

Global Core Quarterly Update

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30 September 2024



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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 Core is a long-term, global equity strategy that invests in a selection of the most attractive growth companies from around the world. It combines the specialised knowledge of Baillie Gifford’s regional equity teams with the experience of some of our most senior investors.

Risk Analysis

Key Statistics

Number of Holdings	177
Typical Number of Holdings	150-200
Active Share	80%*
Rolling One Year Turnover	24%

\* Relative to MSCI World Index.

A more positive backdrop benefitted global equity markets

Whatever the macroeconomic environment, we are focused on owning a portfolio of fundamentally strong, growing businesses

Our active approach is central to our ability to deliver long-term capital growth



Baillie Gifford Key Facts

Assets under management and advice	US\$293.0bn
Number of clients	633
Number of employees	1708
Number of investment professionals	376

**Market environment**

US stock markets delivered strong returns in the quarter, and optimism is growing that the US economy may achieve a ‘soft landing’ as the Federal Reserve begins to lower interest rates with inflationary pressures easing. The dominance of a few large businesses at the top of the S&P 500 remains a notable feature, but very recent moves suggest the potential for a broadening of enthusiasm in stock markets.

Beyond the US, the Hang Seng index jumped on news that the Chinese government will release a huge package of measures to stimulate its flagging economy. Sentiment towards Hong Kong-listed businesses was so strong it pushed the Hang Seng’s year-to-date return higher than the S&P 500 in US dollar terms.

While Chinese central bankers grapple with deflation, UK inflation rose slightly over the summer. In Tokyo, the Bank of Japan unwound its 17-year-long negative interest rate policy after the largest wage hikes in over a decade.

**Performance**

One of the main contributors to performance in the quarter was CBRE Group. CBRE Group is an American-listed real estate company. Its share price has been climbing steadily since July, when it released positive financial results. Revenue, profitability, and cashflow exceeded expectations for the second quarter of 2024. CEO Bob Sulentic attributed the successful quarter to strategic investments and decisive cost control.

Doximity and Inspire Medical Systems were also positive contributors. Over 80 per cent of doctors in the US use Doximity to connect with other healthcare professionals via its social network and newsfeed. The healthcare communications company also helps clinicians to be more productive by offering tools for telehealth and digital communication with patients. Its revenues come from advertising on its network. Doximity is adding users and is becoming a standard for contacting patients and scheduling appointments. Revenues are growing even in a cost-pressured environment for pharmaceutical businesses.

Inspire Medical Systems makes an implanted device that treats sleep apnoea by stimulating the tongue to prevent it from blocking the airway. This is a far more convenient treatment than the pressurised air masks that are the current standard of care. The company’s share price has previously been affected by concerns that GLP-1 weight loss medicines may reduce the need for Inspire’s devices if weight is a significant contributor

to symptoms. Tongue collapse is not strongly linked to patient weight. Reporting continued rapid sales growth, and ongoing expansion of its treatment centres, seemed to ease the stock market’s concerns and the shares rose substantially during the quarter.

Moderna, Edward Lifesciences and Datadog detracted from returns in the third quarter of 2024.

Moderna’s recent update was disappointing. The company has not delivered enough commercial progress with its respiratory vaccines and has had to reduce its spending by narrowing the number of drug candidates it is pursuing through trials. We have been meeting with management and are considering the position.

Edwards Lifesciences makes artificial heart valves which can be installed with minimal invasion. Its core product has captured a dominant market share and there is plenty of growth to come as the diagnosis and treatment of structural heart disease improves. Sales have slowed recently, and the shares have been weak. We think this is more likely to be a temporary issue than a change in the relevance of Edwards’ products.

Datadog’s share price was affected by negative sentiment. Shares in the US cloud computing company sold off in response to a global IT outage caused by cybersecurity firm CrowdStrike. Rumours that Datadog wanted to acquire software development platform GitLab also contributed. Datadog grew its revenue by 27 per cent year-over-year in the second quarter of 2024, and half of all customers are now using four or more Datadog products. We think the company will be a winner in the broader context of optimising spending on cloud computing, and growth in the mid-20s seems good against a harsh backdrop.

**Notable transactions**

Some holdings didn’t meet our return expectations. We sold European luxury conglomerate Kering due to weak sales. The company’s flagship Gucci brand has underperformed peers and we have concerns about what will happen after the CEO and Chairman François Henri-Pinault retires after 19 years in post.

Management was also an issue for Starbucks. In September, the US coffee chain replaced its CEO for the third time in three years. The new CEO may re-energise the business, but we don’t have enough visibility of his plans to raise our conviction in the growth potential. We think Starbucks’ business is approaching maturity in several key markets and that making money will be harder from here. As the latest CEO news boosted the share price, we sold out to fund other, higher-conviction ideas.

An example is Dutch Bros, another US coffee chain, but one with a differentiated customer experience and menu. Dutch Bros has a devoted following of customers who keep coming back for its unique drinks, from the Shark Attack to the Caramelizer. The drive-thru coffee shop has an ambitious goal of quadrupling its store count in 10 years and should grow through a combination of more stores and higher same-store sales. Monster Beverage, another new purchase, offers a different angle into caffeinated drinks that we think has growth potential.

**Market Outlook**

We have managed the Global Core strategy through various economic cycles over the years. We know from experience that what matters most is building a fundamentally strong portfolio of growing businesses. Looking ahead, there's a lot on the horizon, from the US presidential contest to the snap election in Japan, and the expectation of more central bank action globally. In this environment, we believe that being discerning and differentiated matters more than ever. Our active approach and bottom-up expertise give us confidence that the portfolio is well-positioned for long-term value creation.

## Performance Objective

+1-2% p.a. over rolling 3 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

<b>GBP</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	-0.1	0.3	-0.4
1 Year	19.3	21.1	-1.8
3 Year	-2.0	9.8	-11.8
5 Year	10.2	11.7	-1.5
10 Year	13.3	12.8	0.5
Since Inception	12.9	12.7	0.2
<b>USD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	6.0	6.5	-0.5
1 Year	31.1	33.0	-1.9
3 Year	-2.2	9.6	-11.8
5 Year	12.1	13.6	-1.5
10 Year	11.2	10.7	0.5
Since Inception	11.4	11.3	0.2
<b>EUR</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	1.8	2.2	-0.4
1 Year	24.4	26.2	-1.8
3 Year	-0.9	11.0	-11.9
5 Year	11.6	13.1	-1.5
10 Year	12.6	12.0	0.5
Since Inception	13.1	12.9	0.2
<b>CAD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	4.6	5.1	-0.5
1 Year	31.0	32.9	-1.9
3 Year	0.0	12.0	-12.0
5 Year	12.5	14.0	-1.5
10 Year	13.3	12.8	0.5
Since Inception	13.9	13.8	0.2
<b>AUD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	2.0	2.5	-0.5
1 Year	22.0	23.8	-1.8
3 Year	-0.8	11.1	-11.9
5 Year	11.4	13.0	-1.5
10 Year	13.8	13.3	0.5
Since Inception	14.0	13.8	0.2

Annualised periods ended 30 September 2024. 3 Month & 1 Year figures are not annualised.

Inception date: 31 August 2013

Figures may not sum due to rounding.

Benchmark is MSCI World Index.

Source: Revolution, MSCI.

The Global Core composite is more concentrated than the MSCI World Index.

## Discrete Performance

<b>GBP</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	38.0	25.0	-23.7	3.4	19.3
Benchmark (%)	5.8	24.1	-2.5	12.1	21.1
<b>USD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	44.8	30.4	-36.8	13.1	31.1
Benchmark (%)	11.0	29.4	-19.2	22.6	33.0
<b>EUR</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	34.6	31.9	-25.2	4.6	24.4
Benchmark (%)	3.2	30.9	-4.5	13.4	26.2
<b>CAD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	46.1	23.7	-31.5	11.3	31.0
Benchmark (%)	12.0	22.7	-12.4	20.6	32.9
<b>AUD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	36.2	29.4	-29.0	12.6	22.0
Benchmark (%)	4.4	28.4	-9.3	22.1	23.8

Benchmark is MSCI World Index.

Source: Revolution, MSCI.

The Global Core composite is more concentrated than the MSCI World Index.

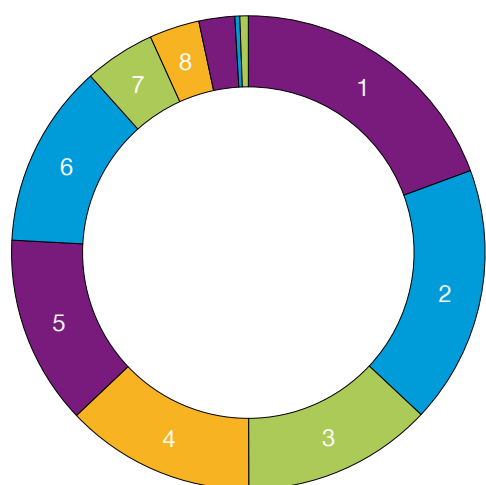


**Top Ten Largest Holdings**

Stock Name	Description of Business	% of Portfolio
Microsoft	Technology company offering software, hardware and cloud services	2.8
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	2.7
Meta Platforms	Social media and advertising platform	2.1
Shopify	Cloud-based commerce platform provider	1.9
Netflix	Streaming platform	1.9
Alphabet	Search platform, software, cloud services and more	1.9
DoorDash	Provides restaurant food delivery services	1.6
Chewy	Online pet retailer	1.5
Arista Networks	Provides cloud networking solutions for data-centres and computer environments	1.5
Analog Devices	Manufacturer of analogue semiconductors	1.5
<b>Total</b>		<b>19.2</b>

Figures may not sum due to rounding.

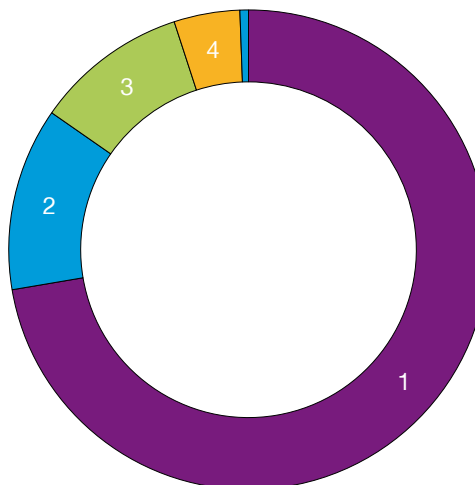
**Sector Weights**



	%
1 Information Technology	19.4
2 Consumer Discretionary	17.6
3 Industrials	13.0
4 Health Care	13.0
5 Financials	12.9
6 Communication Services	12.5
7 Consumer Staples	4.8
8 Materials	3.4
9 Real Estate	2.4
10 Energy	0.3
11 Cash	0.6

Figures may not sum due to rounding.

**Regional Weights**



	%
1 North America	72.3
2 Europe (ex UK)	12.3
3 Developed Asia Pacific	10.3
4 UK	4.4
5 Cash	0.6

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 26	Companies 14	Companies 1
Resolutions 358	Resolutions 27	Resolutions 1

## Company Engagement

Engagement Type	Company
Environmental	ASML Holding N.V., BHP Group Limited, Chewy, Inc., Experian plc, Kingspan Group plc, MS&AD Insurance Group Holdings, Inc., Markel Group Inc., Moncler S.p.A., Ryanair Holdings plc, Sony Group Corporation, Wizz Air Holdings Plc
Social	BHP Group Limited, DexCom, Inc., Experian plc, Sony Group Corporation, The TJX Companies, Inc.
Governance	ASML Holding N.V., ASSA ABLOY AB (publ), Advanced Drainage Systems, Inc., Alphabet Inc., Arista Networks, Inc., Block, Inc., Booking Holdings Inc., Brookfield Property REIT Inc., Burberry Group plc, CBRE Group, Inc., CRISPR Therapeutics AG, Canada Goose Holdings Inc., CarMax, Inc., Chewy, Inc., Chugai Pharmaceutical Co., Ltd., Compagnie Financière Richemont SA, DENSO Corporation, DexCom, Inc., Elevance Health, Inc., Experian plc, Exscientia plc, FD Technologies plc, Guardant Health, Inc., Hong Kong Exchanges and Clearing Limited, Installed Building Products, Inc., Kainos Group plc, Keyence Corporation, LVMH Moët Hennessy - Louis Vuitton, Societe Europeenne, MS&AD Insurance Group Holdings, Inc., Markel Group Inc., MarketAxess Holdings Inc., Mastercard Incorporated, Meta Platforms, Inc., Mettler-Toledo International Inc., Moderna, Inc., Moncler S.p.A., NVIDIA Corporation, Nakanishi Inc., Olympus Corporation, Oxford Instruments plc, PayPal Holdings, Inc., Prosus N.V., Renishaw plc, Reply S.p.A., Ryanair Holdings plc, Shiseido Company, Limited, Soitec SA, Sony Group Corporation, Sugi Holdings Co.,Ltd., Techtronic Industries Company Limited, The Progressive Corporation, The TJX Companies, Inc., The Walt Disney Company, Tokyo Electron Limited, Wizz

	Air Holdings Plc, iFAST Corporation Ltd.
Strategy	ASML Holding N.V., Block, Inc., Datadog, Inc., Deere & Company, DexCom, Inc., Epiroc AB (publ), Kingspan Group plc, Moderna, Inc., Nakanishi Inc., Olympus Corporation, Ryanair Holdings plc, Tencent Holdings Limited

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Nike	Annual 09/10/24	4	We supported a shareholder resolution requesting supplemental pay equity disclosure. We believe that median gender and racial pay gap reporting would benefit shareholders as it would provide consistency in the company's pay gap disclosures across various jurisdictions. We also believe that this disclosure would not be onerous for the company.
Nike	Annual 09/10/24	7	We supported a shareholder resolution requesting the analysis of the company's sustainability strategy, including its failure to meet its 2020 targets, as we believe that this will enable shareholders to better assess the likely success of the new sets of targets.
Snowflake Inc	Annual 07/02/24	4	We supported a shareholder resolution to declassify the board as we believe that annual election cycles at the company will allow for greater director accountability, and will allow shareholders to provide direct feedback through voting.
<b>Companies</b>	<b>Voting Rationale</b>		
Advanced Drainage Systems, Alimentation Couche-Tard, Ashtead, Auto Trader, Burberry, Canada Goose Hdgs, Chewy, Cosmos Pharmaceutical, Doximity Inc, Experian, FD Technologies, Games Workshop Group, James Hardie Industries, Kainos Group, Nike, Oxford Instruments, Prosus N.V., Richemont, Schibsted B, Snowflake Inc, Soitec, Technopro Holdings, Wise Plc, Wizz Air Holdings Plc, Xero Ltd, freee K.K.	We voted in favour of routine proposals at the aforementioned meeting(s).		

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Advanced Drainage Systems	Annual 07/18/24	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.
Alimentation Couche-Tard	Annual 09/05/24	4	We opposed the shareholder resolution regarding linking all-employee pay to ESG metrics, as we believe that the management should retain flexibility to determine how to incentivise its workforce and we are satisfied with the company's response to the proponent's concerns.
Alimentation Couche-Tard	Annual 09/05/24	5	We opposed the shareholder resolution regarding in-person shareholder meetings, as we find the company's virtual meeting policies to provide appropriate safeguards and protections for shareholders.
Alimentation Couche-Tard	Annual 09/05/24	6	We opposed the shareholder resolution asking for disclosure on language fluency, as we are satisfied with the current level of disclosure provided by the company and its compliance with the local regulations.

Company	Meeting Details	Resolution(s)	Voting Rationale
Alimentation Couche-Tard	Annual 09/05/24	7	We opposed the shareholder resolution asking for a say-on-climate vote, as we do not see it additive. We prefer to focus on engagement and escalate our concerns via holding directors accountable.
Alimentation Couche-Tard	Annual 09/05/24	8	We opposed the shareholder resolution asking for disclosure of a decarbonisation plan, as we find the company has largely complied with the request with its current reporting level.
Nike	Annual 09/10/24	2	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching, and more broadly, believe there is a pay for performance disconnect.
Nike	Annual 09/10/24	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.
Nike	Annual 09/10/24	5, 6	We opposed two shareholder resolutions requesting a report on supply chain management as we believe that the company's existing practices and disclosures are sufficient, and that the requested report would not be additive.
Nike	Annual 09/10/24	8	We opposed a shareholder resolution requesting a report analysing the company's voluntary partnerships and the congruency of those partners' agendas with the company's fiduciary duty to shareholders. We are satisfied with the company's current reporting on its voluntary partnerships and so do not believe that the resolution is necessary.
Prosus N.V.	AGM 08/21/24	3	We opposed the resolution to approve the remuneration report because of concerns with quantum and misalignment between pay and performance. Our concern also relates to the stretch of targets under the long-term incentive plan, all of which we do not deem to be in the best interest of long-term shareholders.
Prosus N.V.	AGM 08/21/24	8	We opposed the resolution to approve the remuneration policy because of concerns with a special 'moonshot' award for the CEO, in addition to the regular long-term incentive plan. We do not believe that the conditions attached to the award promotes appropriate pay for performance.
Reply Spa	EGM 09/17/24	10	We voted against the amendment to the articles as it will allow the company to continue to hold shareholder meetings exclusively through a proxyholder, which will limit shareholder participation. We believe shareholder participation in shareholder meetings is a fundamental and important shareholder right and without reassurances that this provision will only be used in exceptional circumstances we do not think it is in shareholders' best interests to support this amendment.

Company	Meeting Details	Resolution(s)	Voting Rationale
Reply Spa	EGM 09/17/24	20	We opposed the amendments to the articles of association which would enhance the increased voting rights mechanism at the company. The resolution would allow shareholders who have shares carrying double voting rights to gain a supplementary voting right for every twelve additional months of possession, up to a maximum of ten votes per share. While we support the principle of rewarding long-term shareholders, given the company is controlled already, we believe this could further entrench management.
Reply Spa	EGM 09/17/24	30	We opposed the resolution which sought authority to issue equity without pre-emptive rights because the potential dilution levels are not in the interests of shareholders.
Richemont	AGM 09/11/24	10	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.
Richemont	AGM 09/11/24	5.17	We opposed the election of a non-executive director because of concerns relating to their suitability to chair the audit committee having previously been an employee of the company.
Richemont	AGM 09/11/24	9.3	We opposed the approval of executive variable remuneration due to ongoing concerns with remuneration practices which we do not believe are in the best long-term financial interests of shareholders. Concerns include poor disclosure and a lack of responsiveness to previous shareholder dissent.
<b>Companies</b>		<b>Voting Rationale</b>	
Ashtead, Chewy, Experian, FD Technologies, Kainos Group, Oxford Instruments, Wise Plc, Wizz Air Holdings Plc		We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Chewy	Annual 07/11/24	3	We abstained on the executive compensation due to concerns with the structure of the policy which we do not believe are aligned with shareholders' best interests.

Votes Withheld

We did not withhold on any resolutions during the period.

## New Purchases

Stock Name	Transaction Rationale
AppLovin	<p>AppLovin is a mobile technology company that provides a comprehensive platform for mobile app developers and marketers. The company makes its own first party games, but it is the advertising software part of the business that we are most excited by. Its core business, AppDiscovery is an advertising platform that allows mobile game developers to place adverts for its product in other mobile games. Those adverts are placed algorithmically by the company's Axon 2 model, which uses its existing data set to place ads where the chances of conversion are highest. Around 1% of impressions currently convert into game installations. AppLovin receives revenue for each installation it enables, and a growing dataset that allows AppLovin to improve that conversion rate should translate to revenue growth and a self-reinforcing advantage. We think this, coupled with increased penetration, could sustain rapid revenue growth for several years. With incremental EBITDA margins of 80% this growth should be very rewarding. We think that the stock market has focussed too much on the risks attached to Apple's privacy policies and has underestimated the growth potential in the platform, which is already connected to 2 billion devices worldwide.</p>
CrowdStrike	<p>CrowdStrike is a leading cybersecurity platform that serves tens of thousands of customers. It benefits from growing demand for cybersecurity services, which is based on evolving technological threats and the scale of downside risks attached to security breaches. CrowdStrike offers a comprehensive platform of services from endpoint protection to cloud and observability. The recent global outage caused by a CrowdStrike update is likely to slow near-term growth but we believe that the business can return to revenue growth in excess of 20% and for margins to expand as it grows. Our conviction is based on CrowdStrike's leading position in a huge and growing market and the long sales cycles attached to bringing new providers on board.</p>
Dutch Bros	<p>Dutch Bros is a drive-through coffee chain. It offers a differentiated menu, ranging from a standard latte to energy drinks and bubble tea, and is well-positioned to benefit from long-term shifts in caffeine consumption among younger generations. The company has a unique culture which, coupled with its fun, irreverent brand, has resulted in extraordinarily high customer and employee satisfaction. This, in turn, has created a loyal customer following and helps the company to attract and retain talent for longer on average than its competitors. The growth opportunity for Dutch Bros is based on a combination of new store growth and same-store sales growth. We believe the company's long-term goal of reaching over 4000 outlets over the next 10-15 years (from a base of around 900 today) - alongside the potential to improve what are already excellent store-level economics by introducing mobile order &amp; pay and adding more food products to its menu - makes this a compelling investment case. We believe the market does not appreciate the scale of the opportunity or the enduring nature of the shift towards the newer and different types of caffeinated drinks that Dutch Bros offers its customers.</p>
Instalco	<p>In its ten-year lifespan, Instalco has become a key player in consolidating the Nordic technical installation industry. Its shares have seen a spectacular run since listing in 2017 but have experienced recent weakness due to a challenging construction and M&amp;A backdrop. There is still a long runway for further consolidation and we think that the M&amp;A environment will improve in time. The valuation is appealing for a company capable of generating attractive organic growth which it can supplement with the growth it acquires through its consolidation efforts. Based on these attractions, we took a new holding for the portfolio.</p>
Monster Beverage	<p>Monster Beverage Corporation manufactures energy drinks, including the popular Monster Energy. A focus on long-term growth has characterised leadership by Co-CEOs Rodney Sacks and Hilton Schlosberg, and the pair have fostered a deeply embedded culture of innovation, evidenced by the development of products tailored to evolving customer preferences. The energy drinks market is forecast to grow substantially over the coming decade. Monster's leading position, underpinned by a strategic distribution agreement with global drinks giant Coca-Cola, positions it well to capture a sizeable share of that growth. Monster's potential to expand internationally and enter new beverage categories adds to its growth opportunity. We think that the current share price offers an attractive opportunity to establish a position in this strong and growing brand.</p>

Sony	<p>Globally, Sony is the only Japanese company producing both hardware and IP for multiple content-related businesses, namely, games, music, and films. By successfully combining hardware and gaming IP, Sony created the world's leading game console platform- the PlayStation. Sony is also one of the largest players worldwide in the recorded music, music publishing, and film industries. We expect all Sony's content-related businesses to grow over the long term. Moreover, the company can create exciting synergies among its gaming, music, and film businesses by offering the same IP in various forms, be it a game character in a film or a song in a game. Furthermore, Sony can enhance its hardware and content products with AI to provide content consumers with a more personalised and engaging experience. Apart from the content-related businesses, Sony holds a leading position in high-end image sensors for mobile phones and autos, which are expected to benefit from the growth of AI and autonomous driving. We believe Sony's current valuation fails to capture its strong competitive position in the above-mentioned long-term growth areas. Therefore, we decided to take a holding.</p>
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## Complete Sales

Stock Name	Transaction Rationale
Alnylam Pharmaceuticals	We have sold the position in the pioneering biotechnology business Alnylam Pharmaceuticals from the portfolio. We remain admirers of Alnylam's pioneering RNA interference technology, which can be used to produce drugs that silence troublesome genes. Recent success in a heart disease trial has propelled the shares to all time highs. There remains an appealing upside case if Alnylam can extend its success to other drugs in its pipeline, but the range of outcomes remains wide and we have decided to use recent share price strength to sell and invest in other opportunities.
Coinbase Global	We sold the cryptocurrency exchange platform Coinbase from the portfolio. The shares recovered considerably in 2023 and into 2024. We have growing questions about the sustainability of their fee levels as institutional trading becomes more prevalent and have some concerns about the mix of cryptocurrencies being traded on the platform. Our conviction in the long-term opportunity has fallen, so we redeployed the proceeds into new ideas.
Estee Lauder	We sold the cosmetics business Estée Lauder from the portfolio following a period of poor performance that we think indicates a weakening of the long-term investment case. While several of the company's brands have long and enviable heritages, we are concerned that it may be becoming easier for competitors to launch new premium brands that gather significant market share. The recent strategic record suggests that the management team have been reactive rather than proactive stewards and we believe that this may extend beyond the recently removed CEO. Estée Lauder could recover from this position but we don't have sufficient conviction in this as a turnaround opportunity to continue to hold.
GitLab	<p>GitLab is an open-source platform that helps companies rapidly turn ideas into software. We invested in GitLab because we believed its radically transparent company culture and focus on the entire software development cycle could enable more frictionless software development for customers and contribute to long-term category leadership.</p> <p>Competition, however, has intensified. Microsoft has infused artificial intelligence tools into its competing GitHub offering, enabling greater automation for clients. Greater competition has left GitLab fighting a reactive battle, attempting to match its competition's capabilities.</p> <p>The so-called 'software development cycle' is a critical organisational bottleneck, and we expect demand for services like GitLab's to grow as more seek software's productivity and capability benefits. However, GitLab's challenges in keeping pace with its competition raise doubt over its ability to differentiate. We have reduced conviction in its potential to execute on its long-term growth opportunity and have resultantly decided to sell the holding.</p>
Globus Medical	We sold Globus Medical, a medical technology business which specialises in musculoskeletal devices, particularly those used in spinal surgeries. Our investment case was founded on Globus steadily taking market share from the competition in spinal, with the potential for product expansion into other musculoskeletal areas in time. The company delivered solid growth, but a transformational merger last year with NuVasive changed the case. The combined entity has a much larger spinal market share and we think that growth may be harder to sustain from this position. The merger appears to have been handled well so far but we are mindful that there may be cultural challenges within the combined business that will take years to work through. The shares have risen substantially from a low point late last year and we think this is the right time to move on.
Kering	We have struggled to gain faith in growth at Kering rebounding. The appointment of fresh management to stabilise Gucci feels sensible but unlikely to be revolutionary. The brand faces an unenviable balance between retaining high net-worth clients, who were alienated by its previous creative director, while also speaking to a new generation of younger luxury consumers whose spend is rising fastest. Other brands in the portfolio remain sub-scale and capital allocation has atrophied in recent years. The impending retirement of Chairman and CEO François-Henri Pinault heightens our concern around the group's future direction. We have therefore sold the shares and redeployed the capital into higher-conviction names.
Roblox	We have sold the holding in Roblox, the user generated content game company. It has a huge user network already, but we have become concerned at the lack of financial leverage despite its scale. While the company has made progress on operational spending, stock-based compensation remains high. There are appealing opportunities for revenue growth including traditional in-game transactions and longer-term opportunities for partnerships with brands and entertainment providers, but we have higher conviction in new ideas that demanded funding.

Starbucks Corp

We have sold the holding in the coffee chain Starbucks. The company had faltered under its previous CEO Laxman Narasimhan, and while we agree that new CEO Brian Niccol looks like a sensible appointment, there is a lot of work to be done and market enthusiasm has seen the share price recover. With Starbucks potentially approaching maturity in important markets like North America, Japan, South Korea and the UK, we think the range of outcomes is fairly reflected at the current share price. We have several candidates for addition or purchase in the consumer-facing space and Starbucks no longer makes the grade.

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