International Growth Quarterly Update

31 March 2024

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Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com

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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

The International Growth strategy aims to add value for clients through patient ownership of exceptional growth companies. We are looking for outliers which means we have a requirement for each stock to have substantial upside. Our holdings should enjoy a large growth opportunity, business characteristics that give them an edge over their competitors and substitutes, and a culture that allows them to take advantage in a sustainable way. Key features of the strategy include a long-term perspective resulting in low turnover, bottom-up stock picking supported by in depth fundamental analysis, and a rapid growth portfolio orientation with a minimum of 50 holdings.

Risk Analysis

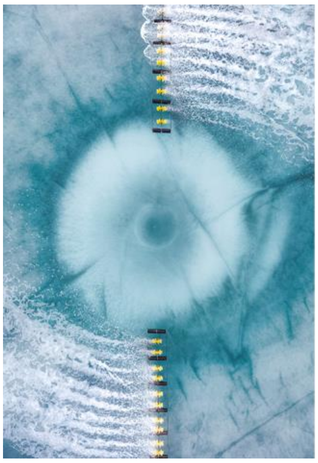
Key Statistics	
Number of Holdings	56
Typical number of holdings	50+
Active Share	91%*
Rolling One Year Turnover	11%

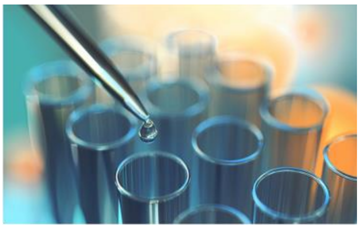
*Relative to MSCI ACWI ex US Index. Source: Baillie Gifford & Co, MSCI.

The pace of change in the world is accelerating. We believe this will bring increasing opportunities for investors in disruptive companies

Equity returns are significantly influenced by a small number of exceptional businesses. Our investment philosophy is centred on identifying these and owning them for the long-term

We continue to find new and exciting companies that are transforming large parts of the economy





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

Only a small number of special companies come to dominate a particular era. We know from academic research and our own experience that equity returns are far from normally distributed and are driven by a small number of exceptional companies. Our investment philosophy is centred on identifying these rare businesses and owning them in size for the long term.

Over the last two centuries, the evolution of global equity markets has closely mirrored the primary engines of economic expansion of their age.

The Industrial Revolution marked a shift from agrarian economies to industrialized ones. Innovations in machinery, steam power, and the expansion of the railroad network fuelled economic growth. As industrialization progressed, manufacturing, especially automobiles, became a significant economic force. Auto companies were at the forefront, reflected in the sector's dominance in equity markets at the time. Indeed, in 1909 Baillie Gifford's first investment was in the rubber industry – benefitting from the soaring demand for car tyres.

By the mid-20th century, the oil and gas industry was dominant, largely run by the Oil Majors. The 'Seven Sisters' (sound familiar?) owned 70 per cent of the world refining capacity outside the Communist bloc and North America, and almost 100 per cent of the pipeline networks. They did all the exploring, producing, transporting and refining of oil. They also distributed and marketed the finished products giving them control across the entire supply chain.

The current dominance of the Technology sector is most obvious in the US, where it now commands roughly the same index weight as the Energy sector did at its peak in the mid-1950s. Given their contribution to recent equity market performance, their prominence in the daily news cycle, and the cottage industry of coining nicknames and acronyms around groups of companies of the time, the 'Magnificent Seven' was the focus for many last year.

Digital disruption

Given the potential of generative artificial intelligence (AI) to improve economic productivity and its current position as a kingmaker in AI training and increasingly inference, NVIDIA has become the defining company of the AI age.

But the rise and rise of AI and the continued digitization of the global economy is far more than the tale of just one company. The dominance of the Technology sector has become a feature of many other markets too, particularly in Asia. It is also well-represented across the portfolio which has approximately 25 per cent invested in the sector. But more meaningfully, the themes of digital infrastructure and digital consumption are attributable to roughly half of the holdings and comprise many special businesses.

Among the narrow framing of technology companies in the portfolio is ASML, the Dutch lithography business. ASML continues to occupy a unique position as the sole supplier of extreme ultraviolet (EUV) lithography machines used to make leading-edge microchips. It has been central to the continuation of Moore's Law and a leading contributor to the portfolio's performance this quarter as well as its longer-term returns.

We have modestly reduced the ASML holding size, redeploying the capital to increase the holding in TSMC, the world's dominant semiconductor contract manufacturer. Both companies act as a royalty on the growing demand for computing power as well as increasingly benefiting from the generative AI driven demand for graphics processing units which is growing rapidly at significant scale. Although they are closely connected – TSMC is ASML's largest customer and operator of its EUV machines - we view TSMC as a more diversified royalty on both increasing demand for compute and all things AI.

Our broader framing of a technology business captures those deploying technology to either disrupt or improve products and services, regardless of formal categorization. The UK based grocery technology business Ocado is one such example. Its origins are in online UK food retail, but its value lies in its Technology Solutions business where it is deploying AI driven robotics to solve the unique fulfilment and logistics demands of *online* grocery and beyond. Ocado's shares have been weak recently, as Technology Solutions growth is expected to slow to between 15-20 per cent this year and reaccelerate thereafter. However, not all market participants share our long-term perspective and Ocado has detracted from the portfolio's performance so far this year.

Spotify is another example – deploying AI to provide a superior consumer experience in music, podcast, and video services. This time last year we wrote about the adaptation some of the portfolio companies were making in the face of increasing cost of capital. Spotify had for the first time in its history begun to focus on operating efficiency. Fast forward a year and the results have been overtly positive both in terms of profitability and cash generation from which share price performance has followed. We have been taking some profit from the Spotify holding to maintain it at approximately six per cent of the portfolio.

We continue to allocate a substantial portion of our research efforts to exploring potential advances in digital and AI innovations. In March we attended NVIDIA's GPU Technology Conference– 10,000 people packed into a stadium for a developer conference - AI Woodstock. It is clear that NVIDIA has become *the* computing platform company, not just a chipmaker. The focus has shifted from next-generation chips to whole data centers with staggering specifications. We have increasing conviction that continued adoption of digital technology and AI will benefit key players in the semiconductor and digital services industries including both TSMC and ASML, but also the likes of Spotify and Mobileye.

The Art of Exclusivity

Special businesses are not however the preserve of the digital world. Luxury goods are the polar opposite of technology driven products. The craftsmanship, attention to detail, and heritage associated with luxury goods create an emotional connection with consumers that transcends mere functionality.

Rather than an auto company, we think of Ferrari as one of the leading luxury brands. Owning a luxury item is akin to being part of an elite club – the entry price of joining this particular club is around $240k. Last year Ferrari achieved record financial results – which have been rewarded by the market and it made a strong contribution to the portfolio's recent performance. Growth for the foreseeable future looks well underpinned, the order book is now full for the next two years. We believe margins have further to expand as bespoke orders and personalisation continue to play an increasing large part of its business.

We have long been admirers of Hermès, which alongside Ferrari, is an exceptional luxury brand. During the quarter we added Hermès to the portfolio. For almost two centuries, its triumph has been rooted in its family-driven commitment to exclusivity, exceptional craftsmanship, and a well-established distribution network. We believe Hermès will continue to command strong returns and profitability.

Despite operating in quite different end markets, the characteristics of Ferrari and Hermès are similar in that they are masters of maintaining the allure of the products. To quote Enzo Ferrari it '*will always produce one less car than the market demands'*. Their financial performance is also utterly immune to what may be going on in the wider economy.

Shares in the portfolio holding Kering – the owner of brands such as Gucci, Balenciaga, Bottega Veneta, and Yves Saint Laurent – continue to come under pressure. Growth in Gucci has slowed and the recent launch of new creative director, Sabato De Sarno's, first collection will take time to gain traction. As patient, long-term investors, we continue to view Kering as a high-quality business and look forward to its reinvigoration.

Asian Century

Asia is undergoing a significant economic transformation and has shifted from being the West's manufacturing hub to an innovation leader. The Asian Century refers to the dominant role that Asian nations are expected to play in the 21st century.

Ongoing tensions in Sino-US relations have negatively impacted the portfolio's performance as valuations of some exceptional Chinese businesses remain depressed. Having been a notable detractor to performance last year, the digital shopping platform Meituan has contributed positively to performance this quarter. The reverse is true for PDD, the owner of online marketplace Temu. Both of these businesses are delivering outstanding levels of growth which we believe will eventually be recognised and valued appropriately.

The holding in Wuxi Biologics, one of the world's leading contract development and manufacturing organizations serving biologic drug developers has weighed on performance. Fears that legislation blocking it, and other Chinese biopharma companies, from competing for programs supported by US federal funding dominated sentiment. The reality of the interconnected nature of the global drug development industry means we believe this fear will pass with time.

We have sold the holding in Chinese electric vehicle (EV) manufacturer NIO. When we first purchased the shares in 2018, we believed NIO's unique "mobility services" approach and premium positioning would enable it to stand out in an intensely competitive EV market in China. We also expected the range of potential outcomes for the business to be very wide. Unfortunately, despite considerable growth over the last six years, the company has struggled to achieve the level of profitability and scale that we think is required to succeed in an increasingly challenging competitive environment.

In our search for the special businesses of tomorrow, we have recently spent time visiting both South Korea and India and are increasingly enthusiastic regarding investment opportunities in both.

South Korea has a thriving e-commerce sector, driven by a tech-savvy population. The country boasts high internet penetration rates, making it an attractive market for online retail. We have doubled the holding in South Korean e-commerce business Coupang where we see considerable scope for increased domestic market share gains. Coupang commands less than 5 per cent share of the approximately $500bn Korean retail market. Its e-commerce share is only in the high teens and should be able to grow meaningfully from this level. It also has optionality in geographic expansion, recently opening its second logistics centre in Taiwan.

India's expanding middle class, rapid adoption of digital payments, dynamic start-up environment, and developing e-commerce infrastructure offer significant investment opportunities. It would be fair to expect India to become an increasingly significant part of the portfolio in the future.

Just as the steam engine marked the dawn of mechanization and transformed production in the first industrial revolution, the advent of generative AI and digitization is spearheading innovation across numerous industries. We are seeing the early stages of a new General Purpose Technology encountering our economies and societies, and neither we nor anyone else can know exactly how this will play out. The implications will be profound. We believe that our forward-looking, creative mindset, our willingness to engage positively with seemingly outlandish possibilities, and our relationships with some of the leading thinkers about the way technologies emerge and spread, should help us to invest successfully in this critical new field. We are excited about the opportunities ahead.

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

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	5.3	5.8	-0.5
1 Year	3.4	11.4	-8.0
3 Years	-8.1	5.5	-13.6
5 Years	6.0	7.1	-1.2
10 Years	8.6	7.7	0.9
Since Inception	10.5	8.9	1.6

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	4.3	4.8	-0.5
1 Year	5.7	13.8	-8.2
3 Years	-10.8	2.4	-13.2
5 Years	5.3	6.5	-1.2
10 Years	5.6	4.8	0.9
Since Inception	9.4	7.8	1.6

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	6.7	7.2	-0.5
1 Year	6.3	14.5	-8.2
3 Years	-8.3	5.4	-13.6
5 Years	6.1	7.3	-1.2
10 Years	8.3	7.4	0.9
Since Inception	9.4	7.8	1.6

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	7.1	7.6	-0.5
1 Year	5.6	13.8	-8.2
3 Years	-8.6	5.0	-13.6
5 Years	5.6	6.8	-1.2
10 Years	7.8	6.9	0.9
Since Inception	8.9	7.3	1.5

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	9.1	9.6	-0.5
1 Year	8.5	16.9	-8.4
3 Years	-6.1	7.9	-13.9
5 Years	7.1	8.3	-1.2
10 Years	9.4	8.5	0.9
Since Inception	9.0	7.4	1.5

Annualised periods ended 31 March 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 28 February 2003
Figures may not sum due to rounding.
Benchmark is MSCI ACWI ex US Index (MSCI EAFE Index prior to 30 September 2018).
Source: Revolution, MSCI.
The International Growth composite is more concentrated than the MSCI ACWI ex US Index.

Discrete Performance

GBP	31/03/19-31/03/20	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24
Composite Net (%)	3.9	65.9	-23.7	-1.8	3.4
Benchmark (%)	-10.8	34.8	3.7	1.6	11.4

USD	31/03/19-31/03/20	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24
Composite Net (%)	-1.1	84.6	-27.2	-7.8	5.7
Benchmark (%)	-15.1	50.0	-1.0	-4.6	13.8

EUR	31/03/19-31/03/20	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24
Composite Net (%)	1.2	72.3	-23.1	-5.6	6.3
Benchmark (%)	-13.2	40.1	4.5	-2.3	14.5

CAD	31/03/19-31/03/20	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24
Composite Net (%)	5.3	63.0	-27.6	-0.1	5.6
Benchmark (%)	-9.6	32.5	-1.7	3.4	13.8

AUD	31/03/19-31/03/20	31/03/20-31/03/21	31/03/21-31/03/22	31/03/22-31/03/23	31/03/23-31/03/24
Composite Net (%)	14.7	48.3	-26.1	3.4	8.5
Benchmark (%)	-1.5	20.6	0.4	7.0	16.9

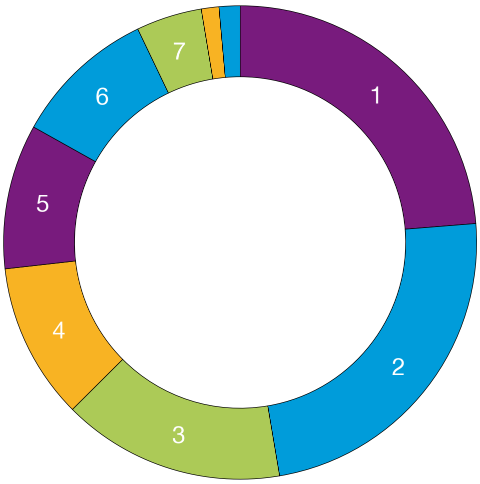
Benchmark is MSCI ACWI ex US Index (MSCI EAFE Index prior to 30 September 2018).
Source: Revolution, MSCI.
The International Growth composite is more concentrated than the MSCI ACWI ex US Index.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
ASML	Semiconductor equipment manufacturer	7.1
MercadoLibre	Latin American e-commerce and fintech platform	6.1
Spotify	Streaming platform for audible content	5.7
Adyen	Online payments platform	5.2
Ferrari	Designs and manufactures luxury cars	4.7
TSMC	Semiconductor manufacturer	4.5
Atlas Copco	Manufacturer of industrial compressors	3.7
L'Oréal	Cosmetics company	3.2
Tencent	Technology conglomerate	3.0
argenx	Antibody based drug development	2.9
Total		46.1

Figures may not sum due to rounding.

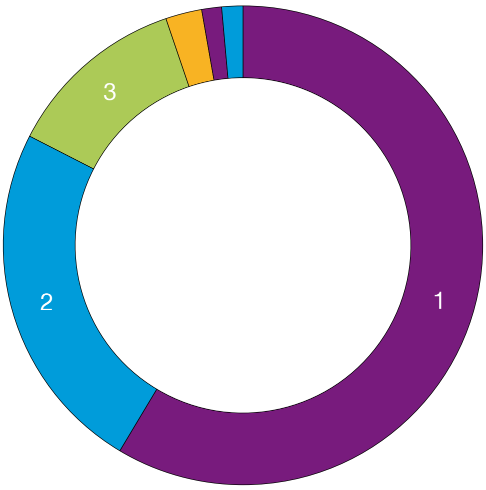
Sector Weights



		%
1	Information Technology	23.7
2	Consumer Discretionary	23.6
3	Financials	15.2
4	Industrials	10.7
5	Health Care	9.9
6	Communication Services	9.8
7	Consumer Staples	4.5
8	Materials	1.2
9	Cash	1.4

Figures may not sum due to rounding.

Regional Weights



		%
1	Europe (ex UK)	58.6
2	Emerging Markets	23.9
3	Developed Asia Pacific	12.3
4	UK	2.4
5	North America	1.3
6	Cash	1.4

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	2	Companies	None	Companies	None
Resolutions	30	Resolutions	None	Resolutions	None

The lens through which we analyse a company's sustainability is its `social license to operate', an intangible asset which depends on the individual firm

We engaged with Ocado's remuneration committee, culminating in company policies that better align management pay to company performance

Our Stewardship Principles focus on long-term value creation, alignment in vision and practice, governance fit for purpose, and sustainable business practices

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., HelloFresh SE, Kering SA, Sea Limited
Social	Kering SA
Governance	ASML Holding N.V., Genmab A/S, HelloFresh SE, Kering SA, L'Oreal S.A., Ocado Group plc, PDD Holdings Inc., Sartorius Aktiengesellschaft, Sea Limited, WuXi Biologics (Cayman) Inc.
Strategy	AIA Group Limited, PDD Holdings Inc.

Company	Engagement Report
Kering	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. 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 & 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. 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.
Ocado	Objective: We participated in a remuneration policy consultation before the 2024 AGM. Discussion: As part of the consultation process, we had calls with the remuneration committee chair, Julie Southern, and the chair of the board, Rick Haythornwaite, to discuss the proposal. We have been engaging with Ocado for several years on executive remuneration due to concerns with the structure of the executive value creation plan (VCP), specifically the stretch of performance targets and the absence of a maximum cap on payouts. This year, the remuneration policy sought to introduce a more traditional performance share plan (PSP) for all executives, which would replace the VCP for all executives except for the CEO, Mr Steiner, who would remain eligible to participate in both plans. We thought it was inappropriate to give Mr Steiner multiple avenues to achieve a payout, and our ongoing concerns with the structure of the VCP led us to feedback that we would be unsupportive of the remuneration policy in its current form. Outcome: The remuneration committee was receptive to our engagement and, in response, amended its policy. They will discontinue the VCP for all executives while incorporating a few key elements of the VCP into the PSP for Mr Steiner. We believe the amended remuneration policy better aligns pay outcomes to company performance and our clients' experience.

Company	Engagement Report
PDD Holdings	Objective: To gain further insights from PDD including international regulatory engagement, compliance alongside business expansion, and ESG disclosure. Discussion: In January, investors met with PDD's Head of Capital Markets and talked about its ESG-related strategies. PDD emphasised its commitment to openness in engaging with consumer protection authorities in the US, UK, and EU. Despite challenges linked to their Chinese origins, there's a proactive stance towards regulatory and media inquiries, with a system in place to remove dubious products, leveraging their Chinese supply chain knowledge. Although still in the early stages, the company are receptive to feedback on ESG topics, whilst acknowledging that they will need to evolve in tandem with their global business growth. They appointed a Dutch independent director specialising in food safety and toxicology in August 2023. It was helpful for investors to have discussions with the company which contrasts with some external commentary. The backdrop of intense scrutiny and the potential for regulatory challenges were acknowledged, highlighting the complex environment in which they operate. Outcome: The meeting provided additional insights into the company's strategic approach to regulatory transparency, compliance, and ESG disclosures. We will follow up with the company further on sustainability and supply chain management and encourage more standardised ESG reporting.
WuXi Biologics	Objective: Unprecedented price volatility has affected Wuxi Biologics' share price. Much of this is due to geopolitical tensions, but part of the volatility can be attributed to management communication. We spoke to CEO Chris Chen twice to understand his communication skills and how he managed this volatility. Discussion: Wuxi Biologics had been anomalously bullish while the rest of the biotech industry struggled - having maintained their targets for the year and been persistently positive, they issued an unexpected profit warning in early December and noted that targets for adding new projects would be missed. In January, Wuxi Biologics' optimism recovered - full-year project targets had been met (despite the warning), and guidance for 2024 project numbers was revised upwards. We were concerned by the lack of consistency of these messages - and why management appeared to have such limited visibility over company performance. Chris Chen accepted that guidance had not been perfect and the company should have communicated weakness earlier - he said that management was guilty of over-optimism - it had always set challenging goals and met them in the past. He also noted that a pick up in projects in December had been unexpected - and that there is a short lead time on early-stage projects, so they did not have visibility over the turnaround when the announcement was made. After this, Wuxi Biologics has been a target of the US Biosecure Act, leading to substantial share price volatility. This appears to be being managed reasonably - the company has sensible strategies to deal with what will be a period marred by geopolitical tensions - it has held town halls to communicate with staff clearly and to try to improve morale - and is focusing on ensuring work continues as usual. It is hoped that a long-term focus on client satisfaction and project delivery will be more important than the current tensions in the US and China. Outcome: We were pleased that Chris Chen acknowledged the company's communication shortcomings and hope that a lesson has been learned. It is reassuring that Wuxi Biologics are managing current volatility with a reassuringly long-term client-centric mindset.

Votes Cast in Favour

Companies	Voting Rationale
Genmab, HDFC Bank	We voted in favour of routine proposals at the aforementioned meeting(s).

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
Hermes International	Hermes is a French luxury business founded in 1837 that predominantly produces leather goods. Hermes has an exceptionally strong position in high-end handbags, where it carefully manages the supply of products to protect the status of its brand. We have been wrong not to have owned Hermes, which is one of the highest-quality businesses in the world, capable of delivering above-average growth rates for generations to come.
Kinaxis	Kinaxis is a software company. Its RapidResponse product allows companies to model complex supply chains and therefore react to changes more effectively, for example, a spike in demand or disruptions to component supply. Kinaxis counts some of the leading companies in sectors such as automotive and electronics as customers and appears to have a well-regarded product. We believe the growth potential here is substantial and have taken a holding for the portfolio.
Wizz Air	We have taken a holding in Wizz Air, the European low-cost carrier, for the portfolio. Wizz initially focused on Central and Eastern Europe - immature markets for air travel with the potential for significant growth. It has expanded its route network, notably through a joint venture in Abu Dhabi that offers interesting growth potential. A key advantage is its fleet of newer, more efficient planes - the Airbus A320. Competitors across the region are struggling to match its investments as they are saddled with higher costs, significant levels of debt and aging fleets. Wizz has a clear advantage in its cost structure, leading to a virtuous circle of lower prices, volume growth, and reinvestment. Recent concerns about its fuel hedging policy and Covid-dampened demand have caused the shares to be weak, and we have decided to take a holding.

Complete Sales

Stock Name	Transaction Rationale
NIO	We have sold the holding in NIO, the Chinese electric vehicle (EV) company. When we first purchased the shares in 2018, we believed NIO's unique "mobility services" approach and premium positioning would enable it to stand out in an intensely competitive EV market in China. We also expected the range of potential outcomes for the business to be very wide. Unfortunately, despite considerable growth over the last 6 years, the company has struggled to achieve the level of profitability and scale that we think is required to succeed in an increasingly challenging competitive environment.

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