

EM All Cap Quarterly Update

30 September 2024



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Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction

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Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

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Product Overview

Emerging Markets All Cap is a long-term, regional equity strategy that adds value through active management by identifying and exploiting inefficiencies through investment in global emerging markets encompassing Emerging Europe, Emerging Asia, the Middle East, Africa and Latin America.

Risk Analysis

Key Statistics

Number of Holdings	76
Typical Number of Holdings	60-100
Active Share	69%*
Rolling One Year Turnover	17%

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

The impact of US interest rate cuts on Emerging Markets (EM) is being assessed by the team

Chinese stimulus is helpful, but fiscal follow through is needed to maintain momentum

India remains attractive longer term, but shorter term valuations are stretched



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

The immediate focus of the Emerging Markets (EM) team is the impact of the Federal Reserve starting to cut interest rates. Is this a harbinger of lower inflation or lower growth in the US economy? Also under discussion are the underweight positions in China and India. In China, the geopolitical challenges notwithstanding, there is a compelling valuation opportunity, and China remains largely the master of its domestic trajectory. This view was backed up by the recent more targeted and coordinated stimulus, which led to a bounce in markets. Our inclination is to add to existing holdings where we are more clearly through regulatory ‘rectification’. In India, we are increasingly frustrated by valuations that seem to be stretched, and we continue to hunt for decent growth companies at reasonable valuations to reduce the underweight. However, indiscriminately buying expensive shares in companies with modest long-term growth profiles seems a poor use of our clients’ money.

Longer term, investors will still be cognisant of EM’s modest returns relative to the World and especially the US indices over the last decade or more. Let’s not forget that much of those superior returns were driven by quantitative easing, negative interest rates and yield curve control – it’s amazing what free money will do for asset prices! In contrast, most EM countries have run orthodox monetary policies and conservative fiscal policies. To anchor off the recent stock market performance is to risk fighting the last war, especially as we move from a fairly stable and predictable unipolar world to a more fluid and dynamic multi-polar one. In such an environment, there are three areas that Emerging Markets stand out against Developed Markets:

1. EM countries don’t have to pick a side; they’re not ‘them’ or ‘us’. Expect them to play both sides against the middle for their own benefit.
2. EM countries contain many of the resources and minerals that are needed to move to a cleaner and greener global economy.
3. EM countries still contain some of the largest under-served domestic markets whose needs may well be met by local champions.

The Non-Aligned Movement (“NAM”) was born in the last Cold War. In 1961, it was created by the ideologically disparate group of Yugoslavia’s President Tito, India’s Prime Minister Nehru, Egypt’s President Nasser, Ghana’s President Nkrumah and Indonesia’s President Sukarno. All five believed

developing countries should not become embroiled with either NATO or the Eastern Bloc. The NAM still exists today with 120 members and held its triannual conference in Uganda in January this year; perhaps it will find a new purpose in the face of Sino-American rivalry? Even as things stand, China is South Korea’s, Brazil’s, South Africa’s and Indonesia’s number one export partner, while the US is their second. China is India’s fourth export partner, the US is its first, Vietnam’s number one export partner is the US, and China is its fourth. These countries are hedging their bets, and an Emerging Market exposure allows investors to do the same.

Near-shoring, re-shoring and environmental pressures mean that some commodities could see a step change in demand over the next decade. Who has the biggest copper reserves? Chile & Peru. Who has the biggest bauxite reserves? Guinea and Vietnam. Who has the biggest nickel reserves? Indonesia (Australia) & Brazil. Who has the biggest manganese and platinum reserves? South Africa. All Emerging or Frontier countries. Amongst these, Indonesia pursued a policy of capturing more of the value-added processing of these minerals. It banned the export of raw nickel in 2020 and has subsequently seen almost \$14 billion US dollars (US\$) invested in domestic smelting capacity. How long before other countries follow suit? To get a meaningful investment in the future growth areas in metals and mining requires an Emerging Market allocation.

Consumption growth has long been one of the narratives of Emerging Market investing. However, it remains striking how much further there is to go. 37 per cent of the world’s population, roughly 2.9 billion people, have yet to go on the internet. Most of these people live in Latin America, Africa and Asia. In many cases, these people are in more remote, rural locations. Perhaps the most crucial corollary for these future savers and spenders is that they have no access to a bank. In 2021 numbers, 66 per cent of the Philippines (pop. 110 million), 63 per cent of Mexico (pop. 129 million), 51 per cent of Indonesia (pop. 274 million), and 30 per cent of Brazil (pop. 213 million) were unbanked. This inhibits a substantial proportion of the population in Emerging Markets from saving, consuming and investing. Clearly, no banks will ever build branch networks to bring these people into the financial system, but innovative digital delivery might do the trick.

In decades past, perhaps many asset owners allocated to Emerging Markets as a high beta bet on

global growth. For better or worse, things are now more complex. A unipolar world is now bipolar or even multipolar. As a result, financial and trade flows are shifting, which may reduce the volatility and increase asset class diversification. These increased opportunities in Emerging Markets are reflected in a broader, deeper opportunity set within the asset class. A combination of a stable top-down outlook and a plethora of great bottom-up opportunities could be looming.

Performance

The portfolio's performance was markedly skewed by what appeared to be the Chinese authorities' first attempt at a coordinated policy response. Thus far, the assorted measures have increased liquidity significantly, which is good for the stock market. However, there have only been hints that this will be backed up by the fiscal stimulus necessary to restore confidence in the economy. Without the latter, there is a danger that this rally will peter out like its recent predecessors. Nonetheless, **Ping An Insurance, Midea, Haier Smart Home and Luckin Coffee**, amongst others, leapt into the contributors for the quarter. In the shorter term, whether this performance continues depends on the actions of the Chinese government.

Latin American ecommerce and fintech business **MercadoLibre** was amongst the main contributors to performance. 2Q24 results once again beat the market expectations. Net revenue across its platform grew 42 per cent year-over-year (YoY) to US\$ 5.1 billion, and net income +103 per cent YoY at US\$ 531 million. In ecommerce, Gross Merchandise Value ("GMV") grew +20 per cent YoY to US\$ 12.6 billion while the number of items sold rose +29 per cent YoY to 420.9 million. On the fintech side, the Total Payment Value ("TPV") was +36 per cent YoY at US\$ 46.3 billion, with monthly active users above 50 million for the first time, which had grown to +37 per cent YoY. However, it remains the case that ecommerce and financial penetration remain low in much of Latin America, giving ample scope for growth.

Similarly, South East Asia's gaming, ecommerce and fintech business **SEA Ltd** was also a strong positive contributor. Again, strong 2Q24 results were the catalyst, with revenues +22 per cent YoY and a return to profitability. On the ecommerce side, Shopee's GMV was US\$ 23.3 billion, +29 per cent YoY, while in Fintech, SeaMoney accumulated 21 million consumers and SME loan active users, up

nearly 60 per cent YoY. On the gaming side (Garena), its major title, 'Free Fire,' maintained over 100 million Daily Active Users and was the most downloaded mobile game globally during the quarter. Fears of maturity in Free Fire look overdone, while it is anticipated that Shopee should be profitable by year end. These positives, combined with the momentum in fintech and a US\$ 9.0 billion cash pile, suggest it is well placed to continue to grow strongly.

We wrote about **Bank Rakyat** last quarter as it was one of the leading detractors to performance. This quarter, it is one of the contributors, highlighting the limitations of looking at performance in terms of months rather than years. What has changed? To be fair, the Bank of Indonesia front-ran the Fed and cut interest rates by 0.25 per cent in mid-September. As we highlighted last quarter, micro-loans make up almost half of Bank Rakyat's loan book, a high proportion of which are fixed. As a result, the bank benefits from a falling interest rate environment. In the longer term, we continue to like Rakyat, which uses innovative techniques (from its own satellites to floating banks) to reach its customers, who are spread over 18,000 islands. Moreover, as noted above, roughly half of Indonesia's 274 million inhabitants still don't have a bank account.

Sentiment has softened towards AI recently, which has affected the share price of many of the semiconductor stocks, notably the Korean memory chip makers **SK Hynix** and **Samsung Electronics**. NVIDIA's AI chips need similarly powerful High Bandwidth Memory ("HBM") chips to support them. As things stand, HBM is sold out for 2024, and 2025 is mostly sold, but there are concerns about short-term demand for their more prosaic DRAM (PC) and NAND (smartphone) chips. This is a very cyclical industry, but looking longer term, if AI does prove to have utility, then the ramification is that we will all have to buy new 'phones, tablets and laptops – a massive Tech cycle, which will benefit the South Korean memory chip makers.

Reliance Industries also detracted from performance this quarter. While Reliance is a diversified conglomerate, it has upstream gas assets and an extensive oil refining and petrochemicals business. The oil price has fallen from over US\$ 85/barrel in June to about US\$ 70/barrel by the end of the quarter. More directly, refining margins have fallen due to weaker demand in China, weaker demand in India (diesel), and new capacity in Africa, the Middle East, and Malaysia. Nonetheless, at the recent AGM, Chairman Mukesh Ambani reiterated

his aim of doubling Reliance in size (implying a CAGR of 12%) by 2030, driven by new energy investments as it ramps up its four gigafactories into 2027. Given Ambani's highly impressive track record of delivery (telecoms, retail), we are quite happy to look through any short-term volatility in the oil price and refining margins.

Kaspi, the Kazakh super app, recently returned to the portfolio. Before re-investing, we commissioned extensive due diligence on Kazakhstan (focused on sanctions) and the company itself. The company has recently been the subject of a short-seller attack, to which the company has responded. It is alleged that the company has taken Russian money; Kaspi has stated that only 1% of customer accounts are non-residents. It is also alleged that Kaspi has been used for money laundering; the company made clear that only an equivalent of US\$ 2,000 can be transferred each month, there is no access to Swift and no facility to open US dollar or British pound accounts. The Kazakh regulator has come out in support of Kaspi and stated, "The Bank fully complies with the sanction's regime of the United States, the European Union and other foreign countries." We visited the company in Kazakhstan a couple of weeks ago and are currently sceptical about the allegations.

Performance Objective

To outperform the MSCI Emerging Markets Index over the long term.

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

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-0.7	2.6	-3.3
1 Year	14.2	15.1	-0.9
3 Year	-1.5	1.0	-2.5
5 Year	3.7	4.4	-0.7
10 Year	7.6	6.4	1.2
Since Inception	8.6	5.7	3.0
USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	5.4	8.9	-3.5
1 Year	25.5	26.5	-1.0
3 Year	-1.7	0.8	-2.5
5 Year	5.5	6.1	-0.7
10 Year	5.6	4.4	1.2
Since Inception	8.0	5.1	2.9
EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.2	4.6	-3.3
1 Year	19.1	20.0	-0.9
3 Year	-0.4	2.1	-2.5
5 Year	5.0	5.7	-0.7
10 Year	6.9	5.7	1.2
Since Inception	8.5	5.5	3.0
CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	4.1	7.5	-3.4
1 Year	25.4	26.4	-1.0
3 Year	0.5	3.0	-2.5
5 Year	5.9	6.6	-0.7
10 Year	7.6	6.4	1.2
Since Inception	8.1	5.1	2.9
AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	1.5	4.8	-3.3
1 Year	16.8	17.7	-0.9
3 Year	-0.3	2.2	-2.5
5 Year	4.9	5.6	-0.7
10 Year	8.1	6.9	1.2
Since Inception	8.3	5.3	3.0

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

Inception date: 30 September 1994

Figures may not sum due to rounding.

Benchmark is MSCI Emerging Markets Index.

Source: Revolution, MSCI.

The EM All Cap composite is more concentrated than the MSCI Emerging Markets Index.

Discrete Performance

GBP	30/09/19- 30/09/20	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24
Composite Net (%)	10.9	13.0	-22.5	7.9	14.2
Benchmark (%)	5.7	13.7	-12.8	2.6	15.1
USD	30/09/19- 30/09/20	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24
Composite Net (%)	16.3	17.9	-35.8	18.0	25.5
Benchmark (%)	10.9	18.6	-27.8	12.2	26.5
EUR	30/09/19- 30/09/20	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24
Composite Net (%)	8.2	19.3	-24.0	9.2	19.1
Benchmark (%)	3.1	20.0	-14.6	3.8	20.0
CAD	30/09/19- 30/09/20	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24
Composite Net (%)	17.4	11.8	-30.4	16.1	25.4
Benchmark (%)	11.9	12.5	-21.7	10.4	26.4
AUD	30/09/19- 30/09/20	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24
Composite Net (%)	9.5	17.0	-27.9	17.5	16.8
Benchmark (%)	4.4	17.7	-18.9	11.7	17.7

Benchmark is MSCI Emerging Markets Index.

Source: Revolution, MSCI.

The EM All Cap composite is more concentrated than the MSCI Emerging Markets Index.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	12.0
Tencent	Technology conglomerate	6.5
Samsung Electronics	Producer of consumer and industrial electronic equipment	4.8
MercadoLibre	Latin American e-commerce and fintech platform	4.1
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	3.9
Petrobras	Oil exploration and production company	3.9
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	3.7
SK Hynix	Korean manufacturer of electronic components and devices	2.2
Axis Bank	Banking services throughout India	2.0
Tata Consultancy Services	Indian software developer	1.9
Total		45.0

Top and Bottom Five Geographical Location Positions*

Geographical Location	% Difference
Brazil	6.8
Other Emerging Markets	1.6
Mexico	1.3
Singapore	1.3
Thailand	0.9
India	-4.5
Saudi Arabia	-3.0
Taiwan	-2.6
South Africa	-1.6
Malaysia	-1.5

Top and Bottom Five Industry Positions*

Industry	% Difference
Broadline Retail	6.0
Semiconductors & Semiconductor Equipment	4.9
Oil, Gas & Consumable Fuels	4.1
Interactive Media & Services	2.7
Household Durables	2.0
Banks	-6.9
Multiline Retail	-5.2
Chemicals	-2.0
Wireless Telecommunication Services	-1.6
Electrical Equipment	-1.6

*Relative to MSCI Emerging Markets.

Source: Baillie Gifford & Co, MSCI.

Voting Activity

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

Company Engagement

Engagement Type	Company
Environmental	CEMEX, S.A.B. de C.V., Coupang, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Petroleo Brasileiro S.A. - Petrobras, UltraTech Cement Limited, Zijin Mining Group Company Limited
Social	Accton Technology Corporation, MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, UltraTech Cement Limited, Zijin Mining Group Company Limited
Governance	Accton Technology Corporation, Axis Bank Limited, Midea Group Co., Ltd., Natura &Co Holding S.A., Petroleo Brasileiro S.A. - Petrobras, SCB X Public Company Limited, Saudi Tadawul Group Holding Company, Zijin Mining Group Company Limited
Strategy	CEMEX, S.A.B. de C.V., Hyundai Motor Company, MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Tencent Holdings Limited

Company	Engagement Report
CEMEX	<p>Objective: To contribute to our assessment of Cemex's emissions reductions opportunities.</p> <p>Discussion: We met Cemex's Head of Sustainability to learn more about the company's strategic priorities including decarbonisation and opportunities for waste reuse. The company invests heavily in innovation, which it prioritises using its own carbon price, and so far, has been able to surpass its targets. For instance, emissions per ton of cement have been reduced from 546 kg/ton in 2022 to 455 kg CO2/ton in 2023, with its 2030 target being 366 kg CO2/ton. Interestingly, we're seeing sustainability ambitions, like clinker factor reduction and increased use of alternative fuels are also enhancing the company's financial returns. One of the current focuses for the company is water usage, which is stressed in certain locations. It's clear that the company has a proactive approach, which has no doubt been helpful, given their exposure to Emission Trading Schemes in the EU and California, alongside carbon tax mechanisms in other markets.</p> <p>Outcome: The insights into the practical implementation of its plan assisted in understanding the company's opportunities and challenges in different markets in relation to evolving market demands and regulatory landscapes. The company has a comprehensive approach to sustainability, from emissions reduction and innovative technology to investment decisions and executive compensation linked to CO2 reduction targets.</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 fulfillment 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>
Natura &Co	<p>Objective: To better understand how Natura & Co. think about sustainability in relation to its brands, sales channels, and future growth opportunities.</p> <p>Discussion: Part of Natura's success stems from the continued strength of the brand and its transition into new sales channels. We have recently had a couple of meetings with company management, where it's clear a strong commitment to sustainability remains core to the Natura brand. The Latin American business has beaten expectations, particularly the company's ability to integrate Avon LatAm into its operations. We learned about how important the role of individual consultants is for both brands, and how the integration has opened new customer bases for merchants, alongside new digital tools and connections with retail store capabilities.</p> <p>Outcomes: We have gained an improved understanding of how it plans to integrate brands in Latin America. We will continue to monitor the integration and its connections to future growth opportunities.</p>

Company	Engagement Report
Petrobras	<p>Objective: To better understand how Petrobras' operational emissions reductions and governance controls are being implemented and to continue to encourage further progress.</p> <p>Discussion: We met with Petrobras' head of governance and head of climate in Brazil, followed by a meeting with the chief financial officer (CFO) in London. Petrobras has environmental targets, including greenhouse gas emissions associated with oil and gas production. However, over the years, we have encouraged the company to be more ambitious. The company highlighted that its reservoirs have enabled low-cost and lower carbon barrels, it has also invested in technologies for further emissions reduction. Examples of this would include new floating production, storage, and offloading (FPSO) vessels that have decarbonisation technologies. The company is resolutely focused on efficiency, identifying opportunities to go even further in eliminating flaring and improving energy consumption and supply. Of course, efficiency gains will become incrementally harder, so the company aims to stay abreast with new technology that can enable further improvement. Petrobras has one of the largest carbon capture and storage (CCS) programmes globally in the context of offshore oil and gas production, and this expertise is being extended to onshore CCS hubs. Petrobras has a strong safety record, but we discussed how the company addresses governance and sustainability standards in new markets, where they highlighted new compliance and controls. While the company has embarked on energy transition projects, these remain a small part of its overall business. Management sees its expertise in biofuels and sustainable aviation fuels (SAF), as long-term opportunities for the business, but the CFO reiterated the focus of the company's mission, which is replacing oil reserves through ongoing exploration to underpin long-term production growth at the company.</p> <p>Outcome: The meetings with Petrobras and other experts in Brazil helped us better understand the company's governance and sustainability practices in the local context.</p>
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>

Company	Engagement Report
Zijin Mining	<p>Objective: As part of a three-year engagement plan with Zijin Mining, we visited its subsidiary, Julong Copper Mine in Tibet, to discuss its occupational safety management and equitable treatment of employees and contractors after a shaft falling accident. It is Zijin's largest mineral copper site in China and the third-largest globally.</p> <p>Discussion: Julong Copper is one of Zijin's most important copper mines. The conversation opened with a candid acknowledgement from Julong Copper's chief executive. The incident led to a comprehensive review and overhaul of safety protocols, including equipment checks, personnel accountability, and enhanced contractor management. A strengthened risk assessment framework now categorises outsourced units to ensure safety standards, with financial incentives tied to safety performance. To prevent such accidents from reoccurring, Julong Copper has partnered with the China Occupational Safety and Health Association to enhance its safety management system. The subsidiary also reiterated its commitment to treating employees and contractors equally, sharing resources, safety training, working conditions, etc. We also visited the tailing ponds and discussed material topics such as ecological restoration, community engagement, and autonomous driving on mine sites.</p> <p>Outcome: The discussion provided an overview of the subsidiary's current ESG practices. The recent improvement in safety protocols suggests that the company has taken steps to address the aftermath of the safety accident and is determined to avoid future occurrences. Efforts towards green mining and community involvement indicate the company's ongoing investment in sustainable operations. We will continue to monitor Zijin's progress to its responsible mining commitment going forward.</p>

Votes Cast in Favour

We did not vote in favour of any resolutions during the period.

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
Kotak Mahindra Bank	<p>Kotak Mahindra Bank is one of India's leading universal banks. Its long-term track record is much admired, as it has managed to grow strongly despite lending conservatively. However, it has historically traded at a premium valuation which deterred us from investment. It has de-rated over the past four years, due to what we believe to be transient concerns around management change, temporary bans by the regulator on credit card issuance, and whether it will grow aggressively enough in what others perceive to be a benign lending environment. Our assessment is that despite stepping down as CEO Uday Kotak will remain influential at the bank given his shareholding, and they have built both an enviable brand and deposit franchise which will permit them to be selective and competitive in lending. We believe the current price to book value valuation to be unjustifiably low given the returns on equity the bank generates, and so have taken a new holding.</p>

Complete Sales

Stock Name	Transaction Rationale
Ping An Bank 'A'	<p>Ping An bank is a commercial bank offering financial services to corporate and individual clients throughout China. We had hoped that a major organisational and management restructuring would allow it to benefit more broadly from the Ping An Group. Expected synergies were particularly relevant to the group's best in class technology which we hoped would help a continued transformation towards becoming one of the country's leading retail banks. This investment case has not played out. It has not exhibited the strengths we had envisioned, and been increasingly challenged within a sector undergoing a number of regulatory and economic headwinds. We have sold the position.</p>

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