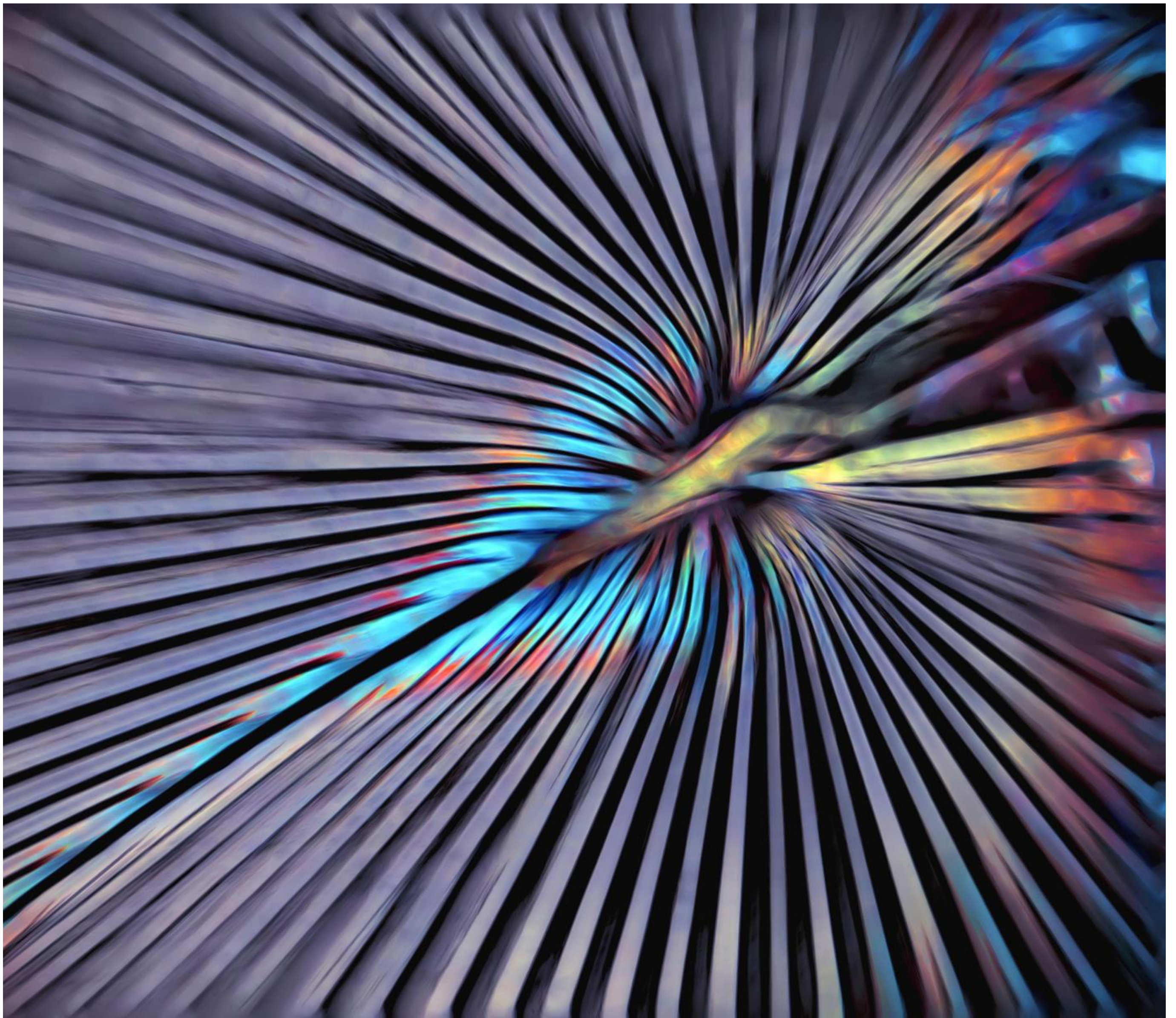
Baillie Gifford™

Global Income Growth Quarterly Update

31 December 2024



This document is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

Important Information and Risk Factors

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited is authorised and regulated by the Financial Conduct Authority.

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, Telephone +852 3756 5700.

Baillie Gifford Investment Management (Europe) Ltd (BGE) is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. BGE also has regulatory permissions to perform Individual Portfolio Management activities. BGE provides investment management and advisory services to European (excluding UK) segregated clients. BGE has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. BGE is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Persons resident or domiciled outwith the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

This document contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is based on a representative portfolio, new client portfolios may not mirror the representative portfolio exactly. As at 31 December 2024, in US dollars and sourced from Baillie Gifford & Co unless otherwise stated.

South Africa

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North America

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited ('BGE') relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-Discretionary Investment Adviser.

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

Copyright © Baillie Gifford & Co 2025. All rights reserved.

Ref: 137601

Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a "wholesale client" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this document be made available to a "retail client" within the meaning of section 761G of the Corporations Act. This material contains general information only. It does not take into account any person's objectives, financial situation or needs.

Israel

Baillie Gifford Overseas is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This document is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Singapore

Baillie Gifford Asia (Singapore) Private Limited is wholly owned by Baillie Gifford Overseas Limited and is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence to conduct fund management activities for institutional investors and accredited investors in Singapore. Baillie Gifford Overseas Limited, as a foreign related corporation of Baillie Gifford Asia (Singapore) Private Limited, has entered into a cross-border business arrangement with Baillie Gifford Asia (Singapore) Private Limited, and shall be relying upon the exemption under regulation 4 of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 which enables both Baillie Gifford Overseas Limited and Baillie Gifford Asia (Singapore) Private Limited to market the full range of segregated mandate services to institutional investors and accredited investors in Singapore. The information contained in this presentation is meant purely for informational purposes and should not be relied upon as financial advice.

Past Performance

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

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

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

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

Financial Intermediaries

This document is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

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	17%

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

Solid absolute returns in 2024 reflect positive business development for the portfolio holdings

A small group of US stocks led to an exceptional year for global equity markets

We look forward to 2025 with confidence as quality and resilience remain key features of the portfolio

Baillie Gifford Key Facts

Assets under management and advice	US$272.3bn
Number of clients	613
Number of employees	1682
Number of investment professionals	375

This year, subject to the usual final checks and audits, we are anticipating the Global Income Growth fund will pay a distribution approximately 5% higher than last year. This rate of growth will beat inflation in the UK (and most other markets), extending the portfolio's track record of real growth, and is testament to the solid underlying fundamentals of the holdings in the portfolio.

The portfolio's total return during the year, i.e. capital growth as well as the income distribution, was strong in absolute terms but lagged exceptionally strong global equity markets. This is uncomfortable, but in some ways to be expected. The emphasis we place on long-term resilience of the portfolio, alongside steady compound growth in earnings and dividends, means the portfolio is likely to lag during periods of market euphoria. The flipside is that we expect the portfolio to hold up better when markets are tougher.

In this letter, after commenting on quarterly and yearly performance and the market backdrop, we will dive into more details of the strong foundations of the portfolio; we will then discuss our US positioning; and comment on the portfolio's recent transactions, before concluding with our outlook.

The market backdrop

Throughout 2024, the US economy has been slowing down, allowing the US Federal Reserve to start lowering interest rates. After a strong AI-driven rally in equity markets in the first half of the year, markets were hoping this gradual economic slowdown would be limited and inflation would remain subdued.

Then Trump happened. The White House virtually moved to Mar-a-Lago overnight and the President-elect started governing by social media, unleashing animal spirits. This led investors to revise upwards their US growth expectations for 2025 and triggered large inflows from retail clients into US equities. Trump is perceived as pro-business and pro-cyclical, and he propelled US equities to new all-time highs

Never mind the apparent contradictions of "Trumponomics", like simultaneously boosting economic growth, raising tariffs and taming inflation whilst driving down the US dollar. Or the potential for a counter-narrative in which higher interest rates slow the US economy whilst its partners retaliate on trade. In 2024, the US equity markets were the standout winner.

The contrast with the rest of the world could not be starker: China is slowing down, two of the largest Euro area economies - France and Germany – are in political limbo, the Middle East is in turmoil and an attempted coup in South Korea has resulted in political paralysis.

China has been the growth engine of the world for the past two decades, but the ten-year Government bond yield has recently fallen below its Japanese equivalent for the first time ever. Some believe we are witnessing a "Japanification" of China, with the real estate bubble bursting leading to what economists call a balance sheet recession. Households, businesses and the local Government are focused on paying back debt, leading to muted investment and consumption. All eyes are now on Xi Jinping and an expected stimulus early 2025.

In Europe, economic growth remains anaemic and the threat of US tariffs and their collateral damage (China exporting more to Europe as the US market closes) has politicians scrambling to devise a response. With the notable exception of Germany, which has kept debt at a relatively low level, other indebted Governments cannot expect to run deficits forever to support the economy and reforms will be necessary to stimulate growth in the next decade.

In summary, the picture is mixed: US economic activity remains robust and is potentially accelerating, growth in Europe remains low and China is slowing down but with a government having room to, and seemingly increasingly likely to, stimulate activity.

Performance

This quarter, the portfolio showed slightly negative returns but lagged a benchmark posting exceptional returns (MSCI ACWI up ~6%). The result of the US elections led to a very strong rally in US equities as investors were quick to factor in all the potential positives of Trumponomics (less regulation, lower taxes, higher tariffs, more and cheaper energy) whilst conveniently ignoring some of the potential negatives (retaliation on tariffs, higher inflation and interest rates).

In the quarter, the largest contributor to performance was Taiwanese chipmaker TSMC, the main supplier of NVIDIA's chips. Its Q3 results showed a 54% increase in earnings vs. the previous year, with little sign of demand weakening for AI chips. The second largest contributor was recently purchased CME Group, whose shares

rallied after it announced a higher special dividend and reported strong underlying results. Networking equipment giant Cisco also boosted performance as investors turned more positive on the potential for AI to raise CISCO's growth prospects.

On the other side of the ledger, not holding a few technology companies continues to weigh on relative performance, with two of the top five detractors being Tesla and NVIDIA. Of stocks held, Danish pharmaceutical company Novo Nordisk announced disappointing results from a next-generation obesity drug trial at the end of December, leading to a sharp decline in its share price. Whilst this is a setback, it still shows some promising results and keeps Novo Nordisk at the front of the race against obesity, together with Eli Lilly. Even after the decline in its share price, Novo Nordisk remains the top contributor to performance over the past five years. Swedish industrial company Atlas Copco also weighed on performance as recent results showed a slowdown in orders and the company issued cautious guidance.

A quarter is a short period to gauge performance, so we comment below on the full year.

2024: a tale of two markets

"It was the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity." Charles Dickens, *A Tale of Two Cities.*

The absolute return delivered by the portfolio was good, in that the ~6% portfolio return for the year is around the long-term average return of global equity markets. In relative terms, however, performance over the year was less good, as the portfolio failed to keep up with an exceptionally strong market driven by US equities. The S&P500 returned 28% for the year (in GBP), boosted in the first half by a handful of US companies associated with Artificial Intelligence, and more recently, by sectors expected to thrive under President Trump: for example, banks in anticipation of a bonfire of regulations, and energy companies in anticipation of Trump's campaign slogan "Drill, Baby, Drill".

For the portfolio, the underweight positioning in US equities (and its offsetting overweight in European equities) was a strong headwind with the largest drag coming from the underweight exposure to the Magnificent 7 stocks (~35% of the performance gap with the benchmark). We hold two of these companies - Microsoft and Apple - but not owning NVIDIA alone accounted for ~20% of the gap.

Our underweight exposure primarily reflects our investment approach, which is centred on companies that can deliver solid (think 10% per year) earnings growth for very long periods, while generating surplus cash which they return to shareholders principally through dividends. We expect these names to show great resilience across cycles, meaning that even at the trough they can still pay the same dividend. This gives our clients an unusually robust portfolio, which over long periods should deliver market-beating returns. But it also means that when there is a rally in US banks (which only 18 months ago were in danger of insolvency following the collapse of Silicon Valley Bank) or a jump in valuations of automakers such as General Motors (or indeed Tesla) the performance of the portfolio will likely lag behind.

Two companies which fit our approach, among the Magnificent Seven, are Microsoft and Apple. We also invest elsewhere in the technology sector, and these holdings all boosted performance in 2024. A 75% increase in the share price of Taiwanese chip manufacturer TSMC made it the largest contributor to fund performance in the year as well as the quarter. It is the dominant manufacturer of high-end chips and a major supplier to NVIDIA, and it is still struggling to meet the demand for AI chips. German software company SAP was another contributor as earnings growth accelerated and investors revalued the potential for AI to boost SAP's profit growth in the next decade. Its software is used by large companies to manage complex operations using vast sets of proprietary data. Using AI to extract useful information offers SAP's clients the potential to further boost productivity.

Beyond the impact of the Magnificent 7, some holdings have weighed on portfolio returns. French employee benefits company Edenred is facing regulatory uncertainty, which led investors to lower the valuation multiple on earnings that are yet to be affected by possible changes. Asian sales of French beauty giant L'Oreal have slowed down and Brazilian stock-exchange owner B3 published disappointing results. Both stocks were a drag on performance last year. All of these are names where we have conviction in the long-term prospects for earnings and dividend growth.

A year is still a relatively short period to gauge performance, so we comment below on the longer-term picture. We believe this is the best way for clients to gauge the success of our efforts to deliver long-term growth of capital and income.

Dividend growth as a signal

We know that dividend growth is a great signal of long-term compounding. Each year we compile the annual results of every holding in the portfolio, clean up the figures to get a clear look at the real picture of a company's health, and augment this with the longer-term record to evaluate how each investment is performing. When we completed this exercise in autumn, we were able to see just how the holdings are faring in terms of dividend growth. The answer is that the portfolio's average dividend growth over the past five years has been approximately 10% per annum (in local currency). This 10% growth has been achieved both on an equal-weighted and income-weighted basis, meaning it is a true representation of the dividend growth being delivered by the portfolio holdings. Reassuringly, it closely aligns with the underlying earnings growth of companies over the same period, a metric we discussed in a previous report, which has also been approximately 10%.

Delivering 10% earnings and dividend growth per annum over extended periods is a remarkable achievement. It requires:

- A well-established franchise in a growing market
- A strong management team who act like owners and focus on the long-term
- A robust balance sheet that supports dividend payments even during challenging times

These characteristics define the long-term compounders we seek, reinforcing our belief in dividend growth as a strong signal. Crucially, the commitment to paying a growing dividend imposes valuable discipline on boards and management teams.

All holdings have contributed to the portfolio's growth and our 5% cap on income coming from a single company ensures that we do not rely on a small number of high-yielding companies to distribute income.

Looking back, it is the strong operational performance of our holdings which has enabled this steady earnings and dividend growth, which is very reassuring. The fact that other parts of the market have done particularly well this year should not distract from the achievement of our holdings and gives us confidence that, even though the relative performance of the portfolio over the past 12 months has lagged the benchmark, the portfolio continues to do what it is designed to do.

Just as reassuring and consistent is the 5-year compound portfolio return of ~8.8% per annum for the five years to the end of 2024. With no significant change in the portfolio valuation multiple, this return is mostly explained by the earnings growth of the portfolio and is above the long-term average of equities.

In terms of income paid out to unit holders, this has grown at ~4.5% over the past decade, meeting our objective of beating UK CPI over that period. For our UK Global Income Growth OEIC, we expect the distribution for the year to be a shade under 25 pence. Compared with the distribution of 23.7p in the prior year, this would represent growth of approximately 5%.

In conclusion, the portfolio's consistent dividend growth, coupled with strong earnings performance, underscores the quality of our holdings and our investment approach. While other market segments have experienced exceptional performance, the steady compounding of our portfolio's earnings and dividends remains a significant achievement for our investors.

US positioning

Splitting the world population as per the MSCI ACWI index would result in a US population of 5.5bn people, or 25x China's headcount. This illustrates the skew of global equity indices, where US equities have a 68% weight. Other measures highlight that skew: US GDP is ~25% of world's GDP and US profits are ~55% of world profits.

In view of the seemingly unstoppable rise of US equities, we explain below our benchmark-underweight positioning, show that not is all as it seems, and explain why we won't rush to fill the gap.

By place of listing, ~45% of the portfolio is invested in US equities. This is much more than we have invested in any other country but is clearly some way below the 68% weighting in the

benchmark. There are four main reasons for this gap:

- We seek companies with strong prospects for earnings and dividend growth, regardless of where these companies happen to be listed. Our universe is approx. 6,000 companies globally, of which around 2,000 are US-listed. All else equal we therefore expect about 1/3 of the portfolio to be listed in the US. It would take a leap of faith to believe that 68% of the world's best compounders are listed in the US.
- US valuations, which for many years were only slightly higher than the rest of the world, have diverged dramatically over the past several years. On a forward-looking Price/Earnings multiple, US equities are trading well into the top decile of their past 20-year range. This has made the US less attractive as a source of income and future capital returns. Often, we will see two good companies listed in Europe and the US, both with a similar mix of business globally, but the US stock will trade on twice the PE multiple and half the dividend yield. We will naturally favour the European name, all else equal.
- US equities tend to use buybacks above dividends to return cash to shareholders. Whilst in theory equal, in practice they are anything but. Buybacks tend to be pro-cyclical (increasing the risk of a company buying back shares on high valuations) and are a lot easier to switch off when times are tough, whereas dividends are far more resilient.
- We value diversification, which improves resilience. For example, anchoring 68% of the portfolio's income to a single currency, the US dollar, would introduce a large risk for our income investors.

These are the reasons behind our underweight positioning in US equities by place of listing. We note this is very different from our exposure to the US economy. How can that be? Well, for example, Nestle is listed in Switzerland, but generates only ~1% of its revenues in that country. Most European holdings generate significant revenues from the US. Indeed, we know that ~40% of the portfolio's revenues are generated in the US, only slightly lower than the MSCI ACWI's 48%.

So, we have no intention of chasing the benchmark and closing the gap. We want to maintain diversification, which is critical to ensure resilience over the long term. We reject the diktat of the index and think it would be imprudent to allocate two-thirds of our clients' capital to a single market. We note that optimism for US equities amongst retail investors has not been this high since 2009, and this can easily and very swiftly reverse. There is much to like about US companies, but we owe it to our clients to be mindful of all these risks. Markets can be extremely choppy, both up and down, and we are aiming to chart a steadier course.

Transactions

One new stock entered the portfolio this quarter: US-listed Paychex, one of the largest providers of HR solutions (payroll management and other) for small and medium-sized businesses in the US with a small presence in Europe. For a low fee, their software helps business owners manage a critical function – payroll - as well as things like medical insurance or pension contributions. Founded in 1971, Paychex has been one the main providers in this market since the 1980s and has a very large and diversified set of ~745,000 clients. Key competitive advantages are a deep knowledge of regulations, a powerful distribution network and strong customer support. All of which are difficult to replicate.

We anticipate Paychex's future growth to mirror its past performance, characterized by a gradual increase in its customer base, annual price increases, and successful cross-selling of additional products. While this growth may not be particularly rapid, we expect it to be steady and resilient. Strong cash generation and a commitment to dividends have led to nearly uninterrupted dividend growth since listing in the 1980's, with only two "flat" years in 2010 and 2011.

The recent share price weakness, driven by concerns about competition from native Cloud companies and worries about a US economic slowdown, provided an attractive entry point for our investment. Our analysis suggests that the economic slowdown is likely already priced in and,

following a report by our investigative analyst, we are less concerned about competition.

To fund the Paychex purchase, we divested from Australian-listed Sonic Healthcare, a position we had held since 2014. Our investment thesis was based on the growing volume of lab tests due to an ageing population and the government trend to outsource testing. However, despite the pandemic-induced boost to earnings, Sonic was highlighted earlier this year as one of the few holdings that showed disappointing earnings growth over the past five and ten years. Further analysis has led us to conclude that while test volumes are indeed growing, relentless pressure on fees from healthcare systems and the company's cost inflation are likely to continue weighing on future earnings and dividend growth. Consequently, we do not see it meeting our bar of 10% compounding, and we decided to exit the position.

Conclusion

As we look forward to the next five years, we feel confident of achieving our clients' goals for three reasons:

- Dividend growth over the past five years has been and remains strong. The underlying health of the portfolio holdings is therefore good. All our analysis points to this continuing in the future. Not only should this provide good income growth but also good capital growth, because steady growth in cash earnings is the only sustainable way to grow dividends over the long term, and share prices ultimately follow earnings.
- A well-diversified selection of long-term compounders means the portfolio's future performance should not be hostage to a particular theme, sector or country. Quality growth and resilience remain its key features: the high return on equity allows companies to pay growing dividends and reinvest for growth, whilst the low level of debt provides resilience in challenging times.
- The valuation multiple attached to this stream of resilient cashflows remains at a modest premium to the index. That index average masks a wide dispersion, however, and the valuation gap between US equities and the rest of the world is at a 20-year high. The combination of relatively high valuation and unbridled enthusiasm for US equities leaves little room for disappointment. The portfolio's valuation is therefore considerably more attractive.

In the long run, two factors are crucial for delivering attractive investment returns: companies' fundamental progress in terms of return on capital and earnings growth, and the valuation attached to this anticipated growth. On both the prospects for growth, and for valuation, we are very confident about our clients portfolio.

Over the next five years, geopolitical tensions, indebted Governments unable to smooth over economic bumps, and a maturing economic cycle will not make for plain sailing investing. The quality and resilience of our clients holdings provide a robust foundation and should help them sleep well at night.

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	-1.3	6.1	-7.5
1 Year	5.1	20.1	-15.0
3 Years	3.5	8.7	-5.2
5 Years	9.0	11.9	-2.8
10 Years	10.8	12.2	-1.5
Since Inception	10.1	11.2	-1.0

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-7.9	-0.9	-7.0
1 Year	3.3	18.0	-14.8
3 Years	0.9	5.9	-5.1
5 Years	7.8	10.6	-2.8
10 Years	8.4	9.8	-1.4
Since Inception	8.7	9.7	-1.0

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.7	6.8	-7.5
1 Year	10.1	25.9	-15.7
3 Years	4.1	9.3	-5.2
5 Years	9.5	12.4	-2.9
10 Years	10.1	11.5	-1.5
Since Inception	10.7	11.7	-1.0

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.9	5.5	-7.4
1 Year	12.6	28.7	-16.1
3 Years	5.3	10.6	-5.3
5 Years	10.0	12.9	-2.9
10 Years	10.7	12.2	-1.5
Since Inception	11.3	12.3	-1.0

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	3.2	11.1	-7.8
1 Year	13.8	30.1	-16.3
3 Years	6.4	11.8	-5.4
5 Years	10.6	13.4	-2.9
10 Years	11.4	12.9	-1.5
Since Inception	11.7	12.7	-1.0

Annualised periods ended 31 December 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: FE, Revolution, MSCI.
Global Income Growth composite is more concentrated than 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 (%)	15.3	20.3	-6.7	13.2	5.1
Benchmark (%)	13.2	20.3	-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 (%)	18.9	19.2	-17.1	20.0	3.3
Benchmark (%)	16.8	19.2	-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 (%)	9.1	28.3	-11.7	15.9	10.1
Benchmark (%)	7.2	28.2	-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 (%)	16.9	18.2	-11.1	16.7	12.6
Benchmark (%)	14.8	18.2	-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 (%)	8.3	26.5	-11.2	19.2	13.8
Benchmark (%)	6.4	26.5	-12.0	22.1	30.1

Benchmark is MSCI ACWI Index. (25% FTSE All Share, 75% FTSE All World ex UK prior to 31 May 2012).
Source: FE, 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 31 December 2024

Stock Name	Contribution (%)
TSMC	0.2
CME Group Inc	0.2
Cisco Systems	0.1
Eli Lilly	0.1
United Overseas Bank	0.1
SAP	0.1
Advanced Micro Devices Inc	0.1
UnitedHealth	0.1
Alibaba	0.1
Samsung Electronics	0.1
TSMC	1.0
SAP	0.3
CME Group Inc	0.3
Midea Group	0.2
Samsung Electronics	0.2
Intel Corporation	0.2
Hargreaves Lansdown	0.2
United Overseas Bank	0.2
Schneider Electric SE	0.2
AVI	0.2

One Year to 31 December 2024

Stock Name	Contribution (%)
TSMC	1.0
SAP	0.3
CME Group Inc	0.3
Midea Group	0.2
Samsung Electronics	0.2
Intel Corporation	0.2
Hargreaves Lansdown	0.2
United Overseas Bank	0.2
Schneider Electric SE	0.2
AVI	0.2
NVIDIA	-2.4
B3 S.A.	-1.0
Edenred	-0.9
Atlas Copco A	-0.7
L'Oreal	-0.7
Sonic Healthcare	-0.7
Novo Nordisk	-0.7
UPS	-0.6
Nestle	-0.6
Albemarle	-0.6

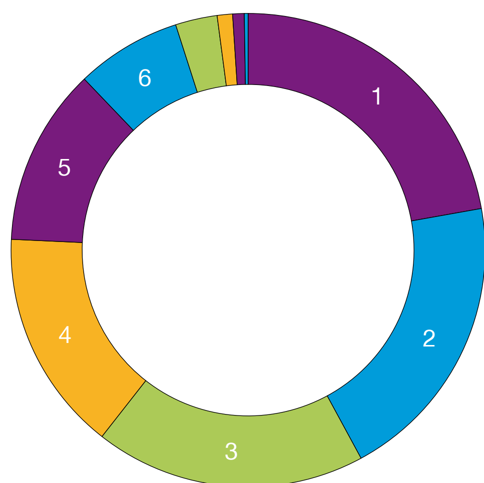
Source: Revolution, MSCI. Global Income Growth composite relative to MSCI ACWI Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions 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	4.5
Apple	Computing and media equipment	3.9
Fastenal	Distribution and sales of industrial supplies	3.8
Procter & Gamble	Household product manufacturer	3.6
TSMC	Semiconductor manufacturer	3.4
Partners	Private markets asset management	3.3
Deutsche Börse	Stock exchange operator	3.1
Schneider Electric	Electrical power products	2.8
Wolters Kluwer	Information services and solutions provider	2.6
Atlas Copco	Manufacturer of industrial compressors	2.6
Total		33.7

Figures may not sum due to rounding.

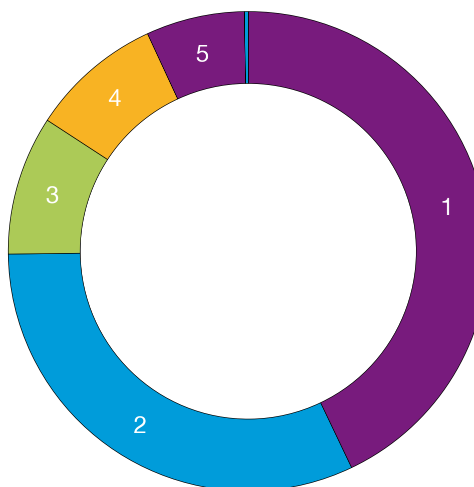
Sector Weights



		%
1	Industrials	22.3
2	Information Technology	20.0
3	Financials	18.6
4	Consumer Staples	15.2
5	Consumer Discretionary	12.2
6	Health Care	7.2
7	Communication Services	2.9
8	Utilities	1.1
9	Materials	0.8
10	Cash	-0.3

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	43.1
2	Europe (ex UK)	32.1
3	Emerging Markets	9.4
4	Developed Asia Pacific	8.9
5	UK	6.7
6	Cash	-0.3

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	11	Companies	4	Companies	1
Resolutions	119	Resolutions	11	Resolutions	1

Company Engagement

Engagement Type	Company
Environmental	Analog Devices, Inc.
Social	Albemarle Corporation
Governance	Albemarle Corporation, Amadeus IT Group, S.A., Analog Devices, Inc., B3 S.A. - Brasil, Bolsa, BalcAo, Deutsche Börse AG, Eurofins Scientific SE, Medtronic plc, Microsoft Corporation, Pernod Ricard SA, Schneider Electric S.E., Wolters Kluwer N.V.
Strategy	Albemarle Corporation, B3 S.A. - Brasil, Bolsa, BalcAo, Epiroc AB (publ), Schneider Electric S.E.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Procter & Gamble	Annual 08/10/24	4	We supported a shareholder resolution requesting the company report its unadjusted and adjusted median pay gaps across race and gender. While, in response to the resolution the board committed to reporting adjusted numbers, we believe the company should also report the unadjusted numbers. The unadjusted pay gap is considered the valid way of measuring gender pay inequity by governmental and international agencies and seeks to highlight any structural biases regarding job opportunities.

Companies	Voting Rationale
AVI, Carsales.com, Cisco Systems, Coloplast AS, Medtronic, Microsoft, Midea Group 'A', Pernod Ricard SA, Procter & Gamble, Sonic Healthcare, 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
Cisco Systems	Annual 09/12/24	2	We opposed executive compensation because we do not believe that pay outcomes are aligned with the five-year total shareholder return of the company.
Cisco Systems	Annual 09/12/24	3	We opposed the ratification of the auditor due to excessive tenure and the company not having a process in place to tender for a new auditor.
Medtronic	Annual 17/10/24	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.
Microsoft	Annual 10/12/24	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.
Microsoft	Annual 10/12/24	4	We opposed a shareholder resolution requesting a report on the risks to the company of its perceived involvement in the development of weapons for the military. We continue to believe this is currently not a material risk for the business.
Microsoft	Annual 10/12/24	5	We opposed a shareholder resolution requesting an assessment to determine if diversifying the company's balance sheet by including Bitcoin is in the best long-term interests of shareholders. Microsoft's management of its balance sheet is not a concern and we think the company already performs this assessment.

Company	Meeting Details	Resolution(s)	Voting Rationale
Microsoft	Annual 10/12/24	6	We opposed a shareholder resolution requesting a report on the implications of siting datacentres in countries with human rights concerns. We believe the company has a robust framework in place and ranks highly on its governance practices and there is clear evidence of a commitment to protect human rights.
Microsoft	Annual 10/12/24	7	We opposed a shareholder resolution requesting a report on the risks of providing advanced technology, including artificial intelligence and machine learning tools, to facilitate new oil and gas development and production. We do not believe this issue is financially material for Microsoft with less than one per cent of the company's revenues being derived from selling products and services to the oil and gas industry.
Microsoft	Annual 10/12/24	8	We opposed a shareholder resolution requesting a report on risks relating to the spread of misinformation and disinformation due to the company's artificial intelligence. We continue to believe the company's disclosures are already extremely robust on this topic, and it is unclear how this additional report would be additive.
Microsoft	Annual 10/12/24	9	We opposed a shareholder resolution requesting a report on risks presented by the unethical or improper usage of external data in the development and training of its artificial intelligence offerings. Considering the company's current, and planned, disclosures and practices and looking at these relative to their peers, we don't have concerns with the company's approach and do not believe at this time additional disclosure is warranted.
Procter & Gamble	Annual 08/10/24	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.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Pernod Ricard SA	MIX 08/11/24	10	We abstained on the remuneration policy of the CEO as we believe a substantial increase to the long term incentive plan cap could increase the risk of misalignment between pay and performance going forward.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Paychex	US-listed Paychex is one of the largest providers of HR solutions (payroll management and other) for small and medium-sized businesses in the US with a small presence in Europe. For a low fee, their software helps business owners manage a critical function -payroll- as well as things like medical insurance or pension contributions. Founded in 1971, Paychex has been one the main providers in this market since the 1980s and has a very large and diversified set of ~745,000 clients. Key competitive advantages are a deep knowledge of regulations, a powerful distribution network and strong customer support. All of which are difficult to replicate. We anticipate Paychex's future growth to mirror its past performance, characterized by a gradual increase in its customer base, annual price increases, and successful cross-selling of additional products. While this growth may not be particularly rapid, we expect it to be steady and resilient. Strong cash generation and a commitment to dividends have led to nearly uninterrupted dividend growth since listing in the 1980s, with only two "flat" years in 2010 and 2011. The recent share price weakness, driven by concerns about competition from native Cloud companies and worries about a US economic slowdown, provided an attractive entry point for our investment. Our analysis suggests that the economic slowdown is likely already priced in and, following a report by our investigative analyst, we are less concerned about competition.

Complete Sales

Stock Name	Transaction Rationale
Sonic Healthcare	We have divested from Australian-listed Sonic Healthcare, a position we had held since 2014. Our investment thesis was based on the growing volume of lab tests due to an ageing population and the government trend to outsource testing. However, despite the pandemic-induced boost to earnings, Sonic was highlighted earlier this year as one of the few holdings that showed disappointing earnings growth over the past five and ten years. Further analysis has led us to conclude that while test volumes are indeed growing, relentless pressure on fees from healthcare systems and the company's cost inflation are likely to continue weighing on future earnings and dividend growth. Consequently, we do not see it meeting our bar of 10% compounding, and we decided to exit the position.

MSCI	Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.