International All Cap Quarterly Update

31 March 2024

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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 All Cap is a long-term, active, growth strategy, investing in international equities across the range of small to large market capitalisation. The strategy offers three variants, from Developed EAFE, to EAFE Plus (with 15% EM exposure), and ACWI ex US (unconstrained EM). The strategy has been investing in growing companies for 30 years and is managed by an experienced team with inputs from specialist representatives.

Risk Analysis

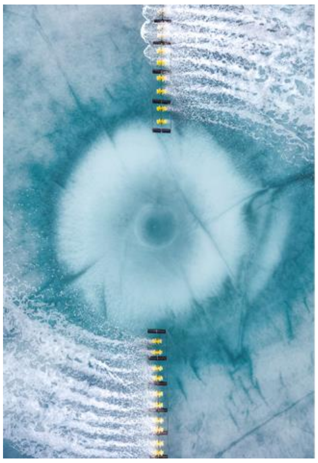
Key Statistics	
Number of Holdings	77
Typical number of holdings	60-90
Active Share	87%*
Rolling One Year Turnover	17%

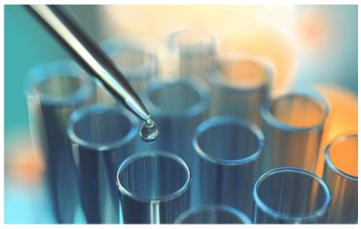
*Relative to MSCI ACWI ex US Index. Source: Baillie Gifford & Co, MSCI.

Absolute investment performance has been more encouraging, however, relative returns lagged in a more buoyant market environment

Positive contributors included semiconductor businesses and other technology holdings, while Japan and consumer staples were the main areas of weakness

Fundamentally, we believe that current valuations are not reflective of the full growth potential offered by the underlying companies in the portfolio. We remain confident this will change with 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

At the end of March 2024, three Baillie Gifford partners retired, after more than 80 years of collective service. It has been fascinating to hear their reflections. They reminded us that whilst the world is constantly changing, what matters most in business is consistency and integrity. The backdrop for active, growth investors is difficult at the moment, just as it was in the early 2000s, but we have complete faith in our ability to deliver attractive long-term returns for clients. People change, but Baillie Gifford's psyche remains unwavering.

So far, in 2024, we have been broadly encouraged by the growth we see across the holdings. Idea generation remains robust, and there is particularly healthy competition for space in the portfolio. We have been exceptionally pleased with the operational progress and the quality and resilience many of the holdings have delivered across the portfolio. Investment returns have been more encouraging of late, however, relative performance has been more mixed.

Investment Backdrop

This year is a big year for politics, with over half the world's population, in more than eighty nations and territories, heading to the polls. It is going to be fascinating to see what ramifications this will have. In his book 'The Capitalist Manifesto' Johan Norberg advocates for economic freedom, critiquing government intervention and collectivism, and highlights the ongoing shifts in globalisation and geopolitics. These continue to be watchwords for us to ensure the companies across the portfolio have the appropriate blend of growth combined with opportunity, balanced with quality and resilience. Being able to successfully navigate whatever politics or geopolitics get presented to them, is exactly why we place significant emphasis on buying businesses run by sensible and trustworthy management teams.

Making calls based on macroeconomic factors is not where we add value, but the last few years have served as a reminder that major global events can have a significant bearing on short-term performance. Against that backdrop, global Gross Domestic Product (GDP) is forecast to grow 3-3.5% annually in the next few years. Within this, Emerging economies such as India are at the higher end, while developed economies, including Europe, Japan, and the UK, are closer to 1% yearly GDP growth. Headline inflation continues to soften in most economies, and many governments are balancing that with the need for reforms, stimulus, and a normalisation of interest rates to ensue. This should be a more supportive environment for growth investing, but there will be nuances across different regions.

Starting in Japan, the landscape for investors has undergone a significant transformation over the past year, and that has continued. For years, Japan was overlooked by scores of investors, but signs of economic progress have sparked renewed interest. As we have emphasised for a long time, Japan is home to many exceptional companies and growth opportunities. There are signs that the opportunity set is broadening out with wholesale market improvements shining through. Ongoing economic trends include inflation, rising bond yields, and efforts driven by the Tokyo Stock Exchange to reform corporate governance. The domestic stock market has shown strong performance, with the Nikkei Index reaching levels last seen in the late 1980s. Companies such as Toyota Motor have been performing exceptionally well. Despite this, the Yen remains weak, with little anticipation for rapid interest rate hikes from the Bank of Japan (BoJ).

Encouraged by domestic and international investors, Japanese companies have engaged in significant buyout activities, increased buybacks, and dividend hikes. This should drive an increase in Return on Equity (RoE) and, in turn, Price-to-Book (P/B) ratios. The country is home to global champions in manufacturing and technology, including portfolio holdings Recruit, Keyence, and Tokyo Electron which are experiencing significant growth. Demographic challenges have spurred factory automation and productivity growth, with a shift towards more innovative and efficient practices. The Nippon Individual Savings Account (NISA) initiative aims to transform savers into investors, marking a significant step towards financial engagement and investment in the country's future.

In Europe and the UK, interest rate cycles are expected to turn. The investment landscape has been characterised by mixed success across various holdings, demonstrating the resilience of businesses with durable competitive advantages that continue to perform well despite challenging economic conditions but some that have fared less well. A rational pricing environment and reduced company cost bases have supported industrial and consumer discretionary growth signals. Top line growth has been a little soft, whereas profit growth has been more positive and on the upside. As it stands, Europe's sector-adjusted price-to-earnings ratio compared to the US is at its lowest point since the Euro crisis in 2011, reflecting Europe's underperformance relative to the US by approximately 15%, a disparity primarily attributed to the size of the respective technology sectors.

Investment Performance

Investment performance for the Spring of 2024 has been more encouraging in absolute terms, however, relative returns lagged in a more buoyant market environment. The main country detractor continues to be Japan, where cyclical and lower-quality companies have been the biggest beneficiaries of the changing investment landscape described above. A range of consumer-facing businesses have also been weaker in share price terms, while technology-related companies were the biggest contributors to relative performance.

At the stock level, there were some company-specific disappointments in Japan with Cosmos, the discount retailer, and LY holdings, the internet group spanning messaging, e-commerce, and payments. Other areas of weakness included Burberry, the luxury goods company, and AIA, the Asia-focused life insurer, which also saw ongoing softness in demand in China and weaker share prices. These companies have all seen lower-than-expected growth of late and are good examples of businesses we are appraising against our Forward Looking Hypotheses (FLHs) in considering the next steps.

Positive contributors have included some of the semiconductor-focused businesses and other holdings exposed to the rise of artificial intelligence (AI). Tokyo Electron and ASML saw marked share price increases. Demand for AI has picked up significantly, and there is much excitement about the ongoing advancement of computing power. As Morris Chang of leading semiconductor foundry TSMC explains, its customers are “not talking about tens of thousands of wafers. They are talking about fabs, [saying] 'We need so many fabs. We need three fabs, five fabs, ten fabs.'” At US$20-30b a fab, this paves the way for a considerable demand surge to continue.

Other notable technology-driven contributors included Spotify, the music streaming platform, which has maintained strong growth in users and revenues while more consciously managing its cost base, and Adyen, the Dutch-listed payments business, which continues to grow rapidly and generate high margins and returns. Furthermore, several Industrials saw encouraging performance, including Intertek, the global product testing and certification business, and Techtronic Industries, the power tool manufacturer.

Portfolio Activity

Idea generation has continued to be strong, with healthy competition for space in the portfolio. Full details of notable trading activity are in the Transactions section of this report.

A new position was taken in Unilever, the UK-listed Fast Moving Consumer Goods business. We are particularly upbeat about the growth that we expect from this business over the next decade from structural demand for its products in emerging and frontier markets, which account for over half of the company and are not being captured in the valuation. It also has exemplary financials – strong returns, excellent working cash flow dynamics and high free cash flow generation. Consumer stocks of this ilk have featured in the portfolio through the years. It is a return to an area where we are seeing valuations as being particularly compelling at these times, coupled with what the late academic Hans Rosling (whom we wrote about in our end-of-year letter back in 2022) highlighted on how people always want that bit more and the structural demand from a combination of the 4Ps – people, productivity, purchasing power, and also (government) policy.

Some selective additions have also been made to existing holdings, including Lonza and Games Workshop. Lonza is undergoing some management changes and has seen a softening in the pharma and biotech sectors regarding demand, which led it to reduce its guidance. We believe the shares do not fully reflect the company’s potential and after visiting the company and spending time with various management teams and board members, we decided to add to the position. Games Workshop is an example of an addition to reflect overall conviction levels. Operational progress has been solid, growth in demand for its Warhammer figurines has continued to be strong, and we remain very upbeat on the royalty streams expected to kick in for the years to come as it monetises its Intellectual Property. It is a high-quality business with attractive returns and cash flow characteristics.

We also sold and moved on from specific holdings. The split of why we sell continues to map the long-term average – around half the time it is down to growth, a quarter of the time linked to management, and a quarter solely valuation levels. Sell discipline rigour is also something we have been working harder on. In the words of Annie Duke (a client helpfully suggested reading her works) quitting and letting go is essential for more intelligent decision-making. It allows us to place more vigilance on identifying and addressing the most challenging issues that holdings have been facing.

Also, although grit and perseverance are to be admired, they can lead to sticking with unwise decisions. There must be a willingness to let go and calibrate the relative attractions and odds of success across holdings. James Clear, the well-renowned author of Atomic Habits, states, "Growth requires you to be open to unlearning ideas that previously served you."

Complete sales this past quarter included Kao, Sugi Holdings, and Adidas. For Japanese-listed Consumer Staples companies Kao and Sugi, we have had increasing concerns around growth and execution, while Adidas has seen a significant re-rating in valuation terms, and we think the share price now more than reflects the growth outlook. Recent reductions included some of the portfolio's healthcare holdings, with Cochlear, Mettler Toledo, and Sartorius trimmed on valuation grounds.

Outlook

Looking forward, we are upbeat about the portfolio and our approach to identifying the correct balance of growth, quality, and resilience. We see strong growth for the years to come across the portfolio's holdings. Areas of enthusiasm include emerging market consumption, by owning emerging markets companies and developed market-listed companies with significant exposure to emerging and frontier markets. Capital deployers are a further area – we are upbeat on reshoring, the energy transition and companies that are providing the equipment and tools and are as a result, seeing an uptick in demand. In addition, we have become increasingly positive on technological advancements, particularly in the semiconductor demand outlook. Fundamentally, we know that the current portfolio valuations are not reflective of the full growth potential the underlying companies offer. We are confident that this will change as market conditions become more favourable.

The world and its people move on, but much remains consistent – our partnership structure, our investment approach, and our dedication to clients. Or as the French say, plus ça change, plus c'est la même chose.

Performance Objective

At least 2% p.a. over index over 3-5 rolling periods.
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	4.5	5.8	-1.2
1 Year	1.7	11.4	-9.8
3 Year	-4.4	5.5	-9.9
5 Year	5.3	7.1	-1.8
10 Year	7.1	7.7	-0.6
Since Inception	7.9	7.8	0.1

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	3.6	4.8	-1.2
1 Year	3.9	13.8	-10.0
3 Year	-7.2	2.4	-9.6
5 Year	4.7	6.5	-1.8
10 Year	4.2	4.7	-0.6
Since Inception	6.9	6.9	0.1

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	6.0	7.2	-1.2
1 Year	4.5	14.5	-10.0
3 Year	-4.5	5.4	-9.9
5 Year	5.5	7.3	-1.8
10 Year	6.8	7.3	-0.6
Since Inception	6.5	6.4	0.1

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	6.3	7.6	-1.2
1 Year	3.9	13.8	-10.0
3 Year	-4.8	5.0	-9.8
5 Year	5.0	6.8	-1.8
10 Year	6.3	6.9	-0.6
Since Inception	6.4	6.3	0.1

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	8.4	9.6	-1.3
1 Year	6.6	16.9	-10.2
3 Year	-2.2	7.9	-10.1
5 Year	6.5	8.3	-1.8
10 Year	7.9	8.5	-0.6
Since Inception	6.2	6.1	0.1

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 ACWI ex US All Cap Index 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 (%)	-0.9	49.7	-12.4	-1.9	1.7
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 (%)	-5.7	66.6	-16.4	-7.9	3.9
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 (%)	-3.5	55.5	-11.7	-5.7	4.5
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 (%)	0.5	47.1	-16.9	-0.2	3.9
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 (%)	9.5	33.8	-15.2	3.3	6.6
Benchmark (%)	-1.5	20.6	0.4	7.0	16.9

Benchmark is MSCI ACWI ex US Index.
Source: Revolution, MSCI.
The ACWI ex US All Cap Index composite is more concentrated than the MSCI ACWI ex US Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2024

Stock Name	Contribution (%)
TSMC	0.7
Tokyo Electron	0.4
Spotify	0.4
Lonza	0.4
ASML	0.4
MakeMyTrip	0.3
Adyen	0.3
Topicus.Com	0.2
Nestlé	0.2
Techtronic Industries	0.1
Jeronimo Martins	-0.4
AIA	-0.3
Remy Cointreau	-0.3
HDFC Bank	-0.3
Cosmos Pharmaceutical	-0.3
Soitec	-0.3
Novo Nordisk	-0.2
Toyota Motor	-0.2
Murata Manufacturing	-0.2
LY Corporation	-0.2

One Year to 31 March 2024

Stock Name	Contribution (%)
TSMC	0.8
Spotify	0.7
MakeMyTrip	0.7
Tokyo Electron	0.6
Shopify	0.5
ASML	0.4
Tencent	0.4
Wise	0.4
Nestlé	0.3
Recruit Holdings	0.3
Shiseido	-1.1
Remy Cointreau	-0.9
Li Ning	-0.7
Burberry	-0.6
Zalando	-0.6
AIA	-0.6
Mettler-Toledo	-0.5
Prosus	-0.5
Novo Nordisk	-0.5
Kering	-0.4

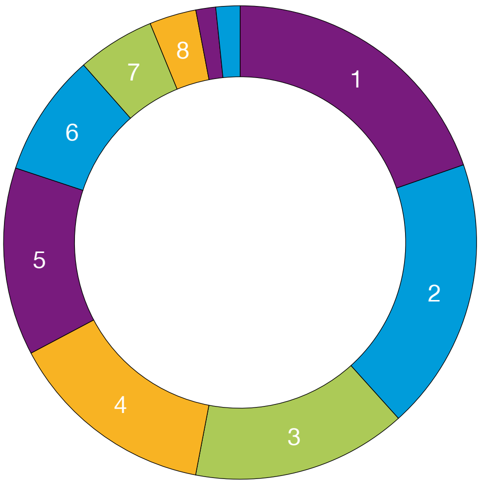
Source: Revolution, MSCI. ACWI ex US All Cap composite relative to MSCI ACWI ex US Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions 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 Largest Holdings

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	4.4
ASML	Semiconductor equipment manufacturer	3.4
Atlas Copco	Manufacturer of industrial compressors	2.7
Tokyo Electron	Semiconductor production equipment	2.4
United Overseas Bank	Singaporean commercial bank	2.3
MercadoLibre	Latin American e-commerce and fintech platform	2.2
Investor	Swedish industrial holdings company	2.2
Shopify	Cloud-based commerce platform provider	2.2
Auto Trader	Advertising portal for second hand cars in the UK	2.0
Richemont	Owner of luxury goods companies	2.0
Total		25.8

Figures may not sum due to rounding.

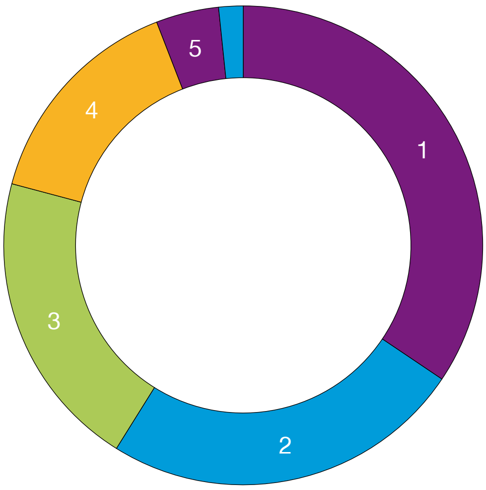
Sector Weights



		%
1	Industrials	19.7
2	Information Technology	18.6
3	Consumer Discretionary	14.7
4	Financials	14.2
5	Consumer Staples	12.8
6	Health Care	8.4
7	Communication Services	5.3
8	Materials	3.2
9	Energy	1.4
10	Cash	1.6

Figures may not sum due to rounding.

Regional Weights



		%
1	Europe (ex UK)	34.4
2	Developed Asia Pacific	24.5
3	Emerging Markets	20.3
4	UK	15.0
5	Canada	4.2
6	Cash	1.6

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	9	Companies	None	Companies	None
Resolutions	104	Resolutions	None	Resolutions	None

Our approach remains focused on the sole mandate of maximising long term financial returns for clients

We incorporate governance and sustainability considerations in our company analysis where they are material to the investment case

Recent engagements have covered a wide range of topics including supply chain management and human rights, with governance and long-term value creation a key focus

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., BHP Group Limited, Contemporary Amperex Technology Co., Limited, Kering SA, MakeMyTrip Limited, Mettler-Toledo International Inc.
Social	Contemporary Amperex Technology Co., Limited, DSV A/S, Kering SA, Recruit Holdings Co., Ltd., Unilever PLC
Governance	ASML Holding N.V., Auto Trader Group plc, Compagnie Financière Richemont SA, Contemporary Amperex Technology Co., Limited, DSV A/S, Intertek Group plc, Kering SA, Li Ning Company Limited, MakeMyTrip Limited, Mettler-Toledo International Inc., Sartorius Aktiengesellschaft, Sysmex Corporation, Unicharm Corporation
Strategy	AIA Group Limited, Mettler-Toledo International Inc., Recruit Holdings Co., Ltd., Silergy Corp.

Company	Engagement Report
Contemporary Amperex Technology Co., Limited	Objective: To engage with a new member of Investor Relations focused on CATL's major institutional investors, share our ESG expectations and get updates on material ESG topics regarding the company's net zero pathway and supply chain management. Discussion: The conversation focused on three core areas: achieving carbon neutrality in core operations by 2025 and across value chains by 2035 through enhanced green power utilisation; amplifying the audit programme's scope for supply chain oversight; and, assimilating feedback from ESG-focused stakeholders. CATL's green power utilisation stood at 26.6 per cent in 2022 and is anticipated to see a significant uptick for 2023, propelled by increased solar and wind energy contracts and the integration of renewable energy sources in new factories. The discussion also explored the audit programme's operational breadth and supplier selection criteria, revealing a gap in readily available data and prompting a commitment to deeper analysis. Governance discussions touched on board stability, with a commitment to follow up specifically on the recent departure of four directors. Outcome: This ESG-centric engagement with CATL is a positive step towards deepening a mutual understanding of expectations and laid the groundwork for advanced ESG disclosures and practices.
DSV A/S	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. 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. 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.
Kering SA	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.

Company	Engagement Report
Recruit Holdings Co., Ltd.	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. 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 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. Outcome: The conversation was valuable in understanding Recruit's strategic direction and efforts to balance core business execution with broader societal contributions.

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.

Companies	Voting Rationale
Centre Testing 'A' - Stock Connect, DSV, FEMSA ADR, HDFC Bank, Kao, Nippon Paint, Shimano, Shiseido, Unicharm	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
B3 S.A.	We have taken a new holding in the Brazilian exchange B3. B3 has built a dominant position through M&A, and we believe this gives it a durable competitive position. The company is highly cash-generative, and we expect it to grow cash flows and earnings driven by economic growth, rising levels of market participation by Brazilian investors, the introduction of more derivative products and the monetisation of data.
Centre Testing 'A' - Stock Connect	Centre Testing International (CTI) is the leading comprehensive third-party agency specialising in testing, calibration, inspection, certification, and technical services in China. CTI is set to benefit over the long term from a tailwind of growth support from rising GDP, industry deregulation and consolidation. Its competitive advantage is a function of scale and reputation. Its diversified business allows the company to invest in R&D through cycles. This should allow them to grow the business by adding new product categories and remain at the forefront when it comes to new standards. In addition to low double-digit revenue growth, we expect margins to rise gradually as capacity utilisation increases. Tighter regulation will also encourage customers to focus on testing quality, with the potential for a strengthening in pricing power for those with true competitive advantages. The management team brings global best practices and strong brand connections.
Kweichow Moutai 'A'	Kweichow Moutai manufactures premium baijiu (white alcohol) with a heritage and deep-rooted connection to Chinese culture. We think it has a unique position as a domestic Chinese luxury brand with the scope to grow as the Chinese upper middle class grows. Its special brewing conditions and process provide a core competitive advantage. When combined with supply scarcity and limited competition in the very high-end baijiu market, Moutai can price at a premium and maintain a loyal customer base. These attributes enabled it to weather the anti-corruption campaign in China well.It is an extremely profitable business with very attractive financial returns. We expect the Moutai brand to be resilient and growth to be durable for many years.
Silergy	Silergy is one of the leading players in China's analog semiconductor industry. This is an industry with very appealing long-term growth prospects - China accounts for a significant share of the global analog integrated chip (IC) market and this is rising, yet it remains dominated by US players like Texas Instruments and Analog Devices, while local players only account for around 10% of the market. This appears to be changing as talent and capital flows are helping the leading Chinese players gain share and increasingly compete on quality and price. Our research indicates that Silergy is one of the best-placed companies to benefit from local substitution trends: they are already one of the largest players, boast one of the broadest product portfolios, and are well regarded by industry insiders for the quality of their process technology and the superiority of their R&D efforts. The fact that they seem to be gaining traction in newer segments such as autos and industrial power management applications is supportive of this thesis. This is a cyclical industry, and the shares have been weak over the last year or so, but we are inclined to look through the cycle given the exciting longer-term potential.
Unilever	Unilever benefits from a portfolio of leading brands and exposure to 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
adidas	Over the past year, Adidas has seen a significant valuation re-rating. The share price has recovered from the lows in November 2022 following the end of the Yeezy partnership and operational challenges in China, resulting in a CEO change. While Adidas is an admirable global sportswear brand and business and we have been impressed by the new CEO, we think that the market valuation now more than reflects the growth outlook. We have therefore sold the remaining position to fund other investments.
Baidu.com Group Holding	We sold the holding in Baidu, the Chinese technology company. It remains the leading Chinese search engine and has an established presence in AI and an autonomous driving venture. Regulation and increased competition from video streaming companies have impacted advertising revenues in its core search business. Its cloud business is fourth in terms of market share, with Alibaba as the market leader. Overall, operational results continue to be steady, but without access to the most advanced semiconductors there are concerns about the long-term growth outlook from here. We decided to use this position to fund new opportunities where we have higher conviction.
Coupang	We sold the holding in Coupang. While we admire the position it has built up in the Korean consumables e-commerce market, we think it will face greater competition for its planned entry into third-party goods. Our concerns here are partly based on the experience of other online retailers in Europe and China, where new entrants such as Temu, Shein, and Bytedance have made it increasingly difficult for established players to expand into new categories profitably. We were also concerned by the decision to acquire Farfetch, and we fear it may be a distraction. While the shares have been weak and the valuation is not demanding, we do not have enough conviction in growth from here to add to what has become a small holding.
Kao	Kao is Japan's leading manufacturer of household products; it dominates the shampoo, laundry and dishwashing detergent segments and has niche positions in the food and drink market. Kao has been a strategy holding for over a decade and has long faced the headwinds of deflation and chronic oversupply in its domestic market. However, it has successfully expanded outside Japan and generated a decent amount of free cash flow. More recently, operational performance has fallen below our expectations, and we have lost faith in management's ability to turn things around. With intense competition for capital in the portfolio and higher quality consumer product companies on offer at compelling valuations, we decided to sell the holding in Kao and redeploy the capital where we see better prospects.
Sugi Holdings	We sold the small position in Sugi Holdings, the Japanese drugstore and pharmacy chain. Our recent meeting with management lowered our conviction in the case due to concerns around a slight shift in strategic focus and a growing exceptional expenses line in their profit and loss account related to store closures. This casts doubt on the ability of the company to execute well on its location selection for its pharmacy rollout. We had also hoped that Sugi would use its cash pile to consolidate the sector, but several years later, there is little sign of this. We have therefore lost some belief in the scale of the upside.

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