

International Alpha Quarterly Update

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30 September 2024



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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

International Alpha is an international equity strategy that invests in quality growth companies over the long term. The strategy employs a bottom-up stock-picking approach based on the fundamental research produced by Baillie Gifford's investment teams. It has a diversified portfolio of 70-110 holdings across several shades of growth, equipped to perform throughout the cycle.

Risk Analysis

Key Statistics

Number of Holdings	77
Typical number of holdings	70-110
Active Share	84%*
Rolling One Year Turnover	12%

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

International equities delivered strong returns during the quarter, buoyed by a reduction in the US federal funds rate and a Chinese stimulus package. The International Alpha strategy outperformed the market during the quarter and twelve month period. Although on an improving trend, performance over longer time periods remains disappointing.



Baillie Gifford Key Facts

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

All successful organisations make ongoing improvements to their processes and practices, learning from experience to stay ahead of their peers. This continual search for excellence is an important feature of the portfolio holdings whether it be digital platforms like MercadoLibre constantly reducing delivery times for its customers; cycling components business Shimano enabling smoother gear transitions; or semiconductor foundry TSMC exploring novel techniques for manufacturing ever smaller and more powerful transistors.

Baillie Gifford's long-term success has also come about through continuous learning and steady evolution of our investment approach. It is during particularly challenging periods, such as the past few years, that the most valuable lessons are learned. We deliberately haven't made any wide-reaching changes to portfolio positioning recently, mindful of the dangers associated with kneejerk reactions to short-term market trends. Importantly, we also don't wish to deviate from an investment philosophy which has benefited our clients for more than twenty years.

Following a period of reflection, however, and after listening carefully to our clients, we have made three enhancements to our investment process. We believe these will improve our stock picking and portfolio construction processes, reduce the likelihood of repeating recent errors, and ultimately ensure that we deliver the returns that our clients expect.

First, we acknowledge that our idea generation had become too narrowly focused on higher growth opportunities, and this contributed to the heightened levels of volatility clients experienced in 2021 and 2022 as the market turned. We have therefore encouraged the investors to seek out and put forward different types of growth ideas from their specialist regions. For example, two relatively recent purchases that broaden out the range of growth in the portfolio are Italian holding company Exor and Canadian business Stella-Jones. Although neither of these businesses are likely to grow rapidly, we expect them to deliver dependable and

above-market earnings growth for many years to come.

Exor is the owner of luxury car maker, Ferrari, but it also has exposure to healthcare through its investments in Phillips and Institut Merieux. It also has an exceptional track record of capital allocation and trades on a large discount to its net asset value.

Stella-Jones is a company that specialises in the manufacture of pressure-treated wooden utility poles used in electrical and communications infrastructure. The expansion and much-needed upgrade of transmission networks should underpin mid-single-digit volume growth for many years. At the same time, Stella Jones has consolidated the market, and its dominant position gives it formidable pricing power over its fragmented customer base.

To encourage us to think differently and consider a wider range of ideas, the investment team has introduced regular idea "sprints" These are short, sharp reviews setting parameters that force us out of our comfort zone and challenge our inherent biases. Earlier this year, for example, we reviewed a collection of businesses trading at or below the current year's price-earnings ratio for the market, in the hope that we could uncover an overlooked quality growth stock. We couldn't get comfortable with any of these on this occasion but will continue to look.

A more recent healthcare idea sprint led to enthusiasm for pharmaceutical giant Roche, which was purchased after conducting our usual, more detailed, analysis. Roche benefits from a rich pipeline of novel therapeutics in growing end markets such as neurology, ophthalmology, obesity, and oncology, whilst its highly profitable and cash-generative diagnostics business provides it with earnings resilience. We also greatly admire the company's science-led culture, supported by a unique organisational structure and the presence of the Roche family as a long-term shareholder.

Secondly, to improve our portfolio construction process our independent risk team has developed

a correlations network analysis tool that uses 150 weeks of data to indicate how the shares of each holding move in relation to one another. This gives us a far more sophisticated insight into what each individual stock adds to the portfolio.

We have already seen the impacts of this. We all admired the merits of Swiss chocolate maker Lindt when it was discussed recently but we acknowledged that it was too similar in profile to some stocks already held in the portfolio. In contrast, part of the enthusiasm for taking a position in Stella-Jones was that it is markedly different from anything else we own for our clients. Another recent holding was in Kaspi, Kazakhstan's leading ecommerce and payments business. Although we already own a number of digital platforms, the correlation analysis indicated that the market views it very differently to the other holdings.

Taking a position in Kaspi, which has the potential to become an outsized winner, is also a reminder that we are not shying away from rapid-growth names; we just want to make sure they bring something different to the portfolio.

Our final area of process improvement has been on valuation discipline. To supplement our bull-bear and base case scenario analysis that looks five years into the future, we have introduced additional valuation lenses to reduce the risk of overpaying for the shares and to provide us with greater confidence in the investment case. This additional input stopped us from taking a holding in an early-stage biotech firm offering treatments for autoimmune diseases. Even though its shares had sold off sharply after a failed trial, this approach indicated a lot still had to go right to justify the price.

Another useful input has been the work conducted by our risk team segmenting the portfolio into growth and valuation quintiles. During the quarter we reviewed the holding in Swedish industrial business Epiroc, which was flagged as being expensive for the level of growth expected. The

sponsor was unable to put forward a credible defence during the quarterly portfolio review meeting, so the stock was sold. While we remain comfortable paying above-market multiples for the best businesses, these valuations must be justified by exceptional growth prospects.

Facing up to mistakes, learning lessons and self-improvement are all necessary to remain relevant and meet customer, or in our case client, expectations. However, recognising and continuing to leverage existing strengths is equally important.

With this in mind there are several unique features to Baillie Gifford that are difficult to replicate and are a source of enduring competitive advantage. Our longstanding graduate investment programme, which has been running for 41 years, coupled with low turnover of investment staff, ensures a stable and long-tenured team. The current Portfolio Construction Group boasts over a century of aggregate experience, most of which, has been accumulated within the firm.

This supports the building of deep networks, with colleagues and with investee companies, over an extended period. It creates a culture of sharing, collaboration and robust debate with multiple inputs from a variety of investment teams within the firm, feeding into new holdings and challenging existing ones.

For example, we recently took a holding in Olympus, the Japanese specialist in endoscopes. When analysing this stock, we benefitted from the strong relationship with and knowledge of the company built up over the 15 years that it has been held within specialist Developed Asian portfolios. Similarly, the research journey for Danish hearing aid manufacturer, Demant, began 23 years ago and has involved multiple meetings with the company, attendance at industry events, meetings with Chinese and European competitors and owning similar firms such as Cochlear.

We also make the most of an environment that supports giving ideas time to develop, rather than forcing us to make hasty decisions that are not in the best interest of our clients. This has been

particularly challenging during the recent performance cycle, but we believe it to be a hallmark of the value we have added for clients over the long-term. The excellent progress made by our rapid growth holdings that have successfully pivoted towards profitability to cater to a changing environment is one recent example. Had we followed other investors and sold these earlier our clients would have missed out on the recent strong rebound in their share prices.

There are several great companies that have made mistakes or suffered a major setback that they have subsequently recovered from, and indeed come back stronger. Among the portfolio holdings Sony's flawed decision to back the Betamax video tape in 1970's and the failure of Nintendo's WIIU console serve as excellent examples. In both cases, lessons were quickly learnt whilst the longstanding competitive strengths of their organisations were maintained, whether it be Sony's history of innovation and product excellence or Nintendo's culture of creativity that have yielded multiple successes in both hardware and software since.

We are confident that our learnings from recent struggles will make us better investors, but we mustn't lose sight of the long term, stock-driven approach that has underpinned our enduring success. Recent research has highlighted a wide range of companies such as those highlighted in this letter, with different and diverse growth profiles and on attractive valuations, that we believe can continue to drive superior investment returns in years to come. We therefore begin the final quarter of the year in an optimistic frame of mind.

## Performance Objective

+2% - 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

<b>GBP</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	3.0	1.9	1.0
1 Year	19.2	14.6	4.6
3 Year	-1.2	4.8	-6.1
5 Year	4.7	6.3	-1.6
10 Year	8.6	7.7	0.8
Since Inception	8.9	7.7	1.1
<b>USD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	9.3	8.2	1.1
1 Year	31.0	26.0	5.0
3 Year	-1.4	4.7	-6.1
5 Year	6.5	8.1	-1.6
10 Year	6.5	5.7	0.8
Since Inception	8.3	7.1	1.1
<b>EUR</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	4.9	3.9	1.1
1 Year	24.3	19.5	4.8
3 Year	-0.1	6.0	-6.1
5 Year	6.0	7.6	-1.6
10 Year	7.9	7.0	0.8
Since Inception	7.7	6.5	1.1
<b>CAD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	7.9	6.8	1.1
1 Year	30.9	25.9	5.0
3 Year	0.7	6.9	-6.2
5 Year	6.9	8.5	-1.6
10 Year	8.6	7.7	0.8
Since Inception	7.7	6.6	1.1
<b>AUD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	5.2	4.1	1.1
1 Year	21.8	17.2	4.7
3 Year	-0.1	6.1	-6.1
5 Year	5.9	7.5	-1.6
10 Year	9.0	8.2	0.8
Since Inception	7.2	6.1	1.1

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

Inception date: 30 June 2002

Figures may not sum due to rounding.

Benchmark is MSCI ACWI ex US.

Source: Revolution, MSCI.

The International Alpha composite is more concentrated than the MSCI ACWI ex US.



## Discrete Performance

<b>GBP</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	17.9	10.7	-25.5	8.5	19.2
Benchmark (%)	-1.4	19.3	-9.1	10.7	14.6
<b>USD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	23.7	15.4	-38.3	18.7	31.0
Benchmark (%)	3.4	24.4	-24.8	21.0	26.0
<b>EUR</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	15.0	16.8	-27.0	9.8	24.3
Benchmark (%)	-3.8	25.9	-11.0	12.0	19.5
<b>CAD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	24.8	9.5	-33.1	16.8	30.9
Benchmark (%)	4.4	18.0	-18.4	19.1	25.9
<b>AUD</b>	<b>30/09/19- 30/09/20</b>	<b>30/09/20- 30/09/21</b>	<b>30/09/21- 30/09/22</b>	<b>30/09/22- 30/09/23</b>	<b>30/09/23- 30/09/24</b>
Composite Net (%)	16.4	14.5	-30.7	18.2	21.8
Benchmark (%)	-2.7	23.5	-15.5	20.6	17.2

Benchmark is MSCI ACWI ex US.

Source: Revolution, MSCI.

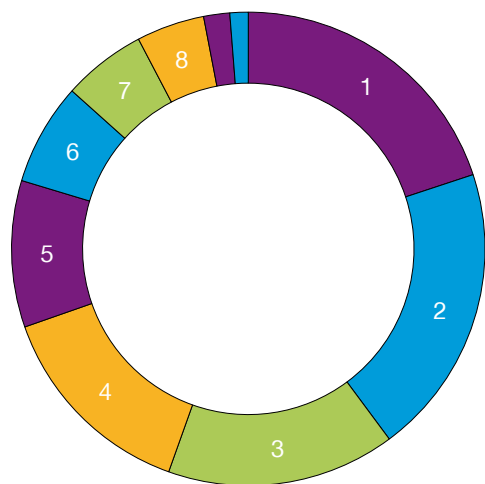
The International Alpha composite is more concentrated than the MSCI ACWI ex US.

**Top Ten Largest Holdings**

Stock Name	Description of Business	% of Portfolio
MercadoLibre	Latin American e-commerce and fintech platform	4.7
TSMC	Semiconductor manufacturer	4.5
Tencent	Technology conglomerate	3.2
CRH	Building materials supplier	2.6
SAP	Enterprise software provider	2.6
Scout24	Internet platforms	2.3
Samsung Electronics	Producer of consumer and industrial electronic equipment	2.2
Ryanair	European low-cost airline	2.1
Deutsche Börse	Stock exchange operator	2.1
Kingspan Group	Building materials provider	2.0
<b>Total</b>		<b>28.2</b>

Figures may not sum due to rounding.

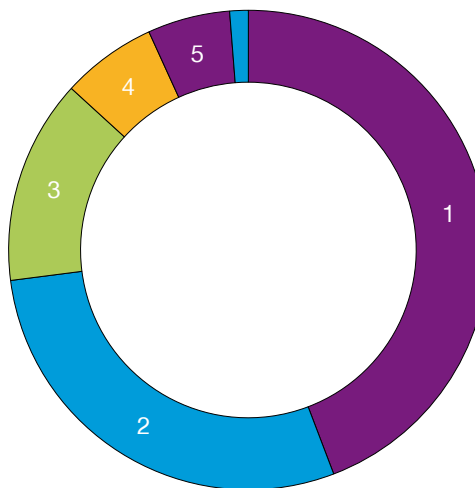
**Sector Weights**



	%
1 Information Technology	19.9
2 Industrials	19.9
3 Financials	15.6
4 Consumer Discretionary	14.2
5 Communication Services	10.0
6 Materials	7.0
7 Consumer Staples	5.7
8 Health Care	4.6
9 Energy	1.8
10 Cash	1.2

Figures may not sum due to rounding.

**Regional Weights**



	%
1 Europe (ex UK)	44.2
2 Emerging Markets	28.8
3 Developed Asia Pacific	13.8
4 UK	6.4
5 Canada	5.6
6 Cash	1.2

## Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	8	Companies	4	Companies	None
Resolutions	125	Resolutions	6	Resolutions	None

## Company Engagement

Engagement Type	Company
Environmental	ASML Holding N.V., Coupang, Inc., Experian plc, Kingspan Group plc, Rio Tinto Group, Ryanair Holdings plc, Sony Group Corporation, Wizz Air Holdings Plc
Social	Experian plc, MercadoLibre, Inc., Sony Group Corporation, monday.com Ltd.
Governance	ASML Holding N.V., B&M European Value Retail S.A., BioNTech SE, Compagnie Financière Richemont SA, Deutsche Börse AG, Experian plc, FinecoBank Banca Fineco S.p.A., Keyence Corporation, LVMH Moët Hennessy - Louis Vuitton, Societe Europeenne, Olympus Corporation, Ryanair Holdings plc, Shiseido Company, Limited, Sony Group Corporation, Technoprobe S.p.A., Wizz Air Holdings Plc, monday.com Ltd.
Strategy	ASML Holding N.V., Kingspan Group plc, MercadoLibre, Inc., Olympus Corporation, Oxford Nanopore Technologies plc, Ryanair Holdings plc, Tencent Holdings Limited

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

Company	Engagement Report
Olympus	<p><b>Objective:</b> We were invited to present to Olympus' management and board of directors. The purpose was to share our expectations for Olympus, focusing on long-term growth prospects and addressing potential risks. This session included a presentation followed by a Q&amp;A, aiming to provide Olympus with insights from an investor's perspective.</p> <p><b>Discussion:</b> The discussion covered 3 key areas. First, we shared our long-term growth expectations for the company, providing a description of how we anticipate that by focusing on operational efficiencies and market expansion, Olympus can elevate its operating margins significantly. Given the starting valuation, achieving these expectations should result in attractive returns for our clients and outperformance in both Japanese and global markets.</p> <p>Second, we shared some short-term goals that we believe could help Olympus achieve these long-term goals. These included focusing on resolving any final quality assurance concerns raised by the FDA and focusing on market share expansion.</p> <p>Third, we stressed the importance of balancing profitability targets with the need to reinvest in research and development and business development to safeguard the long-term health of the business.</p> <p>Lastly, we reflected on our experience holding Olympus shares on behalf of clients over the long term. We shared that we are supportive of efforts to enhance production efficiency, improve quality, and simplify the business to avoid unforced errors and execute on the large opportunity set.</p> <p><b>Outcome:</b> The meeting was valuable for articulating our long-term expectations for Olympus. It underscored the importance of being a long-term, supportive shareholder and provided a constructive step towards enabling Olympus's global competitiveness. The meeting established key milestones for assessing progress in subsequent discussions with senior management.</p>
Oxford Nanopore Tech	<p><b>Objective:</b> We had a meeting with Oxford Nanopore's chief executive (CEO) and chief financial officer (CFO) to discuss recent updates, as well as longer-term topics like growth rates and commercialisation of its offering.</p> <p><b>Discussion:</b> we discussed the recent lawsuit with BGI Group who appears to have infringed some of Oxford Nanopore's patents. We believe that management are taking the right measures against the firm, and are working to protect its own interests in the future. The main body of discussion was more positive - and provided a rough breakdown of growth targets, an update on commercialisation in the US, and a deeper dive on the biopharma processing division. We ended by considering the golden share and the CEO's long-term vision for his company.</p> <p><b>Outcome:</b> Overall, this was a positive meeting, mainly because management's commitments to breakdown its revenue sources into research and non-research (i.e. applied clinical) categories shows us that conviction in more lucrative parts of the business are gaining momentum. Although the expiry of the CEO's 'golden share' (and therefore voting power) is imminent, Mr. Sanghera provided confidence by reinstating his long-term vision for nanopore sequencing alongside his confidence that several long-term backers should protect shares from any opportunistic bidding.</p>



Company	Engagement Report
Ryanair	<p><b>Objective:</b> This post-AGM visit to the company HQ included meetings with departments across the business. For board engagement, our aim was to better understand the skills of the new board appointees; for the sustainability team we were seeking clarity on decarbonisation planning especially with regards to sustainable aviation fuel (SAF); and for our meeting with the chief operating officer (COO), we wanted to explore supply chain disruption.</p> <p><b>Discussion:</b> The Chair justified recent board nominees in the context of operational execution. The sustainability team clarified SAF contracts and other measures targeting emissions reductions are embedded in their 2050 NZ plan. The COO introduced Ryanair LABS and discussed some of the supply chain bottlenecks currently facing the company.</p> <p><b>Outcome:</b> A thorough update on the business across operational, sustainability and supply chain matters. These meetings should help us better calibrate the opportunity in the next few years and boost our confidence that Ryanair has a tangible edge in sustainability versus its LCC peers and long-haul carriers.</p>
Tencent	<p><b>Objective:</b> To get insight from the company on gaming regulation trends and to learn the company's take on social value in gaming.</p> <p><b>Discussion:</b> 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><b>Outcome:</b> The meeting provided additional insights into the company's strategic thinking on the regulatory environment and its social responsibility. It is helpful to learn that the social value of gaming extends beyond the gaming arena and that Tencent intends to contribute positively to society and national interests.</p>

Votes Cast in Favour

Companies	Voting Rationale
B&M European Value Retail, Experian, HDFC Bank, ICICI Lombard, Reliance Industries Ltd, Richemont, Wizz Air Holdings Plc, monday.com	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Richemont	AGM 09/11/24	10	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.
Richemont	AGM 09/11/24	5.17	We opposed the election of a non-executive director because of concerns relating to their suitability to chair the audit committee having previously been an employee of the company.
Richemont	AGM 09/11/24	9.3	We opposed the approval of executive variable remuneration due to ongoing concerns with remuneration practices which we do not believe are in the best long-term financial interests of shareholders. Concerns include poor disclosure and a lack of responsiveness to previous shareholder dissent.
Companies	Voting Rationale		
B&M European Value Retail, Experian, Wizz Air Holdings Plc	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.		

Votes Abstained

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
Kaspi.kz	Kaspi is a dominant player in Kazakhstan's economy, serving as the leading e-commerce and payments business. Its combination of lending, e-commerce, and payments has driven strong growth, which is expected to continue for many years. At the same time, its competitive position in Kazakhstan is unrivalled, and the financial characteristics of the business are exceptional. The alignment between the government, the company, and shareholders appears stable, and while we cannot rule out political or geopolitical risks, they have diminished. With the current valuation providing an opportunity for significant upside, we have taken a holding.
Money Forward	Money Forward is one of the leading providers of cloud-based back-office software solutions to small and medium-sized businesses in Japan. It also operates a fintech platform helping financial institutions connect their services to individual and corporate customers as well as Japan's leading personal finance app, Money Forward ME. The company has built a strong reputation and network among Small and medium-sized enterprises and financial institutions with its accounting software suite. We believe this will help the company cross-sell more of its products in the future allowing it to gain a large share in this rapidly growing market. The founder CEO's energy and vision and alignment with the other shareholders are other factors that will likely help the company penetrate this market opportunity. We have therefore decided to take a holding for your portfolio.
Roche	The rich pipeline of novel therapeutics in growing markets, such as Neurology, Ophthalmology, Obesity, and Oncology, in combination with a global-scale diagnostic business, places Roche as one of the central actors of the global healthcare system. Despite the company's size, it has an admirable science-led culture, supported by its unique organisational structure and the presence of the Roche family as a long-term shareholder. We like that management is willing to take significant risks and embrace innovative technologies, such as computational biology, an area where substantial investment has been committed. Following some high-profile clinical trial failures, the shares have derated and now trade at a discount to other large pharmaceutical companies, despite the company's promising growth prospects, record of strong execution, and unique culture. We therefore decided to take a holding for your portfolio.
Stella-Jones	We have invested in the Canadian company Stella-Jones on your behalf. It is North America's largest manufacturer of pressure-treated wood products. The growth case rests on its core product, wooden utility poles, which are used for electrical and communications infrastructure. With meaningful funds being committed by the Federal Government towards upgrading and expanding distribution networks, we see a strong case for utility pole volumes inflecting upward. Stella-Jones has consolidated the market, and its dominant position gives it formidable pricing power with its fragmented customer base. We believe volume growth and pricing power will boost profitability in the coming years. If this well-managed business continues to execute well, it can deliver attractive upside for clients.

## Complete Sales

Stock Name	Transaction Rationale
AbCellera Biologics	We have sold what had become a very small holding in antibody discovery platform, Abcellera. Our initial investment was based on the prospects for its partnership-led programs, which offer attractive financial characteristics and allow the company to capture an increasing share of growing antibody development budgets. A recent shift in strategy to place a greater emphasis on advancing wholly owned programs increases the risk profile of the investment and represents a fundamental change to our thesis.
Epiroc	Epiroc is a Swedish industrial business that provides mission-critical equipment and services to the mining and construction industries. It initially spun out of the strategy's longstanding holding in Atlas Copco. The spin-off allowed Atlas to focus on its industrial customers and Epiroc on mining and construction markets where it has established a leading position in underground mining. Against a supportive industry backdrop, margins have reached elevated levels during the past five years, and the shares have performed well. With growth slowing and little room in the valuation for significant upside, we decided to sell the shares.

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