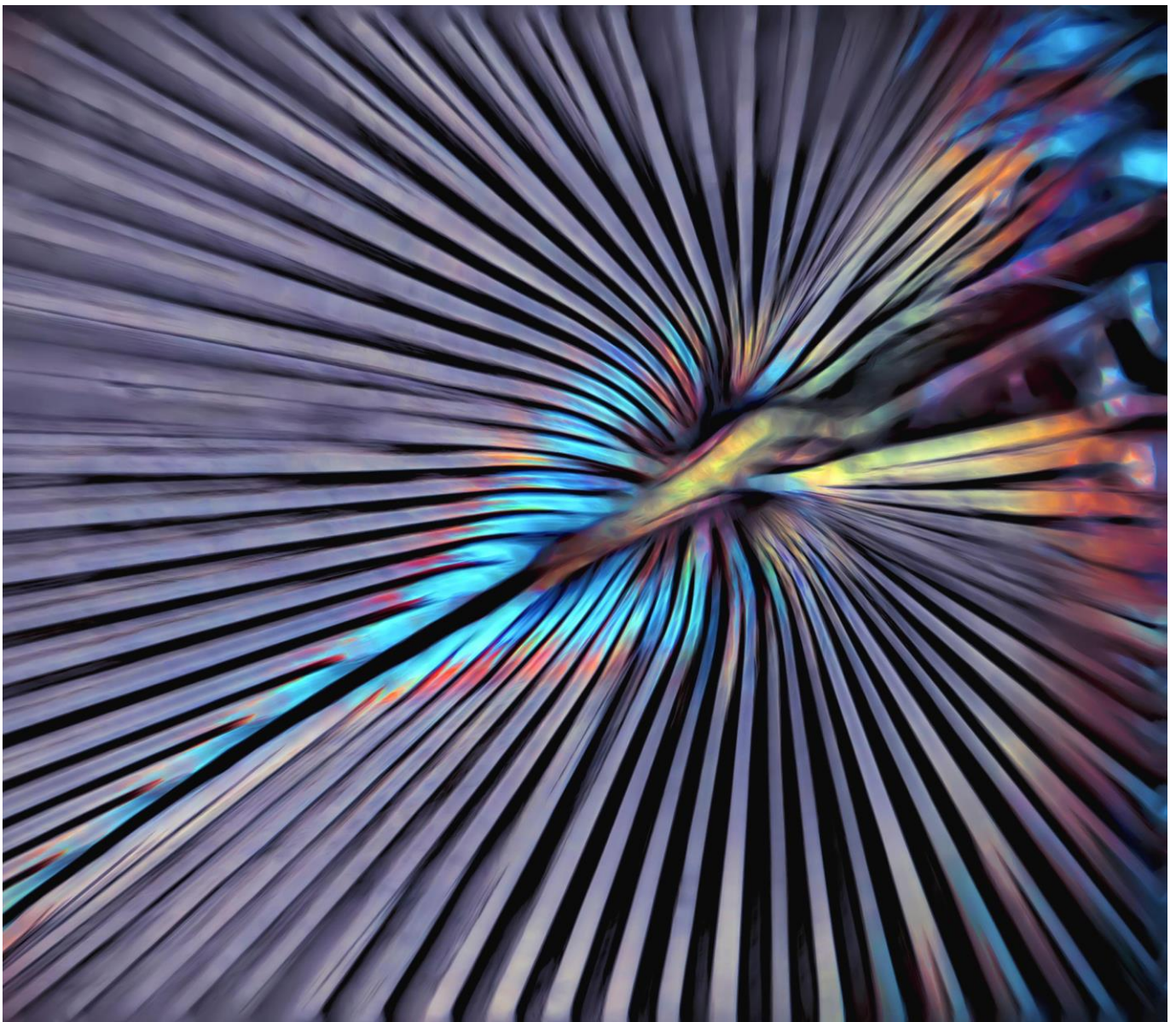


Baillie Gifford™

Positive Change Quarterly Update

31 December 2024



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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

Positive Change is a concentrated, global equity strategy with dual objectives: to deliver attractive long-term returns net of fees and a positive social change. The strategy invests in high quality growth companies which can deliver positive social change in one of four areas: Social inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life; and Base of the Pyramid (addressing the needs of the world’s poorest populations).

Risk Analysis

Key Statistics

Number of Holdings	36
Typical Number of Holdings	25-50
Active Share	92%*
Annual Turnover	24%

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

Companies in the portfolio continue to deliver strong fundamental growth and contribute towards a more sustainable and inclusive world

Rich pipeline of diverse ideas: five new names across two of our impact themes added to the portfolio during the quarter

The Positive Change team are rising to meet the challenges we see and are confident for 2025 and beyond



Key Facts

Firm wide assets under management and advice	US\$272.3bn
Number of clients	613
Number of employees	1682
Number of investment professionals	375

Positive Change: Rising to the challenge

'Don't be afraid to do something big.' Jeff Maggioncalda, CEO of Coursera¹

Positive Change began with two ambitious goals: to beat global stock markets by 2 per cent p.a. over rolling 5-year periods, and to contribute towards a more sustainable and inclusive world. Much has changed since we launched in 2017, global challenges are becoming more pressing than ever.

Facing into these challenges, our ambition remains, and our mood is one of determination. Determination to deliver on our stated outperformance goal, and determination to play our part in delivering a better world for future generations. In order to achieve our goals, we are reflecting and adapting but not overcorrecting. We remain focused on investing in exceptional businesses with the potential to generate superior returns.

Our long-term track record on both fronts is good: since inception, our returns have been comfortably ahead of the MSCI ACWI Index; and our annual impact reports evidence the meaningful contributions that companies have made towards a range of environmental and social challenges.

Shorter-term progress has been more challenging. In terms of investment performance, it is pleasing that the portfolio has delivered positive absolute returns this year although they have lagged the benchmark's strong returns. Over the most recent quarter the portfolio was marginally ahead of the benchmark.

In terms of impact performance, companies in the portfolio are delivering positive environmental and social progress. Last year, they enabled the avoidance of close to 33 million tonnes of CO₂e, provided access to education or training for 227 million learners and provided treatment for 2.3 million patients². However, we know significant global challenges remain.

We explain below how we are rising to meet the challenges we see, where we are improving, and why we are confident for 2025 and beyond.

¹ Coursera is a digital education platform. Held in Positive Change since March 2021.

² Baillie Gifford Positive Change Impact Report 2023 <https://www.bailliegifford.com/en/uk/individual-investors/positive-change-impact-report/>

Rising to the Challenge: Exceptional investment performance

'Try to take risks. If you have a view of something that is a contrarian view but makes sense to you, pursue it, but you need to be resilient and long-term focussed' Marcos Galperin, Founder and CEO of Mercado Libre³

When we began Positive Change eight years ago, the idea of managing a listed equity portfolio that would not only deliver exceptional returns, but also positive environmental or social impact was novel, and viewed with a degree of scepticism. The exceptional investment returns we delivered during the following 5 years was a powerful response. We acknowledge that market conditions for our style of investment management were relatively benign for much of that period: interest rates were low which allowed many less mature companies to invest heavily and to scale quickly, and market enthusiasm was high.

But today we see the reverse, following a difficult backdrop for growth and impact investors, market enthusiasm for many of the companies we like remains low. Markets this year have been dominated by sentiment around three key topics. Firstly, the year began with a small number of companies leading the AI charge (the Magnificent Seven) dominating returns. Secondly, as the year has drawn to a close, likely beneficiaries of the Trump presidency have captured enthusiasm. And throughout, concerns about protectionism and east-west tensions have continued to rise.

We think myopic short-term investors are missing perspective. Current levels of market concentration, with the top 10 companies comprising 20 per cent of the global index, are rare in a historical context, and we also observe that the US market is trading towards the upper end of its historical valuation range. Meanwhile in contrast, European and emerging markets look relatively compelling, and we have found some great opportunities as a result. Irrespective of geography, selective active management, and seeking out those companies which can deliver long-term earnings growth will be key to long-term success.

As for de-globalisation and east/west tensions, these are not new. Morris Chang, founder of the

³ Mercado Libre, a Latin American fin tech and ecommerce platform. Held in Positive Change since March 2020.

Taiwanese semi-conductor company **TSMC**, noted 5 years ago that TSMC would become a battleground, and that globalisation had died but it was vital for the company to continue to invest. Despite geo-political tensions, TSMC is up around 250 per cent in share price terms on a 5-year view thanks to its relentless investment and innovation, and the company now has facilities in Japan, Arizona and Germany. It is this sort of strategic foresight, investment and strategy that will allow companies in the portfolio to succeed over the years to come.

The long-term structural trends are clear, and they transcend current geopolitics and market sentiment. The climate transition is already underway. Data shows that already enacted climate policies have delivered a reduction in greenhouse gas emissions that have roughly halved the global warming trajectory⁴. Still there is much more to be done to limit warming and to deal with its inevitable impacts. Companies which can lead this transition will have significant growth prospects; we must be selective about finding those that are well run businesses with sustainable competitive advantages.

The advances we see towards meeting other social challenges, generally underpinned by phenomenal technological innovation, continue: fintech is providing greater access to finance across emerging markets, next generation sequencing is underpinning new healthcare treatments, and greater access to the internet is enabling access to quality education through digital platforms and apps. Exciting and innovative companies that are driving progress within these megatrends will remain excellent investments. If just some of these ideas work out, we will be well set to deliver outperformance.

Regardless of where we invest, we know that superior growth underpins share price returns, and companies in our portfolio are certainly rising to this challenge. They have delivered 13.3 per cent sales growth p.a. over the past 5 years on average, relative to just 5.2 per cent for the index. Similarly, 5-year delivered earnings growth is 13.0 per cent vs. 7.7 per cent for the index, and a marked improvement on last year. Forecast earnings growth is nearly twice that of the index, at 18.6 per cent vs. 9.9 per cent⁵. The growth rate of our portfolio has accelerated far more rapidly than the

index, where 5-year delivered earnings have actually decreased.

So, underlying portfolio characteristics are extremely strong and have strengthened over the past couple of years. Share prices should follow in due course.

Challenging norms and driving innovation

‘Our industry does not respect tradition. It only respects innovation’ Satya Nadella, CEO of Microsoft⁶

Some of the challenge we face comes from accepted wisdom that one cannot do good and do well at the same time, that the trade-offs are simply too great. We think differently.

The strong overall operational performance of our portfolio has been underpinned by some exciting developments at the companies we hold. These companies are establishing entirely new markets by finding new and profitable ways to tackle challenges. Two of the top contributors this year, and over the quarter, **Duolingo** and **Grab** are two such examples.

Duolingo, the language learning app, was set up with a clear mission in mind. Its founder Luis von Ahn grew up in Guatemala, and during a recent meeting described the first 10 employees of the company as having been ‘zealots about free education’. He noted his proudest moment so far as when he noted users of Duolingo included both Syrian refugees and Bill Gates. Indeed, von Ahn set up Duolingo to help the hundreds of millions of people who are learning English to get out of poverty.

But to provide and scale a high-quality free proposition, von Ahn knew he had to make the platform profitable. As a result, the company has successfully grown revenues from advertising and paid premium subscriptions. It is expecting 40 per cent revenue growth this year, monthly active users now surpass 110 million and there has been strong growth in paid subscribers.

Grab, purchased in February, has also been a strong contributor to relative performance. We bought shares in the Southeast Asian super-app following extensive work on the impact of the company. We engaged 60 Decibels, an impact

⁴ Based on information from Our World in Data, using Climate Action Tracker
⁵ Based on Baillie Gifford Investment Risk Analysis at end December 2024.

⁶ Microsoft is a global provider of software, services, devices and solutions. Held in Positive Change since October 2024

consultancy, who undertook on-the-ground surveys for us in Grab’s key markets of Indonesia and the Philippines to understand whether the financial services offered via digital platforms truly drive better development outcomes. The results were striking, with over 80 per cent of the 1,600 Micro, Small and Medium Enterprise owners who were interviewed noting improved financial resilience as a result of access to these products. Pleasingly, the company is seeing strong growth across its platform, and has moved into profitability.

Joby Aviation, one of the earlier stage companies in the portfolio, has also finished off the year on a high, and was one of the top contributors over the quarter. Its founder JoeBen Bevirt set out with strong intent: ‘In 2009 I founded Joby to change daily transportation, aiming to bring the dream of flying mobility into our daily lives’. As fanciful as this sounds, progress has been impressive. Joby makes Electric Vertical Take off and Landing (eVTOL) vehicles and has the potential to revolutionise mass transport in an environmentally friendly manner.

This quarter has seen a change in the US’s Federal Aviation Authority rules, allowing for the integration of eVTOLs into airspace – an important milestone on the road to success. And Joby completed its first vertiport, and first exhibition flight with partner Toyota in Japan. There now appears to be growing recognition of Joby’s leadership in what could be a transformative new market.

Of course, not all developments have been positive. **Moderna** has been a key detractor this year, and during the most recent quarter, as sales from its Respiratory Syncytial Virus (RSV) vaccine have disappointed, earnings guidance has been missed, and profitability pushed further into the future. With much bad news priced in, we have held onto the shares and are monitoring performance closely. It is critical that Moderna is able to effectively commercialise its technology. Management changes have the potential to place the company back onto a stronger footing. We will watch the pipeline of new drugs (which we still think is underappreciated) carefully.

Bank Rakyat Indonesia, the Indonesian microlender, has also been weak following an increase in non-performing loans due to a combination of operational missteps and a challenging macroeconomic backdrop including higher food price inflation. This follows a long and profitable track record of lending. Pleasingly, we

are seeing stabilisation, with improving asset quality and the bank remains well-capitalised. In addition, the bank has hired 400 additional loan officers and tightened up underwriting policies. Nonetheless, we are closely monitoring progress and strategy.

Finally, not owning NVIDIA, the dominant manufacturer of AI-related chips, has been a headwind to relative performance given NVIDIA is the second largest constituent of the index and has seen a trebling of its share price over 2024. We have challenged ourselves to think broadly about the impact that AI will underpin, but have found other companies in this area, notably **TSMC**, **ASML** and most recently **Microsoft**, more compelling from an impact and valuation perspective.

Challenging ourselves to improve

‘We need to continually be stretching ourselves, stretching the brand, stretching the products, stretching technology.’ RJ Scaringe, founder and CEO, Rivian⁷

Despite good operational performance and a strong long-term track record, we know that returning to outperformance is critical, and the volatility delivered has made outperformance over our 5-year time horizon more challenging. We are learning and adapting to challenging market environments, but we do not want to overcorrect or compromise our growth and impact focus.

We have therefore worked closely with our colleagues in the Investment Risk team to refresh our approach to portfolio construction. We have identified three key areas with room for improvement: our valuation discipline, moving on from companies where the investment thesis has weakened, and missed opportunities.

We have increased the frequency and depth of interactions with our Investment Risk team, and introduced a wider range of risk tools to support our risk analysis based on our four pillars:

- I. Situational Awareness, including more granular valuation heatmaps and correlation analysis which allows us to model the impact of new holdings pre-buy

⁷ Rivian, electric vehicle manufacturer. Held in Positive Change since February 2024

- II. Portfolio Resilience, a continuation of the good work we started back in 2021 to ensure our companies are financially resilient against a more challenging environment
- III. Behavioural Analysis: analysing our trading patterns, monitoring the total capital we commit to names to prevent repeated adding on weakness, and better milestone monitoring for names that are not working out
- IV. Idea generation: using various tools to support our search for new names, and looking at missed growth opportunities.

Coupled with our strong stock-picking abilities, we think these improvements to portfolio construction further strengthen our ability to deliver long-term returns.

New Ideas: Healthy challenge for a place in the portfolio

“The most crucial part about reinvention now is to question ourselves continuously.” David Vélez, CEO and founder of Nubank.

This year, we have redoubled our efforts to find a strong pipeline of diverse new names to add to the portfolio. As a result of our efforts, rolling annual portfolio turnover has ticked up to just over 20 per cent, in line with the top end of our indicative range. This means we’re still holding companies in the portfolio for five years on average, and we remain long-term in our outlook, but the increase in turnover reflects the range of opportunities we’ve found.

In the most recent quarter, we’ve invested in the **New York Times**, which is providing high-quality reporting and investigative journalism in an age when we can no longer take the truth for granted, **Savers Value Village**, a profitable and growing second-hand clothing retailer, and **Ashtead Group**, one of the world’s largest construction and specialist equipment rental companies (there are compelling environmental benefits to rental rather than ownership). Most recently we took a position in **Sea** which through its ecommerce and digital financial services enables socioeconomic development in Southeast Asia, Taiwan and Brazil.

These names add to an already eclectic mix of new companies identified this year.

This quarter we have also purchased shares in Microsoft. We challenged ourselves on whether we had underappreciated the growth and impact potential of well-established dominant businesses. The growth case for Microsoft is compelling: its immensely strong competitive moat is accompanied by an adaptive and innovative culture led by a visionary leader which make it uniquely positioned to benefit from the two very big and important technology shifts: Cloud and AI. From an impact perspective, we were struck by its commitment to responsible AI, digital inclusion (which aligns with 70 per cent of the 169 SDG targets) and the ability of cloud computing to support increased computational efficiency, innovation and reduced carbon emissions which contribute to several SDGs. Microsoft’s powerful technological knowhow is a good example of the ‘enablers’ we hold in the portfolio, which we think underpin systemic change across a range of other industries.

The greatest challenge of all: Achieving sustainable development

‘We’re just getting started’ Matt Oppenheimer, CEO of Remitly⁸

Aside from our ongoing quest to deliver our two objectives, it is critical we acknowledge that impact investment is more important now than ever. This year, the UN published a report on progress towards the Sustainable Development Goals which makes for sobering reading.

Despite very long-run positive progress on reducing inequality, poverty reduction and life expectancy, the report notes that progress has ground to a halt or been reversed across multiple fronts. An additional 23 million people were pushed into extreme poverty and over 100 million more suffered from hunger in 2022 compared to 2019. Global greenhouse gas emissions and atmospheric concentrations of carbon dioxide reached new records and educational attainment, the bedrock of progress, has slipped⁹.

⁸ Remitly, is an online remittance service. Held in Positive Change since December 2022

⁹ <https://www.un-ilibrary.org/content/books/9789213589755c002/read>

However, the opening letter of the report also notes that innovation and increased access to life-saving treatments, as well as the internet and the transformational possibilities of AI carry great hope.

"Time and again, humanity has demonstrated that when we work together and apply our collective mind, we can forge solutions to seemingly intractable problems... It is still possible to create a better, more sustainable and more inclusive world for all by 2030. But the clock is running out. We must act now, and act boldly."

We are determined to rise to the challenge. Are you?

Performance Objective

2% p.a. ahead of global stock markets over rolling five-year periods.

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	6.3	6.1	0.2
1 Year	5.4	20.1	-14.8
3 Year	-3.5	8.7	-12.3
5 Year	12.4	11.8	0.6
Since Inception	16.2	11.3	4.9
USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.7	-0.9	0.2
1 Year	3.5	18.0	-14.5
3 Year	-6.0	5.9	-11.9
5 Year	11.1	10.6	0.6
Since Inception	16.2	11.2	4.9
EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	7.0	6.8	0.2
1 Year	10.4	25.9	-15.5
3 Year	-3.0	9.3	-12.3
5 Year	12.9	12.4	0.6
Since Inception	16.8	11.8	4.9
CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	5.7	5.5	0.2
1 Year	12.9	28.7	-15.8
3 Year	-1.8	10.6	-12.5
5 Year	13.5	12.9	0.6
Since Inception	17.6	12.6	5.0
AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	11.2	11.1	0.2
1 Year	14.1	30.1	-16.0
3 Year	-0.8	11.8	-12.6
5 Year	14.0	13.4	0.6
Since Inception	19.2	14.1	5.0

Annualised periods ended 31 December 2024. 3 Month & 1 Year figures are not annualised.

Inception date: 31 January 2017

Figures may not sum due to rounding.

Benchmark is MSCI ACWI Index.

Source: Revolution, MSCI.

The Positive Change composite is more concentrated than the MSCI ACWI Index.

Discrete Performance

GBP	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	80.3	10.7	-21.7	8.8	5.4
Benchmark (%)	13.2	20.1	-7.6	15.9	20.1
USD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	86.0	9.7	-30.4	15.3	3.5
Benchmark (%)	16.8	19.0	-18.0	22.8	18.0
EUR	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	70.7	18.0	-25.9	11.4	10.4
Benchmark (%)	7.2	28.1	-12.6	18.7	25.9
CAD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	82.8	8.8	-25.4	12.2	12.9
Benchmark (%)	14.8	18.0	-12.0	19.5	28.7
AUD	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Composite Net (%)	69.5	16.4	-25.4	14.6	14.1
Benchmark (%)	6.4	26.3	-12.0	22.1	30.1

Benchmark is MSCI ACWI Index.

Source: Revolution, MSCI.

The Positive Change composite is more concentrated than the MSCI ACWI Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2024

Stock Name	Contribution (%)
Shopify	1.8
Remitly Global	1.3
Duolingo	0.7
Tesla Inc	0.7
Grab Holdings	0.7
TSMC	0.6
Dexcom	0.5
Autodesk	0.4
Joby Aviation	0.3
Insulet Corp	0.3
MercadoLibre	-1.2
Moderna	-1.1
Bank Rakyat Indonesia	-1.0
ASML	-0.8
Novonosis (Novozymes)	-0.7
Nu Holdings	-0.6
Alnylam Pharmaceuticals	-0.5
Xylem	-0.5
NVIDIA	-0.4
Amazon.com	-0.4

One Year to 31 December 2024

Stock Name	Contribution (%)
TSMC	2.8
Shopify	1.2
Duolingo	1.1
Nu Holdings	0.7
Alnylam Pharmaceuticals	0.7
Grab Holdings	0.7
Tesla Inc	0.6
Insulet Corp	0.4
Microsoft	0.2
Autodesk	0.2
Moderna	-3.5
Dexcom	-2.7
NVIDIA	-2.4
Bank Rakyat Indonesia	-2.1
Coursera	-1.8
Umicore	-1.4
Sartorius Group	-1.3
WuXi Biologics Cayman	-1.1
10X Genomics	-1.1
ASML	-1.0

Source: Revolution, MSCI. Positive Change composite relative to MSCI ACWI Index.

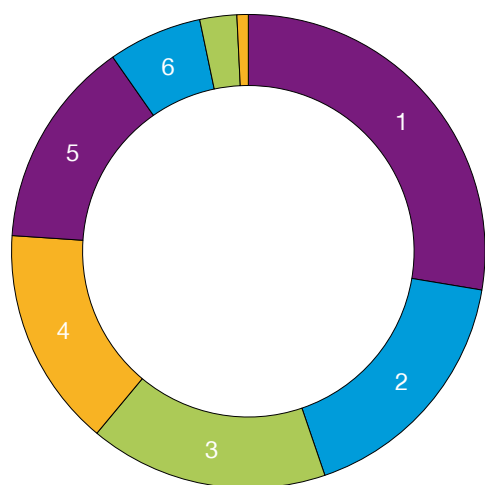
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated 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
TSMC	Semiconductor manufacturer	7.8
MercadoLibre	Latin American e-commerce and fintech platform	6.2
Shopify	Cloud-based commerce platform provider	6.1
Duolingo	Designs and develops mobile learning platform	5.0
ASML	Semiconductor equipment manufacturer	5.0
Autodesk	PC software supplier	4.4
HDFC Bank	Indian banking and financial services	4.2
Bank Rakyat Indonesia	Indonesian Bank	3.9
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	3.7
Ecolab	A global provider of water, hygiene and energy technologies and services	3.6
Total		49.9

Figures may not sum due to rounding.

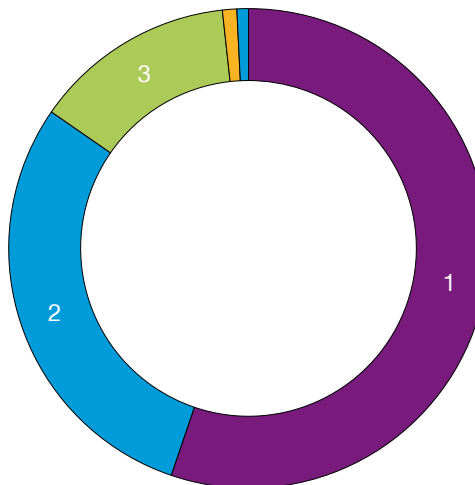
Sector Weights



	%
1 Information Technology	27.6
2 Health Care	17.1
3 Consumer Discretionary	16.3
4 Industrials	15.0
5 Financials	14.2
6 Materials	6.4
7 Communication Services	2.5
8 Cash	0.8

Figures may not sum due to rounding.

Regional Weights



	%
1 North America	55.2
2 Emerging Markets	29.4
3 Europe (ex UK)	13.6
4 UK	1.0
5 Cash	0.8

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	None	Companies	None	Companies	None
Resolutions	None	Resolutions	None	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Insulet Corporation, Moderna, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Sea Limited, Shopify Inc., Tesla, Inc.
Social	Grab Holdings Limited, Insulet Corporation, Novonosis A/S, PT Bank Rakyat Indonesia (Persero) Tbk, Rivian Automotive, Inc., Sea Limited, Vertex Pharmaceuticals Incorporated
Governance	ASML Holding N.V., Autodesk, Inc., Illumina, Inc., Microsoft Corporation, Moderna, Inc., Rivian Automotive, Inc., Schneider Electric S.E., Shopify Inc., Tesla, Inc., Vertex Pharmaceuticals Incorporated
Strategy	Coursera, Inc., Deere & Company, Epiroc AB (publ), Illumina, Inc., Insulet Corporation, Joby Aviation, Inc., Moderna, Inc., Novonosis A/S, Remitly Global, Inc., Rivian Automotive, Inc., Schneider Electric S.E., Sea Limited, The New York Times Company, Vertex Pharmaceuticals Incorporated

Company	Engagement Report
ASML Holding N.V.	<p>Objective: We had a call with Terri Kelly, the chair of the remuneration committee, to discuss the committee's proposed changes to the executive remuneration policy.</p> <p>Discussion: The company must seek shareholder approval of its executive remuneration policy every three years. Ahead of the 2025 annual general meeting, the remuneration committee consulted with its top shareholders on proposed changes to the policy. This discussion built upon others we have had with Kelly, and we continue to be encouraged by their proactive approach and genuine openness to stakeholder engagement. This year, we were pleased to learn that feedback we had previously provided was being incorporated into the new policy. In particular, we had encouraged ASML, when benchmarking executive remuneration, to use a list of peers more directly comparable to ASML. We also encouraged them to increase their ambition regarding the relative share price targets within the long-term incentive plan. Both changes are positive and will help align executive remuneration outcomes and shareholder value creation.</p> <p>Outcome: The consultation process is still ongoing. However, we continue to support ASML's approach to executive remuneration and think all proposed changes are justified.</p>
Coursera, Inc.	<p>Objective: To learn more about Coursera's recent operational challenges and strategy for improving performance.</p> <p>Discussion: Board chair Andrew Ng was upfront that Coursera's performance has disappointed. He pointed out a lack of focus and a slow pace of technology and product development as two areas of weakness that he would like to fix. There have been some changes in leadership below the executive level to bring in relevant experience and drive greater accountability. In the near term, Coursera is focusing on using data to improve user experience, user retention, and conversion. Over the long-term, Ng remains convinced that education needs to be changed, and this will create opportunities for Coursera.</p> <p>Outcome: It's reassuring that Ng recognises Coursera's challenges, but we still need to see more evidence of improving performance. This won't happen instantaneously, but we need to see growth stabilising and accelerating over the next few quarters to continue with our investment.</p>
Deere & Company	<p>Objective: We spoke with Deere's investor relations team as part of our quarterly catch-up with the company.</p> <p>Discussion: Our call focused on the uptake of new precision agriculture technologies such as See-and-Spray. We discussed various ways in which Deere is driving adoption, including lowering the upfront cost using retrofits and subscription models. We also learned about how Deere is investing in its customer success team and dealer network to educate farmers about new technologies.</p> <p>Outcome: We continue to be encouraged by the opportunities in precision agriculture and Deere's ability to capitalise on them.</p>
Epiroc AB (publ)	<p>Objective: To learn about the company's structure and relationships with customers.</p> <p>Discussion: The meeting helped us learn more about the company's decentralised culture, customer relationships, and future prospects. We gained a deeper understanding of Epiroc's position in the mining equipment industry, particularly its strengths in automation and electrification. The company demonstrated confidence in its strategy, emphasising its focus on services, innovations, and understanding of customers' needs.</p> <p>Outcome: Ongoing, this was a helpful meeting as we get to know the company better and enhance our understanding of the mining industry.</p>

Company	Engagement Report
Grab Holdings Limited	<p>Objective: To understand Grab's expansion plans in Indonesia, and advocate for better digital training of micro small and medium enterprises (MSMEs).</p> <p>Discussion: We met with the chief financial officer (CFO) of Grab Indonesia in its offices in Jakarta. Expanding into new cities comes at a cost, so the team is trying to remain focused and prioritise opportunities based on a range of factors including population, nature of MSMEs, consumption patterns and the local economy. The company continues to innovate on its technology, aiming to offer localised products which match the unique culture of the different areas. For instance, the company is trialling a Bid-Ask pricing model in some cities, where customers and drivers can haggle over the price. The data collected from this can help to inform pricing strategies as Grab expands across regions where purchasing power varies dramatically. During the meeting, we also shared the learnings we gleaned from a survey we commissioned on the impact of digital platforms on small and medium enterprises (SMEs), which found the importance of digital education in expanding the penetration of services amongst users. We explored the bottlenecks which Grab was facing in supporting digital literacy amongst micro-businesses, and suggested alternative routes to reaching these customers.</p> <p>Outcome: This was a helpful meeting to improve our understanding of the company's strategy in Indonesia. The CFO seemed interested in the survey we had commissioned, and appreciative of the insights unveiled through using an additional impact lens when thinking about market expansion. At his request, we have sent him the survey results. We look forward to seeing how Grab continues to promote digital literacy and education to its partner firms, and to see whether this helps it to onboard more small businesses and increase its outreach into more remote areas.</p>
Illumina, Inc.	<p>Objective: We met with the relatively new chief financial officer (CFO), Ankur Dhingra, in Edinburgh. With a new leadership team in place, the objective of this meeting was to hear the CFO's reflections on the challenges and opportunities for Illumina and to build our understanding of the new team's strategy. It was also a means to continue building our relationship with the new management team.</p> <p>Discussion: We discussed Ankur's reflections since joining Illumina in April. The research and development (R&D) engine is robust and lowering the cost of sequencing is helping unlock greater demand without negatively impacting the margin profile. However, the company had distanced itself from its customers and complacency had set in under the prior leadership team. It was reassuring to hear of actions being taken by the new management team, including a sharpened focus on customer needs, the recruitment of a new chief commercial officer, and a more holistic means of expressing the cost of sequencing which chimes with customers.</p> <p>Outcome: It is early days but the steps taken by the new management team are encouraging and supportive of our investment hypothesis that Illumina plays a critical role as the leading provider of tools and software that will help further our understanding of biology, and in doing so, will be able to deliver double digit earnings growth.</p>

Company	Engagement Report
<p>Insulet Corporation</p>	<p>Objective: Having recently taken a holding in Insulet, we had an on-site visit and tour of Insulet's facilities, together with a meeting with Eric Benjamin, Chief Product and Customer Experience Officer. We used the meeting to understand more about Insulet's approach to innovation and opportunities in Type 2 Diabetes.</p> <p>Discussion: Insulet's ultimate aim is to develop technology that functions like a "working pancreas" allowing diabetes management to operate seamlessly in the background, allowing patients to worry less about the disease. There are 2 factors which matter for patients: time in range, and how much effort they have to put into logging information - 100% time in range might technically be possible, but would require patients to micromanage their lifestyle. Insulet wants to make this balance as simple as possible for users, and their algorithms are starting to fine tune this and decrease the inputs required. We had noted that Insulet had been relatively slow to integrate with iOS/Android technology; this is down to safety and security concerns - any form of device hacking could have very severe consequences. Type 2 Diabetes is a very exciting opportunity for Insulet, who are also likely to appreciate the simplicity of the Omnipod; closing reimbursement gaps is currently a focus. Our tour of Insulet's site showed an impressive degree of automation, which has been replicated in other sites in Malaysia and China; this automated system allows for good product traceability and pinpointing of any issues.</p> <p>Outcome: A very encouraging introductory meeting with Insulet; we were impressed by the patient centricity of the firm and the efforts made to ensure devices are simple and convenient. The automated factory was something to behold and helped to reinforce conviction in Insulet's manufacturing edge.</p>
<p>Insulet Corporation</p>	<p>Objective: We met June Lazaroff (investor relations) & Lisa Brady (vice president of global sustainability and chief sustainability officer) to learn more about Insulet's varied sustainability initiatives; our call focused particularly on diversity (an area where Insulet is a leader), but also noted Insulet's environmental endeavours.</p> <p>Discussion: When Insulet conducted its latest type 2 diabetes study, diversity was a priority, to demonstrate that the Omnipod works on a diverse range of participants and to reflect the broad population of diabetes sufferers; Insulet recruited 22 per cent Hispanic participants and 24 per cent black participants; beyond ethnic diversity they also noted the importance of diversity of income groups and education levels. High levels of simplicity are crucial, so the device can easily be used by anyone, from children to older adults who are less familiar with technology. The disposable nature of Insulet's pods means that a lot of waste is generated; outside the US, there have been a lot of initiatives which allow customers to send pods back to Insulet for responsible disposal (recycling is an option in some markets; in others, incineration of medical waste is mandatory). In the US, disposal is more complex and varies at a state level - a pilot take-back programme is now being trialled in Massachusetts with all pods being recycled. Insulet has not yet published scope 3 emissions data; getting accurate data has been a challenge, and it is waiting to ensure that data is strong before making disclosures</p> <p>Outcome: Insulet's efforts to recruit a diverse population in trials and to ensure user interfaces are simple and suit people of all education and knowledge levels provided a valuable example of how considering diverse patient groups can add value for healthcare companies. We were also pleased to hear more about the environmental efforts and look forward to seeing further progress in this area.</p>

Company	Engagement Report
<p>Joby Aviation, Inc.</p>	<p>Objective: We had a call with Bonny Simi, President of Operations and Matt Field, CFO to discuss Joby Aviation's imminent transition from an engineering and manufacturing organisation to an operational one - as lift off in Dubai comes closer.</p> <p>Discussion: Progress in Dubai is very promising and the UAE has proved to be a very supportive environment for Joby to prepare for its first commercial flights. Progress is slower in the US, but electric vertical take-off and landing vehicles (eVTOLs) appear to have bipartisan support and the FAA's publishing of the Special Federal Aviation Regulation - establishing requirements for eVTOL - is a very positive step forward. Joby's aircraft design appears to align well with the FAA's reserve requirements. One challenge in the US is pilot training - pilots are required to be trained on a qualified, full-motion simulator, and lead times on these simulators are long; the simulator requirement is not essential in Dubai, but Joby noted that, despite the different regulatory environment in Dubai, safety is in no way compromised.</p> <p>Outcome: Preparations for operational take-off are very promising, and Dubai should prove a useful launch pad for Joby's ambitions in the US. There still seem to be some logistical hurdles in the US, but bipartisan support for eVTOLs is promising for Joby.</p>
<p>Moderna, Inc.</p>	<p>Objective: This call with the CEO, CFO and newly appointed commercial lead was to hear their reflections after the disappointing launch of the RSV vaccine and market share loss in COVID-19 vaccines, and to help us understand how the management team plans to commercialise the powerful technology platform.</p> <p>Discussion: Newly appointed commercial lead Stephen Hoge is not new to Moderna. He joined Moderna in 2012 and has been responsible for leading R&D and clinical development efforts. He has recently expanded his role to oversee the commercial strategy, so it was important for us to understand his reflections of the commercial challenges and opportunities the company is facing. Unfortunately, the company has ceded market share to competitors in COVID-19 vaccines and its RSV launch has disappointed due to timing and competitors being ahead of the game with a broader vaccine offering which provided them with greater negotiating power than Moderna with pharmacy customers. Moderna's expansion of its vaccine offering will be key to it improving its negotiating power - Hoge thinks a portfolio of four will put the company on an even footing. Approval and successful launch of the late-stage pipeline will be key to its competitive position and its financial sustainability. Hoge was humble in sharing where the challenges are and clear and confident in what is required to overcome these challenges. The CFO outlined levers that can be pulled to work towards cash break-even in 2028.</p> <p>Outcome: Following some mild concern in our previous engagement with the company, it is pleasing to see a change in commercial leadership and to hear a clear strategy for success. The next key milestones will be the advancement of the respiratory vaccine franchise as this will be key to commercial success.</p>

Company	Engagement Report
<p>Moderna, Inc.</p>	<p>Objective: We had a call with Moderna's chief legal officer and deputy general counsel focused on pay, environmental, social and governance (ESG). These topics align with our objectives of advocating for board refreshment, encouraging simplicity and long-termism in executive compensation plans, and emphasising our support for reporting on Moderna's public health initiatives and emissions targets.</p> <p>Discussion: Firstly, we received updates from the company on its decision to introduce measures to improve minority shareholder rights and its reasons for two new board appointments in 2024. We are satisfied that both new independent directors bring valuable and relevant experience to Moderna's board and believe that the appointments will help Moderna navigate its next growth phase. The board may still want to add more science and technology capability in the future. We used this opportunity to commend Moderna's much-improved ESG reporting, particularly the introduction of its new Access Principles as part of its Global Public Health Strategy. We also expressed general encouragement for climate reporting and for science based target initiative (SBTi) validation, which Moderna has committed to.</p> <p>We then shared Baillie Gifford's new principles for considering the structure of compensation plans. Our new principles are based on what structures the latest research indicates are best for shareholder value creation rather than what is considered 'market best practice'. We explained that we continue to believe Moderna's compensation plan is supportable, with good alignment between pay and performance. However, we noted that its structure is complex and could be more long-term focused.</p> <p>Outcome: Moderna's team was receptive to our feedback on its approach to compensation and we plan to share the research that went into it with the company. We expect additional governance changes in 2025 and will be watching out for news of this and Moderna's climate targets next year.</p>
<p>Novonosis A/S</p>	<p>Objective: The objective of this meeting was to explore how the merger of Novozymes and Chr Hansen is progressing and the improvement in revenue growth.</p> <p>Discussion: Esther Baiget, chief executive officer (CEO), is pleased with the progress so far in merging the two entities, both through the lens of employees and the lens of customers. Employees are broadly satisfied according to pulse surveys and direct engagement. Systems are in the process of being harmonised, and legal entities will be streamlined to bring simplicity. An encouraging indicator of the value of the merger is that customers have not just been retained but are demanding a broader suite of products from the combined entity. The combined entity is also leveraging best practice in its production processes which is helping yields, while also optimising its supply chain.</p> <p>There is positive momentum in the business both from a volume and pricing perspective, thanks to product innovation and greater penetration of its products in Emerging Markets. The company has evolved towards a value-based pricing policy thanks to better data that illustrates the value proposition at a time when a 'clean label' in food and household products is becoming more important to customers.</p> <p>Outcome: This was an encouraging update on both the merger and operational progress, particularly the improvement in growth metrics. We will continue to monitor the sustainability of growth at these levels.</p>

Company	Engagement Report
<p>PT Bank Rakyat Indonesia (Persero) Tbk</p>	<p>Objective: We had two objectives with this meeting. The first was to understand how microinsurance provider Bank Rakyat Indonesia (BRI) is responding to an increase in its non-performing loan (NPL) rate and its ability to make improvements while maintaining socially responsible practices. The second was to encourage actions to improve the resiliency of its loan book through the measurement and mitigation of exposures to key environmental risks.</p> <p>Discussion: We spent a day in Indonesia with investor relations (IR) at BRI, the regional management team, microloan officers, and customers. Over the course of the day, we saw how digital tools were improving the data collection and underwriting process, learned of customers' experiences of not being able to pay back loans and the process of restructuring, and saw how access to finance was being used to improve the lives of micro-, small and medium sized enterprises (MSMEs).</p> <p>The following day we met with BRI's environmental, social and governance (ESG) team. The meeting started with a focus on understanding the regulatory requirements which must be met over the next year, which centres mostly on transition risk and carbon pricing. We then had an in-depth discussion on the climate risk analysis the team were undertaking and the challenges of monitoring the activities of microfinance customers. Through the conversation, we explored what insights can be drawn from the existing data being collected on microfinance customers, which can be used to geolocate customers and map out supply chains, and how to best engage with customers on adoption mitigation and adaptation practice.</p> <p>Outcome: Regarding the first objective, the trip gave us more comfort that BRI is working to reduce the trade-offs associated with responding to its increase in NPL rates and limit the negative social impacts. We will continue to monitor the situation. On the second objective, we were impressed by the ambitions of the company to understand how its loan book impacts and depends upon the environment. We now have a better understanding of the near-term priorities of the company and have agreed on some ways in which we can collaborate to help aid their analysis.</p>
<p>Remitly Global, Inc.</p>	<p>Objective: We spoke with Remitly's CEO and CFO as part of our quarterly catch-up with the company.</p> <p>Discussion: Remitly has continued its strong operational performance this quarter. This call focused on building conviction in the durability of the company's growth runway. We discussed how Remitly prioritises investments across different regions and the expected contributions to growth from existing remittance corridors versus new corridors. We also discussed new customer segments and product innovations. Finally, we learned how Remitly is using APIs in product development to reduce technology debt over time.</p> <p>Outcome: The call increased our conviction in the durability of Remitly's growth runway. The company appears to have a sensible strategy to capitalise on the many growth opportunities ahead.</p>

Company	Engagement Report
Rivian Automotive, Inc.	<p>Objective: Following a Bloomberg article raising employee safety concerns at Rivian, we wanted to better understand the company's view on the allegations made in the article and its overall approach to employee health and safety, and labour relations.</p> <p>Discussion: We spoke with Investor Relations (IR) and the head of labour and employee relations. Rivian asserts that the data cited in the article was misleading and incorrect, with the company unable to trace the origin of some accusations. Rivian maintains that its safety performance is in line with or above industry averages, contrary to the article's claims. The company emphasised its commitment to employee safety, citing internal efforts and improving safety survey results. Rivian also highlights its efforts to address safety concerns, including the implementation of safety committees and equipment modifications based on employee feedback. The team placed this article in the context of external unions seeking to drum up support for unionisation at Rivian. The company commits to respecting the collective bargaining rights of workers and does not rule out future unionisation, but it currently values its direct relationship with employees.</p> <p>Outcome: We expressed our support for Rivian to continue fostering its direct relationship with employees and improving its approach to health and safety, which they were aligned on. Nevertheless, we will be monitoring its progress on health and safety and its relations with its employees closely.</p>
Rivian Automotive, Inc.	<p>Objective: To further our understanding of Rivian's partnership with Volkswagen.</p> <p>Discussion: We had a catch-up post-earnings with Rivian's CEO. We discussed the partnership between Rivian and VW. From VW's perspective, the partnership is important as it has burned lots of money and failed to develop its own software system. Partnering with Rivian is a much more cost-effective option. We also discussed the short-term macroeconomic challenges impacting EV demand, especially with Trump potentially incentivising hybrid and internal combustion engine vehicles. However, management is absolutely confident that electrification is an inevitable long-term trend, and they will manage the business for that future.</p> <p>Outcome: Ongoing, Rivian is continuing to develop and the partnership with VW will be helpful for Rivian as it scales.</p>
Schneider Electric S.E.	<p>Objective: We spoke with Schneider Electric's chairman and CFO to learn about the reasons behind the sudden CEO replacement.</p> <p>Discussion: Jean-Pascal Tricoire, chairman, explained that the CEO replacement was driven by a desire to improve on the communication skills of the former CEO, rather than a change in the company's strategy. It was a proactive decision. Oliver Blum, the new CEO, has over three decades of experience at Schneider and led the company's Energy Management division.</p> <p>Outcome: A sudden CEO change is always uncomfortable, but in this instance, it appears to have been a proactive and considered decision. Schneider Electric is a relatively new holding in Positive Change, and we will continue to monitor the company's progress in light of the leadership change.</p>

Company	Engagement Report
Sea Limited	<p>Objective: We met with Forrest Li, founder and chief executive officer (CEO), to discuss the company's progress in overcoming recent challenges and to evaluate future growth and profitability.</p> <p>Discussion: Our conversation revealed strong execution and positive momentum in all three business segments (e-commerce, fintech and gaming) in the face of fierce competition. The e-commerce business Shopee has established a commanding position in the ASEAN region through superior logistics capabilities and local market understanding. Their financial services arm, MariBank, has shown impressive growth with approximately 12 million users. Their gaming division has demonstrated resilience with bookings growth of 25 per cent year-over-year, driven by innovative localisation strategies and improved game optimisation. The two areas that have improved faster than Li expected are Shopee's expansion in Brazil and Sea Ltd's large franchise game, Free Fire.</p> <p>Outcome: We gained an understanding of how Forrest Li has successfully navigated the significant challenges of a gaming downturn, competition from companies like TikTok, rising financing costs, and the impact of post-pandemic reopening, to position SEA for continued growth.</p>
Sea Limited	<p>Objective: As part of our pre-investment due diligence, we wanted to discuss the company's vision and its approach to responsible lending and supporting micro- and small businesses that use its platform, both of which are important for its ability to sustain its competitive edge in its markets. We also wanted to assess the company's openness to engaging on these important areas.</p> <p>Discussion: We heard how SeaMoney is well placed to leverage the data it has on merchants and consumers - a clear competitive advantage - to responsibly deliver an expanding range of credit and other financial services. Combining user data with credit bureau checks, SeaMoney has a 'low and grow' strategy, offering small amounts of credit on its ecommerce platform at first, with the opportunity for users to improve their risk profiles over time and then access bigger loans. It is committed to fee transparency and educating customers but accepts that its approach is based on following standard practices in different markets, which has drawn regulatory attention. The regulatory landscape is changing, but SeaMoney typically finds regulators are supportive as it serves an underbanked segment that traditional banks cannot, while replacing informal lending. We also discussed Sea's ecommerce platform, Shopee, where 70 per cent of Gross Merchandise Volume is from small merchants. Driven by local management teams, Shopee makes a point of providing online and offline training to help merchants sell and advertise online. Most importantly, Shopee is focused on keeping operating costs low, which customers generally prioritise over speed in its markets. To deliver this, it wants a majority of packages to be delivered by its own logistics service. This is progressing well, and Shopee has had no problems with attracting delivery workers, for whom it wants to enable safe and inclusive employment.</p> <p>Finally, we discussed some of Sea's environmental initiatives, which range from piloting the use of electric vehicles for deliveries to removing packaging altogether. The latter is extremely important in its regions where plastic waste is a major challenge.</p> <p>Outcome: We were encouraged by Sea's openness to engaging on these issues and the steps Sea is taking to ensure that it is a responsible lender and that micro- and small businesses on its platform can maximise their opportunity of selling online. Unfortunately, its reporting on these areas is scant and we would like to see Sea publishing more about its approach to consumer protection. In particular, the company has no emissions reporting or targets, which will be an important engagement topic for Positive Change.</p>

Company	Engagement Report
Shopify Inc.	<p>Objective: The purpose of the call was twofold: to discuss and better understand the rationale behind the chief executive officer's (CEO) equity grant that was made in February 2024; and, to meet Shopify's new head of sustainability and communicate our desire to see Shopify's sustainability reporting develop.</p> <p>Discussion: Having met with them earlier in 2024, we spoke with several members of Shopify's governance team, including its corporate secretary, to discuss the company's approach to executive compensation which is changing. Previously, the compensation committee were issuing equity grants vesting over three years without considering what would vest each year. Going forward, the approach will look more holistically at what awards vest each year and whether that is appropriate compared to peers. We were pleased to hear longer vesting periods will be considered, and that the large one-off awards issued this year, are unlikely to be repeated.</p> <p>It was useful to meet the new head of sustainability, having met with his predecessor, and to understand his focus areas. He expects to continue Shopify's strategy of funding quality carbon removal and allowing businesses and their customers to participate in these initiatives. The Shopify team was clear that while they remain voluntary, Shopify will not set any absolute emissions reduction targets but will maintain its commitment to being carbon neutral through offsetting and removal. We emphasised our belief that a company should focus on its most material environmental, social and Governance (ESG) matters but also stated our view that emissions reduction targets are increasingly expected for large companies such as Shopify. We also asked whether Shopify would consider restarting its social impact assessments and reporting among its merchants which it had stopped in recent years.</p> <p>Outcome: We found the conversation around compensation reassuring; however, once published, we will need to review the details in the 2025 proxy statement closely. We will continue to advocate for simplicity and terms in compensation plans and discuss emissions targets and impact reporting with Shopify when we meet with the relevant teams.</p>
Tesla, Inc.	<p>Objective: We have engaged with Tesla's chair on various governance topics. Following the 2024 annual general meeting (AGM), which saw shareholders approve the reincorporation of the company in Texas, and the US election campaign, in which Tesla's chief executive officer (CEO) featured prominently, we wanted to understand how the board is reacting to these developments. We also wanted to take the opportunity to advocate for the enhancement of governance structures and processes.</p> <p>Discussion: We had a call with Tesla's chair in which she informed us that the move to Texas has gone well, and that the board is pleased with the commercial courts being established there. She noted the results of the AGM and the extensive shareholder support for governance changes, which the board is still considering. The board is actively looking for new directors to enhance its independence, which we were encouraged by, and heard about the positive impact that its more recent appointees are having by mentoring Tesla's senior management, which sits below the CEO. We spent much of the meeting discussing recent promotions among the strong cohort of Tesla's leadership. The chair plays a very active role in managing and supporting this group, and long-term succession planning appears top of her mind.</p> <p>This prompted a discussion on whether the CEO can hold a political advisory position and meaningfully contribute to the company. While the chair was surprised at the extent of the CEO's involvement in the Trump campaign, she was unwavering in her conviction that the CEO remains committed to Tesla and in his ability to successfully juggle different roles. She has seen no change in the CEO's involvement to date, which is mainly in the deployment of new technologies and with the engineering teams involved. It is among these engineers that he adds significant value.</p> <p>Outcome: We will continue to emphasise our support for independence on the board and improving governance practices at Tesla, while monitoring developments among its leadership closely.</p>

Company	Engagement Report
<p>The New York Times Company</p>	<p>Objective: Prior to purchasing the New York Times (NYT), we met with Anthony DiClemente from the investor relations (IR) team to understand growth drivers and the potential for international expansion, as well as journalistic integrity and potential biases.</p> <p>Discussion: News remains central to all that the NYT does, and in an environment of low-quality information, IR emphasised the increasing value of world-class news reporting. Sub-news categories also offer opportunities for user engagement and broadening the market opportunity. A big lever for growth is international expansion and AI offers a very exciting opportunity to facilitate international expansion, notably through translation. The publication is also trying various formats to appeal to a younger and broader audience, including video reporting, apps, and podcasts. The key for the NYT is investing in a world-class newsroom; there is often a perception that the NYT is too left-leaning. Reporting on facts and the best possible detailed on-the-ground reporting is key to addressing this perception.</p> <p>Outcome: We were impressed by the NYT's focus on facts as a means to address perceptions of bias and its efforts to open the publication up to a wider audience.</p>
<p>Vertex Pharmaceuticals Incorporated</p>	<p>Objective: We met with chief scientific officer (David Altshuler), chief operating officer (Stuart Buckle) and investor relations in Vertex's Boston headquarters to learn more about strategic positioning, pipeline development and Vertex's business model and how this promotes access to medicine.</p> <p>Discussion: Vertex has developed from being an unprofitable drug discovery organisation to having an impressive cystic fibrosis (CF) franchise and it has now entered the third phase of its existence - commercial diversification. Vertex has maintained its acute focus on innovation. Having nearly gone bankrupt when one of its earlier drugs, Incivek, was overtaken by an offering from Gilead, it has been determined never to have their lunch eaten again. This means that it has continued to innovate in its CF franchise, despite the huge success of its treatments. Vertex has adopted a disease centric model - looking for diseases with a large enough patient population to make commercial development worthwhile and severe enough to have clear endpoints in clinical trials. Despite its success in treating CF and with the gene therapy Casgevy, Vertex's greatest optimism lies in their pain franchise, where it hopes there is potential to replace some opioid treatments. We touched on challenges with access to medicine - notably for CF - apparently when it comes to CF, diagnosis in emerging markets is a key bottle neck; Vertex has made efforts to make its CF treatment available in 60 countries, but without better diagnosis access will inherently be limited.</p> <p>Outcome: We were impressed by Vertex's efforts to keep innovation part of the culture as the company continues to grow and develop and by the disease-led model. We look forward to monitoring developments in the pain franchise in years to come. We expect conversations over pricing will continue over the course of our investment and we will continue to monitor whether access to medicine is expanding. We have been pleased to see the company come to an agreement with the NHS in the UK this year and start providing its leading drugs in South Africa. We believe there is an opportunity for Vertex to further expand access to its CF treatments while appropriately balancing pricing, profits and drug development.</p>

Company	Engagement Report
Vertex Pharmaceuticals Incorporated	<p>Objective: To better understand the strategy behind Vertex's acquisition of Alpine Immune Sciences and the commercial strategy for Vertex's medications for acute pain. There are dynamics associated with both of these which are new for Vertex and so we wanted to hear how the company is approaching them.</p> <p>Discussion: We discussed Alpine's treatment pipeline, in particular Povetacicept which it believes holds the potential to benefit patients with serious autoimmune diseases of the kidney, a new area for Vertex. Alpine's first indication for Povetacicept is IgA nephropathy which is most prevalent in East Asia, particularly China and Japan. As such, Vertex is now supporting Povetacicept's phase 3 clinical trials, some of which will be taking place in Asia.</p> <p>Secondly, we discussed the commercial status of Suzetrigine, Vertex' first non-opioid medication for acute pain, which has been awarded priority review status by the FDA. This means that the FDA has recognised its potential to prevent opioid use disorder and speeded up its assessment which we can expect in early 2025. Vertex is working on how best to price and commercialise Suzetrigine, which involves discussions with all parts of the US health system, including consumer pharmacies.</p> <p>Outcome: While Povetacicept and Suzetrigine are new areas for Vertex, we are confident that their potential impact for patients and society is substantial, and they have a good chance of successfully reaching patients within the Vertex pipeline. 2025 will be an important year for both and we will be monitoring development closely.</p>

Votes Cast in Favour

We did not vote in favour of any resolutions during the period.

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Ashtead	Ashtead is an equipment rental company with the majority of its revenue coming from North America. The growth opportunity comes from the increasing penetration of equipment rental and market consolidation, which favours scaled businesses like Ashtead. Bolt-on acquisitions provide further growth opportunities. Ashtead benefits from economies of scale and a management team with a good long-term track record. The potential for weaknesses in the construction market to weigh on share price performance is reflected in the small starting position, which we will look to increase if volatility presents attractive opportunities for topping up the holding. Nevertheless, we believe Ashtead can compound earnings per share at a low-teens pace through the cycle, and the current forward P/E of 20x is attractive.
Microsoft	Microsoft is the backbone of the global IT ecosystem by virtue of being able to provide all the critical infrastructure, development tools and applications for organisations to make a digital transformation. The company's immensely strong competitive moat accompanied by an adaptive and innovative culture led by a visionary, makes it uniquely positioned to benefit from the two very big and important technology shifts: Cloud and AI. Despite the significant growth over the past decade, organisations are still in the early stage of cloud migration, and Microsoft is expected to gain a larger incremental share thanks to its comprehensive offering across all layers of infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS), as well as its established relationships with enterprises. AI is still in its infancy but could present a paradigm shift in generations. Microsoft's early and heavy investments in AI will make it the partner of choice for organisations across industries. All told, we believe Microsoft could grow at a compounding annual growth rate in the mid-teen and more than double its earnings over the next five years, hence decided to take a holding.
New York Times Co	New York Times Co (NYT) is a news media business with over 10 million subscribers. We believe the digital transformation of the news industry has made NYT a more attractive business. As one of the few news organisations that has built a profitable business model for the digital era, the NYT is well-positioned to gain market share as readers increasingly access news through the internet, mobile apps, short videos, and podcasts. There are multiple growth tailwinds for the company, including a faster news cycle due to more frequent geopolitical events, international opportunities, a broader product portfolio consisting of sports, puzzles, recipes, and product reviews, and potential licensing deals from AI companies. Due to the ownership of the Sulzberger family and their commitment to the NYT's mission, the company has consistently invested in journalism while the rest of the industry has cut back. As a result, the NYT has a superior product to the rest of the news industry, constituting an important competitive advantage. This high-quality journalism, with a strong focus on investigative, ethical reporting, plays a vital role in holding institutions to account, with many high-profile scandals brought to light by NYT reporters. We believe the market opportunity for the NYT is substantially larger than its current 10 million subscribers, enabling the company to grow at an attractive pace for many more years. Profitability should improve due to operating leverage and high incremental margins from digital revenue. We believe EPS can compound at more than 10% per year over our investment horizon, and the 30x earnings multiple is justified.
Savers Value Village	Savers Value Village (SVV) is a thrift store chain operating in the US and Canada. It has a unique business model which seeks to balance the needs of charity partners, employees and shareholders, fostering a powerful virtuous circle whereby its growth benefits all stakeholders. The investment case is supported by strong structural tailwinds such as the desire to shop second-hand and decrease the volume of textiles going to landfill. Furthermore, the circular economy will be critical to maintaining standards of living while transitioning to a sustainable future. SVV plans to accelerate store openings in a thoughtful way which, combined with scale benefits such as shared data analytics and increasing automation, should lead to a long growth runway. Expertise in processing clothing is its biggest source of edge. It has the ability to collect and sort vast quantities of esoteric stock, in a profitable way. We have taken an initial position on our clients behalf.

Sea Ltd	SEA operates e-commerce, gaming, and digital financial services businesses in Southeast Asia, Taiwan, and Brazil. Today, the gaming business accounts for a relatively minor part of SEA's value, but the cash flow has enabled the company to build a leading e-commerce business and a fast-growing financial services business. The opportunities in e-commerce and financial services are significant, and if SEA can maintain its market leadership, then those should be valuable businesses in the long-term. Sea's e-commerce platform, Shopee, enables small businesses to sell online and expand their market access. It has a particular focus on training for these smaller merchants, which, along with a lack of access to financial services, is a key bottleneck to economic opportunity in Southeast Asia. SeaMoney expands access to basic financial products in a region where many, especially those on low income, remain underbanked or excluded. As it grows and expands its product offering, SeaMoney will provide individuals and businesses with access to financial products that can improve their economic resilience and opportunity, and support the socioeconomic development of the region as a whole.
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Complete Sales

Stock Name	Transaction Rationale
Safaricom	Safaricom is a Kenyan-based telecom and mobile money business. While its performance in these businesses has been satisfactory, the company has failed to capitalise on new opportunities, including broader financial services and providing digital solutions in areas such as education, healthcare, and agriculture. Safaricom is now expanding into Ethiopia, which requires significant capital investment and has highly uncertain outcomes. Furthermore, geopolitical and macroeconomic risks in Kenya have increased since our initial investment. These factors combined have led to the decision to sell.

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