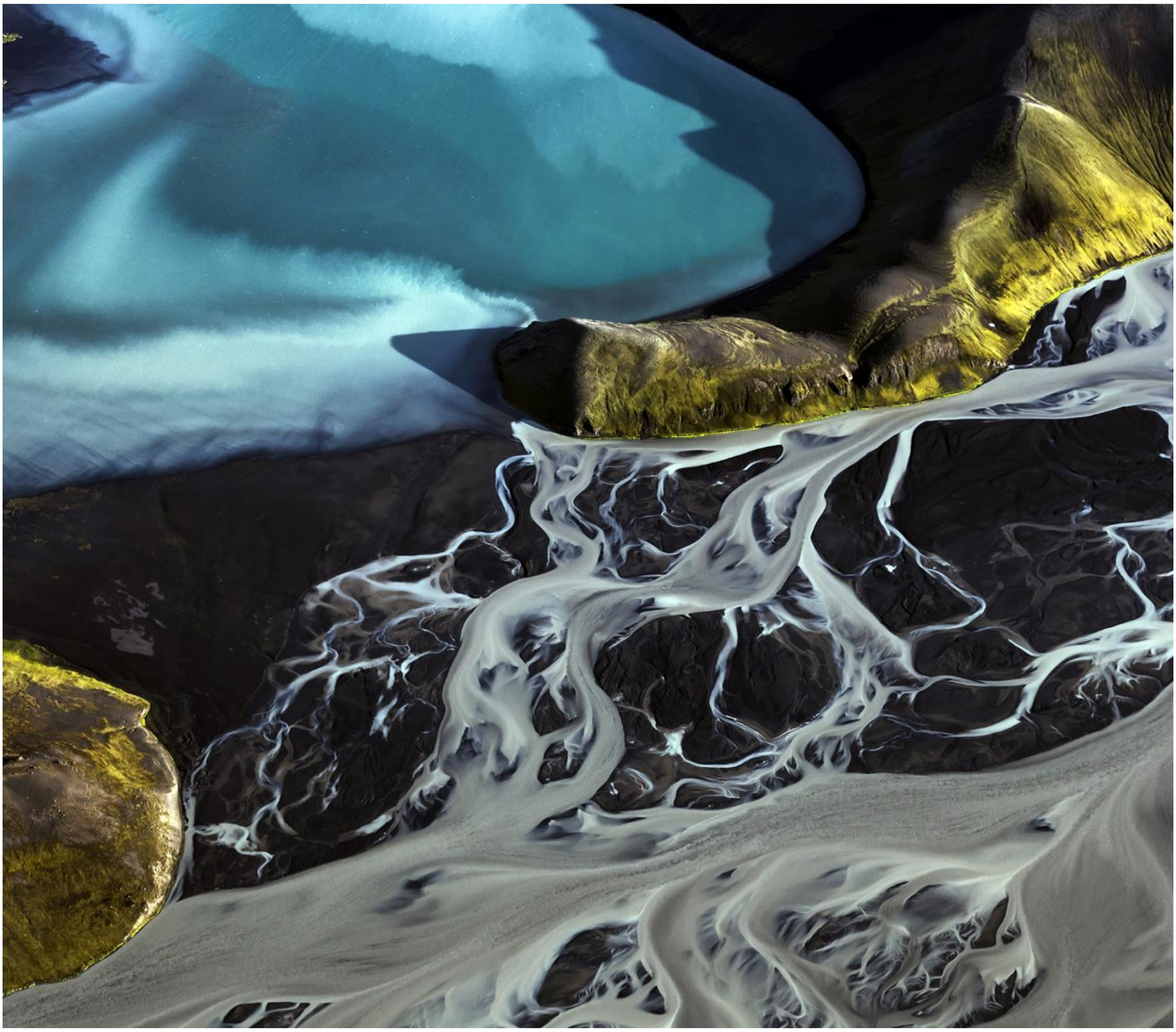
Baillie Gifford™

Positive Change Quarterly Update

30 June 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.
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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

Positive Change is a concentrated, global equity strategy with dual objectives: to deliver attractive long-term returns net of fees and a positive social change. The strategy invests in high quality growth companies which can deliver positive social change in one of four areas: Social inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life; and Base of the Pyramid (addressing the needs of the world's poorest populations).

Risk Analysis

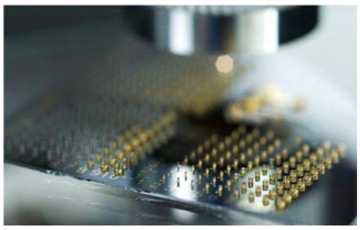
Key Statistics	
Number of Holdings	30
Typical Number of Holdings	25-50
Active Share	97%*
Annual Turnover	22%

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

Still waters run deep. Recent returns look unexciting but this belies strong underlying currents of portfolio growth

Wider magnificence. The opportunities for AI to drive positive change are much wider than just the narrow range of stocks currently exciting the market

Unearthing new opportunities. Mining equipment and services provider Epiroc and transformative healthcare company Vertex Pharmaceuticals are new investments



Key Facts

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

Performance: Still Waters Run Deep

On the surface, performance over the quarter appears unexciting. Portfolio returns have been virtually flat on an absolute basis, and behind the benchmark on a relative basis. However, beneath these still waters there are interesting currents at play: accelerating growth, a boost from biotech and market sentiment which continues to swirl around short-term news and largely ignore the tides of change ahead.

The relatively weak investment returns belie the fact that most companies in the portfolio continue to deliver pleasing operational progress. Indeed, indications are that fundamental growth is accelerating across the portfolio. Forward three-year earnings growth is currently 17% per annum across the portfolio compared to 13% per annum 12 months ago (to 31 May 24). As growth investors, it is our belief that it is this fundamental growth that will drive superior share price returns over the long run.

Given their obvious exposure to artificial intelligence (AI) it is no surprise that TSMC and ASML have been among the top performers over the quarter. However, it's pleasing that two biotech companies from the portfolio, Moderna and Alnylam, have also been drivers of recent performance after a period of weakness.

Alnylam uses a breakthrough biological discovery called RNA interference (RNAi) to develop highly innovative drugs. Since we invested in 2017, Alnylam has successfully brought five drugs to market targeting mainly rare diseases. At the end of June, Alnylam announced very positive results in a Phase 3 trial for its Vutrisiran therapy to be used in treating patients with a heart muscle disease (ATTR amyloidosis with cardiomyopathy) which is estimated to impact as many as 500,000 people globally. The market reacted well to this development, which (if approved) could pave the way to entering a multi-billion-dollar market and improving patient outcomes.

In the case of Moderna, significant news over the year has included regulatory approval from the Food and Drug Administration (FDA) for use of its RSV vaccine in adults aged over 60 and encouraging three-year follow up data on its phase II individualised neoantigen therapy (INT) for a form of skin cancer. These types of development are evidencing our long-held thesis that Moderna is moving from a 'covid' story to a maturing diversified mRNA therapeutics platform.

Negativity bias refers to human's propensity to focus on negative events, information, or emotions more than their positive counterparts. To some extent, we have seen evidence of this in recent months in terms of market sentiment towards some of the main detractors to our performance, whereby the market has placed much greater weight on any perceived weakness in results and largely ignored any fundamental progress.

This was the case with Remitly, which provides mobile-based remittance services for migrants. Its recent results showed active customers had grown by 36% year-on-year to over six million, margins had improved, and revenue was up 32%. However, the market reaction to these solid results was negative and the shares sold-off, citing concerns around marketing efficiency and lower than expected net new active customers added in the latest quarter. Against these short-term gyrations, we remain focused on the long-term investment case. Remitly is still in the early innings of growth and its competitive advantage – a combination of scale, efficiency, and brand – is strengthening. We don't require quarter on quarter progress to be smooth, providing the long-term opportunity is intact.

We have invested in Bank Rakyat, the largest microfinance-focused bank in Indonesia, since Positive Change's inception. Currently, a combination of operational missteps and a challenging macroeconomic backdrop, including higher food price inflation, has pushed up the bank's non-performing loan ratio. However, during a meeting with Baillie Gifford, Bank Rakyat's CFO was very upfront and humble about the operational mistakes and laid out the plan to remedy them. In addition, Bank Rakyat's microfinance franchise has historically been resilient across the cycle, and the bank is well-capitalised. We believe the company can recover from the near-term difficulties, and the long-term opportunity for loan growth and improving financial inclusion remain attractive.

Embracing Diversity

Our planet is incredibly diverse. Earth's 510 million square km of surface area is home to an estimated 6,000-7,000 species of mammal, including over 8 billion people spread across 192 countries. Over the 200,000 years of modern human history, mankind has faced many challenges (a number of them admittedly self-created) and yet through ingenuity has endured and progressed. Innovation and entrepreneurship have been a bedrock of progress whether you think of the transformative effects of the earliest innovations, to the more recent changes enabled by electrification and digitalisation.

The capital markets evolved as a means to match entrepreneurial endeavours which required capital with those who had a surplus of it that they wished to invest. The capital markets are intrinsically diverse in nature. For example, there are over 300 million companies globally, of which 55,000 are listed on the public markets. However, despite this deep market diversity, excitement over the last year has converged around a very small number of companies (the Magnificent Seven: Nvidia, Amazon, Alphabet, Meta, Microsoft, Apple and Tesla). As a result, market concentration is now at a 60-year high.

Scratch beneath the surface and these seven companies have very different characteristics, yet the common thread of market excitement stems from the opportunities presented by Artificial Intelligence (AI).

We support the view that AI is going to create incredible opportunities, however, we believe that the opportunity is going to be much more wide-ranging than the current narrow market excitement suggests.

Wider Magnificence: A Wealth of AI Opportunity

Throughout history, mankind has been adept at taking technological innovations and adapting them to a staggeringly broad use of applications. Artificial Intelligence will be no different. It is a transformative technology with a myriad of uses. AI has the potential to transform our everyday lives: much like the introduction of the personal computer in the 1980s which has changed the way we work and live.

This is exemplified by many of the holdings in the Positive Change portfolio who are using AI in novel ways to solve challenges, enhance their products, or increase efficiency.

For example, in Social Inclusion and Education, **Duolingo** the mobile learning platform is using AI to personalise and enhance the learning experience for students. Its AI-generated Roleplay feature allows learners to practice real-world conversation skills with animated characters from the app. No two conversations are the same and learners receive tailored feedback, powered by AI.

Deere, the manufacturer of agricultural machinery is using AI to power its precision agriculture technologies which enable farmers to 'do more with less' – enabling higher yields with significantly less application of chemicals and pesticides. In the case of its See and Spray technology, this means up to 50% less chemicals applied and up to 93% less chemical run-off.

Meanwhile, biotech companies such as **Moderna** are using AI to expedite its research and drug development. In April, Moderna and Open AI announced their ongoing collaboration to co-innovate with a shared vision of AI's transformative potential in business and healthcare. From augmenting clinical trial development with Dose ID GPT to using Contract Companion GPT to provide summaries of legal contracts, Moderna is embracing AI with the mindset of using the power of digital to maximise its positive impact on patients.

Of course, these applications of AI are only made possible by companies who are enabling the 'nuts and bolts.' **TSMC** remains a critical enabler in the semiconductor industry and is expecting AI revenue to grow 50%+ CAGR (compound annual growth rate) for the next five years. Similarly, **ASML's** management outlined a path to the top end of their guidance of (€30-40bn of sales) for 2025, driven by demand for its lithography equipment, which is essential within the semiconductor manufacturing process.

And every rose has its thorn. We are at the early stages of understanding the societal consequences of AI, from the prospect of the technology disrupting jobs, to the potential for AI to be used to create false, manipulative news. There are also environmental consequences. Data centres are highly water and energy consumptive.

Portfolio companies such as water infrastructure company **Xylem** and speciality water and hygiene solution company **Ecolab** are well placed to support data centres and other customers to monitor and moderate their use of water through their digital water solutions. For example, in 2023, Ecolab helped customers save around 857 million cubic metres of water – equivalent to the drinking water needs of almost 782 million people.

Unearthing New Ideas

Mining equipment is perhaps not an immediately obvious choice for the portfolio and it's not often that our research takes us literally underground. However, mining is an industry we can't ignore. Our research into the industry has spanned several years. We've questioned industry experts from around the globe, quizzed management teams, and visited mines in Finland and Sweden to see mining machinery in action.

Metals and minerals are essential for progress in areas such as the green energy transition, but their extraction comes at a cost. Mining is a carbon-intensive and traditionally dirty industry. How can we continue to mine the materials we need in a way that mitigates damage?

We have taken a new position in **Epiroc,** a high-quality Swedish industrial business which provides mission-critical equipment and services to the mining and construction industries. This is a high-quality business, operating in a consolidated market with high barriers to entry. 70% of revenue comes from the aftermarket, including services and parts. Epiroc is driving change in the mining industry through greater electrification, automation, and digitalisation. Through the innovation of products and its business model, Epiroc is helping to catalyse the adoption of technologies that will enable a dirty, but necessary, industry to decarbonise.

Vertex Pharmaceuticals is also new to the portfolio. The company brings transformative medicines in areas of high unmet needs to market. Vertex played an important role in developing treatments for Cystic Fibrosis (CF), a genetic disease that results in excessive mucus in the lung and often leads to serious infections. Prior to effective treatments, many CF patients did not reach adulthood. Today, life expectancy for CF patients is around 60 years, with some patients living into their 80s. CF treatments provide a profitable revenue stream for Vertex, which generated $10 billion in sales and $4 billion in operating profit in 2023. This profit stream helps to fund research and Vertex's expansion into new disease areas, including Sickle Cell Disease, Beta Thalassemia, Diabetes, and renal diseases.

We are patient and long-term investors but where we detect a deterioration in the fundamentals of a business we will sell and redeploy the capital in companies where we have higher conviction. Over the past quarter we have sold three companies.

We have owned South African insurance provider **Discovery** and single-cell sequencing tool developer **10x Genomics** for a number of years. Both companies have much to admire about their innovative products, but each company is facing difficulties in growing their business against macro-challenges and industry-specific headwinds. These difficulties have led to disappointing share price performance over our period of ownership. The operational growth headwinds have led us to sell and redeploy the cash into companies where we have higher conviction in our dual objectives being achieved over the long term.

In contrast, we have sold **Wuxi Biologics** after a relatively short period of ownership (we first invested in August 2023). It is a Chinese company providing end-to-end solutions and services for the discovery, development, and manufacturing of biologic drugs. It is a highly regarded and entrepreneurial business in a market which has very attractive global growth potential. However, since investing, the geopolitical risks have intensified to the point that a significant proportion of Wuxi's US-based customers may no longer be permitted to use its services in future. This uncertainly has weighed heavily on the share price, and we feel that despite the attractive fundamentals, it is time to move on.

"The Future Depends on What You Do Today"
– Mahatma Gandhi

We know exactly what we are doing today: our purpose is clear. We are focused on finding innovative, high-quality companies solving a diverse range of global challenges. We don't believe the extreme market concentration will endure. Previous periods of excessive index concentration have always reversed, and evidence shows that over the long term, it is fundamental growth that drives share price performance.

We are researching companies across diverse areas of opportunity including solar, mining, cyber-security, health diagnostics, microbial health, and credit provision in India.

Today, we are also excited by the potential of the companies in the portfolio and how we can support and challenge them through our interactions with them. We know from our impact monitoring and reporting that these companies are responsible for saving lives, educating students, reducing pollution, and enabling financial resilience. Our role as patient and perseverant investors is intended to support this vastly diverse range of companies today to the benefit of us all in future.

Performance Objective

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

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.5	2.9	-4.5
1 Year	2.5	20.6	-18.1
3 Year	-5.2	9.1	-14.3
5 Year	13.9	11.4	2.5
Since Inception	16.8	11.1	5.6

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.5	3.0	-4.5
1 Year	1.9	19.9	-18.0
3 Year	-7.9	5.9	-13.9
5 Year	13.8	11.3	2.5
Since Inception	16.8	11.2	5.6

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.7	3.8	-4.5
1 Year	3.8	22.1	-18.3
3 Year	-4.8	9.6	-14.3
5 Year	15.2	12.6	2.5
Since Inception	17.0	11.3	5.6

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.4	4.2	-4.5
1 Year	5.4	24.0	-18.6
3 Year	-4.8	9.5	-14.3
5 Year	14.8	12.3	2.5
Since Inception	17.6	11.9	5.7

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-3.8	0.6	-4.4
1 Year	1.6	19.5	-17.9
3 Year	-4.3	10.1	-14.4
5 Year	14.9	12.4	2.5
Since Inception	18.9	13.1	5.7

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 January 2017
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Positive Change 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 (%)	51.9	48.2	-29.9	18.7	2.5
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 (%)	47.5	65.7	-38.4	24.3	1.9
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 (%)	49.5	56.9	-30.1	19.1	3.8
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 (%)	53.7	50.7	-35.8	27.5	5.4
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 (%)	50.3	52.0	-32.7	28.4	1.6
Benchmark (%)	4.6	28.3	-7.6	21.0	19.5

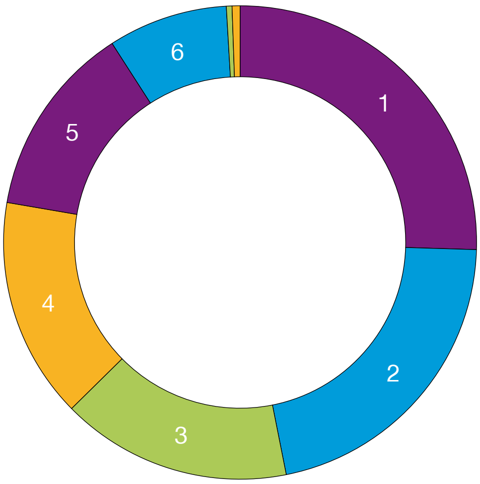
Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Positive Change composite is more concentrated than the MSCI ACWI Index.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	9.3
ASML	Semiconductor equipment manufacturer	7.5
MercadoLibre	Latin American e-commerce and fintech platform	7.3
Moderna	Biotechnology developing mRNA-based therapeutics	5.5
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	5.5
Dexcom	Continuous glucose monitoring technology for diabetes management	4.8
Nu Holdings	Latin American digital banking and financial services	4.7
HDFC Bank	Indian banking and financial services	4.7
Shopify	Cloud-based commerce platform provider	4.5
Deere & Co	Farm and construction machinery	4.4
Total		58.3

Figures may not sum due to rounding.

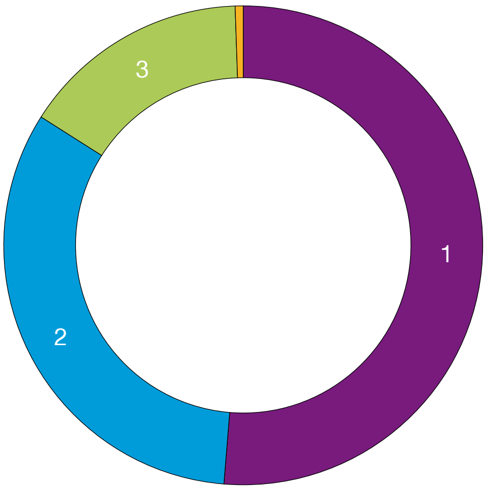
Sector Weights



		%
1	Information Technology	25.5
2	Health Care	21.4
3	Consumer Discretionary	15.8
4	Financials	15.1
5	Industrials	13.2
6	Materials	8.2
7	Communication Services	0.4
8	Cash	0.5

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	51.3
2	Emerging Markets	32.7
3	Europe (ex UK)	15.5
4	Cash	0.5

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	22	Companies	5	Companies	1
Resolutions	226	Resolutions	10	Resolutions	2

Company Engagement

Engagement Type	Company
Environmental	Remitly Global, Inc., Taiwan Semiconductor Manufacturing Company Limited, Umicore SA, Xylem Inc.
Social	Grab Holdings Limited, Novozymes A/S, PT Bank Rakyat Indonesia (Persero) Tbk, Remitly Global, Inc., Taiwan Semiconductor Manufacturing Company Limited, Umicore SA
Governance	Alnylam Pharmaceuticals, Inc., Epiroc AB (publ), HDFC Bank Limited, Illumina, Inc., Moderna, Inc., Novozymes A/S, Taiwan Semiconductor Manufacturing Company Limited, Tesla, Inc., Umicore SA, Xylem Inc.
Strategy	MercadoLibre, Inc., Nu Holdings Ltd., Remitly Global, Inc., Sartorius Aktiengesellschaft, Umicore SA, Xylem Inc.

Company	Engagement Report
Alnylam Pharmaceuticals	Objective: This was a post-results call with chief executive officer (CEO) Yvonne Greenstreet. Given ambitious plans to target more prevalent diseases, we wanted to understand how the organisation managed growth. Discussion: Greenstreet explained that the first era at Alnylam had focused on rare diseases to validate the company's RNAi technology. Greenstreet became CEO in 2022 and is now focusing on taking RNAi into larger disease opportunities and looking at RNAi targets outside the liver. Having focused on rarer diseases, she now needs to build up the company's capabilities while maintaining the strengths that have brought Alnylam to its current position. The company is now investing in developing its commercial footprint while continuing to invest in research and the pipeline. Alnylam is an ambitious company - and we were comforted that it looks for areas where it has a differential advantage and then pursues those spaces "hard and fast." As the company grows, we also noted the challenges this can present to culture: Greenstreet is determined to stay focused and nimble, even as the company moves into more common diseases. Outcome: There is a good deal of ambition at Alnylam, and it is exciting to hear about its drive to remain at the forefront of RNAi treatments. However, it is also good to hear that it is determined to keep its culture, even as it targets more prevalent diseases.
Grab	Objective: Gig economy models have always been controversial - with concerns over whether such models provide decent work opportunities. This was an introductory call with the ESG team to understand how Grab works with its driver partners. Discussion: Grab noted that it operates a marketplace that needs to balance the needs of customers and drivers. Nonetheless, drivers will not come to the platform unless it provides good economic opportunities. So, Grab pays close attention to providing drivers with the chance to have safe work and reliable income streams. It regularly collects feedback from drivers - and has developed product innovation based on this feedback (eg compensating drivers for long waits and fare adjustments for long-distance pick-ups). Providing living wage targets is challenging given the multiple factors that impact driver income (hours driven, journeys selected...), but Grab has made a lot of efforts to increase driver income, notably by promoting opportunities for drivers to have more than one revenue stream. Grab also focuses on non-financial opportunities, particularly education, and puts substantial efforts into special onboarding and training features for women, who are often more hesitant about becoming drivers. Outcome: This was a helpful introductory call. It demonstrated that Grab has put considerable effort into providing economic opportunities for its driver partners and that basic measures such as hourly wages are highly complex in a gig economy context.

Company	Engagement Report
HDFC Bank	Objective: Over the past year, we have held several meetings with multiple members of HDFC's senior management (chief executive officer, chief financial officer, head of mortgages and head of commercial rural banking). This included a visit to its Mumbai offices, to understand the impact of the merger between HDFC Corp and HDFC Bank, particularly on its growth prospects, governance and culture. Discussion: When India's largest mortgage lender, HDFC Corp, merged with its subsidiary HDFC Bank in 2023, it was the largest merger in India's corporate history. Our discussion focused on the merger's impact on the newly merged HDFC Bank's deposit and loan growth, particularly given additional reserve requirements and unexpected liquidity tightening across the Indian banking system. As branches are the central deposit engines for Indian banks, we discussed the company's branch expansion plans to understand how HDFC Bank plans to support growth in the face of these challenges. The location of the branch is an important factor, and HDFC Bank has been expanding into smaller towns and cities, which generate lower growth rates. While there are clear strategic intentions behind the expansion and evidence of some success in deposit growth, we will continue to monitor the realistic pace of deposit and loan growth in the future. Given the importance of the cultural pillar to our investment thesis, we also discussed how leadership managed the integration of two distinct corporate cultures and its impact on employee engagement and attrition, especially at the management level. Management has identified this as a priority. There has also been a noted shift in work culture preferences among the younger generation, favouring a flat versus hierarchical working environment, to which management is responding. Outcome: While substantial hurdles exist, HDFC Bank is making strategic adjustments. We were reassured that asset quality remains excellent, and we continue to see the old conservatism on display. The reality post-merger has highlighted the difficulties in integrating two distinct cultures; however, HDFC Bank's management acknowledges this and places a strong focus on creating a supportive working environment and reducing attrition.
Moderna	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.

Company	Engagement Report
Novonesis	Objective: To validate our hypothesis that Novonesis should be a net beneficiary of increasing concerns around Ultra Processed Food (UPF) Discussion: A fascinating discussion with the company's Investor Relations touched on the background of Novonesis enzymes and culture products, the potential for chemical additive substitution, product development pipelines and strategy, and cost in use. Outcome: It's not clear that the company sees a near-term opportunity in rising concerns about UPF. However, these concerns seem likely to feed into the evolution of the company's development and marketing strategy. The hypothesis is still intact, but more work needs to be done, which should come from conversations with F&B companies about current and future exposure to enzymes and cultures in product formulation.
Tesla Inc	Objective: Ahead of the 2024 AGM, we engaged with Tesla's board to discuss two significant resolutions: the reincorporation of the company from Delaware to Texas and the ratification of chief executive Elon Musk's 2018 Option Award. We sought to better understand the rationale for both proposals and why the board considered them important for Tesla's long-term strategy. Discussion: We spoke to board chair Robyn Denholm and the company's general counsel. Given the technical nature of both proposals, we supplemented these discussions with independent legal advice. These conversations built upon the extensive disclosures provided in Tesla's proxy statement. Specifically, we discussed the process, culminating in the board putting forward reincorporation and ratification proposals. We discussed the similarities and differences between Delaware and Texas law regarding shareholder rights and protections. We also queried using a Special Committee consisting of only one independent director and how the board thinks about the infancy of Texas corporate law relative to Delaware. The conversations helped us better understand how both proposals fit with Tesla's appeal of the Delaware Chancery Court's original judgement to rescind Musk's 2018 award, including various post-AGM scenarios. Outcome: These discussions were critical to informing the analysis of each proposal and our final voting decisions. After considering the available information, we opposed the reincorporation to Texas and supported the ratification of Musk's 2018 award for clients with whom we have voting discretion. We do not believe the move from Delaware to Texas is in clients' best interests due to the infancy of the Texas business courts, concerns over the fiduciary duties of controlling shareholders to other stockholders, and reservations about the process leading up to the reincorporation vote. Regarding ratifying the 2018 option award, we acknowledge the process and governance deficiencies outlined in the Delaware judgement. However, we believe an agreement between the majority of shareholders and the chief executive officer should be honoured. We were consulted before the grant in 2018, believing then and now that the structure of the option grant provided good alignment with our clients' best interests. Both proposals were subsequently approved by shareholders. We look forward to continuing our dialogue with the company, including discussions on strengthening its corporate governance.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Dexcom Inc	Annual 22/05/24	5	We supported the shareholder proposal on the political donations report, as the company are permitted to make such donations, but does not report on that. They are also lagging behind their peers.
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.

Companies	Voting Rationale
10X Genomics Inc Class A, ASML, Abcellera Biologics Inc, Alnylam Pharmaceuticals, Coursera Inc, Dexcom Inc, Duolingo Inc, Ecolab, Epiroc B, HDFC Bank, Illumina, Joby Aviation Inc, MercadoLibre, Moderna Inc, Novonesis (Novozymes) B, Remitly Global Inc, Rivian Automotive Inc, Shopify 'A', TSMC, Tesla Inc, Umicore, Xylem	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Ecolab	Annual 02/05/24	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.
Ecolab	Annual 02/05/24	4	We opposed the shareholder resolution requesting the board adopt a policy requiring an independent chair. We agree with the board that this policy could limit flexibility in appointing the best candidate and believe the company has sufficient safeguards in place to ensure independent and objective judgement.

Company	Meeting Details	Resolution(s)	Voting Rationale
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.
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.
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.

Companies	Voting Rationale
10X Genomics Inc Class A, Xylem	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
Dexcom Inc	Annual 22/05/24	2	We abstained on 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.
Dexcom Inc	Annual 22/05/24	4	We abstained on the shareholder proposal requesting for an unadjusted pay gap report. We believe it is a good principle, but we also recognise that the company has progressed on this issue and released the adjusted pay gap data. We have been engaging with the company on this topic and will continue to do so encourage further transparency.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Epiroc	We have taken a position in Epiroc, a high-quality Swedish industrial business. Epiroc provides mission-critical equipment and services to the mining and construction industries. We like the quality of the business, the high barriers to entry in a consolidated market, and the strong aftermarket business. There are several structural tailwinds that should support Epiroc's growth over the long term, including the depletion of ore grades making mining productivity more important, the continued demand for transition metals such as copper, and the pivot towards underground mining. At the same time, Epiroc is driving change in the mining industry through greater electrification, automation and digitalisation. Through the innovation of products and its business model, Epiroc is helping to catalyse the adoption of technologies that will enable a dirty, but necessary, industry to decarbonise. We expect enduring growth through the mining cycle with strong returns on capital.
Vertex Pharmaceuticals	Vertex is a specialty pharmaceutical company aiming to bring transformative medicines to market in areas of high unmet need. The company's differentiated R&D approach of disease-led and technology-agnostic has yielded great success so far. Vertex is almost synonymous with treatment for cystic fibrosis (CF) because of its drug's monopolistic position in CF which is a debilitating genetic disease that affects 100,000 patients worldwide. We believe that this monopolistic position is defendable and CF medicines will continue to generate sustainable cash flow to fund research and development of other programs. Recently Vertex obtained FDA approval for the first-ever gene editing therapy to cure blood disorders sickle cell disease & beta-thalassemia, and it is on the cusp of gaining approval for an innovative pain killer that could be as effective as opioids but without the addiction. This could be hugely impactful given the public health crisis associated with opioids. Furthermore, we are excited about Vertex's pipeline which is maturing with a potential cure for type-1 diabetes and certain genetic kidney diseases, and its transformative benefits to millions of patients worldwide.

Complete Sales

Stock Name	Transaction Rationale
10X Genomics	Operational progress has been disappointing since we took a holding in 10x Genomics. There were macro challenges related to the COVID lock-down, a slow-down in China, and a constrained academic research budget. The company has also struggled internally to commercialise its single-cell sequencing technology and bring it to smaller and mainstream biology labs. While 10x continues to innovate rapidly and has made significant progress in spatial biology, we are concerned that the competitive landscape is evolving rapidly, and it may be difficult for 10x to maintain its leading position. We therefore decided to sell 10x to fund other more attractive investment opportunities.
Discovery	Based in South Africa, Discovery provides shared-value insurance policies, where policyholders are rewarded for healthy behaviours such as exercising and eating well. The original investment case was based on the hypothesis that a profitable South African business could fund Discovery's international expansion, where it partners with global insurance companies to offer insurance policies that embed Discovery's shared-value features. However, a weak macroeconomic backdrop in South Africa and the increasing risk of regulatory intervention from the proposed National Health Insurance (NHI) scheme have created headwinds for Discovery's domestic business. Furthermore, international expansion is progressing slower than expected, partly driven by the difficulties of navigating the bureaucracy of its global insurance partners. As a result, Discovery is unlikely to offer the attractive levels of growth that Positive Change looks for and we decided to sell the holding.
GRAIL Inc	GRAIL was spun out of Illumina in June and we sold the holding shortly afterwards.
Wuxi Biologics	Wuxi is the contract research, development and manufacturing organisation (CDMO) for biologics drugs. We invested in Wuxi because we believed in the growth opportunity of biologics drugs and the outsourcing trend from biotech and large pharma companies to CDMO. We also believed in Wuxi's strengthening competitive advantage and its agile, innovative and entrepreneurial culture. We were aware of the potential geopolitical risks between China and the US but thought that Wuxi's aggressive international expansion strategy could help mitigate the risks. However, since investing, the geopolitical risks have intensified to the point that Wuxi could potentially be sanctioned completely by the US towards the end of the decade. This is hugely unfortunate as we still like the fundamentals of the business, however no longer believe that Wuxi can control its own destiny so decided to sell the holding.

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