Baillie Gifford™

Global Alpha Quarterly Update

30 September 2025

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Past Performance

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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 document 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

Global Alpha is a long-term, diversified, global equity strategy selecting growth stocks on a bottom up basis with a focus on fundamental analysis. The strategy combines the specialised knowledge of Baillie Gifford's investment teams with the experience of some of our most senior investors.

Risk Analysis

Key Statistics	
Number of Holdings	92
Typical Number of Holdings	70-120
Active Share	78%*
Rolling One Year Turnover	22%

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

The companies in the portfolio represent multi-faceted exposure to a broad range of exciting growth drivers

The portfolio has markedly superior quality characteristics than the broader index, but it is cultural advantages that sustain leadership over decades

The relative valuation premium of the portfolio remains at historic lows

Baillie Gifford Key Facts

Assets under management and advice	$286.9bn
Number of clients	552
Number of employees	1655
Number of investment professionals	365

Consider the banana – humble, yellow, and delicious. But if yellow isn't your colour, how about blue? Nature has you covered. Contrary to the visual evidence when visiting the supermarket, there are over a thousand different types of bananas, with complexions ranging all the way from milky white, to deep purple. But, for most of us in the West, a banana means the ubiquitous yellow Cavendish.

It wasn't always so. Up until the 1950s, the banana trade was dominated by a different variety, the Gros Michel. For decades it shipped beautifully and tasted great, so the industry planted Gros Michel everywhere. Then, a soil-borne fungus, Panama disease, turned those neat plantations into worthless compost. One fungus, and breakfast was cancelled. Producers that had come to rely on one species discovered that monocultures are brittle. They lack resilience.

Re-engaging founder mode

We have talked at length in recent quarters about the importance of resilience as it relates to the Global Alpha portfolio. This focus has often highlighted financial aspects of this resilience. It remains the case that the portfolio has markedly superior quality characteristics than the broader index - more profitable, with higher returns on capital and far lower levels of indebtedness.

These characteristics serve as an insurance policy against the emergence of future financial fungi. Companies with low leverage, strong free cash flow, and high margins have the flexibility to keep investing when competitors retreat. They can fund their own growth, pursue acquisitions, or expand capacity, not just surviving, but thriving as competitors are forced to retrench. But if these quantitative characteristics serve as an insurance policy, it is the more subtle, qualitative aspects of cultural resilience and flexibility that give us confidence that any such insurance payouts will be well spent. Balance sheets alone do not build great businesses. It is culture that shapes the decisions that sustain leadership over decades.

To give an example of this adaptability in action, during the quarter one of our Trusted Advisors met with senior management at Brazilian challenger bank, Nu Holdings. Having been concerned that Nu might be starting to morph into a more traditional bank, we are highly encouraged by the willingness of management to embrace a cultural reset, after founder and CEO David Vélez judged the organisation was in danger of becoming "slow, bureaucratic and risk-averse". This process has revitalised the senior leadership team and sharpened the focus on entrepreneurial dynamism across the organisation. With a deepening competitive edge and a superbly profitable operating model, Nu Bank remains exceptionally well placed to continue winning share across Latin America.

Another illustration of bold decision-making is provided by Shopify, where our colleagues again had the pleasure of spending several hours with founder Tobi Lütke earlier this summer. Shopify's reembracing of 'founder mode' centres on Mr Lütke's intensely hands-on leadership approach. Having previously felt the company had matured to a point where he was able to delegate more, he has decisively leant back in. This has ensured the company can execute on strategic decisions quickly, such as when deciding to exit their logistics business in 2023 to refocus on their 'main quest' of making commerce easier for all. The rewards for this clarity of vision have been evident in results with Shopify maintaining exceptional year-on-year sales growth of over 20 per cent for the last twelve quarters. Particularly noteworthy given the company's size. This ability to pivot as necessary will remain a vital competitive advantage as AI continues to rapidly reshape the ecommerce landscape.

While both Nu and Shopify are decisively top-down, The Ensign Group, the operator of skilled nursing and assisted living facilities and a new purchase over the quarter, is, in contrast, very much bottom-up. A decentralised, delegated operating model empowers local leaders to run clusters of homes, adapt to the local competitive environment, and share best practice. Widespread share ownership has created hundreds of employee-owners and as a result, staff turnover – a bane of the broader industry – is vastly lower than competitors, resulting in a significant operational advantage.

Roll-up roll-up

Ensign also provides an additional point of contrast to the examples above. Nu and Shopify are both very much digital-native companies. They have enormous ambition and seek to redefine their industries, delighting their customers with new tools and capabilities. In the language of our Growth Profiles, they are classic Disruptors. Ensign offers something completely different. The industry is highly fragmented, and despite having a market share of less than five per cent, Ensign is the largest player. Our investment case rests on the potential for Ensign to lead significant market consolidation, underpinned by a track record of disciplined capital allocation and a proven ability to identify, acquire and turn around floundering competitors. As the industry struggles with financial pressures and labour shortages, the list of acquisition opportunities is almost limitless.

The healthcare evolution

Medpace, a company which designs and conducts clinical trials on behalf of smaller biotechnology companies, was another purchase during the quarter. As the funding environment for biotechs has become more challenged over recent years, the number of active clinical trials has fallen, causing Medpace's growth to slow. Behind this lull, however, the pace of radical innovation in drug discovery has continued, creating a pent-up demand for Medpace's services. Hints that this recovery is starting to come through saw the shares move sharply higher over the quarter. Our thesis is that this is just the start of a multi-year recovery.

We preferred these characteristics – the potential for durable growth, without any drug-specific risk – to those offered by Genmab, the Danish biosciences company with a focus on antibody therapeutics, which exited the portfolio as Medpace entered. Genmab's blockbuster blood cancer drug Darzalex accounts for over 70 per cent of total revenues. After its partner Janssen decided not to license the next generation version of the drug, those revenues will disappear by 2031. While Genmab has three late-stage assets with blockbuster potential, its ability to commercialise those drugs is unproven, particularly as it shifts its model from working with partners and earning a royalties-based revenue stream, to building an in-house sales force. Despite its leading scientific expertise, we considered the execution risk attached to this new strategy, and the future Darzalex-sized hole in their revenue, too high to justify maintaining the holding.

Riding S-curves

Another new purchase this quarter highlights the diversity of growth opportunities across the portfolio. Coinbase is the leading US-based digital asset platform, serving over 100 million users across more than 100 countries and safeguarding approximately US$400 billion in assets. While the market views Coinbase primarily as a volatile trading exchange tied to crypto price cycles, its earnings profile is evolving into something far more resilient than the market appreciates. The company is maturing into a diversified financial infrastructure company, spanning a stablecoin[1] payments network, institutional custody services, and subscription services like Coinbase One. Coinbase provides exposure to the digital asset economy through a trusted platform whose regulatory alignment, scale, and credibility, position it to capture value from increasing institutional adoption, stablecoin proliferation, and trading activity.

The addition of Coinbase, and the example of Shopify above, highlight an interesting feature of the ongoing nature of disruption. Industries such as ecommerce, advertising and payments were some of the first to experience dramatic upheaval as a result of the digital revolution. Consumers delighted in lower prices, exploding choice and greater convenience. Dollars followed these incentives, incumbents floundered and companies such as Meta, Amazon and Mastercard grew into giants. These companies are now the incumbents. But rather than sink into comfortable middle age, having ridden the s-curve of this growth opportunity to its plateau, the curve is steepening once again as AI unleashes a new wave of change. While it may be that the resulting possibilities sustain many of the incumbents, rather than foretelling the rise of new challengers, any reversion to the mean feels further away than ever.

Alongside financial and cultural resilience, these examples showcase a second aspect of the Global Alpha portfolio, that of strength in diversity. The portfolio offers exposure to a wide range of companies with different types of growth characteristics. These range from the explosive growth of Shopify to the surefooted deployment of capital by Ensign to the nimble navigation of cyclical headwinds by Medpace. This breadth also ensures the portfolio is not reliant on one theme or geography and means we are likely to find long-term growth in Brazilian banking, European healthcare, or American coffee chains as we are in Silicon Valley.

Feeling our way across the ice

A third key focus for us is to ensure we are not overpaying for this growth. Questions about valuations normally focus on the US. The outperformance of US markets versus the rest of the world has now been entrenched for so long - over fifteen years – that it's started to feel like a law of nature. However, much market commentary is focused on asking whether this divergence may be about to reverse. We would like to reframe the question. What matters to us is not the aggregate level of valuations in any individual market, but the qualities and characteristics of the companies available to us on a global basis, wherever they happen to be listed. The question we're asking, therefore, is which few companies do we believe justify their current valuations thanks to the strength of their long-term fundamentals? Selectivity matters.

The growth of many US companies is, at least in part, the result of deeply entrenched advantages - well-established clusters of expertise humming with innovation, unrivalled capital markets and a cultural willingness to embrace risk-taking. These ingredients create uniquely fertile conditions for exceptional growth businesses to emerge and flourish.

It is no surprise, therefore, that our restlessly ambitious hunt for growth leads us towards holding many US businesses. The most dramatic upward share price move in the portfolio over the quarter was AppLovin, the US-based advertising platform for mobile apps. AppLovin's proprietary AI-powered recommendation engine, AXON, is turbo-charging annual sales growth of over 70 per cent, alongside exceptional levels of profitability. With the shares having doubled over the quarter, the company has raced from founding only thirteen years ago, to one of the sixty largest listed companies in the world today. We first took a holding in AppLovin at the start of the year and, following this recent run-up, the focus is very much on ensuring that our insight, and our view of the potential upside from here, remains sufficiently differentiated.

As markets have recovered from their COVID hangover, with the MSCI ACWI rising by almost 90 per cent in dollar terms over the last three years, this approach is mirrored in holdings across the portfolio. This is akin to feeling our way across the ice, testing the upside and the sustainability of growth rates to ensure that they can bear the weight of the valuations attached. Swedish industrial champion Atlas Copco failed this test. Despite a long record of operational excellence which underpinned the investment case over our twenty-year holding period, we sold as we considered these qualities were fully reflected in the valuation of 26 times forward earnings.

In summary

The last few years have represented a sustained period where the superior growth of the portfolio has been outpaced by an index driven overwhelmingly by rising valuations. As this headwind has blown itself out, performance over the last six months remains robustly ahead of the index while the relative valuation premium of the portfolio remains at historic lows.

These superior levels of growth are also supported by both breadth and durability, while the aggregate financial characteristics reflect the high-quality nature of the select group of companies we choose to hold. Not a single variety of banana, however delicious, but a veritable rainbow of growth opportunities. These are the conditions in which long-term compounding can flourish.

[1] digital currencies pegged to traditional currencies like the US dollar, designed to maintain a stable value while offering the benefits of digital transactions.

Performance Objective

+2% to 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 Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	8.9	8.7	9.7	-0.9	-0.7
1 Year	16.1	15.4	17.4	-2.0	-1.3
3 Year	13.8	13.1	16.2	-3.1	-2.4
5 Year	7.1	6.4	13.1	-6.8	-6.1
10 Year	13.6	12.9	13.8	-0.9	-0.2
Since Inception	11.8	11.0	10.5	+0.6	+1.3

USD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	7.0	6.8	7.7	-0.9	-0.7
1 Year	16.5	15.8	17.8	-2.0	-1.3
3 Year	21.1	20.4	23.7	-3.3	-2.6
5 Year	7.9	7.2	14.1	-6.8	-6.1
10 Year	12.3	11.5	12.5	-0.9	-0.2
Since Inception	10.1	9.4	8.8	+0.6	+1.3

EUR	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	6.9	6.7	7.6	-0.9	-0.7
1 Year	10.7	10.0	11.9	-1.9	-1.2
3 Year	14.0	13.3	16.4	-3.2	-2.4
5 Year	7.9	7.2	14.0	-6.8	-6.1
10 Year	11.7	11.0	11.9	-0.9	-0.2
Since Inception	10.4	9.7	9.1	+0.6	+1.3

CAD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net(%)	Difference Gross (%)
3 Months	9.1	8.9	9.9	-0.9	-0.7
1 Year	20.0	19.2	21.3	-2.1	-1.3
3 Year	21.6	20.9	24.2	-3.4	-2.6
5 Year	8.8	8.1	15.0	-6.9	-6.2
10 Year	12.7	12.0	12.9	-0.9	-0.2
Since Inception	10.7	10.0	9.4	+0.6	+1.3

AUD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	5.8	5.6	6.5	-0.9	-0.7
1 Year	22.0	21.2	23.3	-2.1	-1.3
3 Year	19.9	19.1	22.5	-3.3	-2.5
5 Year	9.6	8.9	15.9	-6.9	-6.2
10 Year	12.9	12.2	13.1	-0.9	-0.2
Since Inception	10.8	10.1	9.6	+0.6	+1.3

Annualised periods ended 30 September 2025. 3 Month & 1 Year figures are not annualised.
Inception date: 31 May 2005
Figures may not sum due to rounding.
Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Global Alpha composite is more concentrated than the MSCI ACWI Index.

Discrete Performance

GBP	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Composite Net (%)	20.4	-21.8	5.6	18.6	15.4
Benchmark (%)	22.7	-3.7	11.0	20.4	17.4

USD	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Composite Net (%)	25.6	-35.2	15.5	30.4	15.8
Benchmark (%)	28.0	-20.3	21.4	32.3	17.8

EUR	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Composite Net (%)	27.1	-23.4	6.9	23.7	10.0
Benchmark (%)	29.5	-5.7	12.3	25.6	11.9

CAD	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Composite Net (%)	19.1	-29.7	13.6	30.3	19.2
Benchmark (%)	21.4	-13.5	19.5	32.2	21.3

AUD	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Composite Net (%)	24.6	-27.2	15.1	21.3	21.2
Benchmark (%)	27.0	-10.4	21.0	23.1	23.3

Benchmark is MSCI ACWI Index.
Source: Revolution, MSCI.
The Global Alpha composite is more concentrated than the MSCI ACWI Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2025

Stock Name	Contribution (%)
AppLovin	0.9
Prosus N.V.	0.6
CATL	0.5
CRH	0.3
Medpace Holdings	0.3
FTAI Aviation	0.3
Comfort Systems USA	0.3
Shopify	0.2
TSMC	0.2
Alnylam Pharmaceuticals	0.2
Apple	-0.6
Elevance Health Inc	-0.5
Tesla Inc	-0.3
The Trade Desk	-0.3
Adyen NV	-0.3
Edenred	-0.2
Alphabet	-0.2
Meta Platforms Inc.	-0.2
Novo Nordisk	-0.2
Dutch Bros Inc.	-0.2

One Year to 30 September 2025

Stock Name	Contribution (%)
Doordash Inc	1.1
Prosus	1.1
AppLovin	0.9
Shopify	0.8
Cloudflare	0.7
NVIDIA	0.5
SEA Ltd	0.5
Comfort Systems USA	0.4
TSMC	0.4
Ryanair	0.4
Elevance Health Inc	-1.4
Novo Nordisk	-0.9
The Trade Desk	-0.8
Broadcom Inc	-0.6
Olympus	-0.5
Tesla Inc	-0.4
Builders Firstsource	-0.4
Edenred	-0.4
Palantir Technologies	-0.3
Neogen	-0.3

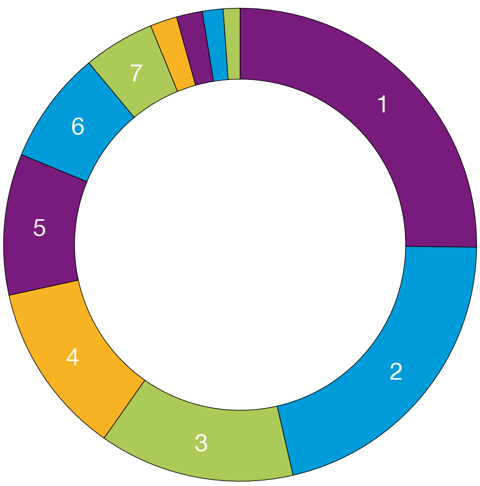
Source: Revolution, MSCI. Global Alpha composite relative to MSCI ACWI Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the 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
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	5.8
Meta Platforms	Social media and advertising platform	4.4
Microsoft	Technology company offering software, hardware and cloud services	4.4
Prosus	Portfolio of online consumer companies including Tencent	3.9
TSMC	Semiconductor manufacturer	3.8
Amazon.com	E-commerce, computing infrastructure, streaming and more	3.8
DoorDash	Provides restaurant food delivery services	2.3
Martin Marietta Materials	Cement and aggregates manufacturer	2.1
Mastercard	Global electronic payments network and related services	2.1
AppLovin	Connects businesses and developers to audiences in-app, on mobile and across streaming TV	2.1
Total		34.6

Figures may not sum due to rounding.

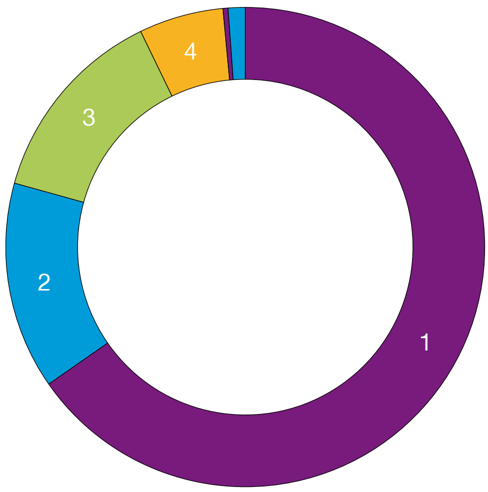
Sector Weights



		%
1	Information Technology	25.2
2	Consumer Discretionary	21.2
3	Financials	13.4
4	Industrials	11.8
5	Communication Services	9.6
6	Health Care	7.7
7	Materials	4.9
8	Consumer Staples	1.8
9	Real Estate	1.8
10	Energy	1.4
11	Cash	1.1

Figures may not sum due to rounding.

Regional Weights



		%
1	North America	65.3
2	Emerging Markets	14.0
3	Europe (ex UK)	13.5
4	Developed Asia Pacific	5.7
5	UK	0.3
6	Cash	1.1

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	8	Companies	4	Companies	None
Resolutions	97	Resolutions	10	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Alnylam Pharmaceuticals, Inc., Amazon.com, Inc., CBRE Group, Inc., Cloudflare, Inc., Contemporary Amperex Technology Co., Limited, Datadog, Inc., Markel Group Inc., Meta Platforms, Inc., Microsoft Corporation, Ryanair Holdings plc
Social	Amazon.com, Inc., Cloudflare, Inc., LVMH Moët Hennessy - Louis Vuitton, Societe Europeenne, Meta Platforms, Inc., Shopify Inc.
Governance	Alnylam Pharmaceuticals, Inc., Amazon.com, Inc., Arthur J. Gallagher & Co., AutoZone, Inc., CRH plc, Cloudflare, Inc., CoStar Group, Inc., Compagnie Financière Richemont SA, Floor & Decor Holdings, Inc., Markel Group Inc., Mastercard Incorporated, Meta Platforms, Inc., Netflix, Inc., ON Semiconductor Corporation, Petroleo Brasileiro S.A. - Petrobras, Prosus N.V., Royalty Pharma plc, Ryanair Holdings plc, Sartorius Stedim Biotech S.A., Shopify Inc., Spotify Technology S.A., Texas Instruments Incorporated, Thermo Fisher Scientific Inc.
Strategy	Amazon.com, Inc., Cloudflare, Inc., Contemporary Amperex Technology Co., Limited, Meta Platforms, Inc., Microsoft Corporation, Ryanair Holdings plc, Shopify Inc., Spotify Technology S.A.

Company	Engagement Report
Amazon.com, Inc.	Objective: We met with Amazon's ESG and investor relations (IR) leads ahead of the 2025 annual general meeting (AGM) to understand how US political headwinds and tariff policy may be influencing the company's approach to climate, packaging, governance, and health and safety. We also sought further detail on the disclosures planned for its upcoming sustainability report. Discussion: The team reaffirmed its net-zero 2040 pledge and the early achievement of 100 per cent renewable electricity but will not introduce interim power targets. Progress will instead be demonstrated through deals such as a new 600 MW power purchase agreement and advocacy for grid modernisation. Nuclear, gas, and carbon capture and storage (CCS) are being examined as AI workloads increase. Renewable sourcing is region-agnostic -Texas provides a significant share - and management highlighted alignment across both 'red' and 'blue' states. Scope 3 disclosure will now include suppliers representing about half of emissions, with fuller reporting expected after the AGM. The 'frustration-free' packaging incentive has been expanded to all third-party sellers, though quantitative data on volumes is still absent. Board confidence in warehouse safety metrics is high, following a regulatory probe that resulted in only one citation; directors see limited value in commissioning another external audit. Governance refresh is ongoing, with Andrew Ng joining the board, while AI oversight remains spread across existing committees. Management intends to oppose shareholder proposals on warehouse conditions, anti-ESG advertising, and AI, but will support resolutions on alternative emissions reporting and data centre energy use. Outcome: We will continue to monitor the company's progress on climate, particularly in the absence of interim goals. We are supportive of progress on packaging and will continue to encourage greater disclosure. In addition, we will stay engaged on any future updates to the company's governance practices.
Cloudflare, Inc.	Objective: We asked for clarification on Cloudflare's timeframes for setting emissions targets and for an update on its renewable energy procurement and data centre emissions reduction initiatives. Discussion: On paper, it appears very little has changed in Cloudflare's approach. The company has a relatively small carbon footprint, largely attributable to its server network, but does not yet disclose Scope 3 emissions, where we expect the majority to lie. Cloudflare has been working to estimate these figures since 2021 and plans to include them in its next ESG report. The company believes the eventual Scope 3 figures will be smaller than we anticipate, given the structure of its co-located data centres with larger hyperscalers, where responsibility for energy procurement is shared across sites. Cloudflare also intends to set Science Based Targets initiative (SBTi) goals in autumn 2025. The head of ESG highlighted the potential benefits of moving from on-site servers to a cloud-based Cloudflare network, with estimated emissions savings of 78-92 per cent. While he acknowledged that evidencing these figures is difficult, anecdotal feedback from customers suggests they are experiencing meaningful benefits. We concluded by asking about the impact of AI on emissions. Cloudflare has noted some increase from the use of its own GPUs, which it intends to continue to monitor. Outcome: We were encouraged to hear that Cloudflare is on track to improve its emissions disclosures and to publish climate targets. As the role of AI increases demand for data centre energy, meeting these targets may become more challenging, and we will monitor Cloudflare's progress appropriately.

Company	Engagement Report
Contemporary Amperex Technology Co., Limited	Objective: We sought to deepen our understanding of CATL's strategy to navigate the challenges and opportunities in the global battery market over the coming five years and beyond. We spent nearly a full day at CATL's headquarters in Ningde, China, in broad-ranging discussions with the board secretary, investor relations, a process engineer, and a special technology officer responsible for lithium battery product development, plus we toured CATL's automated smart factory. Discussion: Recognising that CATL's leading-edge electric vehicle (EV) batteries already charge in as little as five minutes and offer range as far as 800km, further improvements in charging time and range will likely contribute little meaningful additional value for customers. As such, CATL is now directing its relentless focus on innovation to target price-sensitive customers. This could unlock significant volume growth. We discussed several levers via which CATL could achieve this strategy. For instance, our tour of the factory was notable in that throughout the entire manufacturing process, from raw materials to finished products, humans were involved in only two steps at the final quality inspection stage. Given CATL's sheer scale and its decades of proprietary production data, artificial intelligence (AI) and robotics are setting new precedents in enhancing efficiencies - e.g. new production lines are three times faster and have reduced manufacturing unit cost by a third. Additional examples of cost-reducing innovations for customers include battery swapping (i.e. leasing a battery rather than buying it) and recycling (CATL already has industry-leading recycling rates and aims to increasingly derisk its supply chain by using recycled raw materials). Outcome: Against the backdrop of challenging geopolitics and a slowdown in EV penetration in several Western markets, this far-ranging discussion was valuable in deepening our knowledge of CATL's strategic direction. The company is not only relentless in its product innovation; it is also innovating its business model.
Datadog, Inc.	Objective: We met with Datadog's legal, investor relations, and sustainability leads to assess how the company is managing its growing carbon footprint, regulatory preparedness, and client expectations, and to discuss potential next steps beyond its newly disclosed Scope 1-3 emissions inventory. Discussion: Datadog published full Scope 1, 2, and 3 emissions data for the first time last year. Over 97 per cent falls within Scope 3, split roughly one-third cloud (primarily Amazon Web Services (AWS)), one-third business travel, and the remainder other upstream activities. The AWS third comes from Datadog's use of AWS data centres, which stems primarily from energy use and the infrastructure associated with this service. AWS sources a large amount of renewable energy and Datadog's decarbonisation will be tied to their supplier's ability to continue doing this. On the whole, climate is not positioned as a strategic priority; action to date has been driven mainly by Californian regulation and anticipated, but now shelved, Securities and Exchange Commission (SEC) rules. The SEC had planned to implement mandatory scope 1 and 2 and 3 reporting for large businesses in the US, but were held up by push back on the scope 3 element. This was then squashed by the new administration. The Datadog team is focused on what it can directly control, offsetting all operational emissions through Watershed-sourced (a reputable carbon consultancy that we also use at BG) renewable energy certificates and removals. Engagement with cloud providers on their own decarbonisation efforts is minimal, and sustainability credentials rarely influence procurement decisions, aside from a small number of European clients. Only a few customers and some ESG-focused investors have pushed for formal targets. Internally, interest is uneven: climate resonates with some employees, but rapid post-Covid headcount growth has driven up travel emissions. While Datadog's monitoring suite can help clients track cloud energy use, adoption remains limited. Outcome: Despite progress in emissions disclosure, Datadog remains behind peers in setting targets and in materially addressing Scope 3 emissions. We are supportive of its pragmatic focus on operational emissions and encouraged greater transparency on scenario analysis, particularly in light of Californian regulatory requirements.

Company	Engagement Report
Meta Platforms, Inc.	Objective: We engaged with Meta's leadership, including chief executive officer (CEO) Mark Zuckerberg, to understand their artificial intelligence (AI) strategy and its role in shaping future growth. Our discussion focused on Meta's investments in AI talent, multimodal integration, and the potential of augmented reality (AR) glasses as a new computing platform. Discussion: Meta is dedicating substantial resources to building one of the world's leading AI teams, recognising the exponential leverage of top-tier talent. The company's AI strategy is anchored in three major systems: Facebook's algorithm, Instagram's algorithm, and the advertising engine. All are increasingly driven by AI. Zuckerberg emphasised multimodal integration, with future versions of Meta's platforms envisioned as AI-native environments where models generate content dynamically based on user interests. This shift transforms the user experience, making AI the core product. In parallel, Meta views AR glasses as the next computing platform, merging digital and physical interaction in ways that could replicate the smartphone's impact. Business applications of AI are already materialising. Improvements in ad ranking, recommendations, and AI-generated creative tools are delivering measurable gains. By offering advertisers highly personalised, AI-generated content, Meta expects to drive higher returns on ad spend and strengthen its competitive moat. Outcome: Our engagement confirmed confidence in Meta's trajectory. Their focus on talent, multimodal AI, and AR positions the company to capture future growth opportunities. We remain constructive on Meta's ability to leverage AI to both enhance user engagement and expand its monetisation capabilities.
Microsoft Corporation	Objective: We welcomed Microsoft's investor relations team to our Edinburgh office to discuss Microsoft's AI strategy, including its partnership with OpenAI and the implications for long-term resilience and sustainability. Discussion: Microsoft stressed its emphasis on resilience, highlighting fungible data centre infrastructure that can flex between training, inference and enterprise applications. This reduces stranded asset risk and supports margins in the long term. Turning to OpenAI, Microsoft acknowledged competitive tensions but underscored the long-term benefits of the partnership, including perpetual IP rights to 2030, exclusive Azure hosting and revenue-sharing. The relationship was presented as a balance of collaboration and competition, reinforced by strong contractual protections. Finally, the Microsoft team reaffirmed its 2030 goal to be carbon negative and water positive, despite AI accelerating energy demand. The company framed this as both a challenge and an opportunity: Scope 1 progress has been driven by renewable contracts, while scope 3 remains more difficult. Supplier requirements and efficiency measures are being introduced to mitigate environmental impact while supporting growth. Outcome: The meeting offered useful insight into how Microsoft is balancing innovation with responsibility. Its flexible infrastructure should provide long-term resilience given the uncertainty of AI adoption. We were glad to hear the team continue to emphasise sustained climate commitments as the business grows rapidly, though we will need to continue monitoring progress closely.

Company	Engagement Report
Prosus N.V.	Objective: This call was to discuss updates to the executive remuneration policy that Prosus presented to shareholders last year. The chief executive officer's (CEO) $100m moonshot award remains the central point of contention, due to concerns around pay-for-performance alignment. Discussion: The CEO's (Fabricio Bloisi) $100m moonshot remains intact, with some tweaks at the margins of the incentive structure. The moonshot's target of doubling Prosus/Naspers' market cap could theoretically be triggered by Tencent's performance alone, which contributes the majority of Prosus' NAV. However, this is a historic capital allocation decision and an asset that remains outside of management's control. We reiterated our request for the introduction of a mechanism to mitigate the risk of windfall gains for executives resulting from Tencent's performance alone i.e., a sliding clawback provision that reduces the size of the award the more that Tencent's share price appreciation contributes to the target. Outcome: Given that that the moonshot award put to shareholders at the 2025 annual general meeting (AGM) remained intact, and the company had not been receptive to our requests, we continued to oppose remuneration. Although we regard the CEO in high regard, we remain unconvinced regarding the appropriateness and efficacy of this incentive structure.
Shopify Inc.	Objective: We engaged with Shopify's chief executive officer (CEO), Tobi Lütke, to assess strategic direction and outlook for sustained growth. Our focus was on Shopify's artificial intelligence (AI) initiatives, evolution of the checkout process, and the broader positioning in global commerce. Discussion: Lütke highlighted eight consecutive quarters of around 20 per cent growth across core metrics, underpinned by Shopify's pivot to an asset-light model after exiting the logistics business. This has reinforced partnerships and allowed management to concentrate on core strengths. Lütke's hands-on oversight of strategic roadmaps ensures alignment in a rapidly evolving landscape. Shopify's AI ambitions centre on agentic commerce; AI-driven shopping journeys where consumers set constraints and the system executes transactions. By connecting with OpenAI and using new common standards, Shopify is making it possible for customers to easily find products and complete purchases directly within AI-powered apps and tools. The company has also executed a significant overhaul of its checkout process, balancing compliance with merchant flexibility. New initiatives such as the Global Catalogue application programming interface and a universal search index will enhance discovery and merchant reach. In advertising, Shopify is aligning with merchant needs by enabling constraint-driven campaigns, part of a broader shift toward attention-based commerce. Success in enterprise sales is being accelerated by AI tools and headless commerce solutions, offering merchants customisation and scalability. Outcome: This engagement reaffirmed conviction in Shopify's strategic execution and innovation. Its focus on AI, flexible commerce infrastructure, and global reach positions the business well for continued growth. We remain optimistic on Shopify's ability to capture value from the evolution of commerce.

Company	Engagement Report
Spotify Technology S.A.	Objective: Our engagement with Spotify's leadership aimed to understand how the company intends to grow sustainably while balancing user experience, fair creator compensation, and responsible adoption of new technologies. Discussion: Chief executive officer (CEO) Daniel Ek underlined Spotify's ambition to expand well beyond its current 700 million users, with growth driven by higher premium conversion rates, expansion in emerging markets, and more flexible pricing. Importantly, Spotify remains committed to being a subscription-led platform, prioritising user value over time-spent metrics common in social media. The company is also exploring new verticals such as audiobooks and education, with the latter potentially offering certified learning credentials. Ek noted that record labels could outsource more services to Spotify, positioning the company to play a larger role in supporting creators. Operationally, Spotify has streamlined its workforce to prepare for AI integration, which management believes will drive efficiency while reshaping how both employees and creators engage with the platform. Outcome: The meeting informed our conviction in Spotify's ability to deliver sustainable growth while maintaining a consumer-first culture. The company's emphasis on sensible monetisation, creator support, and healthier digital engagement aligns with our expectations.

Votes Cast in Favour

Companies	Voting Rationale
Advanced Drainage Systems, AeroVironment, Cosmos Pharmaceutical, Nu Holdings Ltd., Prosus N.V., Richemont, Soitec, The Trade Desk	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Advanced Drainage Systems	Annual 07/17/25	2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Prosus N.V.	AGM 08/20/25	2	We opposed the resolution to approve the remuneration report because of ongoing concerns with the company's approach. Our concern also relates to the stretch of targets under the long-term incentive plan, all of which we do not deem to be in the best interest of long-term shareholders.
Prosus N.V.	AGM 08/20/25	7	We opposed the resolution to approve the remuneration policy because of concerns with a special 'moonshot' award for the CEO, in addition to the regular long-term incentive plan. We do not believe that the conditions attached to the award promotes appropriate pay for performance.
Richemont	AGM 09/10/25	5.13	We opposed the election of a non-executive director because of concerns relating to their suitability to chair the audit committee having previously been the CFO of the company.
Richemont	AGM 09/10/25	9.3	We opposed the approval of executive variable remuneration due to ongoing concerns over the lack of detail of performance conditions and structure of the incentive plans that would allow us to assess the stringency of target and achievement levels.
Soitec	MIX 07/22/25	11, 14	We opposed two resolutions on executive remuneration because we have concerns about the weighting and materiality of some non-financial metrics.
Soitec	MIX 07/22/25	27	We opposed an amendment to an article in the absence of compelling rationale for the introduction of more stringent shareholder notification requirements.
Soitec	MIX 07/22/25	5	We opposed the election of a non-executive director because of low attendance rates in consecutive years.

Companies	Voting Rationale
Richemont	We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.

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
Coinbase Global Inc	Coinbase is a trusted platform used by over 100 million people to safely move, store, and spend digital money. It is the largest provider of secure cryptocurrency storage for institutions, including most US Bitcoin ETFs. The market opportunity is vast, as crypto adoption continues to rise and regulatory tailwinds strengthen, particularly in the US. The company is expanding beyond trading into areas like payments, staking (earning rewards on crypto), and stablecoins (digital dollars that hold steady in value). The recent GENIUS Act in the US has given stablecoins (like Coinbase's own USDC) a clear regulatory framework, paving the way for mainstream adoption. Coinbase is already pushing USDC into real-world use cases such as payments with Shopify and low-cost cross-border transfers. It is also building Base, a faster, cheaper extension of one of the largest and most widely used blockchains, Ethereum, that could one day rival Visa and Mastercard as a payment network. At the same time, Coinbase is diversifying its revenue streams, steadily shifting toward more predictable recurring sources, including Coinbase One, a subscription service offering zero-fee trading, enhanced account protection, and priority support. We believe Coinbase's scale, market leadership, and product breadth provide a durable competitive advantage and leave the company well-positioned to capitalise on the evolving crypto economy. These attractions do not appear to be fully reflected in the company's current valuation, creating a compelling opportunity to take an initial position.
Medpace Holdings	Medpace designs and conducts clinical trials on behalf of smaller biotechnology companies. Its expertise in this area enables these customers to focus purely on research and development and helps accelerate the commercialisation of safe and effective drugs. Unlike competitors, Medpace only offers 'full-service' contracts, ensuring oversight of the entire process. This strategic focus, allied to a differentiated fixed-fee pricing structure, low-cost operations, and strong founder-led culture, has enabled Medpace to consistently gain market share while generating exceptional levels of free cash flow. As the funding environment for biotech companies has become more challenging over recent years, the number of active clinical trials being conducted has fallen, causing Medpace's growth to slow. However, the underlying pace of innovation in drug development remains strong, which we expect to underpin a recovery. With strong fundamentals and an attractive long-term growth opportunity, we have decided to take a holding.
MSCI	We have taken a new holding in MSCI, a leading provider of global investment tools and services. These include indices, portfolio risk and analytics, and ESG (environment, social, and governance) and climate data. MSCI is at the junction of several transformative trends in the investment landscape, which will support the company's future growth. Among these is the increasing diversification of investment strategies, which includes a growing interest in index-based funds. There is also growing demand for personalised benchmarks and ever more data and analytics to manage risk, attribute performance and report on new factors that are important to many clients, such as climate risks. The company's competitive advantage lies in its owner-operator CEO of 25 years, established index franchise, high client retention, and innovative analytics offerings. The current five-year low valuation presents an attractive entry point for a high-quality, structurally growing business with significant potential for long-term value creation.
The Ensign Group	The Ensign Group is a healthcare services company operating skilled nursing facilities, rehabilitative care services, home health, hospice, and assisted living services across the United States. Skilled nursing is fragmented and we think that Ensign will grow by steadily consolidating the sector, acquiring new operations and turning them around while continuing to drive operational improvements in existing homes. The company's strong, founder-initiated culture underpins its decentralised operating model, encouraging local leaders to grow and improve their clusters. The company's long-standing belief in nurturing leadership produces a steady stream of capable leaders to take on new acquisitions and transparency between facilities and clusters spreads best-practice. This effective culture both underwrites excellence at existing operations and facilitates the company taking on new ones. We think this could deliver mid-teens revenue growth for many years, with expanding margins via a combination of operating leverage and offering increasingly specialised services. With the quality and durability of these attractions far from recognised in the share price, we have decided to take a new holding for the portfolio.

Complete Sales

Stock Name	Transaction Rationale
Atlas Copco B	We have sold the holding in Swedish industrial equipment supplier, Atlas Copco. Atlas is a global engineering group which, in addition to its flagship industrial compressors business, possesses leading positions in pneumatic tools and construction. The company has delivered strong returns for the portfolio since inception, driven by disciplined capital allocation, operational excellence and a decentralised, innovation-led culture. However, we believe these strengths are now fully priced in, with the company trading at 26 times' forward earnings. Considering the company's sensitivity to a higher interest rate environment, coupled with an evolving capital allocation strategy under the new CEO, our confidence in Atlas's ability to meet our return hurdle of doubling its share price over five years has diminished. We believe that our clients' capital could be better allocated to opportunities with clearer upside potential.
BHP Group Ltd - DI	We decided to sell the position in the diversified mining company BHP as the upside case was not strong enough to merit its place in the portfolio. The company's iron assets are of very high quality and low cost, leading to improved returns as broader industry consolidation continues. However, the growth case was primarily based on demand for copper, a metal that, by its own admission, BHP has not sufficiently invested in. The management team's track record is patchy after failed shale oil and nickel investments and it is hard to build conviction in them exploiting any inflection in demand to deliver strong upside. While the company has delivered solid returns over our holding period due to growing dividends and brings different characteristics to the portfolio, we believe it is time to move on.
Entegris Inc	Entegris is a supplier of consumables to the semiconductor industry. It provides specialty materials and chemicals as well as filtration, purification and handling products. Its edge is in the breadth and quality of its portfolio and the way its products are deeply integrated into its customers' processes. The company retains several attractions, but we have become less comfortable with the company's ability to navigate an environment that has become incrementally more challenging. Firstly, several areas of end demand for both logic and memory semiconductors remain cyclically depressed. Further, tariffs and the potential for export controls have resulted in an increasingly uncertain outlook, especially as sales to China have been rising as a proportion of overall demand. Finally, elevated debt levels have also both magnified earnings volatility and potentially limit Entegris' ability to continue to expand its product portfolio. With new holdings in several other semiconductor-related companies having been added earlier this year, the portfolio context has also evolved meaningfully. As a result, we have decided to sell the holding in Entegris.
Genmab	Genmab is a Danish biotech primarily focused on antibody drugs used to treat cancer. Over our holding period, the company has evolved from an immature research-focused biotech to one that takes a drug from discovery to market. It has delivered eight approved therapies and has over 20 in its pipeline. Despite this broadening, its blockbuster blood cancer drug Darzalex, first approved in 2015, continues to account for over 70% of total revenues. After losing a protracted legal battle with its partner Jannsen, and the company deciding not to license its next generation version, those revenues will disappear by 2031. It has three late-stage assets with blockbuster potential, but its ability to commercialise those drugs is unproven, as is the margins it can deliver through them. Despite its proven scientific expertise, the revenue gap to plug and execution risk were too high to maintain our holding. We decided to sell to reallocate the proceeds to higher conviction holdings.
Soitec	We have sold the holding in Soitec, the semiconductor materials company known for its engineered substrates. These layers help improve the performance and power efficiency of the silicon wafers used to manufacture semiconductor chips for smartphones, wireless and automotive applications. We purchased Soitec for the portfolio in the expectation of a cyclical recovery in several of these end markets. However, this recovery has taken longer than anticipated as weakness has persisted in the automotive and smartphone end markets in particular. These trends have weighed on the share price, and the holding size has shrunk significantly. With new holdings in several other semiconductor-related companies having been added earlier this year, the portfolio context has evolved meaningfully from when we first purchased the shares in Soitec, and we have decided to move on from this small holding.

UnitedHealth	We have sold the holding in UnitedHealth Group (UHG), one of America's largest health insurance providers. Our original investment case was predicated on the growing need for healthcare coverage and potential for its value-based care proposition to improve patient outcomes, increase efficiency and drive profit growth. At the heart of the growth case was Optum, its vertically integrated solution that managed the main elements of healthcare provision from pharmacy and care delivery services to data analytics and solutions. However, the past year has been a challenging one for the healthcare sector as a whole. The overhang of regulatory uncertainty and rising healthcare costs has seen share prices fall across the board. UHG margins have come under pressure as medical loss ratios have increased, and its ability to price new business has come into question. The business withdrew its 2025 earnings guidance and replaced its CEO (reinstating a longstanding former incumbent). We are not inclined to add to the position, and by recycling this portfolio capital into a new position in Ensign, we have sought to broaden the portfolio's healthcare exposure.

MSCI