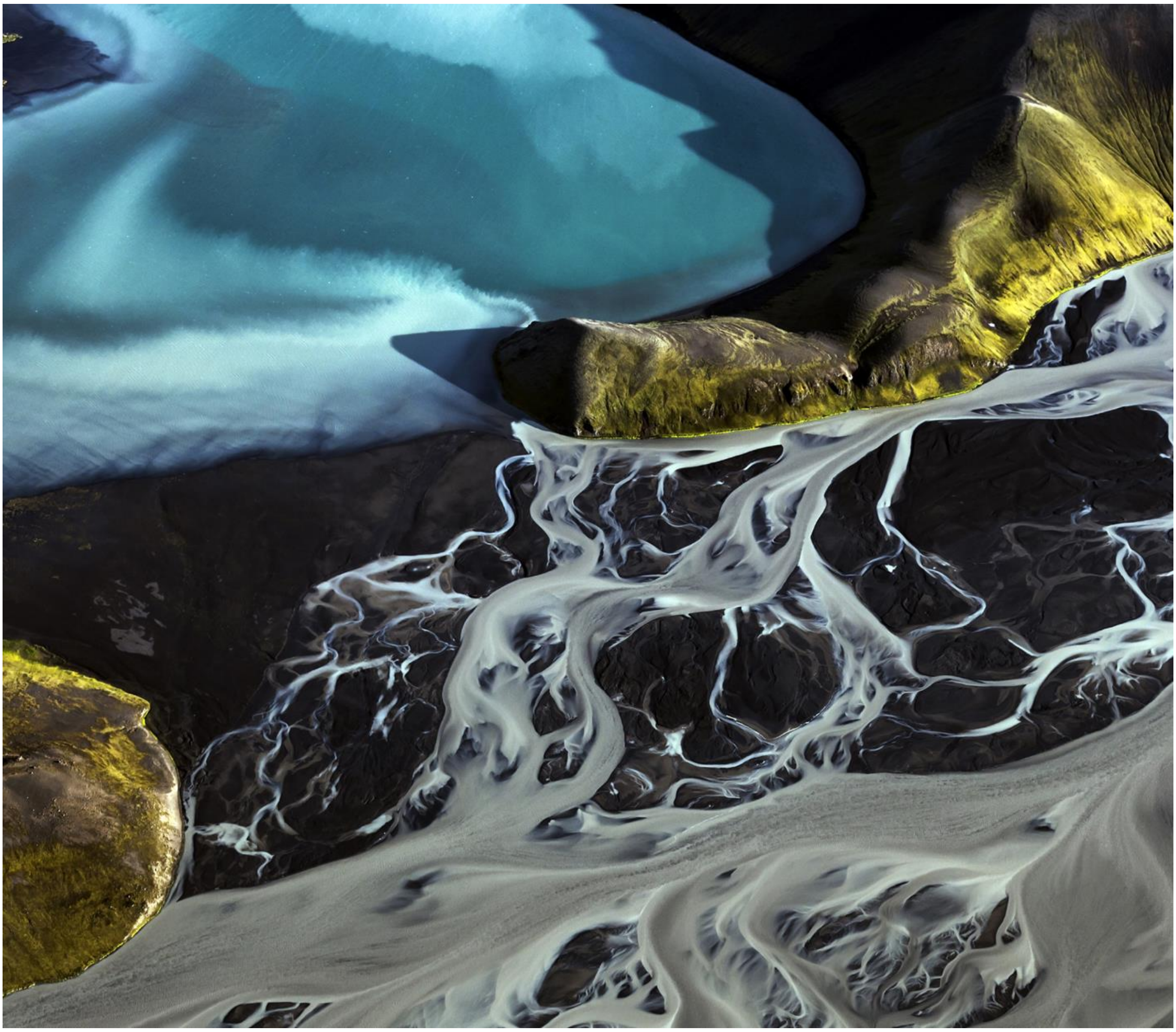
Baillie Gifford

Sustainable Growth Quarterly Update

30 June 2024



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Past Performance

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

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

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

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

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Product Overview

Global Stewardship is an actively-managed, global growth equity strategy, combining established regional stock picking with a disciplined portfolio construction process and innovative approach to stewardship.

Risk Analysis

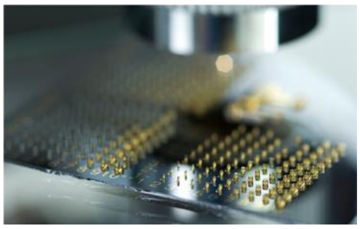
Key Statistics	
Number of Holdings	59
Typical Number of Holdings	55-80
Active Share	90%*
Rolling One Year Turnover	21%

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

We've spent time on the road this past quarter, meeting with longstanding holdings and prospecting for new ideas

Market returns focussed on a single theme stand in contrast to the portfolio, which has exposure to a range of structural growth drivers

Adding further to portfolio diversification, and reflective of a strong research pipeline, are new positions in Epiroc and Raia Drogasil



Baillie Gifford Key Facts

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

"It is better to travel 10,000 miles than to read 10,000 books" - Chinese proverb

Last time we covered the regular quarterly rhythm that is company reporting season, and its effect on portfolio performance and positioning. An update on that follows, but in this letter we'll focus on the annual rhythm that is our trips to see firms on their own turf. Seeing a company in its own domain can reveal clues about the distinctiveness of the culture, the dynamism of the organisation and the motivation levels of employees. Clues we couldn't possibly glean from our desks in Edinburgh reading 10,000 annual reports. The whole team have been on the road this quarter, covering the US, Europe and Asia, speaking with holdings old and new, gauging the mood of their competitors, and of course uncovering new ideas in previously unvisited locations or industries.

From Europe's Industrial Powerhouses to China's Little Giants

Atlas Copco is a long-standing holding but as a highly decentralised organisation with more than 4,000 profit centres, there's always more to learn. The Capital Markets Day in Antwerp delved into its product portfolio, ranging from specialized pumps used in gummy bear production to high-capacity vacuums used to manufacture advanced semiconductors. We were also able to spend time with the executive management team, including a meeting with the relatively new CEO. Closer to home, we spent a day with industrial champion Spirax Group in Cheltenham, focusing on human capital development and their decarbonisation solutions.

By contrast, the 24 companies we met in Florida were mostly new to us. Some were competitors of existing holdings, while others were potential portfolio diversifiers in businesses such as trucking, diagnostics and waste management. We also had time to catch up with existing holdings Exact Sciences and MarketAxess. From Florida, we headed to Pittsburgh to spend a full day with recent purchase MSA Safety, where we met the whole senior management team and spoke with long-tenured employees in their two manufacturing facilities.

These trips were insightful, however it was a fortnight in China that provided the most food for thought. Historically, China's double-digit GDP growth was fuelled by the property sector, which is now in decline. And with 70% of household wealth tied up in real estate, this is weighing heavily on consumer sentiment. Combined with an ageing population, increasing state influence in the private sector, and geopolitical tensions, you can see why most international investors are staying away.

This is precisely why we thought it was a good time to visit. China hosts some 8,000 listed companies, a similar number to our total investible universe elsewhere, with valuations depressed by these macroeconomic headwinds. While slowing, growth remains at levels enviable for Western economies, and technological momentum continues apace. China is the world leader in fields including advanced manufacturing: it has awarded more doctorates in science and engineering than the US since 2007 and was the source of half of global patent applications in 2022.

Decades of investment have resulted in an extraordinary scale and quality of infrastructure, conveying us through Hong Kong to Shenzhen, and on to Changsha, Hangzhou and Shanghai. And if the roadways were impressive, the vehicles on them were more striking still. We saw fewer German marques and more high-quality offerings from BYD or Xpeng. A quarter of new car sales in China last year were fully electric, giving the country an enormous advantage in cost, scale and technology integration. Even smartphone makers are getting in on the act. On a chance visit to a showroom, we kicked the tyres on new models from Xiaomi and Huawei, both of which offered performance and quality equivalent to Tesla's newest models, but at a fraction of the (pre-tariff) price.

This was a recurring theme across industries. No longer are Chinese firms producing similar products at a lower price: now it's superior products at a similar price. This makes them more credible beyond their borders, consistent with the Chinese government's 'little giants' initiative which aims to transform 4,000 firms from local heroes into global champions. We met many businesses seeking their second act abroad, companies such as medical devices firm Mindray, electric two-wheeler maker Yadea as well as our newest Chinese holding, Centre Testing.

We came home with a strong pipeline of potential candidates for the Sustainable Growth portfolio which we will research more fully over the coming months. But perhaps more importantly, we got visceral context for the competitive threat to all our portfolio holdings as Chinese businesses internationalise. As such, we were actually reassured to hear from our US colleagues that Cognex's CEO worries about Chinese competition in machine vision. We'll be looking for similar amounts of paranoia from the rest of our holdings going forward.

Performance

A client recently asked us if we have the right portfolio for the current environment. The answer is a resounding 'no', as evidenced by lacklustre performance so far in 2024. While absolute returns have been respectable, we continue to lag a global equity index that is twice as concentrated as it was a decade ago, with more than 20% of its weight in the ten largest stocks. A market that is being propelled forward by a single theme - Artificial Intelligence (AI) - while other structural growth opportunities are largely ignored.

Do we have the right portfolio for the future though? The answer to this should be a resounding 'yes'. We believe the right way to deliver long term returns for our clients is to allocate capital to a diversified selection of resilient companies with a wide range of future growth drivers. Artificial Intelligence is certainly one of these and we have ample exposure through our positions in NVIDIA and TSMC, as well as the 'hyperscalers' deploying these technologies such as Alphabet and Amazon. However, we are seeing more opportunities today at the ‘application’ layer, where companies are using AI to innovate and enhance their competitive edge. Recruit, Shopify and Spotify are among the companies embracing the technology.

Beyond this, we have exposure to many structural growth trends that are currently overlooked or out of favour, whether those are the life science companies underpinning health innovation, the industrials facilitating the energy transition, or the fintechs deepening financial inclusion. We have high conviction that these will deliver outsized returns over the long term, despite weighing on relative returns in the year so far.

A tighter financing environment for biotech has impacted the share prices of upstream life science companies. These include the holdings in equipment and consumables providers Illumina, Waters and Sartorius Stedim. As discussed in previous letters, Illumina is in the midst of a turnaround and our decision to make it one of the largest holdings reflects our conviction in the new management team and core technology, which retains a 95% share in clinical sequencing. We were pleased to see the successful spin-off of cancer diagnostics business Grail this quarter, which was at the centre of many of the firm's woes.

Sartorius enables biologic drug development with its single-use lab equipment. The last 18 months have tested our patience as long-term shareholders, with the company repeatedly underestimating the headwinds from destocking. However, there are some early signs of recovery. Orders were up by more than 10% in all regions except China and consumables sales have seen a faster recovery than expected. We note an extreme short-term focus from other analysts - understandable given a painful few quarters - but we see no reason to believe the long term investment case here is broken.

In a sign that markets are worried about the state of economies around the world, cyclical stocks had a difficult second quarter. Industrial names such as specialty chemicals distributor IMCD were therefore weak, compounded by disappointing margins at first quarter results. We had been reducing the position here throughout 2023 in expectation of the pricing tailwinds that supported good performance post-pandemic moderating somewhat.

Eurofins also reported weaker margins, but share price weakness was more due to a short seller report that reiterated long-standing concerns around the firm's inter-party transactions. We have looked into these issues in the past, but have set up another meeting with Founder/CEO Gilles Martin to dig deeper into the specifics. Part of the problem is that the company is quite complex, offering more than 200,000 different tests out of over 900 labs worldwide. Plans to build out larger centralised labs should be helpful for margins as scale effects and investments in automation are brought to bear.

Elsewhere in cyclicals, the financial holdings have also lagged despite positive developments. Electronic trading platform MarketAxess reported decent numbers, which was pleasing following a run of poor results. Margins improved and the new X-Pro interface for bond traders is showing good momentum, as we discussed with management in Florida. And a meeting with cross-border payment provider Wise improved our understanding of the company's platform business, which provides infrastructure for some of the world's biggest banks. New business creation was a little underwhelming when insurer Prudential reported results, especially in comparison with the strong numbers from peer (and Sustainable Growth holding) AIA, but the valuation remains undemanding and we are happy holders.

Positioning

As the AI theme continues to drive strong market returns, the portfolio has struggled to keep pace. However, rather than try to match an increasingly concentrated index, we prefer to maintain a well-diversified portfolio. This is why we've continued to take profits from the big AI winners such as NVIDIA and reinvest them in companies that have been weak for what we think are temporary reasons, such as Cognex or UnitedHealth. We've also sold some long-standing holdings, such as battery manufacturer Samsung SDI and, most notably, electric vehicle pioneer Tesla.

Arguably no company has done more for the energy transition than Tesla, which has dragged the automotive industry kicking and screaming away from internal combustion engines (ICEs). It is also true to say no company has done more for the portfolio, with Tesla still the top performance contributor since the strategies' inception with a thirteenfold return. However, all this is now in the rear-view mirror, and we are less optimistic about the road ahead. We still believe ICEs will be replaced with EVs, but we no longer have confidence that our bull case for volumes and margins can play out amid a looming supply glut. As we witnessed firsthand on our travels, Chinese competitors are formidable and the technology gap is rapidly narrowing. While Tesla may have some protection at home in the form of tariffs, China remains its second largest market representing around a fifth of sales. Add to this growing concerns around corporate governance and the distractions of Musk's other business ventures, and we decided to thank Tesla for its contribution and move on.

Boosted by our recent forays overseas the flow of new ideas remains strong and we have taken two new positions this quarter, in Brazilian pharmacy chain Raia Drogasil and Epiroc, a mining equipment business spun out of Atlas Copco in 2018. Demand for the materials necessary to facilitate the energy transition only continues to grow, and buyers are increasingly focussed on sourcing these inputs sustainably. This should benefit Epiroc due to its focus on electrified and automated equipment. This will help decarbonise one of our dirtiest industries while also removing people from harm's way in what are some of our most dangerous work settings.

Raia is Brazil's leading pharmacy chain and, despite steady share gains under the stewardship of its founding families, it still only has about 16% revenue share in a very fragmented market. The management team have invested strategically and with a long-term view to build out frontline healthcare services and an exceptional digital offering, strengthening their competitive edge and contribution to Brazilian society. With an ambitious plan to open 250-300 new stores per annum from a base of 3,000 today, we expect Raia to grow market share profitably for many years to come. The stock has been weak recently due to worries about the margin impact of (much needed) tax reform, which has allowed us to establish a position for our clients at a favourable valuation.

The rally in growth stocks that began in October of last year showed some signs of broadening out last quarter, but market concentration has increased again in the past three months. We continue to patiently await the spread of positive sentiment from the AI beneficiaries to the many other compelling structural growth trends represented in the portfolio. As the world heads to the polls, as wars continue and as central banks grapple with inflation, it's fair to say the future remains highly uncertain. As such, we believe a balanced portfolio of companies that are resilient to a range of scenarios and exposed to varied growth themes is the best approach for our clients for the years and decades ahead.

Performance Objective

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

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.8	2.9	-3.7
1 Year	9.2	20.6	-11.5
3 Year	-9.9	9.1	-19.0
5 Year	6.1	11.4	-5.4
Since Inception	12.2	13.1	-1.0

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.7	3.0	-3.7
1 Year	8.5	19.9	-11.4
3 Year	-12.5	5.9	-18.4
5 Year	5.9	11.3	-5.4
Since Inception	10.2	11.1	-1.0

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	0.1	3.8	-3.7
1 Year	10.5	22.1	-11.6
3 Year	-9.5	9.6	-19.1
5 Year	7.2	12.6	-5.4
Since Inception	10.3	11.3	-1.0

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	0.4	4.2	-3.7
1 Year	12.2	24.0	-11.8
3 Year	-9.5	9.5	-19.1
5 Year	6.9	12.3	-5.4
Since Inception	10.0	10.9	-1.0

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-3.0	0.6	-3.6
1 Year	8.2	19.5	-11.4
3 Year	-9.0	10.1	-19.2
5 Year	7.0	12.4	-5.4
Since Inception	11.3	12.2	-1.0

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 December 2015
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Sustainable Growth composite is more concentrated than the MSCI ACWI Index.

Discrete Performance

GBP	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	33.6	37.2	-37.7	7.6	9.2
Benchmark (%)	5.7	25.1	-3.7	11.9	20.6

USD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	29.7	53.4	-45.2	12.7	8.5
Benchmark (%)	2.6	39.9	-15.4	17.1	19.9

EUR	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	31.5	45.3	-37.9	8.0	10.5
Benchmark (%)	4.1	32.5	-4.0	12.2	22.1

CAD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	35.2	39.5	-42.9	15.6	12.2
Benchmark (%)	7.0	27.2	-11.8	20.2	24.0

AUD	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Composite Net (%)	32.2	40.7	-40.2	16.4	8.2
Benchmark (%)	4.6	28.3	-7.6	21.0	19.5

Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Sustainable Growth composite is more concentrated than the MSCI ACWI Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
TSMC	0.6
Recruit Holdings	0.5
Spotify	0.3
New York Times	0.2
Texas Instruments	0.2
Atlas Copco	0.2
MercadoLibre	0.2
Staar Surgical	0.1
Warby Parker	0.1
The Trade Desk	0.1
Illumina	-0.9
Sartorius Stedim Biotech	-0.8
Apple	-0.7
Workday	-0.5
Eurofins	-0.5
IMCD	-0.5
Inspire Medical Systems	-0.5
Wise	-0.4
NVIDIA	-0.4
Exact Sciences	-0.4

One Year to 30 June 2024

Stock Name	Contribution (%)
Spotify	1.2
TSMC	0.9
Recruit Holdings	0.9
Apple	0.4
MercadoLibre	0.4
Adevinta	0.4
Wabtec	0.3
Atlas Copco	0.3
Advanced Drainage Systems	0.3
Beijer Ref	0.2
Illumina	-1.3
DSV	-1.1
Prudential	-1.0
MarketAxess	-0.8
Exact Sciences	-0.8
Nibe Industrier	-0.8
Sartorius Stedim Biotech	-0.8
AIA	-0.7
Samsung SDI	-0.7
Eurofins	-0.7

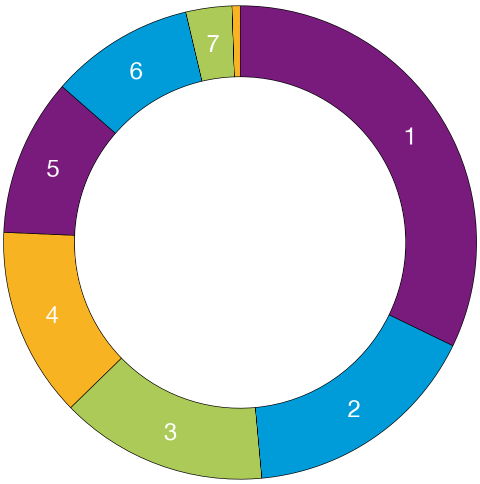
Source: Revolution, MSCI. Sustainable Growth composite relative to MSCI ACWI Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions 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
TSMC	Semiconductor manufacturer	4.5
MercadoLibre	Latin American e-commerce and fintech platform	3.8
Alphabet	Search platform, software, cloud services and more	3.4
Recruit Holdings	Property, lifestyle and HR media	3.4
Beijer, G & L AB	Wholesaler of cooling technology and HVAC	3.4
Atlas Copco	Manufacturer of industrial compressors	2.9
Texas Instruments	Analog semiconductors	2.9
UnitedHealth Group	Health care company	2.9
Illumina	Gene sequencing equipment and consumables	2.7
Mastercard	Global electronic payments network and related services	2.6
Total		32.5

Figures may not sum due to rounding.

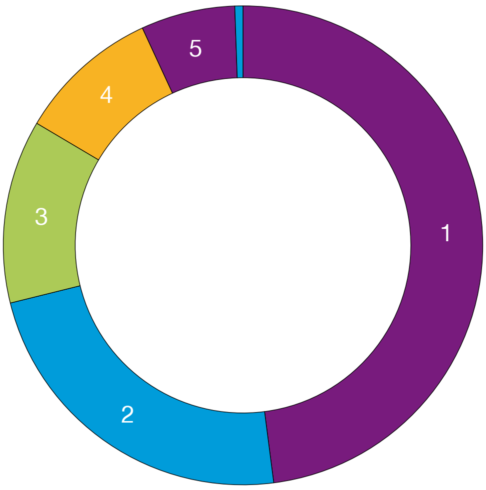
Sector Weights



		%
1	Industrials	32.2
2	Information Technology	16.4
3	Consumer Discretionary	14.2
4	Health Care	13.0
5	Communication Services	10.8
6	Financials	9.9
7	Consumer Staples	3.1
8	Cash	0.5

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	48.0
2	Europe (ex UK)	23.2
3	Emerging Markets	12.4
4	Developed Asia Pacific	9.6
5	UK	6.3
6	Cash	0.5

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	45	Companies	13	Companies	4
Resolutions	590	Resolutions	53	Resolutions	4

Company Engagement

Engagement Type	Company
Environmental	Beijer Ref AB (publ), Bridgestone Corporation, Carlisle Companies Incorporated, HDFC Life Insurance Company Limited, NVIDIA Corporation, Nintendo Co., Ltd., Spirax Group plc, Taiwan Semiconductor Manufacturing Company Limited
Social	HDFC Life Insurance Company Limited, Spirax Group plc, Taiwan Semiconductor Manufacturing Company Limited
Governance	Beijer Ref AB (publ), Cognex Corporation, Dassault Systèmes SE, Denali Therapeutics Inc., Epiroc AB (publ), HDFC Life Insurance Company Limited, IMCD N.V., Illumina, Inc., Metso Oyj, Moderna, Inc., Nintendo Co., Ltd., Recruit Holdings Co., Ltd., STAAR Surgical Company, Taiwan Semiconductor Manufacturing Company Limited, Texas Instruments Incorporated, The Trade Desk, Inc., UnitedHealth Group Incorporated, Wise Payments Ltd
Strategy	AIA Group Limited, Beijer Ref AB (publ), Denali Therapeutics Inc., MercadoLibre, Inc., Nintendo Co., Ltd., Spirax Group plc

Company	Engagement Report
Beijer Ref AB (publ)	Objective: We conducted an in-depth discussion with the chief executive officer to improve our understanding of the company's sustainability initiatives and leadership in natural refrigerants, which could offer an edge and first-mover advantage. Beijer Ref is an heating, ventilation, and air conditioning (HVAC) and refrigeration distributor, and sustainability tailwinds form part of the investment case. F-gas regulation speeds up equipment replacement cycles as part of the transition to natural refrigerants, which offer a substantially lower emissions profile. We also discussed the integration of recent acquisitions in the US. Discussion: Beijer Ref is proactively addressing the bottlenecks to adopting natural refrigerants by offering training to installers and educating its customer base. Due to its broad scope and ambition, it believes efforts in this area are differentiated from others in the market. The training covers all branded products it distributes, the full spectrum of natural refrigerants, and is available to all (ie not just existing customers). Beijer Ref supports the transition to natural refrigerants in its regional markets by ensuring they can access the parts required for ongoing maintenance and repair. It is a decentralised business, but its 'centres of excellence' spread specialised knowledge on natural refrigerants and green technology across the firm. It currently has one of these in Italy but is in the process of setting up additional centres in Australia and the US. We also learned that the integration of Heritage Distribution in the US has gone well and has provided a platform for two additional acquisitions in the region. Outcome: We gained additional insight into Beijer Ref's proactive approach to supporting the transition to natural refrigerants in cooling technology, including its differentiated training offering. This is important as it offers the potential to grow its total addressable market by speeding up equipment replacement cycles.
Denali Therapeutics Inc.	Objective: We met with biotech company Denali in May to discuss its strategic advance in neurodegenerative disease treatments. Discussions with chief executive officer Ryan Watts and chief operating and financial officer Alex Schuth centred on understanding Denali's drug pipeline development and financial strategies to support long-term growth, particularly its innovative blood-brain barrier (BBB) technology platform. Discussion: Denali's executives provided significant updates on its drug pipeline, highlighting the Enzyme Transport Vehicle (ETV) franchise and the anticipated accelerated approval of DNL-310 for Hunter Syndrome. This approval is expected to pave the way for other programmes within the ETV franchise, leveraging biomarkers for accelerated approval for similar diseases. The OTV (Oligonucleotide Transport Vehicle) franchise was emphasised as 'the crown jewel', potentially addressing significant diseases like Alzheimer's, Parkinson's and ALS/MND by delivering gene-silencing medicines across the BBB. Management's strategy to maintain as much independence as possible with the OTV franchise was discussed. This was partly behind the decision to strengthen the balance sheet and secure a cash runway until 2028 via a $500m primary offering with Baker Brothers Advisors and other investors. Outcome: Denali is at a pivotal point, shifting from a pre-commercial to a commercial biotech company with the potential first drug approval from its BBB technology platform on the horizon. The ETV franchise, particularly DNL-310, represents a significant revenue opportunity and a new standard of care for Hunter Syndrome. The OTV franchise stands out for its potential to unlock treatments for major neurodegenerative diseases. Denali's strategic fundraising aims to sustain its independence and fuel long-term growth, positioning the company for a promising future in neurodegenerative disease treatment.

Company	Engagement Report
Moderna, Inc.	Objective: Ahead of Moderna's 2024 AGM, we had a call with the company's chief legal officer and her team to better understand the board's approach to refreshment and executive compensation. We have been advocating for compensation alignment, long-termism, and board refreshment for several years, and we again were able to ask about the board's plans in these areas. Discussion: While there have been recent rotations between board committees, Moderna informed us that we can expect board refreshment within the next 12 months. Following an external board review, it is looking for pharmaceutical expertise and is interested in experience in responsible AI and government affairs. We agreed that more expertise in these areas will be essential for the company's ambitions in the next five years. Again, we expect to see further improvement and long-termism in executive compensation in the next plan. Finally, we discussed Moderna's approach to equal pay, ESG, and its work with suppliers to reduce their emissions. We questioned its approach to climate risk, on which it has done a company-wide assessment in 2023. Outcome: We continue to support Moderna's long-term shareholders and look forward to any announcement of new board directors. On the call, we queried whether Moderna would consider a more differentiated and simplified approach to its compensation plan. We plan to discuss this again before the company sets future plans.
Nintendo Co., Ltd.	Objective: We met with gaming company Nintendo's Investor Relations Team to assess Nintendo's climate action, board composition and share incentives approach. Discussion: We started by discussing Nintendo's lack of emissions reduction targets and poor Transition Pathway Initiative (TPI) scoring. This score led to Nintendo's inclusion on investment restriction lists, which harmed the company's access to capital. While no commitment was made to a timeline to set more stringent targets, the company was receptive to our feedback about the potential implications. On governance, IR shared that Nintendo has taken steps to improve the composition of its board to include more independence and diversity of thought. A newly appointed board member appears to have relevant skills in merchandising; however, progress could still be made on the proportion of outside directors to provide effective challenges. Share incentives were also discussed. Stock awards as a percentage of overall pay are low, representing only 3 per cent of total pay. The discussion revealed a cautious approach to stock awards in part due to volatility through gaming console cycles. We fed back the principles underlying our support for share-based incentives, particularly the alignment with shareholders. They said they would take our feedback on board. Outcome: While there are signs of progress on shareholder engagement and board construction, gaps remain in climate action and share incentive alignment. We will continue to monitor Nintendo's progress on these topics.

Company	Engagement Report
Wise Payments Ltd	Objective: To understand and provide feedback on the company's London listing, proposed changes to executive incentive plans, and chief financial officer succession. Discussion: Wise is a young growth company that facilitates international money transfers. We had three meetings with different members of the senior management team. We spoke first with the group's General Counsel to discuss the FCA's proposed changes to the UK Listing Rules. It was explained that one detail in the proposals would make it difficult for Wise to transfer from its current standard listing into the new 'commercial companies' category on the London market. If its listing is moved to the new 'transition category', it might restrict the company's membership in the FTSE indices. We were told that Wise representatives have been engaging with the Financial Conduct Authority, Treasury and other bodies to seek a resolution before the new rules are finalised and implemented in early July. We discussed the specific issue and potential remedies. Separately, the chair, the remuneration committee chair and the chief executive officer (CEO) consulted us at an early stage regarding proposed changes to the structure of the executive incentive plan. While it is highly unusual for the CEO to participate in remuneration discussions, we were comfortable in this case because the CEO and co-founder, Kristo Kaarmann, has not participated in any incentive plan since the Wise IPO and confirmed he has no intention to do so. His alignment is achieved via his shareholding. It was explained that the group's experience of recruiting a new chief financial officer (CFO), Emmanuel Thomassin, who will join in October from Delivery Hero, had catalysed the review. However, it was also recognised that there would be merit in aligning the structure of the CFO's pay more closely with the approach taken by the rest of the group. We accept that Wise's business and operations must compete globally for talent. On that basis, the 'hybrid' incentive plan structure proposed, by straddling UK and US practice, is a reasonable compromise. We discussed details, including the size of awards, vesting timelines and performance linkage. Overall, while it's an unusual incentive structure for a UK plc, we can see why it would work for Wise at its current stage of development. Our final engagement was an introductory call with the Interim CFO, Kingsley Kemish. He has worked at Wise for several years and will return to senior group finance director when Emmanuel Thomassin arrives. Matt Briers, who served as the Wise CFO for almost eight years, stepped down in March to focus on recovering from an accident. While the circumstances leading to the succession were unexpected and unfortunate, the succession process appears to have been managed smoothly. Outcome: As we approach the conclusion of the FCA's review of the Listing Rules, we are supportive of the effort being made by Wise to ensure the best outcome for the company's listing in London. Considering the remuneration proposals in the context of the company's specific circumstances, we have indicated support for the proposed incentive structure. The next step will be to review the final outcome following its wider consultation. Finally, adding the interim CFO to our contacts list in and around the Wise boardroom was good. Engagements such as those undertaken with Wise this quarter are crucial to our investment process, helping us build and extend relationships with investee companies.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Alphabet Inc Class A	Annual 07/06/24	9	We supported a shareholder resolution on equal voting rights as we believe this is in the best interests of shareholders.
Amazon.com	Annual 22/05/24	10	We supported a shareholder resolution requesting a report on how the company's climate strategy is consistent with a 'just' transition. Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. We believe they should carefully consider the impacts their climate strategy will have on stakeholders and any barriers to implementation. This is consistent with how we voted on this resolution previously.
Amazon.com	Annual 22/05/24	11	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long-term future growth. This is consistent with how we voted on this resolution at the 2023 AGM.
Amazon.com	Annual 22/05/24	12	We supported a shareholder resolution on freedom of association. In light of several recent high profile controversies, we believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 22/05/24	13	We supported a shareholder resolution requesting additional emissions reporting. There are many reasons why a broader boundary would be useful to shareholders. It would reveal more about the scale of the company's true commercial carbon footprint and enable engagement on particular areas of concentration and possible mitigants. It also has reputational relevance which could work to Amazon's long-term advantage in customer attraction and retention.
Amazon.com	Annual 22/05/24	7	We supported the shareholder resolution requesting an independent report on lobbying. We continue to believe that shareholders would benefit from an unbiased and independent view of this matter given the concern regarding a lack of disclosure and potential reputational risk when lobbying activities potentially contradict company public positions. Further, it would give insight into Amazon's influence and priorities with regards to its lobbying activities. This is consistent with how we have voted on this resolution previously.

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 22/05/24	8	We supported a shareholder resolution on gender/racial pay gap reporting. We have supported this resolution at Amazon for the last four years. We believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. We believe a diverse workforce supports future business growth.
MarketAxess Holdings	Annual 05/06/24	6	We supported a shareholder resolution to provide a right to call special meetings with a lower threshold, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.
NVIDIA	Annual 26/06/24	4	We supported the shareholder proposal on simple majority voting. We believe that supermajority voting requirements can lead to entrenchment and make it difficult to implement positive corporate government reforms.
Tesla Inc	Annual 13/06/24	12	We supported the shareholder resolution requesting the company commit to a moratorium on deep-sea mining, or if they cannot commit to disclose their rationale. We believe experts should take the time to set the rules and by supporting the moratorium, Tesla would reinforce the authority of the International Seabed Authority and the wider network of experts seeking to close the knowledge gaps.
Tesla Inc	Annual 13/06/24	6	We supported the shareholder resolution requesting a reduction in director terms. We are supportive of annual elections as it increases accountability to shareholders and works to reduce entrenchment.
Tesla Inc	Annual 13/06/24	7	We supported a shareholder resolution requesting the company adopt a majority voting standard and remove the supermajority voting standard. We are generally supportive of the removal of the supermajority provision as its presence makes the passing of other governance-positive amendments to bylaws improbable.
Tesla Inc	Annual 13/06/24	8	We supported the shareholder resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts. This is consistent with how we have voted on this resolution previously.
Texas Instruments	Annual 25/04/24	5	We supported a shareholder resolution to lower the threshold to call special meetings, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.
The Trade Desk	Annual 28/05/24	3	We supported a one year say on pay vote frequency as we believe it is in shareholders' best interests to have a regular vote on compensation decisions.

Companies	Voting Rationale
AIA Group, Alphabet Inc Class A, Amazon.com, Atlas Copco B, Beijer Ref, Centre Testing 'A' - Local, Cognex Corp, Dassault Systemes, Denali Therapeutics, Epiroc B, Eurofins, Exact Sciences, IMCD Group NV, Illumina, Inspire Medical Systems, L'Oreal, MSA Safety, MarketAxess Holdings, Mastercard, Meituan, MercadoLibre, Metso Corp, Moderna Inc, NVIDIA, New York Times Co, Nintendo, Prudential, Recruit Holdings, Schneider Electric SE, Shopify 'A', Spirax-Sarco, Spotify Technology SA, Staar Surgical, TSMC, Tesla Inc, Texas Instruments, The Trade Desk, UnitedHealth, Wabtec, Warby Parker Inc, Waters, Watsco Inc, Workday Inc, YETI Holdings, adidas	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Alphabet Inc Class A	Annual 07/06/24	10	We opposed a shareholder resolution requesting a report on reproductive healthcare misinformation risks, as we believe that the company's existing policies and processes regarding abortion-related advertising on its platforms are compliant with local laws and regulations. Additionally, we believe that the Company is appropriately managing the risk of misinformation.
Alphabet Inc Class A	Annual 07/06/24	11	We opposed a shareholder resolution seeking to amend the audit and compliance committee charter to include Artificial Intelligence oversight, as we believe that this topic is sufficiently captured under the broader remit of risk management, which falls under the remit of the full board and the Audit Committee.
Alphabet Inc Class A	Annual 07/06/24	12	We opposed a shareholder resolution requesting a report on the risks related to AI generated misinformation and disinformation, as we are comfortable with the company's existing policies, processes and disclosures on this topic.
Alphabet Inc Class A	Annual 07/06/24	13	We opposed a shareholder resolution requesting a human rights risk assessment on the AI-driven targeted ad policies. The company has already conducted and released a voluntary civil rights audit of its policies, practices and products, which identified strengths and opportunities for Alphabet to further advance civil rights, equity and inclusion. We believe that the company's disclosure to be adequate in this regard and do not think this request is in the interest of long-term shareholders at this time.

Company	Meeting Details	Resolution(s)	Voting Rationale
Alphabet Inc Class A	Annual 07/06/24	14	We opposed a shareholder resolution requesting the company to adopt targets and publish a report that includes metrics appropriate to assessing progress globally regarding child safety impacts and actual harm reduction to children on its platforms. We supported a similar proposal at the 2023 AGM, however in the intervening period, we have seen the introduction of new legislation from the UK and EU that introduces robust reporting requirements, including making public prescribed sets of data on a regular basis. The company claims that these reporting requirements will be more substantive and informative in nature than the type of reporting requested by the proponent, and thus we are comfortable to support management and continue to monitor the company's progress closely.
Alphabet Inc Class A	Annual 07/06/24	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.
Alphabet Inc Class A	Annual 07/06/24	3	We opposed a shareholder proposal seeking to amend the bylaws regarding approval of director compensation. We do not believe this to be in the interest of long-term shareholders, and believe that the existing say-on-pay vote is an appropriate avenue through which shareholders are able to signal concerns.
Alphabet Inc Class A	Annual 07/06/24	4	We opposed a shareholder resolution requesting a report on risks of omitting viewpoint and ideological diversity from the company's diversity policy. Currently the company includes 'political affiliation' as a category in its anti-discrimination policy and provides information on its policies and processes working to mitigate discriminative behaviours. We believe the company's current efforts are sufficient.
Alphabet Inc Class A	Annual 07/06/24	5	We opposed a shareholder proposal requesting a report on electromagnetic radiation and wireless technologies risks, as we are comfortable with management's response that all products meet regulatory and safety requirements for countries where they are sold, and are comfortable with the company's level of transparency on this topic.
Alphabet Inc Class A	Annual 07/06/24	6	We opposed a shareholder resolution requesting the board adopt a policy to disclose individual directors' political and charitable giving. We don't have any concerns with the board's assessments of director's independence, expertise, capabilities etc. Directors are bound by fiduciary duties of care and loyalty to shareholders which means they have a legal requirement to act in shareholders' best interests.

Company	Meeting Details	Resolution(s)	Voting Rationale
Alphabet Inc Class A	Annual 07/06/24	7	We opposed a shareholder resolution requesting a report on the company's retirement funds' management of systemic climate risk. We do not believe this is a material risk for the company and think they are doing enough by offering employees a range of investment options.
Alphabet Inc Class A	Annual 07/06/24	8	We opposed a shareholder resolution regarding lobbying as we believe the company's current level of disclosure is sufficient.
Amazon.com	Annual 22/05/24	14	We opposed a shareholder resolution on customer use of certain technologies. We think the company has demonstrated adequate responsiveness to the concerns and requests outlined by the proponent. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 22/05/24	15	We opposed a shareholder resolution requesting the board adopt a policy to disclose individual directors' political and charitable giving. We don't have any concerns with the board's assessments of director's independence, expertise, capabilities etc. Directors are bound by fiduciary duties of care and loyalty to shareholders which means they have a legal requirement to act in shareholders' best interests.
Amazon.com	Annual 22/05/24	16	We opposed the shareholder resolution requesting the company establish an Artificial Intelligence (AI) committee. The company is already demonstrating leadership and have demonstrated a responsiveness that provides a degree of assurance. Further, we generally do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.
Amazon.com	Annual 22/05/24	17	We opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. The company continues to make demonstrable progress on health and safety. They continue to provide extensive disclosure and detailed safety metrics and continue to take pre-emptive action, investing in safety initiatives, tech, and programs. This is consistent with how we have voted on this resolution previously.
Amazon.com	Annual 22/05/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Amazon.com	Annual 22/05/24	4	We opposed the shareholder resolution requesting the company establish a public policy committee. We believe Amazon's oversight is adequate and do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.
Amazon.com	Annual 22/05/24	5	We opposed the shareholder resolution requesting the company establish a board committee to oversee financial impact of policy positions. We believe Amazon's oversight is adequate and do not think it is appropriate for shareholders to dictate to the board how to structure its oversight.

Company	Meeting Details	Resolution(s)	Voting Rationale
Amazon.com	Annual 22/05/24	6	We opposed the shareholder resolution requesting an independent report on the company's due diligence of its customers for certain technologies. We have consistently opposed this resolution as the company continues to be proactive and make improvements. We do not share the proponent's concerns.
Amazon.com	Annual 22/05/24	9	We opposed the shareholder resolution requesting a report evaluating how the company oversees risks related to denying or restricting service to users or customers based on their viewpoint. We do not have concerns with the company's current processes.
Dassault Systemes	MIX 22/05/24	17-22	We opposed six resolutions on delegation of authority to the board to conduct mergers and related activities. We do not believe it is in the best interests of shareholders to delegate authority on these matters.
Dassault Systemes	MIX 22/05/24	6, 8-10	We opposed four resolutions relating to executive compensation due to concerns with the complexity of variable compensation.
Eurofins	MIX 25/04/24	9	We opposed the remuneration policy as we do not believe the performance conditions attached to the new long-term incentive award are sufficiently stretching.
Illumina	Annual 16/05/24	1I	We opposed the re-election of one director in their capacity as chair of compensation committee. We have ongoing concerns with compensation practices and the decisions being made including the committee's responsiveness to shareholder dissent at last year's AGM.
Illumina	Annual 16/05/24	3	We opposed executive compensation as we have ongoing concerns with the stringency of targets under the long-term incentive plan. Further, we continue to have concerns with compensation practices and the decisions being made including the committee's responsiveness to shareholder dissent at last year's AGM.
MarketAxess Holdings	Annual 05/06/24	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.
Mastercard	Annual 18/06/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Mastercard	Annual 18/06/24	4	We opposed a shareholder proposal requesting a report on lobbying payments and policy. We are satisfied with the company's current reporting on this topic so do not believe that the proposal is necessary.

Company	Meeting Details	Resolution(s)	Voting Rationale
Mastercard	Annual 18/06/24	5	We opposed a shareholder proposal requesting a mandatory director resignation bylaw. We believe that the board should have flexibility to decide how best to proceed where a director does not receive majority support.
Mastercard	Annual 18/06/24	6	We opposed a shareholder proposal requesting a report on congruency of the company's privacy and human rights policies with its actions. We are satisfied with the company's current policies and reporting on privacy and human rights so do not believe that the proposal is necessary.
Mastercard	Annual 18/06/24	7	We opposed a shareholder proposal requesting a report on congruency of the company's human rights statement with its charitable contributions and voluntary partnerships. We are satisfied with the company's current reporting on charitable contributions and voluntary partnerships so do not believe that the proposal is necessary.
Mastercard	Annual 18/06/24	8	We opposed a shareholder proposal requesting a report on gender based compensation and benefits inequities. We are satisfied with the company's current reporting on benefits, including its gender pay gap, so do not believe that the proposal is necessary.
Staar Surgical	Annual 20/06/24	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.
Tesla Inc	Annual 13/06/24	10	We opposed the shareholder resolution requesting a report on the effects and risks associated with Electromagnetic Radiation and Wireless technologies. We are satisfied that Tesla adheres to all regulatory requirements. Further, according to latest scientific studies there is no conclusive evidence that radiofrequency exposure from wireless devices is harmful to humans.
Tesla Inc	Annual 13/06/24	11	We opposed the shareholder resolution requesting the company assess the feasibility of integrating sustainability metrics into executive compensation. While there has been controversy surrounding the CEO's pay package and compensation of board members, it is not clear how a report assessing the integration of sustainability metrics in executive compensation plans will provide meaningful information on those issues.
Tesla Inc	Annual 13/06/24	3	We opposed the request to move the company's state of incorporation from Delaware to Texas. While we accept that, at an absolute level, shareholder rights in both jurisdictions are substantively the same, we think that given the infancy of Texas' business courts, and due to Texas law being silent on fiduciary duties of controlling shareholders to other shareholders, that on balance the move could be detrimental to the interests of minority shareholders.

Company	Meeting Details	Resolution(s)	Voting Rationale
Tesla Inc	Annual 13/06/24	9	We opposed the shareholder resolution requesting the company adopt a policy on freedom of association and collective bargaining. These rights are enshrined in the National Labor Relations Act and like any US company, Tesla must comply with the law and this is not a matter for company policy. This is consistent with how we have voted on this resolution previously.
Texas Instruments	Annual 25/04/24	4	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Texas Instruments	Annual 25/04/24	6	We opposed a shareholder resolution on the report on due diligence efforts to trace end-user misuse of company products, as we are satisfied with the steps the company have already taken.
UnitedHealth	Annual 03/06/24	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.
UnitedHealth	Annual 03/06/24	4	We opposed a shareholder proposal requesting reporting on congruency between the company's political spending with its values. We are satisfied with the company's current reporting on this topic.
Wabtec	Annual 16/05/24	3	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Waters	Annual 23/05/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

Companies	Voting Rationale
Waters	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Beijer Ref	AGM 23/04/24	8.C	We abstained on the remuneration report due to a lack of disclosure of performance targets, which makes it difficult for shareholders to assess the ambition of targets or alignment of outcomes with performance.
Cognex Corp	Annual 01/05/24	3	We abstained on executive compensation as we do not believe the performance conditions are sufficiently stretching. Our intention is to engage and communicate our concerns before considering escalating to a vote against next year.

Company	Meeting Details	Resolution(s)	Voting Rationale
Eurofins	MIX 25/04/24	E.2	We abstained on the resolution, which sought authority to increase the authorised share capital because the potential dilution levels are not in the interests of shareholders.
MarketAxess Holdings	Annual 05/06/24	3	We abstained on the advisory vote on compensation because of the use of one year performance periods in the long-term incentive plan. We also believe disclosure of targets could be improved.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Epiroc	Epiroc makes mining equipment with a focus on electrification and automation, contributing to the partial decarbonisation of some of the worst emitting (but vital) industries, and the reduction of health and safety risks in dangerous environments. It has a powerful adaptable culture inherited from its previous parent company, Atlas Copco (also held in the portfolio). The investment case is underpinned by powerful structural trends such as the need for materials to support increasing populations, urbanisation, and the requirement to upgrade infrastructure. Epiroc enjoys operating as part of a duopoly. While competition is emerging as more players are seeking to benefit from sector tailwinds, Epiroc's significant scale, strong reputation, high returns and margins, diversified business model, and impressive culture, will enable it to continue to lead the industry and steadily grow earnings over the next decade.
Raia Drogasil	Raia Drogasil is Brazil's leading pharmacy chain, with a long track record for share gains and profitable growth under the stewardship of its founding families. The company's future financial success and societal contribution both depend on the value proposition for customers. This increasingly goes beyond access to medicine and into areas such as healthcare services and loyalty programs. Expanding the service offering strengthens its edge of differentiation among peers and will drive footfall in a market that is very fragmented. Furthermore, it will also benefit from income growth and expansion of the middle class in Brazil. Management has a superb track record for strategic decision-making and execution, investing early and heavily in e-commerce for example, helping to sustain its leadership position. Raia plays a key role in the under-resourced Brazilian healthcare system and we have taken a new holding for clients.

Complete Sales

Stock Name	Transaction Rationale
Samsung SDI	We have sold the holding in Samsung SDI (SDI), following a review of overall exposure to industrials in the portfolio. SDI plays a pivotal role in the energy transition by developing and supplying critical battery technology, and it enables and enhances the utilisation of both renewable energy sources and electric vehicles. The industrials review highlighted weakness in SDI's business model, identifying a lack of diversification in the customer base and a high level of capital intensity when compared to peers in the sector. This reduces our chances of realising attractive long-term returns for clients. While SDI's battery business has continued to grow strongly, so has much of the rest of the industry, and we believe there is a risk that supply growth is likely to outpace demand over the next few years.
Tesla Inc	We have made the decision to move on from Tesla. It has been one of the top-performing holdings since the inception of the strategy, paving the way for decarbonisation in a key sector and acting as an important accelerant, forcing incumbents to keep up in the EV race. However, we have growing concerns about the outlook for the EV manufacturer due to increasing competition and over-supply in a sector that is still lacking the infrastructure to support growth. Its product pipeline is uninspiring and serious competition has been emerging at pace, particularly in China (Tesla's second-largest market). Furthermore, we have mounting questions about governance at the company, where various issues are increasingly distracting from the firm's original mission. We think that it may be more challenging for Tesla to deliver the growth required to meet our expectations over the coming five years.

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.