

International Concentrated Growth 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

International Concentrated Growth is a bottom-up equity strategy focused on exceptional international growth companies. It invests in businesses that are creating and benefiting from long-term structural changes in the economy and society. It holds 20–35 stocks, drawn from developed and emerging international markets, and has the latitude to invest up to 15% in US equities.

Risk Analysis

Key Statistics

Number of Holdings	30
Typical number of holdings	20-35
Active Share	92%*
Rolling One Year Turnover	31%

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

Several of your disruptive digital holdings have been key performance drivers, successfully adapting to the post-pandemic environment and delivering profitable growth

Others now appear more mature, and no longer clear our hurdle of being able to deliver exceptional returns

While the digitalisation of the global economy remains a consistent theme in your portfolio and we continue to find new opportunities, our research is also steering us towards exciting new areas



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

## Reflecting on the last few years

*“The world cannot be understood without numbers. But the world cannot be understood with numbers alone.”*

This quote from Hans Rosling's book *Factfulness* emphasises the importance of both quantitative and qualitative understanding. Numbers provide a clear, objective way to measure and analyse the world, but they don't tell the whole story. Context, human experience, and qualitative insights are also crucial to fully grasping complex realities.

During the Covid pandemic, much of the economy was forced online. Remote working shifted from being optional for some to compulsory for many. Businesses expedited their digital transformation plans to adapt to the new normal. This included enhancing their online presence, developing ecommerce initiatives, and utilising cloud-based services.

Several companies across the portfolio could be categorised as 'Covid beneficiaries'. European online fashion retailer Zalando's active user numbers grew 31 per cent to 42 million. **MercadoLibre's** gross merchandise volume (GMV) grew to \$6.1bn over the first three months of 2021 a year-on-year gain of 79 per cent! There are other examples beyond these.

Financial reports provide a clear ex-post picture of a company's financial health, performance, and operations over a specific period. Those facts are obvious. However, understanding the long-term changes in consumer behaviour requires patience and a qualitative perspective. Were these businesses experiencing a permanent wholesale shift in customer preference? Or simply a pull-forward of demand and an acceleration in the maturity of their businesses? In each case, they remain substantially larger than their pre-pandemic state in terms of customers or revenues. However, it has taken time for their long-run economics and level of maturity to become clear.

Long-term holding MercadoLibre has continued to go from strength to strength. GMV has more than doubled since the first year of the pandemic and now exceeds \$45bn annually. Revenues have sustained growth in the 40 per cent range, with operating profits up 5 fold since the end of 2021. Driven by these impressive fundamentals, MercadoLibre continues to make an outstanding contribution to the portfolio's returns.

Similar patterns can be seen at **Shopify**, the ecommerce software business, where we have increased conviction in its growth opportunity and have been adding to the holding.

However, in some cases, we misjudged the stickiness of some of the Covid-induced changes in consumptive behaviour and the implications for portfolio holdings. We would include Zalando in this category. With the

perspective that only time can provide, we think it is now a more mature business than we previously perceived. It didn't go into reverse following the pandemic but it is also not as high-quality a business as we would have hoped. It no longer clears the hurdle of being able to deliver the exceptional returns we require from holdings. We have therefore sold the holding.

We will of course reflect, learn, and enhance our approach for the future. However, the nature of equity investing is inherently asymmetrical, and it's common for even the most successful companies to experience significant and prolonged declines in their share prices. This reality reinforces our commitment to maintaining patience within our investment process.

Patience distinguishes our approach in a financial market that often lacks it. The principle of holding on, rather than selling, if we believe the opportunity remains, is fundamental.

MercadoLibre serves as a prime illustration of this philosophy. We maintained our investment through various challenges, including competition from Amazon, a shift in business model leading to dramatically reduced margins with significant investments in logistics, the most severe recession in Brazil's history and the aftermath of the pandemic. Despite experiencing substantial decreases in value, including a 70 per cent post-pandemic drop in share price, MercadoLibre's stock has since tripled in value and made all-time highs during the quarter. This mirrors the experience with **Spotify** we discussed last quarter.

## Performance drivers over the quarter

After a stock has performed well, it's sometimes tempting to think it was obvious. Hindsight bias, or the tendency to look back at an uncertain situation and think it was easily predictable, can be a powerful cognitive bias and something we strive to guard against. As the late Nobel laureate and one of the founding fathers of behavioural finance Daniel Kahneman put it, *'hindsight bias makes surprises vanish.'* It is seldom obvious at the time.

In the context of 'Covid beneficiaries', the holding in **Moderna** continues to detract from performance. Management recently downgraded financial guidance for this year as the respiratory vaccines market is proving more competitive than they initially expected. They also extended the timeline to reaching sustainable profitability. Patience is important.

We continue to believe Moderna's mRNA technology platform will produce valuable assets, not only in the respiratory vaccine arena but also in areas like oncology, which could be far more valuable than the market currently anticipates or is willing to ascribe value to today.

The holding in the Chinese social ecommerce platform **PDD** currently carries a high level of perceived

uncertainty, or to borrow from Donald Rumsfeld has more 'known unknowns' than other holdings. These fall into two broad categories: Risk of the Chinese authorities curtailing the domestic opportunity; and the geopolitical risk of having its international opportunity stymied. Before we took a holding in PDD for the portfolio, these risks were manifest in a persistent disconnect between its growth opportunities, the outstanding operational progress it is making, and its valuation. The gap widened over the quarter as the share price fell following oddly downbeat remarks from management during their quarterly earnings call regarding margin pressure and an increasingly competitive environment. Interpreting these comments is challenging particularly as we suspect the primary audience may not even be investors but instead the government. We found our own conversations with management reassuring. They spoke of wanting to invest in the opportunities that they are finding to grow the business. We continue to balance the risks associated with its investment case with the potential rewards on offer, maintaining a position of around 2 per cent in the portfolio.

Dutch lithography business **ASML** has been one of the most valuable investments over the last ten years of the International Concentrated Growth strategy. During that period, ASML has experienced four drawdowns of over 30 per cent and it is one of the main detractors from performance during the quarter. We firmly believe that we are in the midst of a silicon-based industrial revolution and at approximately 17 per cent, Semiconductors & Semiconductor Equipment remains the largest industry by weight in the portfolio. There have been moments when this position appeared unwise in the short term, but this industry has consistently offered a rich vein of investment opportunities and portfolio returns. We remain committed to pursuing these opportunities with enthusiasm and determination.

Returning to ASML, it is our expectation that the leading-edge lithography machines it produces will remain a critical component in advanced semiconductor manufacturing. Similarly, the competitive advantage **NVIDIA** has built in its powerful graphic processing units (GPUs), essential for generative AI model development and data centre operation is remarkable. However, during the quarter we have reduced the holding in both companies.

For ASML this reflected that though lithography remains important for progress in semiconductors we expect there to be a greater range of drivers going forward. For NVIDIA we are conscious that the ability to make a large multiple return from here is now challenging and that there could be an air pocket in demand in the coming years. Whilst we believe the long-term implications of generative AI are still potentially profound we are aware that the pathway for hardware companies could be bumpy in the years ahead. They both

remain significant positions in the portfolio, but reduced weightings better reflect their potential to continue to deliver outlier returns from current levels.

We have used part of the proceeds from these reductions to further increase the holding in Taiwanese semiconductor foundry **TSMC**. We find the foundry business model particularly appealing at this juncture as they are positioned as technology-agnostic enablers of the world's increasing demand for compute. TSMC specifically should also be a net beneficiary of the current woes Intel is experiencing. In the battle for silicon sovereignty, Intel is too important an asset to the US government to be allowed to fail. Nevertheless, delays to capital expenditure plans due to budget constraints should allow TSMC to gain incremental market share.

### Broadening horizons

The digitalisation of the global economy is a consistent theme in the portfolio, and we have added some new holdings to it during the quarter. However, our research is also steering us towards exciting new growth areas.

In healthcare we have taken a new holding in Danish biopharmaceutical company **Novo Nordisk** for the portfolio. Novo Nordisk has a long history of innovation and leadership in the healthcare sector, particularly in the treatment of chronic diseases such as diabetes and obesity.

Our analysis suggests that the potential for the obesity market lies far beyond current market expectations and could reach \$350bn over the next 10 years, and up to \$500bn beyond that, with Novo Nordisk set to take a sizeable share. The insatiable demand in the self-pay market for its weight loss product Wegovy is unprecedented in the history of chronic disease management and is set to continue. Novo Nordisk's strong clinical evidence and manufacturing capacity will result in a growing stream of cash flows that it can use to further advance its obesity pipeline, which is already the strongest in the industry. This includes developing drugs with improved efficacy, those that can be taken orally, or with new mechanisms of action, further expanding the market.

The funding has come from the sale of another Danish biopharmaceutical company Genmab as it faces increasing uncertainty as the patent expiry of its main revenue-generating asset Darzalex approaches.

Having monitored the South East Asian consumer internet company **SEA** for several years, we have been impressed with the management's ability to pivot the business in the face of a shifting digital commerce market as well as a more nascent opportunity in financial services. In many ways it has reminded us how MercadoLibre looked some years ago. Given our increased confidence in the investment case, we have added SEA to the portfolio.

We have also taken a position in **Nu Holdings** the Latin America neo bank. Nu is a founder-run digital bank operating in Brazil, Mexico and Colombia. After a decade of operation, the company has attracted over half of Brazil's adult population, mainly through organic customer acquisition. Its cost advantage over incumbent traditional banks is remarkable with an 85 per cent cost advantage over competitors allowing it to undercut fees while offering a superior customer experience. We think Nu can continue to gain market share in its current geographies with the option to expand into new geographies and adjacent business lines.

### **Rational Investing in an Irrational World**

*“As a possibilist, I see all this progress, and it fills me with conviction and hope that further progress is possible. This is not optimistic. It is having a clear and reasonable idea about how things are. It is having a worldview that is constructive and useful.”*

Rosling described himself as a ‘*possibilist*’, a term he coined to distinguish his sanguine fact-based worldview from optimists who merely wished for progress. We, too, are possibilists. We deal in facts. We know that the companies we invest in provide products and services far superior to those who have gone before. The journey to success for the companies in the portfolio will take time and patience. Some are succeeding today; some will succeed tomorrow. This progress will lead to earnings and cashflows that surpass what the market currently anticipates and is willing to reward. Although a few may falter, we believe the majority will excel, some far beyond our wildest expectations.

## Performance Objective

3%+ p.a. over 5 year rolling 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	4.2	1.9	2.2
1 Year	28.5	14.6	13.9
3 Year	-6.0	4.8	-10.8
5 Year	12.1	6.3	5.8
10 Year	15.4	7.7	7.7
Since Inception	13.7	8.1	5.6
<b>USD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	10.5	8.2	2.4
1 Year	41.2	26.0	15.3
3 Year	-6.2	4.7	-10.8
5 Year	14.0	8.1	5.9
10 Year	13.2	5.7	7.5
Since Inception	12.0	6.5	5.5
<b>EUR</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	6.2	3.9	2.3
1 Year	34.0	19.5	14.5
3 Year	-5.0	6.0	-11.0
5 Year	13.5	7.6	5.9
10 Year	14.7	7.0	7.6
Since Inception	12.5	7.0	5.5
<b>CAD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	9.1	6.8	2.4
1 Year	41.1	25.9	15.3
3 Year	-4.1	6.9	-11.1
5 Year	14.5	8.5	5.9
10 Year	15.4	7.7	7.7
Since Inception	12.1	6.6	5.5
<b>AUD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	6.4	4.1	2.3
1 Year	31.4	17.2	14.2
3 Year	-4.9	6.1	-11.0
5 Year	13.4	7.5	5.9
10 Year	15.9	8.2	7.7
Since Inception	12.5	7.0	5.5

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

Inception date: 31 March 2004

Figures may not sum due to rounding.

Benchmark is MSCI ACWI ex US Index.

Source: Revolution, MSCI.

The International Concentrated Growth composite is more concentrated than the MSCI ACWI ex US 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 (%)	73.0	23.1	-38.3	4.8	28.5
Benchmark (%)	-1.4	19.3	-9.1	10.7	14.6
<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 (%)	81.5	28.4	-48.9	14.6	41.2
Benchmark (%)	3.4	24.4	-24.8	21.0	26.0
<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 (%)	68.7	29.9	-39.6	6.0	34.0
Benchmark (%)	-3.8	25.9	-11.0	12.0	19.5
<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 (%)	83.1	21.8	-44.6	12.8	41.1
Benchmark (%)	4.4	18.0	-18.4	19.1	25.9
<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 (%)	70.8	27.4	-42.6	14.2	31.4
Benchmark (%)	-2.7	23.5	-15.5	20.6	17.2

Benchmark is MSCI ACWI ex US Index.

Source: Revolution, MSCI.

The International Concentrated Growth composite is more concentrated than the MSCI ACWI ex US Index.

## Stock Level Attribution

## Top and Bottom Ten Contributors to Relative Performance

## Quarter to 30 September 2024

Stock Name	Contribution (%)
MercadoLibre	2.0
Meituan	1.7
Delivery Hero	1.3
Adyen	1.0
Spotify	0.8
Ocado	0.4
BioNTech	0.4
Novo Nordisk	0.4
Samsung Electronics	0.3
Ferrari	0.3
ASML	-2.4
Moderna	-1.8
Kering	-0.7
NVIDIA	-0.7
Alibaba	-0.2
PDD Holdings	-0.2
Nu Holdings	-0.2
L'Oreal	-0.1
Kinnevik	-0.1
Wise	-0.1

## One Year to 30 September 2024

Stock Name	Contribution (%)
NVIDIA	6.5
Spotify	4.7
MercadoLibre	4.0
ASML	2.4
Adyen	2.3
Ferrari	1.3
Meituan	1.2
Shopify	0.5
Coupang	0.4
Delivery Hero	0.4
Kering	-2.0
Moderna	-1.7
Ocado	-1.4
Genmab	-1.3
M3	-0.9
Solaredge	-0.9
TSMC	-0.8
Tesla Inc	-0.6
Wise	-0.6
NIO Inc	-0.6

Source: Revolution, MSCI. International Concentrated Growth composite relative to MSCI ACWI ex US Index.

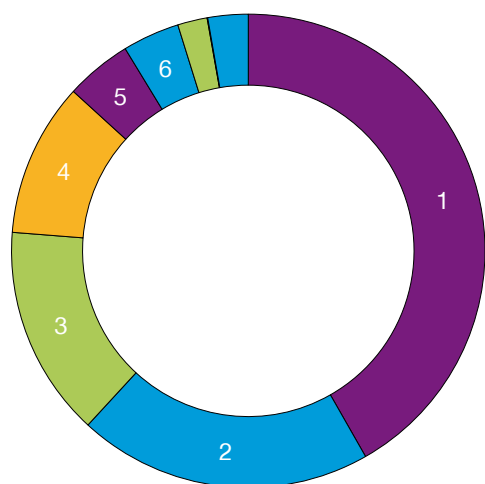
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated 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
MercadoLibre	Latin American e-commerce and fintech platform	12.9
Spotify	Streaming platform for audible content	9.0
ASML	Semiconductor equipment manufacturer	6.6
Adyen	Online payments platform	6.2
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	6.1
Meituan	Chinese online services platform	6.0
Hermès International	Luxury goods	4.2
Ferrari	Designs and manufactures luxury cars	4.2
TSMC	Semiconductor manufacturer	4.2
Delivery Hero	Online food delivery platform	3.5
<b>Total</b>		<b>62.9</b>

Figures may not sum due to rounding.

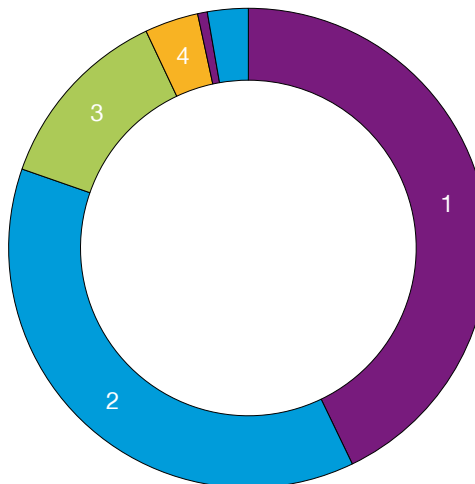
**Sector Weights**



	%
1 Consumer Discretionary	41.8
2 Information Technology	20.1
3 Communication Services	14.4
4 Financials	10.5
5 Health Care	4.5
6 Consumer Staples	3.9
7 Industrials	2.0
8 Materials	0.0
9 Cash	2.7

Figures may not sum due to rounding.

**Regional Weights**



	%
1 Europe (ex UK)	42.9
2 Emerging Markets	37.5
3 North America	12.6
4 UK	3.6
5 Developed Asia Pacific	0.7
6 Cash	2.7

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	2	Companies	None	Companies	None
Resolutions	22	Resolutions	None	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	ASML Holding N.V., BYD Company Limited, Coupang, Inc.
Social	BYD Company Limited, MercadoLibre, Inc.
Governance	ASML Holding N.V., BYD Company Limited, BioNTech SE, Ginkgo Bioworks Holdings, Inc., Hermès International Societe en commandite par actions, M3, Inc., Moderna, Inc., NVIDIA Corporation
Strategy	ASML Holding N.V., MercadoLibre, Inc., Moderna, Inc., Tencent Holdings Limited

Company	Engagement Report
ASML	<p>Objective: To gain insights into ASML's strategic direction under the new chief executive officer (CEO) Christophe Fouquet.</p> <p>Discussion: Our visit to ASML's Eindhoven facility provided a valuable opportunity to engage with the new CEO and other key executives. Christophe Fouquet was appointed CEO in April 2024 joining ASML in 2008. Our impression is that succession planning was well thought through, with Fouquet largely taking full control a year before the official handover date. As seamless as this transition has been, we do not underestimate the changes that Fouquet's appointment will bring. While the previous decade was characterised by the strong leadership of the former CEO and chief technology officer, Fouquet appears to be fostering a more distributed leadership approach across the company's 40,000+ employees. Given ASML's success over the past decade, we were intrigued to hear Fouquet openly discuss areas he aims to improve to ensure continued success. His humility was striking, exemplified by an anecdote where he requested a demotion upon joining ASML to first learn the ropes of lithography. Fouquet's strategic focus now is on adapting to individual customer requirements, acknowledging the diverse needs of major clients such as TSMC and Intel. The introduction of dedicated customer teams, led by the new Chief Customer Officer, Jim Koonmen, further demonstrates ASML's commitment to becoming even closer to its customers. Fouquet also emphasized the importance of ongoing cost reduction for clients, aiming to reduce the cost per exposure by 30% by the end of this decade.</p> <p>Outcome: The meeting reinforced our confidence in ASML's culture of long-termism, strategic direction and technological leadership. Though the company remains confident in long-term demand, the roadmap is more complex than in the past. Fouquet has a clear vision for what the company needs at this stage in its evolution. His ability to reduce costs for clients while at the same time boosting ASML's margins will likely define the success of Fouquet's era. We will continue to monitor.</p>
Coupang	<p>Objective: To encourage Coupang to report scope 1 and 2 emissions to better understand its climate exposure and material risks.</p> <p>Discussion: Climate considerations are crucial to Coupang's success for two main reasons: urban pollution and regulatory compliance. Coupang operates in densely populated areas of Korea, with 70 per cent of the population living within seven miles of a fulfilment centre. Seoul, known for its narrow streets and high vehicle usage, ranks among the worst cities globally for air pollution. Additionally, as a company listed in the US, Coupang must adhere to the latest SEC requirements to disclose scope 1 and 2 emissions. Currently, the company prioritises recycling and green packaging over emissions disclosure.</p> <p>We recommended that Coupang begin disclosing its scope 1 and 2 emissions, though we advised against setting targets until the company has a clearer understanding of its carbon footprint. Furthermore, we offered the support of our Climate Team and agreed to provide examples of companies in similar sectors that we admire.</p> <p>Outcome: Following our meeting, the company indicated it is evaluating internally whether to include its scope 1 and 2 emissions in its forthcoming ESG report. We look forward to studying the report once published.</p>



Company	Engagement Report
Tencent	<p>Objective: To get insight from the company on gaming regulation trends and to learn the company's take on social value in gaming.</p> <p>Discussion: Tencent perceives the regulatory environment for gaming industry as generally supportive, drawing from recent policy documents and its own interactions with regulatory bodies. The supportive nature of these policies likely facilitates a more favourable environment for the development and distribution of video games. The company places a strong emphasis on innovation in gaming to foster new gameplay, content creation and the development of new technologies, which can benefit cross-sector applications and thus have broader implications. While we acknowledge the social headwinds which have been extensively discussed elsewhere, it was helpful to discuss the changing perspectives with a more positive focus on how game studios integrate social benefits into games, the protection of historic relics, promoting global cultural exchange, and advancing the use of AIGC (AI-generated content) tools.</p> <p>Outcome: The meeting provided additional insights into the company's strategic thinking on the regulatory environment and its social responsibility. It is helpful to learn that the social value of gaming extends beyond the gaming arena and that Tencent intends to contribute positively to society and national interests.</p>

**Votes Cast in Favour**

Companies	Voting Rationale
Ginkgo Bioworks Holdings Inc, Wise Plc	We voted in favour of routine proposals at the aforementioned meeting(s).

**Votes Cast Against**

We did not vote against any resolutions during the period.

**Votes Abstained**

We did not abstain on any resolutions during the period.

**Votes Withheld**

We did not withhold on any resolutions during the period.

## New Purchases

Stock Name	Transaction Rationale
Nu Holdings	We have added Nu Holdings to your portfolio. Nu is a founder-run digital bank operating in Brazil, Mexico and Colombia. After a decade of operation, the company has attracted over half of Brazil's adult population, mainly through organic customer acquisition. This demonstrates a strong product-market fit replicated across an increasingly broad product portfolio, different market segments and multiple geographies. Nu has achieved 40% underlying ROE in its core Brazilian market while continuing to grow rapidly. Nu leverages its digital business model with an 85% cost advantage over incumbent banks to undercut fees while offering superior customer experience, commanding the highest net promoter score of any consumer company worldwide. We think Nu can continue to gain market share in its current geographies and products with the option to expand into new geographies and adjacent business lines.
Sea Limited	We have been following SEA since its IPO, particularly the expansion of its Shopee ecommerce platform over the last five years. The company itself is a unique and powerful ensemble of different growth businesses, ranging from gaming to ecommerce to financial services, pulled together by a decentralised and extremely adaptable culture, led by an innovative founder, Forrest Li. Continued improvements in SEA's competitive position, and its increasing underlying profitability have given us confidence to add SEA to your portfolio.

## Complete Sales

Stock Name	Transaction Rationale
Genmab	We have sold your holding in Genmab, a Danish Biotechnology company with expertise in antibody engineering. Genmab has matured from an innovative Biotechnology company with a core technology platform to a fully-fledged biopharmaceutical business with a broad product portfolio and its own commercial capabilities. However, with a patent cliff looming for key product Darzalex, and the potential for group revenue to fall toward the end of the decade, we have decided to sell your position. We have reinvested the capital into two new holdings SEA and Nu Holdings.
Zalando	Europe's largest online fashion marketplace, Zalando, saw its growth accelerate during the pandemic. Since then, growth has been muted. It is likely that European ecommerce is now more mature, while competition has increased from companies leveraging the Chinese supply chain, such as Shein and Temu, as well as new platforms, such as Vinted. Zalando has made progress post-pandemic, focusing on cost control and improving margins, but is yet to solve the issues of personalisation and discovery that could unlock growth. There is a concern that the quality of management has also declined following the departure of co-CEO Rubin Ritter a couple of years ago. Given this backdrop, we have sold your holding in Zalando to fund new ideas where the signs of progress and our conviction are greater.

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