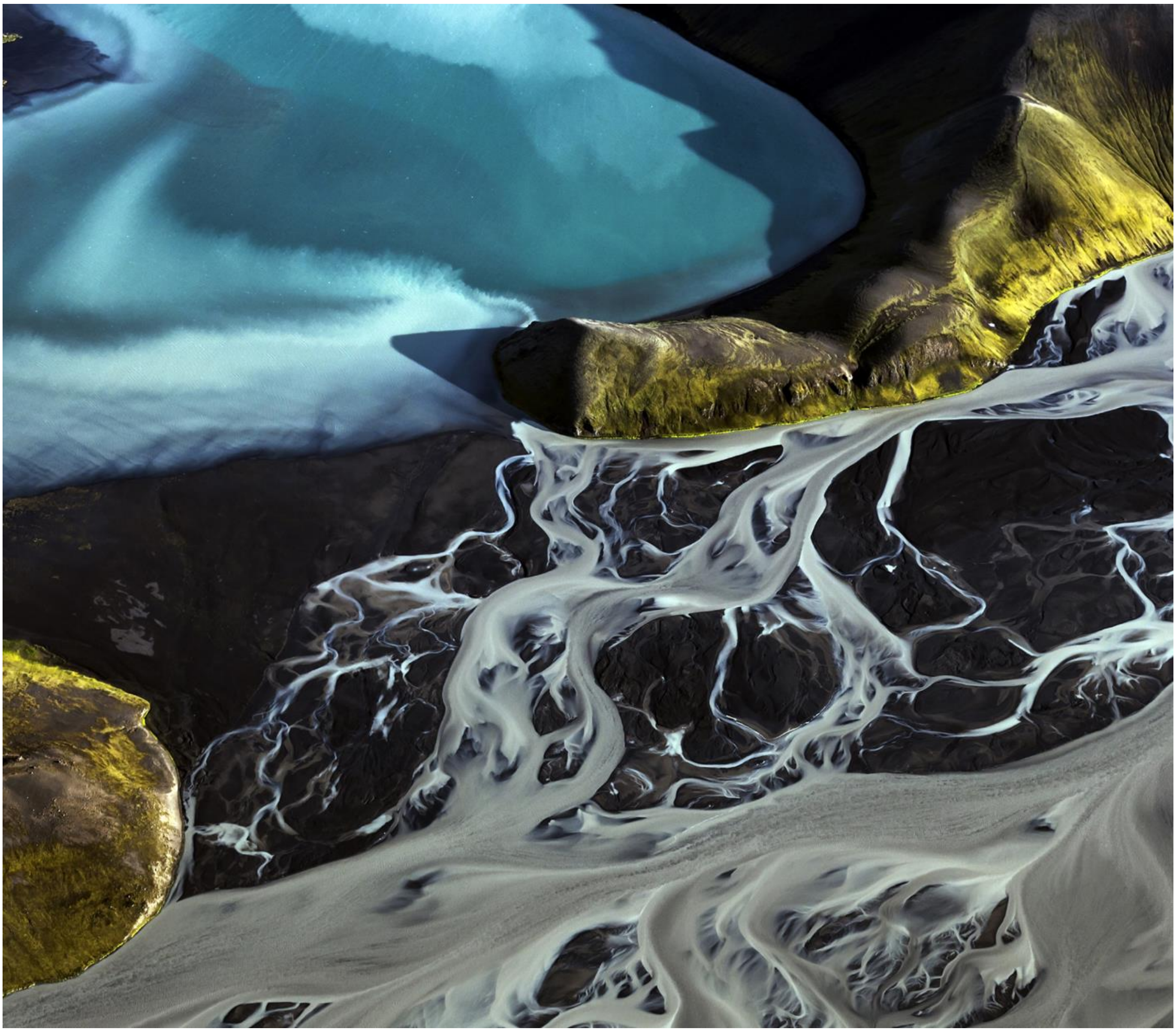
Baillie Gifford™

Worldwide Discovery 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.
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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

Worldwide Discovery is a concentrated, long-term, global equity strategy investing predominantly in growth companies that are initially lower down the market cap spectrum. The strategy selects stocks on a bottom-up basis with a focus on companies that have a strong culture of innovation and entrepreneurialism.

Risk Analysis

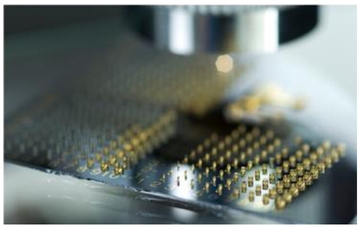
Key Statistics	
Number of Holdings	61
Typical Number of Holdings	50-75
Active Share	99%*
Rolling One Year Turnover	15%

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

The market remains unsupportive of our style of investment, and strategy returns for the year to date have been disappointing

We're excited by the portfolio's latent potential and believe its improving operational performance will soon be represented in share prices

We have identified a selection of new high-potential companies for the portfolio



Key Facts

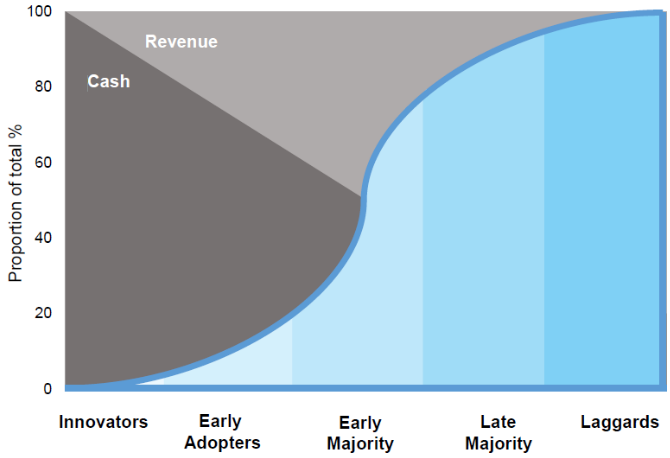
Assets under management and advice	US$283.7bn
Number of clients	649
Number of employees	1738
Number of investment professionals	372

Discovery's single most successful investment to date has been in the electric car company Tesla. The strategy held shares in the business from early 2013 to the end of 2022. During the first five years of that period, Tesla increased annual sales from c.$2bn to $10.5bn. This was an impressive feat, but it pales compared to the next five years, culminating in Tesla delivering annual sales of $77bn in 2022.

A current holding which has demonstrated similar rapid growth is Axon, the law enforcement taser and software provider. When we initially researched the company in 2016, it was still called Taser International, and that product made up 85% of its total revenues. Analysts we spoke to told us this would 'always be a hardware business', with a dominant 60% share of the taser market in the US and was now relying on upgrade cycles and international expansion to maintain its growth. We, however, were intrigued by the bodycams they were cross-selling as they linked to their cloud-based software system, Evidence.com. This was growing at 50% per year and was heavily loss-making but had the potential for high margins at scale.

By 2018, when we first took a position, the company had rebranded to Axon and was spending heavily on R&D to build a suite of software offerings that could replace the poorly designed legacy products in use across the police force. Analysts had increased their growth forecasts slightly to 18-20%. At the time, although richly priced on a price-to-earnings basis, we felt its foundation for multi-year, value-accretive growth was not fully reflected in analyst forecasts and the company's value, and we've so far been proven right. Over the last five years, revenue has grown at a compounded rate of over 30% and earnings at over 35%, with software and sensors now making up over 60% of its total revenues.

Academics have developed the 'S-curve' model to explain such instances of rapid growth enabled by product innovation and market disruption. The concept illustrates that new products require time for both development and consumer adoption. Once a threshold is reached, however, a period of rapid exponential growth typically occurs, followed by a maturation phase where growth again slows or declines. The best companies, as is the case with Axon with Taser devices, software and sensors, can operate with multiple S-curves simultaneously. Each product iteration starts a new curve built upon the last, like a series of mountain peaks or waves, aggregating to considerable value for the company.



This model can help analyse the growth and product cycles of innovative businesses in the Discovery portfolio, but only when combined with the team's 'real world' experience. As with most academic models, the reality is rarely so smooth. In this case, the model often overestimates the linearity of growth, understates possible execution challenges, and ignores industry or market changes. In short, the growth curves delivered in the real world are never as neat as in theory.

Our difference, and often our insight, can be in assessing where each company is on its S-curve, whether at the base with growth set to ramp up, in the steep climb of adoption, hitting a brief plateau, or reaching the summit. Combined with an analysis of how it impacts the company's future profitability and cash position, this can form the core of conviction in the investment case.

On the other hand, sell-side analysts' valuation models are often more linear and short-term biased than genuinely reflective of the unpredictable S-curves of our companies' growth. When combined with behavioural biases to overreact, it can lead to sharp changes in stock prices. This is especially pronounced now, as we remain in a reactive and uncertain market. Conjecture around interest rates continues to dominate the narrative. At the same time, most return-seeking capital has been sucked into a few high-profile areas (e.g., AI infrastructure, Bitcoin, and-obesity drugs), all of which favour larger businesses. In this environment, we've seen any company with an uncertain growth trajectory or which deviates from The Street's linear growth forecasts be harshly dealt with.

This quarter, we saw examples of this play out. 'Over-extrapolation' of quarterly financial results and market overreaction weighed on the stock prices of several Discovery companies and dragged on performance as a whole. We remain resolute in applying the analytical rigour, patience, and long-term horizon needed to exploit the valuation discrepancies these fluctuations have created in the portfolio, for example, adding to holdings in Oxford Nanopore, the genetic sequencing device manufacturer, and Aehr Test Systems, for silicon carbide wafers. Both companies have fallen in value due to slowing sales, but we strongly believe in the respective long-term growth opportunities.

While some individual holdings growth rates have slowed, we'd emphasise that the aggregate portfolio is accelerating. Three-year forward revenue growth is now almost four times the level of the index, nearly double the gap shown just a few months ago. Yet, perhaps more interestingly, we believe that for many portfolio holdings, their growth stage remains misunderstood, either surprising to the upside or lasting longer than expected by the market.

Inflection Point

Observing today's portfolio, we can point to several examples of companies whose growth curves are being misjudged. For example, companies in the early adoption stage, which have just found their product market fit, we think the structural tailwinds propelling their growth are underappreciated. One is American Superconductor, which has long promised to reach a pivot point in growth through its broadening range of products that help manage energy flow more efficiently. It is now seeing this materialise as inconsistent ordering gives way to burgeoning demand. Its products are used in navy battleships, semiconductor fabs and wind turbines, which all have favourable growth drivers and long runways ahead.

Likewise, Twist Bioscience, the synthetic DNA supplier, has seen its new five-day turnaround 'express genes' product take share. But unlike American Superconductor, it sells to an industry suffering short-term headwinds as R&D budgets have tightened across healthcare. Synthetic biology, however, remains in its infancy and is still growing rapidly. Twist's DNA products are a vital component of the cancer diagnostics market, and they are set to reach their new adoption stage over the next decade. Look past the headwinds, and you can see Twist rapidly expanding its share, not to mention the further S-curves it could add with antibody development and data storage. Loss-making today, but we feel this growth illuminates a path to profitability.

For the recently listed, new-buy Raspberry Pi, the adoption cycle also looks near its beginning. It has developed a low-cost mini-computer system and software ecosystem that can be used for various industrial applications. It has scaled to this point with effectively no sales capacity. We're intrigued by what it can achieve by working directly with customers and a clear commercial vision.

The steep climb

Other companies in the portfolio are beyond the base and amid a steep climb higher. They include TransMedics, the organ transportation company, and implantable lens business RX Sight. TransMedics has developed a proprietary device that can store organs more effectively and longer than traditional cold storage. This has allowed it to seize a mini monopoly in previously unused organs. The establishment of its own transport infrastructure to better match supply and demand has unlocked a doubling of sales growth, consensus-beating earnings and incredible outcomes for recipients. While its near-term growth curve may be appreciated, the company's R&D efforts to deliver new products and expand clinical evidence are not. This could sustain its growth for longer as it quickly penetrates its initial market.

For RX Sight, it is even simpler. Adoption will be spurred as its adjustable lenses are the best product on the market and deliver favourable economics to surgeons. Further, its expansion to the premium market and internationally offers additional optionality to increase the share price. New buy Sweetgreen, the US 'fast salad' restaurant chain, has a growth story that is more like a steady stroll on a gentle incline than the cliff face of Rx Sight and TransMedics, but the duration surprise is the same. The case is for steady store expansion as healthy, convenient, sustainably sourced food gains continue to gain traction over the decade ahead. The company's automation prototype also adds potential for an edge in margins over its competitors.

Hidden peaks

While there is potential for mispriced growth upside and duration for those in the earlier stages of adoption, for others, new products can unlock growth, just as it is seemingly plateauing. For Exact Sciences, the cancer testing and diagnostics company, its colorectal cancer stool test, Cologuard, is well-penetrated, and tests from Geneoscopy and Guardant are just reaching the market, intensifying competition. We view Exact's scale, brand value and reach into health systems as more than adequate defences against the threat. The market's view also discounts Exact's colorectal cancer blood test, due to launch this year and its minimal residual disease (MRD) tests, which screen if cancer remains after treatment, set to follow next year. These could represent one wave of growth in colorectal cancer screening built upon the existing and one new wave in a nascent but fast-growing area. Together, these could push growth back higher and its valuations back upwards, especially as profitability keeps improving with scale.

Elsewhere in the portfolio, industry-level trepidation is flattening growth curves. For the software sector, growth has rarely been harder to come by. Enterprise budgets are tightening and cutting software spending to focus on the highest-value tools, leading to longer sales cycles and higher customer churn. Sprout Social, Appian and JFrog have not been spared in a sell-off, which portrays the market's lack of confidence. We explained at length in the last letter why key application developers, such as the process automation and software update tools the latter two provide, could be the beneficiaries in the adoption of Generative AI. Short-term budget pressure may flatten the curve slightly, but it does so on a vast opportunity that extends out of sight into the distance. However, considering the consolidation in the industry, assessing how the competitive dynamics evolve is critical. For digital social media manager Sprout Social, its move upstream has temporarily slowed growth more than expected. We think the stock price reaction may be overdone but are intent on monitoring its progress on successfully landing (and expanding with) these larger customer relationships.

At the summit

For others in the portfolio, growth is at or near the summit. MonataRO, the Japanese online business supplier, is a quality business. Still, its growth has drifted steadily downwards to a level that is hard to see a doubling in share price from here. The same is true for M3, the digital healthcare business. Its core pharma marketing business has matured, and although it has access to a rich stream of data across the healthcare ecosystem, we're less enthused about it establishing new growth curves from products to insurers and patients. Both have been sold to reallocate to those with more growth upside, of which there is no shortage of potential options.

Taking a step back

The above are notable examples of where our view and approach differ from the market and highlight areas where outperformance could materialise. As performance remains difficult, we don't want our optimism misinterpreted as overconfidence or obliviousness to recent returns. The market remains reactive and punitive to our disruptive, early-stage business. Frankly, it's challenging, and we appreciate our clients' patience. The S-curve concept is by no means unique to us, but when matched with our hard-earned experience and time horizon, it can provide an advantage. Now more than ever, we must continue to back our convictions in finding and holding underappreciated high-potential companies.

When time horizons are short and risk tolerance low, just like today, the potential for companies to surprise to the upside is at its greatest. For the patient investor, the rewards look very promising.

Performance Objective

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

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.1	-1.5	-0.6
1 Year	-9.5	11.8	-21.3
3 Year	-22.7	2.7	-25.4
5 Year	-4.2	7.9	-12.1
Since Inception	3.6	7.6	-4.0

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.0	-1.4	-0.6
1 Year	-10.0	11.2	-21.2
3 Year	-24.9	-0.3	-24.6
5 Year	-4.3	7.8	-12.1
Since Inception	3.2	7.1	-4.0

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.2	-0.7	-0.6
1 Year	-8.4	13.2	-21.6
3 Year	-22.3	3.1	-25.5
5 Year	-3.1	9.1	-12.2
Since Inception	4.1	8.1	-4.0

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.9	-0.3	-0.6
1 Year	-6.9	15.0	-21.9
3 Year	-22.4	3.1	-25.5
5 Year	-3.4	8.8	-12.2
Since Inception	4.0	7.9	-4.0

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-4.3	-3.7	-0.6
1 Year	-10.3	10.8	-21.1
3 Year	-21.9	3.7	-25.6
5 Year	-3.3	8.9	-12.2
Since Inception	5.2	9.3	-4.0

Annualised periods ended 30 June 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 30 June 2017
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Small Cap Index.
Source: Revolution, MSCI.
The Worldwide Discovery composite is more concentrated than the MSCI ACWI Small Cap 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 (%)	36.3	28.1	-46.7	-4.1	-9.5
Benchmark (%)	-2.3	38.3	-10.7	8.5	11.8

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 (%)	32.4	43.3	-53.1	0.4	-10.0
Benchmark (%)	-5.1	54.7	-21.5	13.6	11.2

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 (%)	34.2	35.7	-46.8	-3.8	-8.4
Benchmark (%)	-3.8	46.5	-10.9	8.9	13.2

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 (%)	38.0	30.3	-51.2	3.0	-6.9
Benchmark (%)	-1.1	40.6	-18.2	16.5	15.0

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 (%)	34.9	31.4	-48.8	3.7	-10.3
Benchmark (%)	-3.3	41.8	-14.3	17.4	10.8

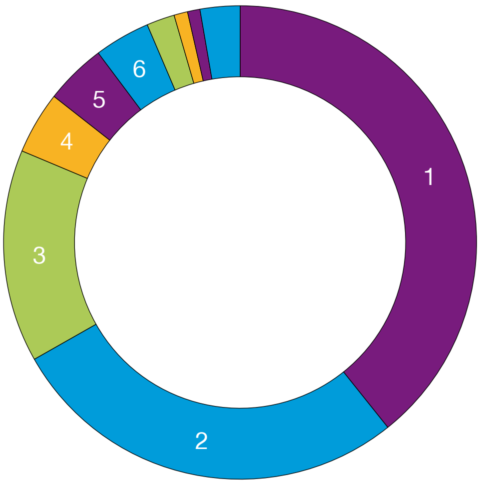
Benchmark is MSCI ACWI Small Cap Index.
Source: Revolution, MSCI.
The Worldwide Discovery composite is more concentrated than the MSCI ACWI Small Cap Index.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	8.4
AeroVironment	Small unmanned aircraft and tactical missile systems	4.9
Axon Enterprise	Law enforcement equipment and software provider	4.8
Zillow	US online real estate services	3.8
STAAR Surgical	Opthalmic implants for vision correction	3.4
Twist Bioscience	Biotechnology company	2.7
CyberArk	Information technology security solutions provider	2.7
MarketAxess	Electronic bond trading platform	2.6
Veeco Instruments	Semiconductor equipment company	2.6
Oxford Nanopore Tech	Biotech company	2.6
Total		38.6

Figures may not sum due to rounding.

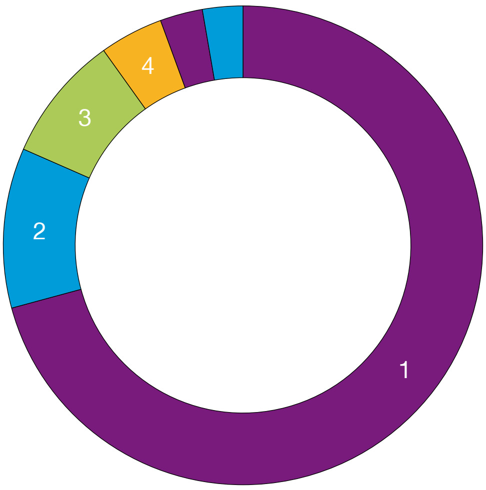
Sector Weights



		%
1	Health Care	39.3
2	Information Technology	27.5
3	Industrials	14.5
4	Financials	4.3
5	Consumer Discretionary	4.2
6	Real Estate	3.8
7	Consumer Staples	1.9
8	Materials	0.9
9	Communication Services	0.9
10	Cash	2.7

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	70.8
2	Emerging Markets	10.8
3	UK	8.5
4	Developed Asia Pacific	4.3
5	Europe (ex UK)	2.9
6	Cash	2.7

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	45	Companies	18	Companies	5
Resolutions	456	Resolutions	21	Resolutions	6

Company Engagement

Engagement Type	Company
Environmental	Ambarella, Inc., Axon Enterprise, Inc., MP Materials Corp.
Social	Axon Enterprise, Inc.
Governance	Alnylam Pharmaceuticals, Inc., Ambarella, Inc., Axon Enterprise, Inc., Kingdee International Software Group Company Limited, PureTech Health plc, STAAR Surgical Company, Trupanion, Inc., Zai Lab Limited, Zillow Group, Inc.
Strategy	Ambarella, Inc., Kingdee International Software Group Company Limited, MercadoLibre, Inc.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
MarketAxess Holdings	Annual 06/05/24	6	We supported a shareholder resolution to provide a right to call special meetings with a lower threshold, as we believe that the requested level would strike an appropriate balance between attainability for shareholders and protecting the company from inappropriate use of this right.

Companies	Voting Rationale
Abcellera Biologics Inc, Adaptimmune Therapeutics, Alnylam Pharmaceuticals, Ambarella, Appian Corp, Axon Enterprise Inc, Beam Therapeutics, Blackline, Cardlytics Inc, Cellectis, Cellectis ADR, Ceres Power, Chegg, Codexis, Confluent Inc., Cosmo Pharmaceuticals, CyberArk Software Ltd, Digimarc, EverQuote Inc, Exact Sciences, IPG Photonics Corp, JFrog Ltd, Kingdee Int'l Software Group, M3, MarketAxess Holdings, MercadoLibre, Novocure Ltd, Ocado, Oxford Nanopore Technologies PLC, Pacira BioSciences, Progyny, PureTech Health, QuantumScape Corp, RxSight Inc, Schrodinger, ShockWave Medical Inc, Sprout Social, Staar Surgical, TransMedics Group, Trupanion, Upwork Inc, Veeco Instruments, Zai Lab HK Line, Zillow Group Inc Class A, Zuora Inc Class A	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Cardlytics Inc	Annual 05/23/24	3	We opposed executive compensation due to concerns with the structure of the long-term incentive plan. The committee is granting one-year time-based RSUs which we believe is incentivising a very short-term focus which is not in the best interests of long-term shareholders.
Cellectis	MIX 06/28/24	29	We opposed the resolution in line with management's recommendation. French law requires issuers to submit a capital increase reserved for employees participating in a savings-related share purchase plan at shareholder meetings when the employees control less than three percent of the company's issued capital, regardless of whether a company maintains such a plan. This request does not fall within the framework of the company's policy of employee profit-sharing.
Cellectis ADR	Special 06/28/24	29, 29	We opposed the resolution in line with management's recommendation. French law requires issuers to submit a capital increase reserved for employees participating in a savings-related share purchase plan at shareholder meetings when the employees control less than three percent of the company's issued capital, regardless of whether a company maintains such a plan. This request does not fall within the framework of the company's policy of employee profit-sharing.
Chegg	Annual 06/05/24	1b	We opposed the election of a non-executive director because of poor attendance.

Company	Meeting Details	Resolution(s)	Voting Rationale
Chegg	Annual 06/05/24	2	We opposed the executive compensation as we do not believe the performance periods in the long-term incentive plan to be sufficiently long-term.
Cosmo Pharmaceuticals	AGM 05/24/24	5.ii, 6	We opposed two resolutions to approve share issuance authorities due to concerns over the use of such authorities. We do raise concerns over non-executive director participation in the option plan.
CyberArk Software Ltd	Annual 06/26/24	2	We opposed the equity grant to one executive as we do not believe the performance conditions are sufficiently stretching.
IPG Photonics Corp	Annual 06/18/24	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.
MarketAxess Holdings	Annual 06/05/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Novocure Ltd	Annual 06/05/24	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Pacira BioSciences	Annual 06/11/24	3	We opposed compensation due to concerns with the short performance period within the long-term plan, and use of cash for long-term awards.
PureTech Health	AGM 06/13/24	2	We opposed the remuneration report due to concerns with significant lump sum payments made to the outgoing and incoming chief executives which are described as backdated benefit allowance payments. We do not believe that the payments have been justified.
Staar Surgical	Annual 06/20/24	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.
TransMedics Group	Annual 05/23/24	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.
Zillow Group Inc Class A	Annual 06/03/24	1.3	We opposed the company's nominating and governance committee chair because of concerns relating to board composition and succession planning.

Company	Meeting Details	Resolution(s)	Voting Rationale
Zuora Inc Class A	Annual 06/27/24	3	We opposed compensation due to several concerns. We believe the long-term incentive plan is too short-term as performance is assessed against targets on a quarterly basis. Further, we have concerns with the committee's use of discretion to amend targets for the in-flight long-term incentive plan, and the decision to exchange stock options for executives that are underwater without prior shareholder approval.

Companies	Voting Rationale
Ambarella, Digimarc, Veeco Instruments	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
Appian Corp	Annual 06/06/24	3	We abstained on the executive compensation because of grants awarded to executives, with a large portion of awards vesting immediately.
Cellectis	MIX 06/28/24	9	We abstained on the renewal of the auditor because auditor fees were not disclosed, limiting our ability to make an appropriate judgement.
Cellectis ADR	Special 06/28/24	9, 9	We abstained on the renewal of the auditor because auditor fees were not disclosed, limiting our ability to make an appropriate judgement.
MarketAxess Holdings	Annual 06/05/24	3	We abstained on the advisory vote on compensation because of the use of one year performance periods in the long-term incentive plan. We also believe disclosure of targets could be improved.

Votes Withheld

Company	Meeting Details	Resolution(s)	Voting Rationale
Confluent Inc.	Annual 06/12/24	1c	We withheld support from the election of one director who sits on the audit committee, which we prefer to comprise unquestionably independent members only.

Votes Not Cast

Companies	Voting Rationale
Hashicorp Inc	We did not vote due to selling out of the stock.

New Purchases

Stock Name	Transaction Rationale
E Ink	E Ink is the category-defining e-paper maker. By digitising traditionally static surfaces, the company enables products like e-book readers, Electronic Shelf Labels (ESL), and broader Internet of Things uses. With an upstream monopoly over this technology, it's the current leader of a maturing ecosystem, and it is set to benefit as e-paper commercialises across numerous applications. While synonymous with e-books, we believe the recent Walmart ESL deal and an expanding pipeline of use cases, such as education tablets, are catalysing the product's growth inflection and improving E Ink's margin profile.
MP Materials	MP Materials owns and operates Mountain Pass, a mine in California with a uniquely high-quality reserve of rare earth metals, neodymium and praseodymium, which are key to manufacturing powerful and efficient magnets. Several burgeoning technologies, such as EVs, wind turbines, drones and robotics, are reliant on magnets and demand is poised to outstrip supply, most of which is currently sourced from China. MP's ambition is to evolve beyond a raw materials vendor to a magnet maker, and they have taken successful, albeit early, steps on that journey. We are excited by the prospects that the company might position itself as the only vertically integrated Western supplier of rare earth magnets critical for multiple secular growth industries.
Raspberry Pi	We have taken an initial position in Raspberry Pi, a British company that makes low-cost, compact single-board computers and computing modules. Originally designed to appeal to educators and hobbyists, these general-purpose computers have seen strong traction with a growing number of industrial customers for which they act as the "brains" in factories and end products. The company enjoys high organic awareness and a strong community of loyal users, which positions them front of mind among professional engineers. The depth and breadth of the software ecosystem around these computers, coupled with the company's investment in owning more of the hardware itself, have further strengthened its competitive moat. They remain early in monetising the opportunity with industrial customers. Still, the demand for Raspberry Pi computers and compute modules is expected to grow, underpinned by secular drivers like the Internet of Things and Edge AI.
Sweetgreen	We have taken a new holding in Sweetgreen for the portfolio. Sweetgreen sells salads to a fast food model and is part of the structural consumer trend towards healthier eating. The company is early in its opportunity - they have a little over 200 stores in the US, with a long-run target of 1000+ stores in a decade. There are multiple levers management can pull for growth beyond store expansion: increased customer engagement, expanding channels, and driving store profitability through automation. It has positive store economics and plans to hold general and administrative costs flat while increasing store count, driving leverage and the company towards profitability. We are also encouraged by Sweetgreen's shift toward a suburban store mix alongside in-store automation, which brings stronger margins. The company has built up a strong network of local suppliers over the last decade, and we are impressed by the long-term mindset of the three founders who still run the business and the experienced team they have built around them to scale to the next level.

Complete Sales

Stock Name	Transaction Rationale
Chegg	We have sold the position in the education business, Chegg. The company supports learners at schools, colleges, and universities through its study resources, online tutoring, and learning tools. It has made a substantial shift online from its printed study guide heritage. Still, we have been disappointed by the company's progress when challenged first by the disruption to students caused by Covid and then by the emergence of artificial intelligence competition. From here, we have not been able to build investment conviction in the management team's strategy. Amidst underwhelming current financial progress, we decided to sell this position from the portfolio.
Fiverr	Fiverr is a global freelancing website principally catering to small businesses, offering them the ability to outsource digital tasks typically of low value (average ticket <$200). Following several team debates around the impact of generative AI, we believe Fiverr's core business is on the wrong side of this disruption and that this has the potential to jeopardise its long-term growth prospects. We have, therefore, sold the position.
Hashicorp	HashiCorp provides a suite of software tools designed to simplify and secure software management across customers' computing infrastructure. Computing conglomerate IBM announced in April that it would acquire HashiCorp. We have decided to sell the shares rather than wait for the acquisition to complete.
M3	M3 operates Japan's largest online drug advertising and marketing platform. Its primary service is delivering drug information to doctors. It also operates in adjacent areas, such as clinical trial services and specialist job search. The growth runway for the core medical portal business remains strong as more pharmaceutical companies shift their marketing budgets online. However, as the company diversifies into new geographies and services, and makes more significant acquisitions, the business is becoming more complex to manage, resulting in greater execution risk. This is compounded by poor transparency. Despite a de-rating in the shares, we have decided to sell the position.
MonotaRO	We have sold the shares in MonotaRO, a Japanese e-commerce company that sells industrial supply products. A long-standing position for the strategy, it remains a high-quality business, but ultimately, its growth has been slowing for the last few years. Following its release of uninspiring guidance for FY2024, we decided to take advantage of the resilient market rating to exit the position.
Stratasys	Stratasys manufactures three-dimensional (3D) printers and 3D-production systems. Our conviction in the company's ability to execute its vision of making 3D printing mainstream and disrupting manufacturing supply chains has decreased. This stems from what we see as self-imposed harm from poor integration of acquisitions and the associated negative impact on internal culture, which may prove to be irreversible. Additionally, the demand for additive manufacturing seems to have stalled, yet competition has increased. We have, therefore, decided to sell the holding.

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