Baillie Gifford

US Equity Quarterly Update

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

US Equity Growth is a long-term, concentrated, regional equity strategy investing in exceptional growth business in the USA. These businesses are owned for long enough that the advantages of their business models and strength of their cultures become the dominant drivers of their stock prices.

Risk Analysis

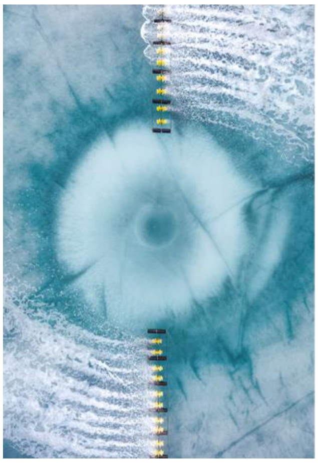
Key Statistics	
Number of Holdings	44
Typical Number of Holdings	30-50
Active Share	87%*
Annual Turnover	19%

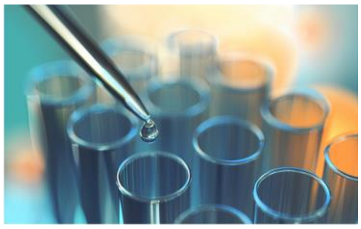
*Relative to S&P 500 Index. Source: Baillie Gifford & Co, S&P.

The very best investment opportunities rarely deliver outperformance in a smooth, predictable way. This can make them challenging to hold

Underpinning our stock research with an understanding of emerging technology, cultural and business trends helps us to capture the returns available from rapidly growing businesses

Abundant change, scarce capital, and undemanding valuations are combining to create an appealing backdrop for selective growth investors





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

We invest in the shares of companies that we think are undervalued relative to the range of outcomes they might deliver over the next five to ten years. We focus on companies that have the capacity to deliver unusually good returns over that time frame by growing their businesses substantially.

That means looking for businesses that are doing something different and better. These are often disruptive first-generation businesses with something to prove.

There are lots of reasons why these companies might be undervalued. People struggle to back predictions that are far from the status quo. It's lonely being out on a limb. You look stupid when it's not working. Even if you are roughly right in the long run, you may appear to be wrong for long spells. While broad trends may be relatively predictable, the timing of the inflection points that see the change delivered usually aren't. Being right will still require holding through accelerations and decelerations of growth.

When it comes to companies using technology innovation to grow, the sceptics will often sound credible. They can point to the strength of established institutions and the effectiveness of how we do things now, versus the untested and still developing.

The British Post Office's chief engineer Sir William Preece famously dismissed the emerging technology of the day when he said in 1878: "The Americans have need of the telephone, but we do not. We have plenty of messenger boys."

Thomas Watson, then president of IBM, estimated in 1943: "I think there is a world market for maybe five computers."

And Steve Ballmer said in 2007: "There's no chance that the iPhone is going to get any significant market share. No chance."

These were industry experts who failed to appreciate the scale of change heading their way. Of course, it is easy to look back and scoff with the benefit of hindsight. Each of their criticisms was founded on sensible points.

- Preece thought the existing delivery network would dissuade companies from stringing up the wires that would enable the next generation of communications infrastructure.
- Thomas Watson was thinking of factory-sized machines. He couldn't picture the dramatic impact of continuing improvement that would drive down the size and cost of computers.
- Steve Ballmer didn't see the sense of the $500 price tag attached to the iPhone. He underestimated the value that an iPhone would deliver to users to justify that kind of spending. (For our own part, we failed to appreciate the significance of the App Store and the value of the software ecosystem building up around Apple's devices when we sold our holding in 2013.)

We don't expect to be more knowledgeable than the luminaries in their field. We aim instead to make better predictions by building systems of thinking that allow us to assess growth potential from several different perspectives. We challenge ourselves and each other on the implications of compounded growth. We look for companies that will become more essential to their ecosystem as they expand. We look for company leaders who can steer an astute and ambitious course through whatever comes their way.

We also accept that we will be wrong. Sometimes we'll become enthused about a company that doesn't gain the traction we expect. These can look obvious in retrospect when they don't play out. "Mark my word: a combination airplane and motorcar is coming. You may smile, but it will come." That was Henry Ford in 1940.

We can't be scared of backing bold predictions for fear they won't all be borne out. The seemingly fanciful often becomes the norm. Imagine a virtual AI-powered owl playing games with you to teach you another language, or autonomous kitchens serving lunchtime salads. We own both in the portfolio via the rapidly growing Duolingo and Sweetgreen. We invest into uncertainty because of the rewards that the successes deliver. NVIDIA's 39x share price rise since our initial purchase for the strategy has been far more consequential than the 0.1x return delivered by our investment in Peloton.

We've recently written about three of the perspectives that help us to make choices for the portfolio in our Long View publication. This edition looks in turn at some of the ways we assess technology change, social shifts and business cultures.

Technology Change

Artificial Intelligence is one of those major technology shifts with uncertain but profound implications for the way we live. It may already be driving meaningful productivity gains in the US economy.

One of the best ways to benefit from a technology shift can be to invest in the companies that provide the essential tools for its deployment. NVIDIA's Graphics Processing Unit (GPU) chips dominate AI training and are carving out a substantial position in AI inference. We can't imagine every possible use case for their hardware, but we can estimate the likely demand trend for accelerated processing.

Owning a company through an inflection point like this is challenging, as visibility of growth on the other side of the step change reduces. We are convinced that NVIDIA's opportunity is extremely large but have elected to moderate our substantial holding to help fund additions elsewhere in the portfolio.

Other sources of edge are emerging above the base layer of infrastructure provided by the likes of NVIDIA and Amazon's AWS. Companies like Snowflake and Datadog organise and make sense of data and they too could end up being built into the fabric of a new computing standard.

Meta Platform's tremendous scale of user data and attention is a potential treasure trove for advertisers, and AI tools are unlocking their value in a way that no other business can. We've continued to build up the size of the position in Meta this year. The combination of proprietary data and deployment advantages could be extremely powerful and we are looking for other companies that are using AI to further their lead over the competition.

Tom Slater's article sets out the case for the new AI paradigm. The long view: why the AI paradigm shift matters to growth investors | Baillie Gifford

Cultural shifts

It's easy to dismiss emerging brands as fads. It's often the right thing to do. It's more valuable to be able to pick out the ones that have an unusually good chance of enduring.

Dave Bujnowski writes about unlocking the value of cultural trends in his piece, reflecting on the insights we've gained from working with anthropologists. This thinking is behind some of our newer portfolio holdings and will help to direct our search for more ideas.

The drinkware and cooler business YETI links strongly to the great outdoors. We took a holding last December. We think Americans are coming to treasure this scarce resource more and this could provide a long-lasting tailwind for the business. YETI's managers have steered the brand carefully since its inception, and its authenticity is high amongst consumers.

In YETI's case, there are additional health empowerment tailwinds that come with taking charge of your own hydration without buying bottled drinks. That same drive for unprocessed food provides a considerable tailwind for the salad chain Sweetgreen. We added to the holding in this chain late last year. Sweetgreen taps into other cultural tailwinds in relation to conscious consumption and local sourcing too. Mapping out this sprawling network of trends gives us the opportunity to back businesses at an earlier stage of development when we can see fantastic management teams with several cultural winds at their backs.

Dave's explanation of how Lululemon (not a portfolio holding) capitalised on trends dating back to the 1960s is a wonderful example of how powerful this sort of research can be. The long view: using unorthodox signals to spot the next big thing | Baillie Gifford

Fitness Landscapes

Great growth businesses all operate in constantly changing landscapes. They engage in a never-ending battle to reach a peak and stay at it. Gary Robinson draws parallels with evolutionary biology in his piece. Companies that rush to the nearest available summit and stay there may think that they have done all they can, but if they never go exploring they are unlikely to find the highest peak in their area. If the ground shifts beneath them they may start sinking. Kodak dominated the camera and film market for decades. In the late 1990s it processed more than 80% of the photos that Americans took. The company was bankrupt by 2012, having stayed in the same place for too long instead of ascending the rising digital landscape.

Gary explains how businesses with a mixture of growth strategies that cover the long and short term can set themselves apart from the competition. Amazon has made big leaps many times while continuing to grow its original online retail business. There are much newer companies in the portfolio that are planning similar advances.

This model is one of many lenses we can use to explore the growth strategies the holdings are deploying. We met with the liquid biopsy business Guardant earlier this year, a recent purchase for the portfolio, to discuss how it seeks to expand from its existing therapy selection tests. Guardant already has a strong developing business, which could be much broader than it is today. We also explored its longer jump into earlier-stage cancer screening tests, where Guardant is still catching up to the standards of existing (much less convenient) screening tests for colorectal cancer. There is a huge opportunity here and we are encouraged by the company's ambition to pursue this blend of opportunities.

You can read about several more examples within the portfolio in Gary's full article here. The long view: investment lessons from evolutionary biology | Baillie Gifford

Outlook

Technology, cultural and business shifts can create the conditions for great businesses to spring up and grow to several times their current size. Some businesses will drive these shifts themselves, particularly in relation to technological innovation and novel business models. Others will benefit from the changing landscape, navigating it adeptly without having to clear the way themselves.

The US remains the best place in the world for companies to take advantage of these trends. It runs deeper than the country's academic institutions, the enviable demographics, the well developed legal and business funding networks. It goes further than it having the largest consumer market in the world for its companies to grow into and its industrial hubs of excellence in technology, healthcare, finance and most other industries you could think of. It's part of the culture. That's why the US will continue to produce world-class growth companies like no other place on Earth.

The really exciting thing for us is that these companies are priced no more efficiently in the US than they are anywhere else in the world. US stock markets underestimate the value of long-term growth, whether it's delivered rapidly or compounded over several years. We've rarely, if ever, had such a breadth of opportunities that meet our requirements for growth. Growth companies are driven by change. While capital might be scarcer now than we've been used to over the previous decade, there's an abundance of change across technology, culture and business models. We are placing the portfolio in front of these trends, and are challenging our existing holdings with some fantastic new candidates for ownership.

https://www.bailliegifford.com/pages/the-long-view/

Performance Objective

2%+ p.a. above index over 5 years.
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	9.4	11.6	-2.1
1 Year	32.4	27.1	5.2
3 Year	-9.2	14.8	-24.0
5 Year	11.9	15.8	-3.8
10 Year	17.0	16.1	0.8
Since Inception	11.1	9.9	1.2

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	8.5	10.6	-2.1
1 Year	35.2	29.9	5.3
3 Year	-11.8	11.5	-23.3
5 Year	11.3	15.0	-3.8
10 Year	13.8	13.0	0.8
Since Inception	10.0	8.9	1.2

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	10.9	13.1	-2.1
1 Year	36.0	30.6	5.4
3 Year	-9.3	14.7	-24.0
5 Year	12.1	15.9	-3.8
10 Year	16.6	15.7	0.8
Since Inception	10.1	8.9	1.2

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	11.3	13.5	-2.2
1 Year	35.2	29.9	5.3
3 Year	-9.6	14.3	-23.9
5 Year	11.5	15.3	-3.8
10 Year	16.1	15.3	0.8
Since Inception	9.9	8.7	1.2

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	13.4	15.6	-2.2
1 Year	38.8	33.3	5.5
3 Year	-7.1	17.4	-24.5
5 Year	13.2	17.0	-3.9
10 Year	17.8	17.0	0.8
Since Inception	10.5	9.3	1.2

Annualised periods ended 31 March 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 31 August 1997
Figures may not sum due to rounding.
Benchmark is S&P 500 Index.
Source: Revolution, S&P.
The US Equity composite is more concentrated than the S&P 500 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 (%)	7.0	119.4	-24.8	-24.8	32.4
Benchmark (%)	-2.2	40.5	21.2	-1.7	27.1

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 (%)	1.8	144.2	-28.2	-29.3	35.2
Benchmark (%)	-7.0	56.4	15.6	-7.7	29.9

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 (%)	4.1	128.0	-24.2	-27.6	36.0
Benchmark (%)	-4.8	46.0	22.2	-5.5	30.6

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 (%)	8.4	115.6	-28.7	-23.4	35.2
Benchmark (%)	-0.9	38.1	14.9	0.0	29.9

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 (%)	18.1	96.2	-27.2	-20.8	38.8
Benchmark (%)	8.0	25.6	17.3	3.5	33.3

Benchmark is S&P 500 Index.
Source: Revolution, S&P.
The US Equity composite is more concentrated than the S&P 500 Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2024

Stock Name	Contribution (%)
NVIDIA	3.0
Apple	1.4
DoorDash	0.9
Sweetgreen	0.9
The Trade Desk	0.5
Meta Platforms	0.4
Netflix	0.4
Amazon.com	0.3
UnitedHealth Group	0.2
Adobe Systems	0.2
Tesla Inc	-1.3
Shopify	-1.0
Affirm	-0.7
Roku	-0.7
Snowflake	-0.6
Coursera	-0.5
Roblox	-0.5
Alnylam Pharmaceuticals	-0.5
Chewy	-0.5
Insulet Corp	-0.4

One Year to 31 March 2024

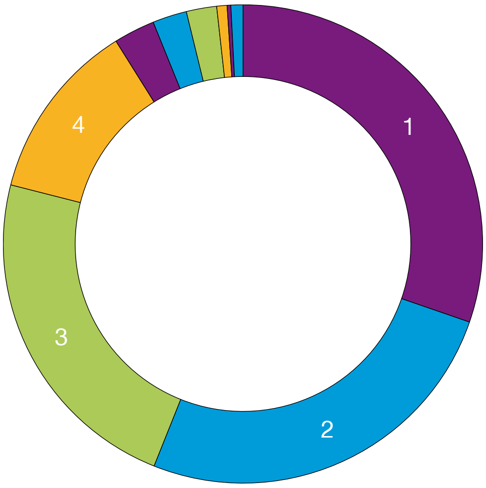
Stock Name	Contribution (%)
NVIDIA	4.8
Shopify	2.3
DoorDash	2.0
Apple	1.4
Netflix	1.2
Amazon.com	1.1
Affirm	0.9
Sweetgreen	0.8
Duolingo	0.8
The Trade Desk	0.7
Moderna	-2.9
Chewy	-1.4
Novocure	-1.2
Tesla Inc	-1.1
Alnylam Pharmaceuticals	-1.0
MarketAxess	-1.0
Microsoft	-0.8
Roblox	-0.8
Eli Lilly	-0.6
10X Genomics	-0.5

Source: Revolution, S&P. US Equity composite relative to S&P 500 Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole period. All attribution figures are calculated gross of fees, relative to the index from stock level up, based on closing prices. As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio.

Top Ten Holdings

Stock Name	Description of Business	% of Portfolio
Shopify	Cloud-based commerce platform provider	8.4
Amazon.com	E-commerce, computing infrastructure, streaming and more	8.3
The Trade Desk	Advertising platform	7.8
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	7.6
Meta Platforms	Social media and advertising platform	5.4
DoorDash	Provides restaurant food delivery services	4.8
Netflix	Streaming platform	4.8
Cloudflare	Web infrastructure and cybersecurity provider	3.8
Tesla Inc	Electric vehicles, autonomous driving technology and energy solutions	3.6
Moderna	Biotechnology developing mRNA-based therapeutics	3.6
Total		58.2

Sector Weights



		%
1	Information Technology	30.3
2	Consumer Discretionary	25.8
3	Communication Services	22.9
4	Health Care	12.1
5	Real Estate	2.8
6	Industrials	2.3
7	Financials	2.0
8	Consumer Staples	0.7
9	Materials	0.3
10	Cash	0.8

Figures may not sum due to rounding.

Voting Activity

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

Long-term investing and sustainability are inextricably linked

In the US Equity Growth team, we define 'sustainability' as the ability to balance value creation with value capture

Companies that capture more value than they create will not survive in the long run. Companies that create more value than they capture will thrive

Company Engagement

Engagement Type	Company
Environmental	Affirm Incorporated, HashiCorp, Inc., Penumbra, Inc., Sprout Social, Inc., Watsco, Inc.
Social	Tesla, Inc.
Governance	Datadog, Inc., Guardant Health, Inc., HashiCorp, Inc., Netflix, Inc., Penumbra, Inc., Rivian Automotive, Inc., Roblox Corporation, Sprout Social, Inc., The Trade Desk, Inc., Workday, Inc.
Strategy	Amazon.com, Inc., DoorDash, Inc., Guardant Health, Inc.

Company	Engagement Report
Amazon.com	Objective: We attended Amazon's investor roundtable. This was an opportunity to speak directly with management - the CEO, CFO and each business area. The objective was to hear about management's long-term strategy, which led to some ESG fact-finding. Discussion: As always with Amazon, the main debate was about the balance of future investment versus what the business does today. Andy Jassy spoke of wanting to solve broken industries for customers, such as healthcare. It was reassuring to hear how incredibly customer-driven Amazon still is - and every member of management spoke with passion about customers. The CFO said the trust Amazon has cultivated with customers needs to be extended to investors to ensure the company reaches the levels of profitability it saw before the pandemic and push even further. We discussed regulation - mainly how this affects advertising with data, customer identity and generative artificial intelligence (AI). The head of Amazon web services (AWS) repeatedly referenced the energy required for AI from here. The head of worldwide operations, John Felton, spoke about how the company is making packaging decisions and why restructuring its inbound logistics will improve network efficiency and carbon reduction. We also heard how valuable Amazon finds the Rivian electric delivery van partnership. He spoke about how it is safer for drivers with better visibility, lower carbon, better for maintenance and could require less replacement than traditional combustion engine vans. John Felton spoke about how long it had taken to stabilise the supply chain after the pandemic and alluded to scrutiny with China - considering newer competitors. We are still waiting for more supply chain transparency, an issue we have raised several times in 2023 on calls, at an ESG roundtable and by letter. One of our engagement priorities for Amazon has been the treatment of staff - we have visited fulfilment centres, read through coverage and spoken with Amazon's ESG team. This meeting was valuable to hear about cultural changes and how head office teams are managed, considering headcount reductions in the last couple of years. Outcome: We came away with reassuring views on customer and shareholder alignment. Supply chain transparency is an ongoing topic, and it was interesting to hear other shareholders' views of Amazon and what they thought was necessary to ask.
Datadog	Objective: We attended Datadog's first in-person investor day and met with the CEO. Datadog is a cloud-based monitoring and analytics platform that allows customers to monitor all the elements in their cloud ecosystem. An objective of attending the investor day and meeting with the CEO was to understand Datadog's rationale for stock-based compensation going forward. Discussion: Over the pandemic, we saw a run-up in US technology employees' wages and stock-based compensation (SBC). The argument for SBC is that employees become aligned with the company's longer-term success, which should align them with shareholders. However, as SBC is a non-cash expense, it is not factored into some of the most important metrics for software companies: revenue growth rates and free cash flow improvement. During the Datadog investor day, the CFO outlined the maximum target annual dilution of 2.5-3.5 per cent, which it has not hit historically. In our meeting with the CEO, Olivier Pomel, he explained that the company wants to keep dilution to within levels it can control. This is so as not to create the unsustainable situation competitors fell into during the pandemic of over-promising compensation but to offer market-level compensation for the technical roles. Outcome: We have engaged with several of our holdings on this subject and will continually monitor it as an important aspect of the investment case.

Company	Engagement Report
DoorDash	Objective: In March, we engaged with Tony Xu, DoorDash's CEO and co-founder, focusing on the grocery segment's transition from the experimental to the growth phase, to understand its potential. Discussion: Groceries is a significantly larger yet less penetrated market online than the restaurant sector. DoorDash's initial foray into the grocery market has been profitable, especially with express aisle goods. Despite this success, Tony Xu aims to tackle larger basket sizes for weekly shopping, which could unlock substantial gross merchandise volume (GMV). The main challenge is improving inventory visibility to reduce substitutes and foster the adoption of online offerings. One approach the company is trialling involves creating micro fulfilment centres for quicker deliveries. This is a strategic step towards this goal, despite its capital intensity. Doordash's current grocery markets have seen growing basket sizes and order frequency, alongside decreasing costs. The impact of advertising on profitability, potentially enhancing returns compared to the restaurant business, remains an area for further exploration. Outcome: The discussion with Tony Xu offered deep insights into DoorDash's strategic efforts and challenges in expanding its grocery business. Initiatives to improve inventory visibility underscore DoorDash's commitment to growth and innovation in this segment, supporting our forward-looking hypothesis.
Guardant Health	Objective: In March, we met Guardant Health's co-founders and co-CEOs, Helmy Eltoukhy and AmirAli Talasaz. We wanted to deepen our relationship with the founders and further explore their long-term strategy to grow Guardant's liquid biopsy business. Discussion: The discussion was wide-ranging. Areas of focus included how Guardant could grow the therapy selection part of the business to expand across the patient journey, rather than the single point it is used at today; the company's international expansion plans; and the potential scale and opportunity of its screening business, which could be revolutionary but it is at an early stage. In particular, we explored the FDA approval pathway to making this a reality. Outcome: Overall, we gained a greater understanding of Guardant's market opportunity, the approach of the co-founders, as well as some further insight into the culture they foster at the company. The meeting served to deepen our relationship in what we hope to be a multi-year investment and was supportive of our thesis.

Company	Engagement Report
Tesla	Objective: We spoke with Tesla's Vice President of Global Supply Chain Management, Karn Budhiraj, to learn about the company's supply chain management strategies in China. We wanted to understand how Tesla mitigates risks associated with upstream forced labour and human rights abuses. We also sought an update on ongoing union issues affecting its Nordic operations. Discussion: Budhiraj outlined Tesla's approach to managing its supply chain in China, highlighting the challenges of ensuring transparency and traceability amid stringent Chinese regulations. The company's proactive measures include investing in its supply chain team and insisting on international standards for direct suppliers outside China. However, the Counter-Espionage law in China has posed significant obstacles, limiting Tesla's ability to conduct audits and gather necessary supplier information. Despite these challenges, Tesla is committed to sourcing responsibly and engaging diligently with its Chinese supply chain partners. It is also exploring alternatives to reduce reliance on high-risk regions by nearshoring critical mineral procurement and setting up refining operations in the US. We also discussed Tesla's handling of labour union issues. The company remains focused on direct communication with employees, with local management taking the lead in resolving problems ongoing in the Nordics. We were told that the majority of Tesla's workforce in Sweden doesn't want to strike or unionise, reflecting confidence in the company's employee relations approach. Outcome: This discussion provided valuable insights into Tesla's approaches to supply chain management in China. It reinforced our belief that the company is committed to operating responsibly by finding solutions to regulatory and manufacturing challenges. Understanding ongoing developments in the company's dialogue with employees and labour unions was also helpful. We believe these issues are material for the long-term investment case and plan to monitor progress in the future.
The Trade Desk.	Objective: We accepted an offer to engage with The Trade Desk's board and senior management. We focused on the company's corporate governance, particularly its dual-class share structure, executive remuneration and its approach to stock-based compensation. Discussion: We spoke to the lead independent director and chair of the Governance Committee, Lise Buyer; Compensation Committee chair, Kate Falberg; and CFO, Laura Schenkein. We discussed whether the board is considering extending the dual-class share structure beyond December 2025, when its sunset provision activates. It was explained that a final decision had not been made yet. We outlined our openness to an extension if it increases the probability of long-term value creation and minority shareholder interests are carefully considered and protected. Regarding executive compensation, we reiterated our concerns over the mega option grant awarded to CEO Jeff Green in October 2021, which we voted against. We also outlined concerns over the compensation committee's decision to grant Green an additional $25m in options and restricted stock units (RSUs) in April 2023, despite expectations that the 2021 grant would be his sole equity award for its 10-year vesting period. Finally, we discussed the company's use of stock-based compensation, which CFO Schenkein described as a vital tool for attracting and retaining talented employees. We outlined our belief that employee equity awards are a significant cost to the business. We encouraged the board to be mindful that the company's shareholders bear these costs and exercise discipline in the future. Outcome: We unfortunately did not gain as much insight and clarification as we had hoped on these critical areas of the company's corporate governance. We plan to complete a review of the current board composition and its decisions ahead of this year's AGM. We also plan to follow up on the dual-class share structure when the board has more concrete proposals on whether to request an extension.

Company	Engagement Report
Workday.	Objective: We met with Carl Eschenbach, CEO, and Zane Lowe, CFO, to discuss leadership changes and board remuneration. Discussion: We discussed our concern that Workday's remuneration, specifically share-based compensation (SBC), was very high and encouraged management to see SBC as a business cost. We also shared our expectations for the future, which included a meaningful fall in SBC as a percentage of sales and a change in Workday's target-setting methodology. We believe incorporating these changes will ensure proper alignment between management and shareholders. Outcome: Workday was receptive to our feedback and agreed to relay our concerns to the board. They also offered us a call with the Head of Remuneration, which we intend to take.

Votes Cast in Favour

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

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Aurora	Aurora develops autonomous driving technology. Overland freight in the United States is an almost trillion-dollar market. Aurora's hardware and software enable heavy goods vehicles to drive without human control. This could markedly improve freight industry safety and cost. Aurora plans to launch its autonomous freight system this year. We took a small holding in recognition of its relatively early stage and sizeable upside potential.

Complete Sales

Stock Name	Transaction Rationale
Chegg	We have sold the position in the education business, Chegg. The company offers support for learners at schools, colleges and universities through its range of study resources, online tutors and learning tools. It has made a substantial shift online from its printed study guide heritage, but we have been disappointed by the company's progress when challenged first by the disruption to students caused by Covid and then by the emergence of artificial intelligence competition from the likes of ChatGPT. We have not been able to build investment conviction in the management team's strategy from here, and amidst underwhelming current financial progress, we decided to sell this position from the portfolio.
Twilio	We sold the Twilio holding, which provides business software to enable simple and widespread communication. Twilio can potentially disrupt a trillion-plus-dollar communications industry, but leadership changes have contributed to our reduced conviction in the leadership's vision to fully pursue this enormous opportunity.

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