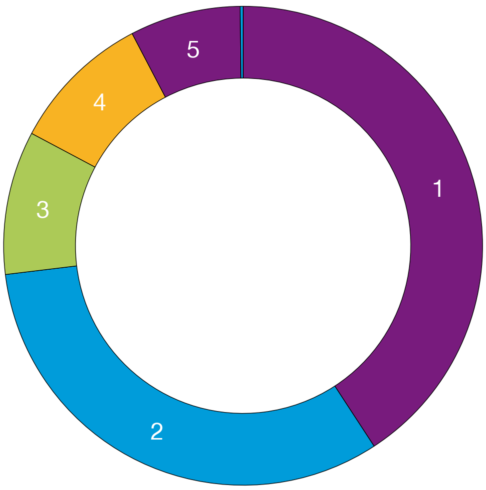
Sector Weights



		%
1	Industrials	23.5
2	Information Technology	21.2
3	Financials	15.6
4	Consumer Staples	14.8
5	Health Care	10.8
6	Consumer Discretionary	8.8
7	Communication Services	3.6
8	Utilities	1.1
9	Materials	0.8
10	Cash	-0.2

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	41.0
2	Europe (ex UK)	32.4
3	Developed Asia Pacific	9.7
4	Emerging Markets	9.6
5	UK	7.5
6	Cash	-0.2

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	39	Companies	20	Companies	7
Resolutions	640	Resolutions	57	Resolutions	7

Company Engagement

Engagement Type	Company
Environmental	Albemarle Corporation, PepsiCo, Inc., Taiwan Semiconductor Manufacturing Company Limited, United Parcel Service, Inc.
Social	Albemarle Corporation, Nestle S.A., TCI Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited
Governance	Albemarle Corporation, Arthur J. Gallagher & Co., Cognex Corporation, Edenred SE, Epiroc AB (publ), Fastenal Company, Hargreaves Lansdown plc, Nestle S.A., Partners Group Holding AG, PepsiCo, Inc., TCI Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited, Texas Instruments Incorporated, The Coca-Cola Company, The Home Depot, Inc., United Parcel Service, Inc.
Strategy	TCI Co., Ltd.

Company	Engagement Report
Hargreaves Lansdown plc	Objective: To assess the fit of the new chair with the transformation strategy being implemented by the relatively new executive team. Discussion: This was a timely first call with the new chair, who was appointed to the role in February. It followed a site visit by our investors to Bristol in May and the unexpected announcement shortly afterwards that the board had received an indicative offer of 985p per share from a private equity consortium. A 'put up or shut up' (PUOSU) deadline of 19 June was set. A PUOSU order sets the deadline by which a potential bidder must either make a formal offer for a company or disclose its intention not to do so. Its purpose is to set a clear timeline to prevent an indicative approach from becoming a distraction to the board's leadership of a company. On our call, we first covered matters relating to the chair's appointment, particularly the risk of overboarding, given her other commitments. She reassured us regarding the time she commits and her approach to the Hargreaves role and confirmed her intention to step down from another board next year. We then discussed her boardroom style and standards, her thoughts on the board, and how we might expect it to evolve under her leadership. We also covered her interactions with the senior management team below the board, where there have been several changes. Ms Platt talked about specific individuals appointed to strengthen skills relevant to executing the technological investment underway and how these individuals fit alongside employees with long tenure. She has experience working in regulated businesses, so we are interested in her thoughts on the regulatory environment generally and, more specifically, the management of regulatory matters at Hargreaves Lansdown. While both sides were prohibited from discussing the indicative bid, we asked about the management of the process. We were assured it was being handled in a way that enabled the executives to remain focused on executing the transformation strategy without distraction. Outcome: Overall, we were encouraged by this early interaction with the chair. A key positive is that she is based in the UK and spending significant time in Bristol, getting to know the business and its people and monitoring the delivery of the transformation strategy. She appears to have a hands-on approach to the chair role and high expectations regarding board standards, management and culture. We have been expecting a particular non-executive appointment and were assured that the selection process is nearing completion. Shortly after our call, it was disclosed that the board had received a revised possible cash offer of 1140p per share (including a 30p final dividend) from the consortium. The board has said that this offer is at a value that it would be willing to recommend unanimously to shareholders. The board has therefore confirmed its intention to engage with the consortium and extend the deadline for a formal offer to 19 July. The indicative proposal includes a rollover equity alternative to allow Hargreaves shareholders to re-invest their shares in the consortium's unlisted acquisition vehicle. We expect further engagement with the board of Hargreaves Lansdown as matters progress.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Texas Instruments	Annual 25/04/24	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.

Companies	Voting Rationale
AJ Gallagher & Co, ANTA Sports Products, Admiral Group, Albemarle, Amadeus IT Group SA, Atlas Copco A, B3 S.A., Coca Cola, Cognex Corp, Deutsche Boerse, Edenred, Epiroc B, Eurofins, Fastenal, Fevertree Drinks, Greencoat UK Wind, Home Depot, Hong Kong Exchanges & Clearing, Kering, Kuehne & Nagel, L'Oreal, Man Wah Holdings Ltd, McDonald's, Midea Group 'A', Nestle, NetEase HK Line, Partners Group, Pepsico, SAP, Schneider Electric SE, T. Rowe Price, TCI Co, TSMC, Texas Instruments, UPS, USS Co, United Overseas Bank, Watsco Inc, Wolters Kluwer NV	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
AJ Gallagher & Co	Annual 07/05/24	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 07/05/24	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.
ANTA Sports Products	AGM 08/05/24	9, 11	We opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
B3 S.A.	AGM 25/04/24	6	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
Coca Cola	Annual 01/05/24	5	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.
Coca Cola	Annual 01/05/24	6	We opposed a shareholder proposal requesting a report on risks created by the corporate diversity, equity and inclusion efforts as we believe that there are demonstrable benefits to having an inclusive workforce, particularly given Coca-Cola's diversity of consumers, and we are comfortable with the company's approach.

Company	Meeting Details	Resolution(s)	Voting Rationale
Coca Cola	Annual 01/05/24	7	We opposed a shareholder proposal asking for a third-party report on risks of the use of non-sugar sweeteners, as we find the ask too pre-emptive, risks cited by the proponent not to be substituted with research and the timeframe requested tight.
Coca Cola	Annual 01/05/24	8	We opposed a shareholder proposal requesting a report on risks caused by the decline in the quality of accessible medical care as we are satisfied with the current approach taken by the company.
Eurofins	MIX 25/04/24	9	We opposed the remuneration policy as we do not believe the performance conditions attached to the new long-term incentive award are sufficiently stretching.
Fastenal	Annual 25/04/24	5	We opposed the shareholder proposal on the adoption of the simple majority voting standard as the concerns of the shareholder are largely addressed by the management proposal.
Fevertree Drinks	AGM 06/06/24	2	We opposed the remuneration report as the new structure under the long-term incentive plan removed strong emphasis on profitability and international expansion, which we believe to be material strategic metrics for the company.
Greencoat UK Wind	AGM 24/04/24	17	We supported management's recommendation to oppose the discontinuation of the Investment Trust, as we wish for the Fund to continue running as usual.
Home Depot	Annual 16/05/24	4	We opposed a shareholder proposal requesting disclosure of political donations requested by directors. We believe that the company's current disclosures on this topic are sufficient.
Home Depot	Annual 16/05/24	5	We opposed a shareholder proposal requesting analysis and disclosure of political donations congruency. We believe that the company's current disclosures on this topic are sufficient.
Home Depot	Annual 16/05/24	6	We opposed a shareholder proposal requesting a report on the company's corporate donations. We believe that the company's current disclosures on this topic are sufficient.
Home Depot	Annual 16/05/24	7	We opposed a shareholder proposal requesting a civil rights and non-discrimination audit. We believe that the company's current policies on discrimination are sufficient and the proponent has not shared any evidence of concerning practices at the company.
Home Depot	Annual 16/05/24	8	We opposed a shareholder proposal requesting a biodiversity impact and dependency assessment. We do not believe that this is a material issue for the company.
Home Depot	Annual 16/05/24	9	We opposed a shareholder proposal requesting amendments to the company's clawback policy and associated reporting. We believe that the company's current policy is adequate and do not believe that the additional reporting requested is necessary.

Company	Meeting Details	Resolution(s)	Voting Rationale
Man Wah Holdings Ltd	AGM 24/06/24	10	We opposed a share option plan because eligible participants include non-executives and other non-employees, and because it is administered by directors who are eligible to participate in the plan.
McDonald's	Annual 22/05/24	10	We opposed a shareholder resolution requesting that the company report on its contributions to third-party organizations. We believe that the company's existing disclosures to be appropriate and do not believe the report would be additive to shareholders.
McDonald's	Annual 22/05/24	11	We opposed a shareholder resolution requesting a global transparency report on non-U.S. lobbying disclosure, political contributions, and charitable contributions. We believe the proposal to be overly prescriptive and not additive to shareholders.
McDonald's	Annual 22/05/24	4	We opposed an amendment to the certificate of incorporation because we believe that the proposed amendment to remove a voting right cap for preferred stock could negatively impact shareholder rights.
McDonald's	Annual 22/05/24	5	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.
McDonald's	Annual 22/05/24	6	We opposed a shareholder resolution requesting the phase out of medically important antibiotics for disease prevention purposes in its beef and pork supply chains. We are comfortable with the company's current approach in this area.
McDonald's	Annual 22/05/24	7	We opposed a shareholder resolution asking for the company to publish measurable targets for switching to cage-free eggs worldwide. We believe the company has taken affirmative action on this issue in several key jurisdictions and note that some competitors are yet to set targets in any jurisdiction. On this basis, we have chosen to oppose but will monitor for changes to the materiality of related risks going forward.
McDonald's	Annual 22/05/24	8	We opposed a shareholder resolution requesting further disclosure on poultry welfare as we are comfortable with the company's approach in this area.
McDonald's	Annual 22/05/24	9	We opposed a shareholder resolution asking for the company to publish an analysis on the alignment of its human rights policy positions with its business operations. We believe that the company's existing disclosures are appropriate and do not believe the report would be additive to shareholders.
Nestle	AGM 18/04/24	1.2, 5.2	We opposed two resolutions to approve executive compensation due to ongoing concerns with performance targets which have awarded management for underperforming the chosen benchmark.

Company	Meeting Details	Resolution(s)	Voting Rationale
Nestle	AGM 18/04/24	4.1.6, 4.3.1	We opposed two resolutions relating to the election of a director to the board and as chair as the compensation committee. We have ongoing concerns with performance targets which have awarded management for underperforming the chosen benchmark.
Nestle	AGM 18/04/24	7	We opposed a shareholder resolution which requests the company set a timebound target to increase the proportion of sales derived from healthier products, and produce a report on non-financial matters regarding sales of healthier and less healthy foods. We believe the proportional targets are too prescriptive and seek to restrict and direct the corporate strategy of the company which we believe is beyond the scope of shareholders. Further, with Swiss law mandating non-financial reporting, we do not see any merit in the company mandating another report.
NetEase HK Line	AGM 26/06/24	1E	We opposed the re-election of one director due to concerns over their ability to carry out their fiduciary duties.
Pepsico	Annual 01/05/24	10	We opposed a shareholder proposal requesting a third-party racial equity audit, as we are comfortable with the company's current practices and reporting on this matter.
Pepsico	Annual 01/05/24	11	We opposed a shareholder proposal requesting a report on risks created by the corporate diversity, equity and inclusion efforts as we believe that there are demonstrable benefits to having an inclusive workforce, particularly given PepsiCo's diversity of consumers, and we are comfortable with the company's approach.
Pepsico	Annual 01/05/24	12	We opposed a shareholder resolution requesting a report on global public policy and political influence as we are comfortable with the current disclosures of the company.
Pepsico	Annual 01/05/24	1c	We opposed the election of one director who is the chair of the compensation committee due to concerns with executive remuneration at the company.
Pepsico	Annual 01/05/24	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.
Pepsico	Annual 01/05/24	3	We opposed the advisory vote on executive remuneration as we do not feel the performance targets are sufficiently stringent or aligned with shareholders best interests.
Pepsico	Annual 01/05/24	5	We opposed the shareholder resolution requesting termination pay exceeding 2.99 times base salary plus annual bonus be put to a separate shareholder vote. We believe we have adequate recourse in place already.

Company	Meeting Details	Resolution(s)	Voting Rationale
Pepsico	Annual 01/05/24	6	We opposed a shareholder proposal requesting a report on Gender-Based Compensation Gaps and Associated Risks. We are comfortable with the company's current practices and reporting on this matter.
Pepsico	Annual 01/05/24	7	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.
Pepsico	Annual 01/05/24	8	We opposed a shareholder proposal asking for a third-party report on risks of the use of non-sugar sweeteners, as we find the ask too pre-emptive, risks cited by the proponent not to be substituted with research and the timeframe requested to be tight.
Pepsico	Annual 01/05/24	9	We opposed a shareholder proposal requesting a report on the risks related to biodiversity and nature loss. We observe sufficient efforts on this topic at this time.
T. Rowe Price	Annual 07/05/24	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.
Texas Instruments	Annual 25/04/24	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 25/04/24	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.
UPS	Annual 02/05/24	1h	We opposed the election of a director who is the Chair of the Nominating and Corporate Governance Committee. A priority engagement with the company for some time, we view UPS' climate ambition to be lagging competitors, with slow progress toward the goals it has in place. As several of the company's largest customers have ambitious scope 3 goals, we view increased ambition on decarbonisation to be a material long-term investment consideration. The vote against this director signals an escalation for our previous voting at the company.
UPS	Annual 02/05/24	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
UPS	Annual 02/05/24	4	We opposed a shareholder proposal to remove the dual-class share structure as we have no concerns with the current share structure which enables employee ownership through the A-share class.
UPS	Annual 02/05/24	5	We opposed a shareholder proposal requesting a report on the risks arising from voluntary carbon-reduction commitments, as this topic has been a priority engagement at the Company, where we believe decarbonisation to be a material long-term investment consideration.
UPS	Annual 02/05/24	6	We opposed the shareholder proposal seeking an assessment of UPS' diversity and inclusion efforts as company disclosure is sufficient.

Companies	Voting Rationale
AJ Gallagher & Co	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching.
Kuehne & Nagel, Nestle, Partners Group	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Albemarle	Annual 07/05/24	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.
Cognex Corp	Annual 01/05/24	3	We abstained on executive compensation as we do not believe the performance conditions are sufficiently stretching. Our intention is to engage and communicate our concerns before considering escalating to a vote against next year.
Deutsche Boerse	AGM 14/05/24	3	We abstained on the discharge of the board due to the ongoing legal proceedings involving one management board member.
Eurofins	MIX 25/04/24	E.2	We abstained on the resolution, which sought authority to increase the authorised share capital because the potential dilution levels are not in the interests of shareholders.
Fastenal	Annual 25/04/24	2	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.
Home Depot	Annual 16/05/24	2	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.

Company	Meeting Details	Resolution(s)	Voting Rationale
NetEase HK Line	AGM 26/06/24	2	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.

Votes Withheld

We did not withhold on any resolutions during the period.

There were no new purchases during the period.

Complete Sales

Stock Name	Transaction Rationale
Dolby Laboratories	Dolby makes software for audio applications, such as the sound encoded in broadcast TV. It has been a holding in portfolios since 2012, and over this time has delivered a cumulative return of 210%, or about 10% per annum, slightly ahead of global equities in the same period. Although these results have been solid, we have been underwhelmed by the pace of revenue and profit growth at the company. Our analysis is that structurally the company faces an ongoing headwind from pricing, with limited ability to raise its own prices due to intense competition among electronic device makers. Meanwhile the cost of salaries for its technical staff continues to rise. The result is that even though Dolby has come up with innovations such as spatial audio, and has branched into video as well as sound, it has struggled to grow its profits at an attractive rate. We do not see this fundamentally changing. The valuation of the shares suggests the market is quite optimistic about future profit growth. We see better opportunities for capital growth elsewhere, so divested from the holding.
Kering	This luxury goods manufacturer, owner of brands such as Yves Saint Laurent, has been a successful investment since we purchased the holding in 2016. At that time we foresaw a successful turnaround in the fortunes of its flagship brand, Gucci, under a new creative director. This subsequently drove several years of tremendous growth in the profits of the company, and ultimately resulted in a cumulative return on our initial investment of 183%, compared with 128% for the wider stock market. However, in the past 18 months, the company appears to have gone off track. The creative director has left and there has been a great deal of churn in the management team. The company has adopted a new strategy for Gucci which we do not believe is very likely to succeed. The company is now quite leveraged, both operationally and financially, and we are concerned that it will see a prolonged period of weak sales and potentially even financial difficulties going forward. With its prospects looking unattractive, we divested from the holding.

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