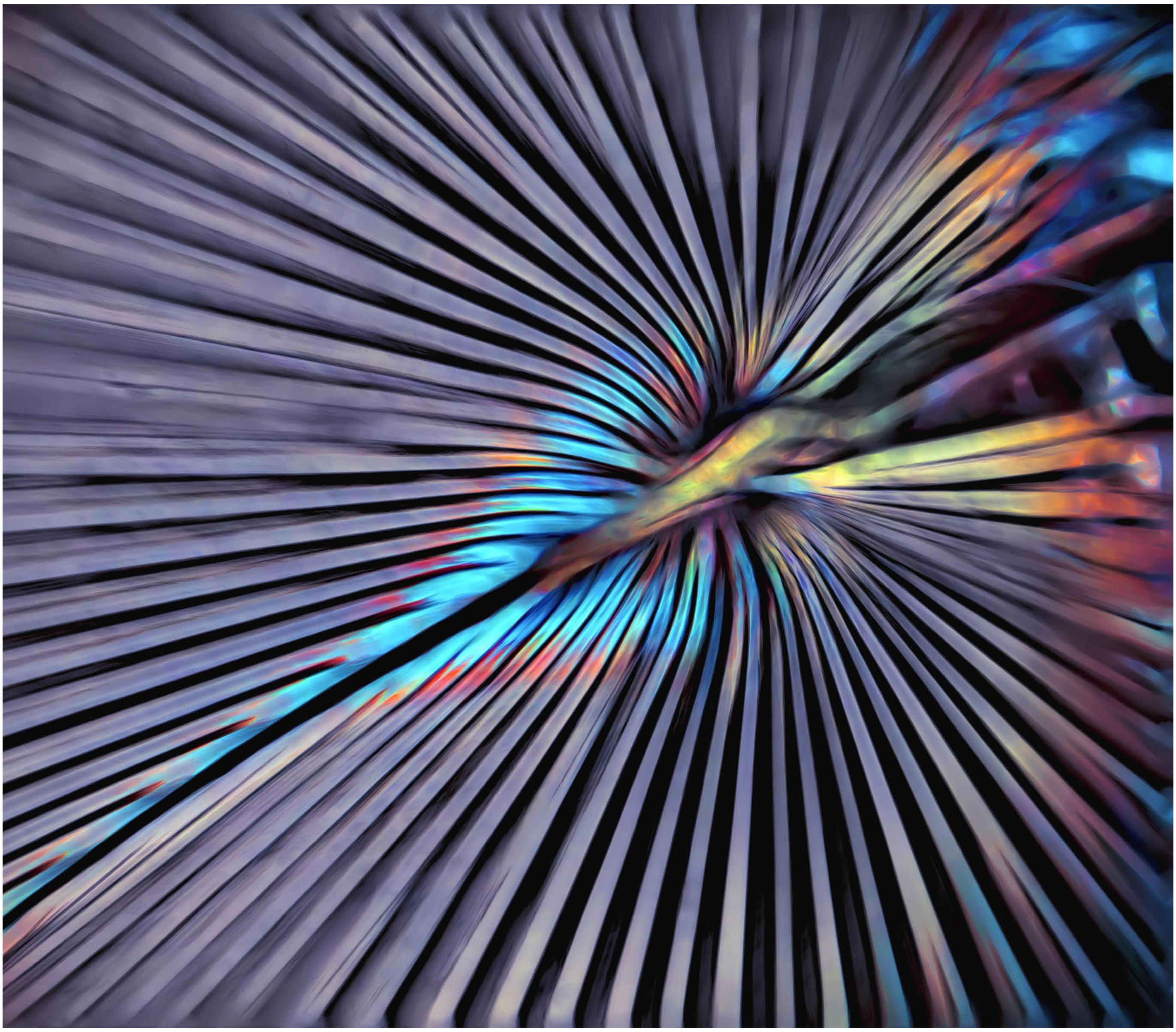
Baillie Gifford

Japan Income Growth Quarterly Update

31 December 2024



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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.
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All investment strategies have the potential for profit and loss.

Stock Examples

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Product Overview

Japanese Income growth is a regional equity strategy which aims to invest in attractive growth investments whilst generating an above market yield. We believe the Japanese equity market offers active managers a broad selection of high quality companies capable of delivering attractive and sustainable earnings growth for shareholders. At the same time, improving attitudes towards corporate governance and strong corporate balance sheets should support dividend growth.

Risk Analysis

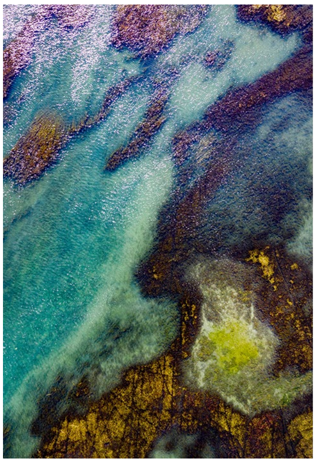
Key Statistics	
Number of Holdings	59
Typical Number of Holdings	45-65
Active Share	85%*
Annual Turnover	6%

*Relative to TOPIX. Source: Baillie Gifford & Co, Japan Exchange Group.

Two distinct tracks have emerged in Japanese equity investing: the quick sprint of cyclicals or the endurance run of growth stocks - we believe a more sustainable upside lies in the latter

The portfolio continues to lean into three growth styles: long-duration stalwart franchises, unconventional special situations and disruptive secular growth stocks

With valuations at near parity with the market, these enduring growth opportunities offer exciting potential ahead



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

A marathon mindset

Having traversed Tokyo's bustling streets this quarter, we find a poetic parallel between the capital's running scene and the country's equity opportunity. Just as runners can choose between joining the masses in an orderly circular sprint around the Imperial Palace or venturing into the city's intricate backstreets for a more adventurous marathon-style exploration, investors face a similar choice in Japan's equity markets.

Our journey mirrors the latter path. While we may have crossed the annual calendar line behind a 'sprinting' benchmark, our marathon-minded approach – demonstrated by the stamina and resilience of our underlying holdings – suggests a more sustainable pace for the long run.

An Imperial Palace sprint

On arriving in Tokyo's maelstrom metropolis, it's easy to understand why runners gravitate towards the well-trodden 5-kilometre Imperial Palace loop, where crowds safely move together in an orderly counterclockwise flow. This provides a fitting metaphor for the investment approach of seeking refuge in Japan's blue-chip cyclical constituents – of conglomerates, banks, and automakers that dominate the index.

Like the circular palace route, investing in cyclicals, however, will inevitably come full circle; a pattern pointedly illustrated by the automotive sector. Having sped ahead in 2023, the industry began to show signs of slowing in 2024, with production volumes declining at double-digit rates. Structural challenges have added to the industry's woes presenting an existential pivot point for Japan's once dominant industry. From its zenith of producing over 13m vehicles annually in the 1990s to today's defensive posturing (such as Toyota's recent ROE pledge) and potential consolidation (in response to Silicon Valley software and Chinese manufacturing might), this poignant transformation has significant implications for both the Japanese economy, where auto manufacturing and its sprawling supply chains still generate nearly one-fifth of GDP, and for the investment maxim that backing industry titans represents safe harbour. Just as the once-unassailable mantra that "nobody ever got fired for buying IBM" has proven hollow in the face of technological disruption, the Japanese auto sector's vulnerability demonstrates that even the mightiest industrial cornerstones can crumble when confronted with transformative change.

The megabanks present another cautionary tale of market exuberance within Japan's heavyweight sectors. While investor enthusiasm around rate normalization has driven a threefold surge in valuations since 2020, sustaining this ascent would require book value ratios to reach an unprecedented 3x – far above that of their Wall Street peers. These lofty expectations appear at odds with the sector's deep-rooted challenges: from the tyranny of excess liquidity and margin compression in an overbanked market, to the triple threat of demographic decline, regulatory rigidity, and looming fintech disruption that collectively undermines any sustainable growth story.

Like a runner hitting the wall after an overly ambitious start, cyclical sectors risk losing momentum. As such, we have continued to pare back the portfolio's exposure to such stocks, with the complete sale of USS, the largest second-hand car auctioneer in Japan, and the reduction of MS&AD Insurance, Japan's largest non-life insurance company and Kyoto Financial Group, a regional banking business, during the year.

Beyond the well-trodden paths of cyclical and market megacaps lies a more intriguing course - one carved out by disruptive innovators like Softbank and Rakuten, who forge their own trails through Japan's corporate landscape. These companies navigate their fair share of obstacles - the corporate equivalent of Tokyo's bustling intersections and crowded thoroughfares - which may impact their quarter-by-quarter performance. Yet much like a seasoned runner who chooses challenging routes for their ultimate reward, these companies' robust business models, entrepreneurial spirit, and strategic vision suggest they possess the stamina required for the marathon ahead.

Arakawa River

Just as runners on the westward stretching 50-kilometre Arakawa River path must persevere through fatigue, our portfolio's premium consumer companies have faced their own endurance test in share price terms. While near-term headwinds from Chinese consumption weakness and input cost inflation have created temporary exhaustion – with consumer goods companies such as Unicharm, Calbee and Shiseido suffering during the quarter -

we believe the long-term potential of these growth stalwarts remain intact.

Absorbent consumables product specialist Unicharm best exemplifies this marathon mindset. From its strong domestic base, where margins reach an impressive 20%, the company is replicating this playbook across Asia's vast consumer landscape with its formidable positions in FMCG categories where brand loyalty runs deep and private label penetration is low. Just like the Arakawa River path, which offers clear kilometre markers to track progress, we have been monitoring key milestones and meeting senior management (including our recent meeting with President Takahara-san in November), which has helped reinforce our conviction that current challenges are merely temporary hurdles in a longer journey. The company's strategic diversification across femcare and petcare provides multiple paths forward, while its robust Japanese business generates steady cash flow to fuel both expansion and shareholder returns. With shares now trading at a substantial discount to their 10-year average multiple, we see even more compelling upside potential in this Asian consumer champion that has consistently demonstrated its ability to go the distance.

Japan's deeply embedded kaizen philosophy of continuous improvement creates a fertile breeding ground for building businesses with enduring appeal. As such we have used temporary setbacks to add to the growth stalwart bucket, with two new purchases during the year sitting within this space. These include Nippon Paint which holds a dominant position in the Chinese market, and Tokyo Metro, which is leveraging its integral role in the capital's transportation infrastructure. These companies exemplify the Japanese business ethos of steady, long-term value creation through persistent refinement of their operations and market positions.

Mount Kumotori

Navigating precarious paths and false peaks is as common in secular growth investing as it is in ascending Mount Kumotori's 2-kilometre summit.

Rakuten epitomizes this journey of transformation - while its path has been arduous, with operating losses testing investor resolve much like the mountain's narrow ridgelines test runners' nerves, the company now shows signs of reaching a promising vista: despite a weaker quarter, the share price is up almost 2x from its nadir in 2023 and 4x that of the benchmark thanks to solid operational advances. Its core e-commerce and fintech services continue to grow at high double-digit rates, and its more recent mobile operation is also tracking well, with a subscriber base that continues to gather momentum. Combined their ecosystem strategy is also beginning to demonstrate its potential, with the company returning to operating profitability for the first time in five years. The invisible clockwork of this ecosystem is beginning to tick. Their Points system, for example, which customers accumulate upon using one of Rakuten's 70+ online services, generates ¥650bn in revenue/COGS annually, and presents significant potential for financial leverage, particularly in its integration with mobile data services. Consolidating these offerings for a price of less than 12 months sales presents a summit of appealing upside, with rich rewards for those with the patience and endurance to persist.

Secular opportunities are another area that we have added to the portfolio over the year, with two new purchases: Eisai which is tackling the mountainous challenge of Alzheimer's with a world-first treatment modality, M3, which operates the largest digital healthcare platform in the world connecting physicians and healthcare providers across multiple countries while delivering ancillary medical services, Nakanishi, a precision instrument manufacturer specializing in dental, surgical, and industrial applications with state-of-the-art manufacturing facilities and significant technological innovation capabilities, and GMO Payment Gateway, Japan's dominant provider of payment infrastructure, well placed for the online and offline shift to cashless payments.

The Island of Odaiba

Among the landscape of investment opportunities, stocks within the 'Special Situations' bucket represent a distinctive path, akin to Tokyo's futuristic Odaiba Seaside route, distinctive in its break from convention owing to atypical circumstances. This growth characteristic accounts for a smaller allocation of the portfolio but brings the potential for outsized returns.

Softbank presents a prime example. Just like Odaiba's transformation from six defensive fort islands in Japan's Edo Period into Tokyo's modern-day leisure district, Softbank has similarly morphed into a collection of assets that now converge around one central AI theme. At the heart of those assets is ARM, a semiconductor intellectual property company that specialises in power-efficient instruction sets architecture – the fundamental interface between software and hardware in computing systems – licenced out to chip designers for fees ranging from $100k to $10m annually, plus royalties. Complementing ARM are cash-generative telecom assets and $170bn worth of investments in hundreds of, what Softbank deems 'category-defining' technology companies across multiple geographies.

Greater growth and a market reappraisal of Softbank's underlying assets, and the additional uptick from further buybacks, will provide the catalyst for further upside for Softbank shareholders. ARM alone could deliver significant outsized returns as its low-power DNA becomes a precious commodity as the marginal cost of compute trends to the marginal cost of power (i.e. the slowing of Moore's law shifts the burden from no. of transistors on a chip to the efficiency of them within a broader systems architecture), consequently, we witness an inversion of value accretion from software to silicon (as hardware becomes the binding constraint) and, as part of the Softbank commonwealth, hardware-agnostic IP provider ARM could even become part of Masayoshi Son's grander plan to unseat industry titans like Intel.

Like Cliff Young, another underappreciated sexagenarian who defied expectations by winning the gruelling 544-mile 1983 Sydney-Melbourne Ultra Marathon at age 61 with his unconventional "shuffling" technique, Masayoshi Son has consistently challenged conventional wisdom through his unwavering marathon-minded approach. He has weathered both spectacular losses and victories while maintaining a relentless forward momentum, a steadfast disciple which, we believe, will see Softbank emerge a podium winner in this latest technological saga.

Going the distance

In this race through Japan's investment landscape, success demands more than just sprinting ability.

While the well-worn paths of cyclical blue chips may offer familiar comfort, the telltale signs of fatigue are beginning to surface. Autos, Japan's darling sector, appear to be fracturing, banks could quickly follow suit.

We believe true value creation lies in the marathon mindset exemplified by innovative disruptors and resilient consumer champions. Companies like Softbank, Rakuten, and Unicharm demonstrate that navigating challenging terrains - whether through technological transformation, ecosystem building, or strategic expansion - requires patience, adaptability, and unwavering vision. Just as Tokyo's diverse running routes reward those who venture beyond the Imperial Palace loop, Japan's equity market offers compelling opportunities for investors willing to embrace the long-distance journey rather than run in circles.

Performance Objective

1.5%+ gross of fees p.a over 5 years vs index.
The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.5	2.8	-5.2
1 Year	3.4	10.0	-6.6
3 Year	-0.6	6.1	-6.7
5 Year	1.8	5.9	-4.1
Since Inception	5.6	7.1	-1.5

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-8.9	-4.0	-4.9
1 Year	1.6	8.1	-6.5
3 Year	-3.2	3.4	-6.5
5 Year	0.7	4.8	-4.1
Since Inception	4.9	6.3	-1.4

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.8	3.4	-5.3
1 Year	8.4	15.3	-6.9
3 Year	-0.1	6.6	-6.7
5 Year	2.3	6.5	-4.1
Since Inception	5.8	7.3	-1.5

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-3.0	2.2	-5.2
1 Year	10.8	17.9	-7.1
3 Year	1.1	7.9	-6.8
5 Year	2.8	7.0	-4.2
Since Inception	6.1	7.6	-1.5

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	2.0	7.5	-5.5
1 Year	12.0	19.1	-7.1
3 Year	2.1	9.0	-6.9
5 Year	3.3	7.5	-4.2
Since Inception	7.5	8.9	-1.5

Annualised periods ended 31 December 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 July 2016
Figures may not sum due to rounding.
Benchmark is TOPIX.
Source: Revolution, Japan Exchange Group.
The Japan Income Growth composite is more concentrated than the TOPIX.

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 (%)	10.7	0.7	-6.5	1.5	3.4
Benchmark (%)	9.5	2.0	-4.1	13.3	10.0

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 (%)	14.2	-0.2	-16.9	7.6	1.6
Benchmark (%)	13.0	1.1	-14.9	20.0	8.1

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 (%)	4.8	7.4	-11.5	3.9	8.4
Benchmark (%)	3.7	8.8	-9.3	16.0	15.3

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 (%)	12.2	-1.0	-10.9	4.7	10.8
Benchmark (%)	11.1	0.2	-8.7	16.8	17.9

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 (%)	4.1	5.9	-11.0	6.9	12.0
Benchmark (%)	3.0	7.3	-8.7	19.3	19.1

Benchmark is TOPIX.
Source: Revolution, Japan Exchange Group.
The Japan Income Growth composite is more concentrated than the TOPIX.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2024

Stock Name	Contribution (%)
SBI Holdings	0.5
Park24	0.5
Mitsubishi	0.3
Shin-etsu Chemical	0.2
Keyence	0.2
Nintendo	0.2
Daiichi Sankyo Company	0.1
MonotaRO	0.1
Tokyo Electron	0.1
Tokyo Metro	0.1
Toyota Motor	-0.6
Seria	-0.6
Unicharm	-0.5
Mitsubishi UFJ Financial Group	-0.5
DMG Mori	-0.5
Shiseido	-0.5
Calbee	-0.4
Recruit Holdings	-0.4
Sony	-0.4
Sumitomo Metal Mining	-0.3

One Year to 31 December 2024

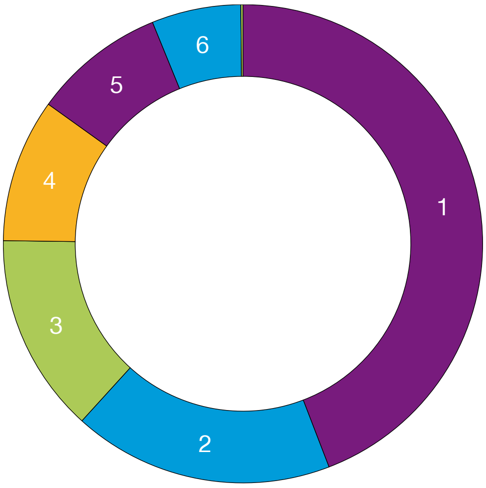
Stock Name	Contribution (%)
MS&AD Insurance	1.6
Tokio Marine Holdings	0.8
MonotaRO	0.8
Sumitomo Mitsui Trust	0.6
SoftBank	0.4
Oriental Land	0.4
Shin-etsu Chemical	0.4
Lasertec	0.3
NTT	0.3
Tokyo Electron	0.3
Hitachi	-0.9
Shiseido	-0.8
Infomart	-0.8
Recruit Holdings	-0.8
Unicharm	-0.7
Mitsubishi UFJ Financial Group	-0.7
Kubota	-0.6
Pola Orbis	-0.6
Sumitomo Mitsui Financial Group	-0.6
Mitsubishi Heavy Industries	-0.6

Source: Revolution, Japan Exchange Group. Japan Income Growth composite relative to TOPIX.
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 Holdings

Stock Name	Description of Business	% of Portfolio
SBI Holdings	Online financial services	4.3
SoftBank	Telecom operator and technology investor	4.3
Tokio Marine Holdings Inc	Offers property and life insurance	4.1
Sumitomo Mitsui Trust	Japanese trust bank and investment manager	4.1
MS&AD Insurance	Japanese insurer	3.9
GMO Internet	Internet conglomerate	3.7
PARK24	Parking, car hire and sharing	3.2
Nintendo	Gaming consoles & software	2.9
MonotaRO	Online business supplies	2.6
Calbee	Branded snack foods	2.5
Total		35.7

Sector Weights



		%
1	Manufacturing	44.3
2	Finance & Insurance	17.6
3	Transport And Communications	13.5
4	Services	9.7
5	Commerce	9.0
6	Real Estate	6.0
7	Cash	-0.1

Figures may not sum due to rounding.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	3	Companies	None	Companies	None
Resolutions	23	Resolutions	None	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Seria Co., Ltd., Sumitomo Metal Mining Co., Ltd.
Social	CyberAgent, Inc., LY Corporation, MIXI, Inc.
Governance	COLOPL, Inc., CyberAgent, Inc., GMO Payment Gateway, Inc., GMO internet group, Inc., LY Corporation, MIXI, Inc., Nidec Corporation, Olympus Corporation, Seria Co., Ltd.
Strategy	MIXI, Inc.

Company	Engagement Report
CyberAgent	Objective: The meeting aimed to understand CyberAgent's approach to problem gambling, particularly in their expanding keirin betting business, and to discuss their succession planning strategy. Discussion: CyberAgent sees potential in integrating gambling with their AbemaTV platform. This business currently represents less than 10 per cent of overall group revenues. However, they currently lack a comprehensive strategy for addressing potential problem gambling, especially since many Winticket users are first-time gamblers. Problem gambling, also known as gambling addiction or compulsive gambling, is characterised by continued gambling despite the negative impact it may have on an individual's life. Initial consideration is being given to using artificial intelligence analysis to identify incidents of problem gambling, although this initiative is still in its infancy. Current efforts are primarily focused on disclosing information concerning addiction. This somewhat contrasts their approach in mobile gaming, where more protections are in place due to a younger audience demographic. Succession planning is also an ongoing priority. Founder Fujita-san is working to identify a successor in the coming years. The process is currently centred on internal candidates who are undergoing training and attending seminars, with Fujita-san personally mentoring them on various business topics. Outcome: CyberAgent's approach to problem gambling is currently limited, and so will remain an engagement priority going forward.
GMO Internet Group	Objective: The meeting aimed to understand GMO Internet Group's board composition and the alignment of subsidiary interests with the group. Discussion: The meeting covered GMO's culture, guided by "GMO-isms" and a 55-year plan, which emphasises strategic alignment and transparency. The nomination process for internal directors is rigorous and culturally rooted, while external director selection is more conventional and meets the minimum requirements of the Japanese Corporate Governance Code. We also discussed the alignment complexities presented by subsidiary chief executive officers sitting on the board of the group company and how this enabled effective governance. The challenge of this role was acknowledged. It was shared that the intellectual flexibility of directors to fulfil both roles, as group director and subsidiary executive, was a key part of how the board was able to make effective decisions and challenge each other. Output: GMO Internet Group's board composition strategy shows a unique cultural and long-term approach. There's potential for proactive engagement and improvement in composition in the future.
LY Corporation	Objective: The meeting aimed to understand more about LY's October 2023 data breach, exploring causes, remediation efforts, and how the company plans to bolster its cyber security and data privacy resources. Discussion: The breach occurred due to a virus-infected laptop at Line linked to a Naver engineer. A key cause of this has been Naver Corp's technical reliance and access. Naver is one of the partners in the joint venture that holds a majority stake in LY. Efforts to improve security compartmentalisation frameworks and govern subsidiary cyber security are underway, emphasizing a balance between decentralization and control. LY plans to reduce its reliance on Naver as part of its remediation process. The discussion also covered some of the challenges in hiring and retaining cybersecurity talent. Rebuilding consumer trust remains a key goal although there have not been significant changes in consumer behaviour following the incident. Outcome: LY's remediation and strategic approach appears thorough and considered. Enhancements to the board's technical expertise in technology could be discussed in the future. We will continue to monitor progress.

Company	Engagement Report
MIXI	Objective: Mixi focuses on online gaming and has a minor gambling business. Given its large cash reserves, we wanted to discuss their views on problem gambling and governance around capital efficiency. Discussion: Mixi's gambling revenue comes from keirin betting and velodromes, and it has expansion plans in Japan and Australia. We discussed their various ideas for approaching problem gambling including collaboration with academic partners and the accumulation of data for future analysis, but they have yet to implement a scaled solution. Their capital management strategy has improved recently, and they are aiming to enhance return on equity (ROE) but do not plan on increasing dividend payouts. Output: Mixi's approach to problem gambling and capital management is in the early stages. They have offered a future discussion with other members of the board, which could provide further insights into progress and debate on these topics.
Olympus Corporation	Purpose: We met with Olympus' interim chief executive officer (CEO), Takeuchi-san, following the sudden resignation of its CEO, Stefan Kaufmann. The meeting aimed to discuss the context, timeline, and decision-making surrounding this event. Discussion: The discussion covered the context around the former CEO's accusation of drug taking and how the board managed this. A whistleblower had come forward to report these actions and the board discussed how best to verify this, but it seems the ultimate decision, to ask for Stefan Kaufmann's resignation, was unanimous. Given that Mr. Kaufmann joined in 2023, there had been no succession planning, and the board has not agreed on his successor yet. We intend to discuss this further when Takeuchi-san visits Edinburgh in December. Olympus is still working through a remediation process following FDA warning letters in 2022 and 2023. Takeuchi-san shared that he did not believe that this event would have a material impact on ongoing remediation, but that Mr. Kauffman had been instrumental in focusing Olympus on patient safety, a legacy he hoped to continue. Outcome: The meeting provided valuable insights into the CEO's sudden departure. We will continue to engage with Olympus to receive updates on succession planning and remediation efforts.
Sumitomo Metal Mining	Objective: The meeting focused on exploring decarbonization strategies, regulatory risks, and issues within Sumitomo Metal Mining's (SMM) operations. Discussion: Decarbonization efforts are hindered by technological and market constraints. The current focus is on transitioning to liquefied natural gas (LNG) and renewable energy for smelting, with long-term hopes pinned on green hydrogen and ammonia. Regulatory risks seem minimal, with Japanese policies not aggressively targeting the sector and European regulations seen as a potential but uncertain future challenge. SMM has implemented internal carbon pricing, influencing some investment decisions towards lower carbon options. They also shared the lack of opportunities arising from more sustainable practices. There remains low demand for more sustainable alternatives which provide a useful demand driver to increase the pace of change in both technology and practice. Outcome: SMM is cautiously navigating decarbonization with incremental changes and is yet to face significant regulatory pressures. It was useful to understand more about the challenges they were encountering that were hindering a faster pace of change.

Votes Cast in Favour

Companies	Voting Rationale
Colopl Inc, CyberAgent Inc, Industrial & Infrastructure Fund	We voted in favour of routine proposals at the aforementioned meeting(s).

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
GMO Payment Gateway	GMO Payment Gateway (GMOPG) is Japan's leading infrastructure provider for cashless payments. Its core service involves facilitating online transactions by processing payments and ensuring security. It provides these services primarily to medium and large companies, and local government authorities. GMOPG also offers services to small and medium-sized enterprises and payment processing for in-person purchases through its subsidiaries. Japan lags many other developed markets in the penetration of online payments. 60% of Japan's face-to-face transactions are made with cash, and e-commerce represents just 14% of total retail sales. We therefore believe that GMOPG is poised to benefit from this shifting structural trend. We also expect to see the expansion of online payments into services like travel tickets, household bills, and insurance. We believe GMOPG's diversified offering, scale, and strategic acquisitions to strengthen profit generation underscore its proactive approach to growth and market expansion. The shares have de-rated significantly from a few years ago on concerns around slowing growth which we believe to be cyclical in nature. Given the large structural growth opportunity and an attractive starting point in terms valuation, we decided to take a holding.
Gree	Gree, the mobile gaming company, has gone through a period of difficult and falling earnings over the past several years. However, we think that there remains a significant business opportunity. The company has several new games under development, each of which has the potential to drive earnings forward. There is also very good alignment with the talented founder, Mr Tanaka, owning approximately half of the company. Finally, the entire market cap of the company is covered by net cash on the balance sheet. Therefore we believe that this is a highly asymmetric situation where there is the potential for significant upside but with the downside well protected so decided to take a holding.
Tokyo Metro	Tokyo Metro runs an extensive network of metro stations at the heart of Tokyo. This is an exceptional quality asset that is hard to disrupt. Due to the centrality of its stations' locations, it enjoys better profitability than its peers, creating a very dependable cash flow stream. In an inflationary environment, there is potential for ticket prices to go up, providing an extra leg of growth. It came to the market with a 3.5% dividend yield, which is attractive for such a quality asset. We decided to participate in the IPO.

There were no complete sales during the period.

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