

International Alpha Quarterly Update

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31 March 2024



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## Past Performance

Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document are gross of fees unless otherwise stated and reflect the reinvestment of dividends and interest.

Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that recommendations/ transactions made in the future will be profitable or will equal performance of the securities mentioned.

## Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

## Stock Examples

Any stock examples, or images, used in this paper are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style. A full list of portfolio holdings is available on request.

The commentary relates to the above mentioned strategy and not all stocks mentioned may be held in the portfolio.

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### Product Overview

International 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

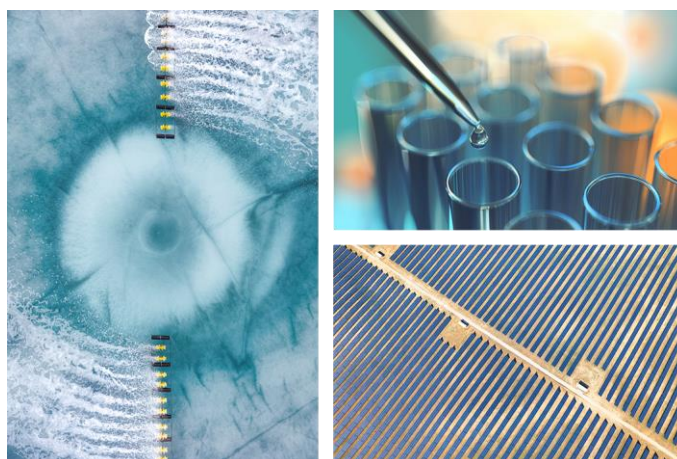
Number of Holdings	77
Typical number of holdings	70-110
Active Share	84%*
Rolling One Year Turnover	13%

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

The portfolio is well diversified through a number of lenses

Portfolio holdings are well positioned to navigate any short-term challenges they may face

To deliver exceptional returns we must remain focused on the same philosophy and process that has stood the test of time



### Baillie Gifford Key Facts

Assets under management and advice	US\$290.9bn
Number of clients	655
Number of employees	1817
Number of investment professionals	393

## Portfolio Level Thinking

The recently released Netflix documentary on Formula One racing car legend, Michael Schumacher, served as a reminder that delivering outstanding results requires both a relentless attention to detail and a clear sense of purpose. Technical expertise from individual engineers, investment in state-of-the-art facilities and Schumacher's unique driving ability tell part of the story behind five consecutive Formula One driver championship titles between 2000 and 2004. In and of itself, this was not enough, however. It was combining these individual inputs effectively and aligning them to a common end goal, shared among the Ferrari team, that ultimately achieved these results.

We would argue that the same principles apply to investment management. Each of the investors in the International Alpha team is immersed in the details surrounding individual companies, whether they are existing holdings or prospective ideas. Achieving our ultimate end goal of delivering successful outcomes for our clients - something we are proud of doing since the strategy's inception in 2002 - requires more than just successful stock picking, however. Each company that we invest in, on behalf of our clients, must align with our longstanding investment philosophy. At the same time, investment performance is ultimately a function of how individual investments complement each other and blend together. In this investment letter we focus on portfolio-level thinking.

Revisiting the core principles of our investment philosophy, which has stood the test of time, seems like an appropriate place to start. We believe the best way to navigate an uncertain world is to build a diversified portfolio of outstanding businesses, with deep competitive advantages, attractive financial characteristics, and excellent stewardship. These features allow the holdings to withstand economic cycles, adapt to change, and take advantage of unpredictable events.

This distinct and enduring philosophy results in biases and factor exposures that, although intentional, can become correlated over the short term and lead to volatility in performance - as we saw in 2022. We are mindful that this can be uncomfortable for our clients, however, our experience has taught us that share prices follow earnings growth over the long term and the characteristics we look for in companies have

proven to be a good predictor of superior earnings growth.

A consistent valuation premium is a style characteristic that our clients often draw attention to. When sentiment turns negative investors have a tendency to take profits from stocks that have delivered strong performance or appear expensive on a short-term view.

Against this, we have consistently observed that exceptional businesses are rarely cheap, and they tend to hold their earnings multiples over time. More often than not, sticking with these businesses and accepting that there will be inevitable drawdowns, from time to time, has been the right thing to do. Longstanding holdings in Swedish industrial tools manufacturer, Atlas Copco, and Latin American e-commerce business, Mercado Libre, illustrate this point well - both have suffered large share price corrections but delivered outstanding returns for our clients over long time periods.

Our growth focus and long-term horizon have also led to significant exposure to a collection of structural growth themes. The long-duration nature of these can make the portfolio vulnerable to poor performance during risk-off periods, but we believe the size of the potential opportunity justifies the positioning. International equity markets provide a wide opportunity set, allowing us to access these themes through a diverse range of business models, each with unique characteristics and attractions. For example, leading Dutch manufacturer of lithography machines, ASML, the dominant Taiwanese semiconductor foundry business, TSMC, and the Korean leader in chip memory, Samsung Electronics, can all be viewed as enablers for the artificial intelligence (AI) boom that we are currently living through. Equally, the holdings in UK-listed data analytics business, Experian, Swedish music streaming service, Spotify, Dutch payment processing platform, Adyen, and French provider of virtualisation software, Dassault Systemes, are all using AI to unlock new services and transform their customer proposition. The rise of the middle class in Asia is another strong theme expressed in the portfolio, whether through Reliance Industries and HDFC Bank in India, Hong Kong-listed insurer, AIA, European luxury conglomerates Kering, Richemont and LVMH, or Japanese premium skincare business Shiseido.

As a result of our bottom-up stock picking the portfolio currently has notable positions in Europe and the Industrials sector. We regularly challenge ourselves on this, and during the most recent quarter we reduced exposure slightly through reductions to businesses such as the leading manufacturer of efficient combi ovens, Rational, and low-cost airline, Ryanair; both of which have enjoyed very strong share price runs of late. Enthusiasm for individual holdings, analysis from our risk team on stock correlations, and the work we have done on segmenting the portfolio into different growth drivers provide comfort that our clients' portfolios are well diversified, despite the remaining large overweight positions here.

Whilst we are happy with the portfolio's intentional biases, there are areas where we want to avoid expressing a strong view, either because the upside does not justify the potential risks, or because there are too many external factors that we can't predict. Front of mind here is China, where exogenous risks loom large. China offers a significant opportunity set of exciting businesses, many of which now offer the potential for major upside after a sustained period of negative sentiment toward the market. These businesses will remain on our radar, prioritising those that are on the right side of regulation and geopolitics; however, our bar for investing in Chinese names has increased and we are comfortable with the current underweight positioning there.

In recent quarterly portfolio review meetings, we have also been debating the relative weightings of the strategy's growth shades. *Through the cycle winners* have grown to become around a third of the portfolio, whilst the weighting in *quality compounders* has fallen in recent years. The result is a portfolio that is a little more procyclical than it has been historically. We do not target a particular allocation to each of the four growth shades (the other two being *rapid growth* and *capital allocators*), however, we do find it useful to reflect on how the respective weights evolve and whether this is consistent with both our view of the world, enthusiasms and where we see the best opportunities. Following a period of weaker share price performance for several high-quality franchise businesses we have begun to generate more quality compounder ideas. This has offered us an opportunity to upgrade the growth within this category and to reinvest the proceeds from more economically sensitive industrials that, as mentioned earlier, have been in favour.

In this context, we took new positions during the quarter in multinational consumer goods company, Unilever and UK-based variety goods discounter, B&M Retail. Unilever benefits from a portfolio of leading brands and exposure to high-growth emerging markets, most notably India through its subsidiary Hindustan Unilever. Underinvestment, poor capital allocation, and a lack of focus have underpinned lower growth than peers in recent years, however, the new CEO, who coincidentally shares the name with Ferrari's most successful Formula One driver, has experience in successfully implementing a turnaround and we hope will prove to be a catalyst for change. For B&M, consistent new store openings and competitive pricing have underpinned strong growth over the past decade, and we expect this trend to continue. At the same time, attractive store economics and cheap product sourcing support exceptional returns. In both cases, we believe the valuations fail to capture attractive financial characteristics and the growth prospects available.

Another dimension to our recent portfolio thinking has been an increased focus on seeking out stocks that bring something different to the portfolio. Last year a trip to Israel, before the deeply troubling conflict broke out, brought rapid growth cloud-based software business, Monday.com, onto our radar, and we took a small holding for the portfolio during the quarter. Monday.com is laying down a global footprint and serves over 200 industries, with a client base that ranges from small businesses to large enterprises. Sales of its customizable workflow management tools, praised for their simplicity, are growing strongly and we expect this to continue for many years.

The investment team also held an 'idea sprint' in early March, when we discussed a collection of businesses ranging from electric car manufacturers to specialists in salmon farming to manufacturers of biosimilar drugs. Each offers potential for above-market earnings growth but hasn't delivered this historically or has experienced a setback. Given our thorough research process, there is further analysis to be done before any of these businesses are considered for ownership on behalf of our clients, however, there were a few names from the broad selection reviewed that really piqued our interest.

In a final word on this subject, we have recently added a question to our research notes asking, 'What does this holding add to the portfolio?'. Whilst not taking away from the importance of bottom-up stock picking, this ensures we give this

important topic consideration from the outset, rather than just at the portfolio construction stage.

Circling back to the start, luxury sports car brand Ferrari embodies many of the things we seek to demonstrate as investors: an obsession with detail, a clear and consistent focus on the end goal; a long-term mindset (Ferrari has competed in Formula One since the 1950's); and finally, a team-based approach. Although we don't invest in it directly, such has been the strong performance both operationally and in share price terms of Ferrari that it now accounts for around 75% of the value of the holding in Dutch holding company, Exor. Taking a holding in Exor to gain exposure to high-quality assets, but at a much lower valuation and with a lower correlation to other luxury names held, is another example of our portfolio-level thinking.

## 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	4.6	5.8	-1.2
1 Year	6.7	11.4	-4.7
3 Year	-2.0	5.5	-7.5
5 Year	5.9	7.1	-1.3
10 Year	8.2	7.7	0.5
Since Inception	8.9	7.8	1.1
<b>USD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	3.6	4.8	-1.2
1 Year	9.0	13.8	-4.8
3 Year	-4.8	2.4	-7.3
5 Year	5.2	6.5	-1.2
10 Year	5.2	4.7	0.4
Since Inception	8.0	6.9	1.1
<b>EUR</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	6.0	7.2	-1.2
1 Year	9.7	14.5	-4.8
3 Year	-2.1	5.4	-7.5
5 Year	6.1	7.3	-1.3
10 Year	7.8	7.3	0.5
Since Inception	7.5	6.4	1.1
<b>CAD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	6.4	7.6	-1.2
1 Year	9.0	13.8	-4.8
3 Year	-2.5	5.0	-7.5
5 Year	5.5	6.8	-1.3
10 Year	7.4	6.9	0.5
Since Inception	7.4	6.3	1.1
<b>AUD</b>	<b>Composite Net (%)</b>	<b>Benchmark (%)</b>	<b>Difference (%)</b>
3 Months	8.4	9.6	-1.2
1 Year	11.9	16.9	-4.9
3 Year	0.2	7.9	-7.7
5 Year	7.0	8.3	-1.3
10 Year	9.0	8.5	0.5
Since Inception	7.2	6.1	1.1

Annualised periods ended 31 March 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 Index.

Source: Revolution, MSCI.

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



## Discrete Performance

<b>GBP</b>	<b>31/03/19- 31/03/20</b>	<b>31/03/20- 31/03/21</b>	<b>31/03/21- 31/03/22</b>	<b>31/03/22- 31/03/23</b>	<b>31/03/23- 31/03/24</b>
Composite Net (%)	-2.5	45.0	-12.3	0.6	6.7
Benchmark (%)	-10.8	34.8	3.7	1.6	11.4
<b>USD</b>	<b>31/03/19- 31/03/20</b>	<b>31/03/20- 31/03/21</b>	<b>31/03/21- 31/03/22</b>	<b>31/03/22- 31/03/23</b>	<b>31/03/23- 31/03/24</b>
Composite Net (%)	-7.2	61.4	-16.3	-5.6	9.0
Benchmark (%)	-15.1	50.0	-1.0	-4.6	13.8
<b>EUR</b>	<b>31/03/19- 31/03/20</b>	<b>31/03/20- 31/03/21</b>	<b>31/03/21- 31/03/22</b>	<b>31/03/22- 31/03/23</b>	<b>31/03/23- 31/03/24</b>
Composite Net (%)	-5.0	50.7	-11.6	-3.3	9.7
Benchmark (%)	-13.2	40.1	4.5	-2.3	14.5
<b>CAD</b>	<b>31/03/19- 31/03/20</b>	<b>31/03/20- 31/03/21</b>	<b>31/03/21- 31/03/22</b>	<b>31/03/22- 31/03/23</b>	<b>31/03/23- 31/03/24</b>
Composite Net (%)	-1.1	42.5	-16.9	2.3	9.0
Benchmark (%)	-9.6	32.5	-1.7	3.4	13.8
<b>AUD</b>	<b>31/03/19- 31/03/20</b>	<b>31/03/20- 31/03/21</b>	<b>31/03/21- 31/03/22</b>	<b>31/03/22- 31/03/23</b>	<b>31/03/23- 31/03/24</b>
Composite Net (%)	7.7	29.7	-15.1	5.9	11.9
Benchmark (%)	-1.5	20.6	0.4	7.0	16.9

Benchmark is MSCI ACWI ex US Index.

Source: Revolution, MSCI.

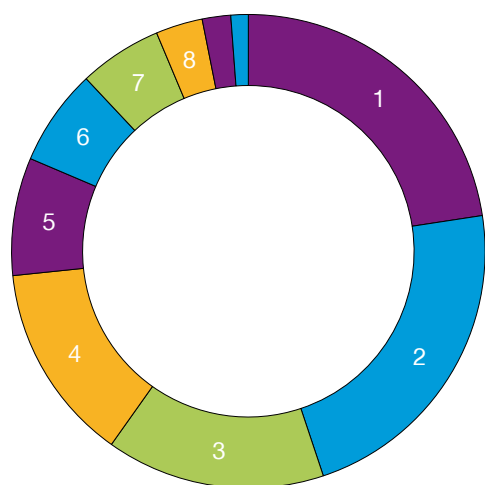
The International Alpha composite is more concentrated than the MSCI ACWI ex US Index.

**Top Ten Largest Holdings**

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	4.6
MercadoLibre	Latin American e-commerce and fintech platform	3.8
SAP	Enterprise software provider	3.4
Samsung Electronics	Producer of consumer and industrial electronic equipment	3.2
Ryanair	European low-cost airline	3.0
CRH	Building materials supplier	2.7
Kingspan Group	Building materials provider	2.2
Scout24	Internet platforms	2.2
Deutsche Börse	Stock exchange operator	2.0
Rio Tinto	Global metals and mining company	1.9
<b>Total</b>		<b>29.0</b>

Figures may not sum due to rounding.

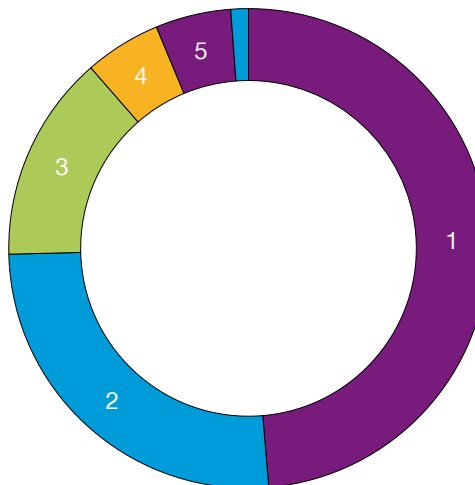
**Sector Weights**



	%
1 Industrials	22.6
2 Information Technology	22.3
3 Consumer Discretionary	14.9
4 Financials	13.5
5 Communication Services	8.0
6 Materials	6.6
7 Consumer Staples	5.7
8 Health Care	3.2
9 Energy	1.9
10 Cash	1.2

Figures may not sum due to rounding.

**Regional Weights**



	%
1 Europe (ex UK)	48.7
2 Emerging Markets	26.0
3 Developed Asia Pacific	14.0
4 Canada	5.2
5 UK	5.1
6 Cash	1.2

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	11	Companies	2	Companies	1
Resolutions	126	Resolutions	5	Resolutions	1

The Securities and Exchange Commission (SEC) has finalised its climate disclosure requirements for listed companies in the US

We will publish our 2023 Investment Activities Stewardship Report in April 2024

Recent engagement topics include the impacts of ultra processed food and supply chain traceability

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., CRH plc, Fanuc Corporation, Kering SA, Kingspan Group plc, Nestle S.A., Nexans S.A., Sea Limited
Social	DSV A/S, Fanuc Corporation, Kering SA, Novozymes A/S, Recruit Holdings Co., Ltd., Unilever PLC
Governance	ASML Holding N.V., CRH plc, Compagnie Financière Richemont SA, DSV A/S, Danone S.A., Edenred SE, Fanuc Corporation, FinecoBank Banca Fineco S.p.A., Kering SA, MonotaRO Co., Ltd., Nexans S.A., RATIONAL Aktiengesellschaft, Samsung Electronics Co., Ltd., Sartorius Stedim Biotech S.A., Scout24 SE, Sea Limited
Strategy	AIA Group Limited, CRH plc, Fanuc Corporation, Recruit Holdings Co., Ltd., Silergy Corp.

Company	Engagement Report
DSV A/S	<p>Objective: We wrote to freight and logistics solutions company DSV's board, conveying our concerns and expectations about human and labour rights in DSV's joint venture with NEOM.</p> <p>Discussion: Despite DSV's comprehensive code of conduct and policies, the NEOM joint venture presents significant challenges in upholding these commitments due to its scale, location and structure. We expressed concerns that DSV's historical risk-based approach might not be sufficient to manage these risks, potentially impacting the company's reputation for high standards and execution excellence. The discussion also covered the need for enhanced disclosure around policy implementation, suggesting the appointment of a credible third-party auditor.</p> <p>Outcome: The board acknowledged our letter and notably recommended that shareholders vote in favour of a shareholder proposal addressing several of our concerns. This highlighted that DSV agrees that industry-leading disclosure and transparency around human rights is essential for their future success.</p>
Kering SA	<p>Objective: Kering is a luxury group that consists of brands that span the areas of fashion, leather goods and jewellery. Our engagement with Kering's Chief Sustainability Officer focused on the company's pioneering work on supply chain traceability. Supply chains are the textile industry's most significant area of environmental impact and increasingly a topic with reputational and regulatory significance, due to evolving regulatory requirements in the EU.</p> <p>Discussion: We discussed Kering's target for achieving 100 per cent traceability of key raw materials by country of origin and its aspirations to eventually have visibility down to the farm level. The company sets out the components of progress towards this target into certification, supplier contract clauses, collaboration and technology each of which we covered in turn. The company's collaborative efforts, such as the Fashion Pact and the Watch &amp; Jewellery Initiative, highlight its crucial role in driving industry-wide shifts towards sustainable practices. Leveraging collective purchasing power in the supply chain amplifies influence, which is essential given that Kering is often one of many buyers of its raw materials. The company also highlighted that technological solutions, such as forensic science to verify organic cotton, can be used as an additional overlay for its traceability work and illustrate its innovative approach to securing supply chain oversight.</p> <p>Outcome: Our in-depth discussion helped us to better understand the components of Kering's traceability practices. We believe the company is well placed to navigate increasingly stringent supply chain regulations and that it plays a critical convening role in adopting more sustainable practices across the wider industry. The learnings can inform our engagement with other holdings whose practices may be less mature.</p>
Recruit Holdings Co., Ltd.	<p>Objective: We spoke to Recruit's Sustainability Team about how its 'Prosper Together' ESG Strategy can have a positive societal impact while supporting Recruit's growth.</p> <p>Discussion: We discussed how Recruit's ESG strategy helps boost shareholder returns. This primarily happens via its staff and customers. On the former, Recruit believes that having an Environmental, Social and Governance (ESG) Strategy helps motivate staff and leads to a higher retention rate than peers. On the latter, enhancing job seeker outcomes increases the number of employers and job seekers on its platform, strengthening the network effect and helping drive market share. At the same time, Recruit acknowledged the challenge of measuring its social impact given the limited touch points during the hiring process.</p> <p>Outcome: The conversation was valuable in understanding Recruit's strategic direction and efforts to balance core business execution with broader societal contributions.</p>

Company	Engagement Report
<p>Samsung Electronics Co., Ltd.</p>	<p><b>Objective:</b> To learn more about the company's corporate governance and sustainability approach and encourage continued progress.</p> <p><b>Discussion:</b> In January, we joined a group meeting organised by the Asian Corporate Governance Association with Mr Hanjo Kim, the chairman of the board at Samsung Electronics. We also spoke to the IR in February ahead of the annual general meeting in March.</p> <p>Samsung is committed to improving its corporate governance standards and has undergone a three-year review to benchmark global-leading companies. The board is enhancing pre-reporting, independent director feedback and member contributions. The company is aligning incentives with long-term company performance. We were able to hear more about the distinct roles within the company's leadership, mainly how the board's chair and the executive chairman work together. There is currently no plan for JY Lee to join the board. The company has reiterated its commitment to reducing greenhouse gas emissions, transitioning to renewable energy and enhancing product efficiency, but has more work to do on these topics.</p> <p><b>Outcome:</b> The meetings provided further insights into the company's governance, the roles of the chairman and the executive chairman, and strategic investment opportunities. We will have a follow-up meeting with the company regarding the sustainability targets and commitments.</p>

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
DSV	AGM 03/14/24	8.4	We supported the shareholder resolution asking for a report on DSV's efforts and risks related to human and labour rights, as we believe that additional transparency would be beneficial for stakeholders. Our decision also aligns with management recommendation.
<b>Companies</b>		<b>Voting Rationale</b>	
DSV, Demant A/S, HDFC Bank, ICICI Lombard, Kone, MonotaRO Co, Novonosis, Samsung Electronics, Sartorius Stedim Biotech, Shimano, Shiseido		We voted in favour of routine proposals at the aforementioned meeting(s).	

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Kone	AGM 02/29/24	14F	We opposed the election of an executive director who sits on the audit committee, as we believe that this committee should be comprised entirely of independent directors.
Sartorius Stedim Biotech	MIX 03/26/24	5	We opposed the remuneration report because the aggregate fees paid to the board of directors in 2023 exceeded the maximum amount approved by shareholders at the 2023 AGM, which we consider to be poor governance.
<b>Companies</b>		<b>Voting Rationale</b>	
Sartorius Stedim Biotech		We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Kone	AGM 02/29/24	10	We abstained on the remuneration report due to a lack of disclosure on performance metrics and targets, making it difficult for shareholders to make an assessment of remuneration outcomes.

Votes Withheld

We did not withhold on any resolutions during the period.

## New Purchases

Stock Name	Transaction Rationale
B&M European Value Retail	B&M is a variety goods discount retailer. The majority of sales are generated from its chain of grocery and general merchandise discount stores in the UK. However, it also operates convenience stores under the Heron brand, establishing a significant footprint in France. Consistent new store openings and competitive pricing have underpinned strong growth over the past decade, and we expect this trend to continue. At the same time, attractive store economics and cheap product sourcing support exceptional returns. With B&M currently priced as an ex-growth company, we see a significant upside opportunity, so we have taken a holding for the portfolio.
Kweichow Moutai 'A'	Kweichow Moutai is one of the most important and iconic homegrown Chinese luxury brands. It manufactures and sells premium baijiu (a sorghum-based liquor) which has a heritage and respect embedded within Chinese culture. Brewing location and brand provide a core competitive advantage. When combined with supply scarcity and limited competition in the very high-end market, Moutai is able to price at a premium and maintain a loyal customer base. It is an extremely profitable business. We believe in the strength and heritage of the brand, the sustainability of revenue growth, and the longevity of its core competitive advantage. We also like that it's a homegrown domestic Chinese company that is meeting local demand with a local product.
monday.com	Monday.com is an Israeli cloud-based software business that offers customisable workflow management tools, praised for their simplicity. It is laying down a global footprint and serves over 200 industries, with a client base ranging from small to large enterprises. Sales are growing strongly, and we expect this to continue for many years. At the same time, the underlying financial characteristics of the business are excellent, and alignment between the senior management team and minority shareholders is strong. Based on these attractions we have taken a small holding for the portfolio.
Unilever	Unilever benefits from a portfolio of leading brands and exposure to a collection of high-growth emerging markets, most notably in India through its subsidiary Hindustan Unilever and Latin America. However, under investment, poor capital allocation, and a lack of focus have underpinned lower growth than peers. New CEO Hein Schumacher arrived in July 2023, and while significant change was already underway, he is an important catalyst for change, and there is considerable scope for improved performance. With little in the valuation to capture the strength of the business and the financial implications of a turnaround, we have taken a holding for the portfolio.

## Complete Sales

Stock Name	Transaction Rationale
Prosus N.V.	Following a narrowing of the discount between the share price and net asset value, we have decided to sell the shares of holding company Prosus and reinvest the proceeds into its most significant asset, Tencent, where most of the value resides.
Wuxi Biologics Cayman Inc	Wuxi Biologics is the largest Chinese contract development and manufacturing organisation (CDMO) for biologics drugs and is among the top five globally. CDMOs allow pharmaceutical companies to outsource certain aspects of drug development and manufacturing, allowing them to focus on areas of competitive advantage. Our original investment thesis was that Wuxi's business model would prove more resilient than pure biotech companies while delivering attractive growth due to their ability to span multiple projects and win a disproportionate share of innovative drugs with new molecules going on to generate significant and long-term revenues. Although the company continues to execute well, heightened geopolitics risk - most recently evidenced by a recent select committee bill in the US - has led us to believe that externalities increasingly outweigh the company's ability to master its own destiny. Because of this, we sold the holding.

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