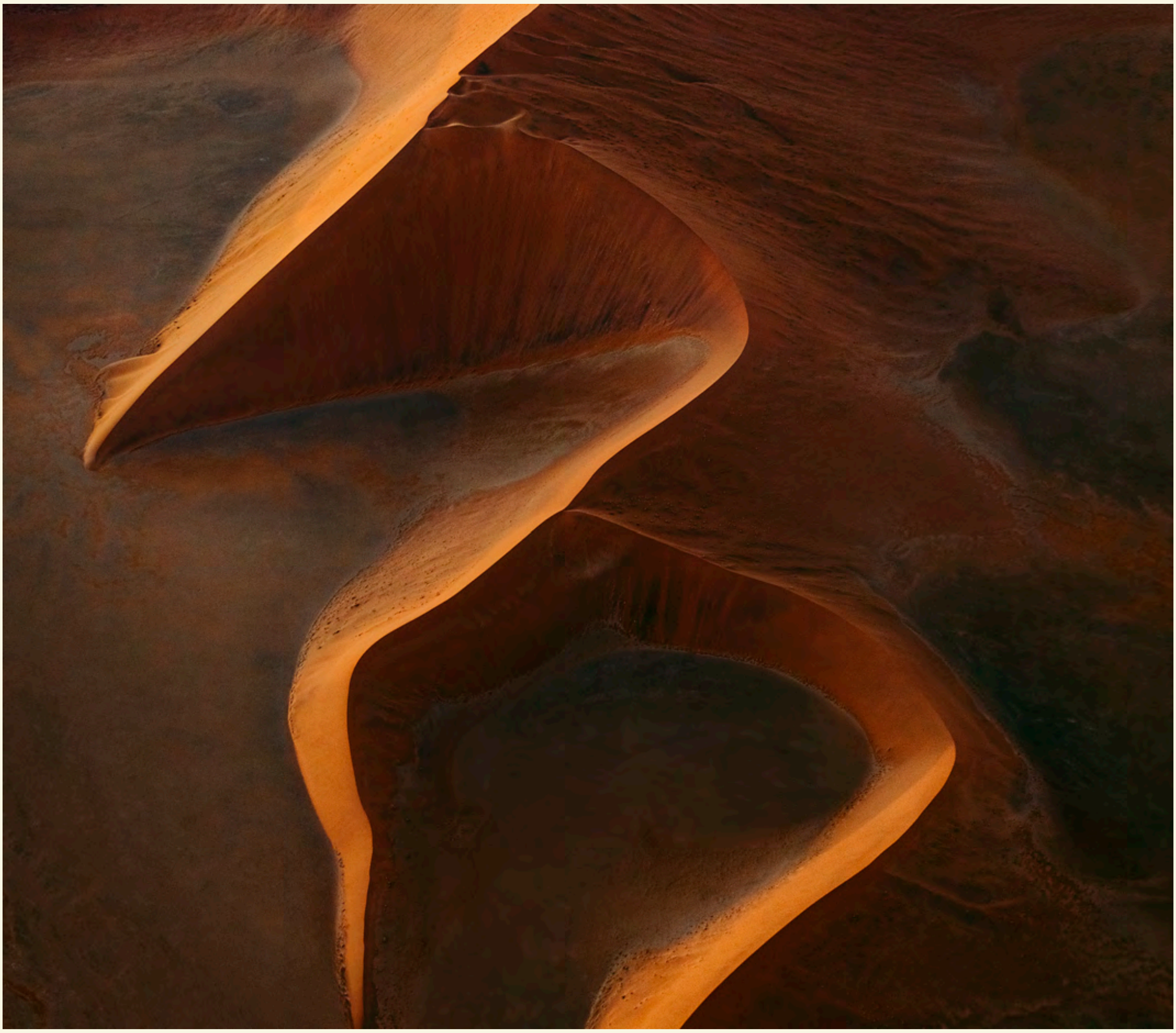
BAILLIE GIFFORD

Global Core Quarterly Update

30 September 2021



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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.

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.

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Product Overview

Global Core is a long-term, global equity strategy that invests in a selection of the most attractive growth companies from around the world. It combines the specialised knowledge of Baillie Gifford's regional equity teams with the experience of some of our most senior investors.

Risk Analysis

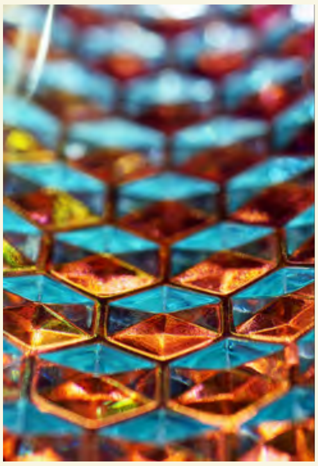
Key Statistics	
Number of Holdings	147
Typical Number of Holdings	100-150
Active Share	79%*
Rolling One Year Turnover	18%

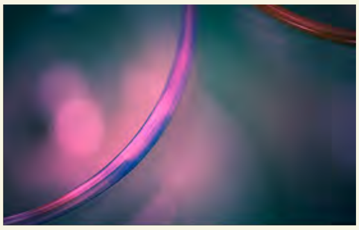
* Relative to MSCI World Index.

Lessons from nature and history challenge the concept of mean reversion

We believe that we are now entering the golden era of the information technology age

New technologies are being deployed across all industries and sectors, creating attractive long-term opportunities for growth investors





Baillie Gifford Key Facts

Assets under management and advice	US$466.8bn
Number of clients	870
Number of employees	1576
Number of investment professionals	319

Sandpiles and stock prices

Picture yourself sitting on a beautiful, sun-drenched white sand beach far from the madding crowd. As you lean back on your hands, taking in the vista, watching the waves break back and forth, you feel the millions of grains of sand between your fingers. Like you've done since you were a child, you play with the sand. You let a thin stream fall from your hand, and you start to make a sandpile beside you. You watch the pile grow and change shape with every grain that lands. Sand avalanches come and go in varying sizes, some big, some small, some 'catastrophic' to the cone you're building.

Sounds idyllic. Indeed, it was a mental exercise I practised often during the pandemic lockdowns to help me stay sane. It's been wonderful to do it for real over the summer, albeit on Edinburgh's Portobello 'nice-but-not-quite-idyllic' beach, as opposed to the Maldives fantasy I first imagined. But still wonderful. And as it turns out, playing with sandpiles is not only good for the soul during turbulent times, sandpiles also provide insight on investing in long-term equities, particularly when the portfolio is out of sync with the market over the short term.

How so? In nature, many complex systems, like ecosystems, tend to self-organise into a 'critical state, a sort of teetering calm, where minor changes or disturbances can lead to avalanche effects of all difference sizes. One way to conceptualise this is by thinking of sandpiles. Consider now a flat table covered in a thin layer of sand. The addition of a single grain will have little impact on the other grains; there is stability. However, as more grains are added, the sandpile grows, from a layer, to several layers, to a heap. Eventually, the sandpile reaches a critical point, where the addition of another grain can cause local disturbances or even system-wide avalanches.

There are parallels between these sandpiles, natural ecosystems, and the global economy. As Per Bak showed in *How Nature Works*, there is a mathematical relationship between the frequency of the sandpile avalanches and their magnitude. Similar relationships can be seen in earthquakes, extinction events, river formation and many other examples in nature. Interestingly, humans and our society exhibit similar power law characteristics, whether it be in the frequency of words used in language, in our traffic jams or, indeed, in stock prices and market crashes.

Investing through an avalanche

One of the key lessons from *How Nature Works* is that despite the mathematical relationship between the frequency and size of avalanches of change, they are hard to predict; they occur intermittently, between varying periods of relative calm. This is challenging for humans to understand, particularly if you've lived through the period of stability. We tend to think linearly, that change happens gradually, rather than through such punctuated equilibria. Large avalanches feel as if the sky is falling, rather than yet another inevitable evolution of the system in which we live. The Covid-19 pandemic was just another grain added to the already complex system that is the world economy. But it set in motion a 'catastrophic' avalanche which has completely changed the nature of the sandpile.

We have always believed that technology-led change was inevitable, but its pace and spread during the pandemic have served to humble us. The maths behind complex ecosystems helps us understand that just because something appears inevitable doesn't mean it's easily predictable. The stock market is far too complex a system to think in certainties. Instead, one needs to think probabilistically.

In times of rapid change, the temptation is to grasp the familiar, 'the certainties'; take comfort from the recognisable and double down until 'normality' returns. We believe this is how most short-term market participants behave. We see it in Wall Street commentary every day. But with change comes opportunity. Ultimately, there is no 'normality'. 'Normal' is not a static concept. Companies do not operate in a vacuum; they are part of a complex ecosystem. They evolve, adapt and impact each other.

The global economic sandpile is now in a completely different state, companies have changed and evolved and influenced others to do the same – we find this a really useful starting point for thinking about mean reversion or structural change. It helps to illustrate how changing one thing back to how it used to be is not sufficient to return to a previous state. It's why we don't think that our economies will return to 'normal'. Or even a 'new normal', as much of the financial press lazily talks about. Changes run deep because the company ecosystem is broader than a single firm.

We combine this probabilistic thinking with what we believe to be one of the most underrated temperaments of investing: patience. These traits afford us the luxury of investing with a long-term mindset and enable us to ride out the inevitable volatility.

Patience and probabilistic thinking allow us to focus on what a company could achieve if things go right. They allow us to reflect on the nature of change throughout human history, and what this might mean for the coming decades. Despite how much has changed over the last 18 months, we believe we are just at the tip of the iceberg of what change is still to come. As optimistic long-term growth investors, we think that innovation is speeding up and spreading out and we are closer to the beginning than the end. We believe we are about to enter the golden era of the Information Technology revolution, with opportunities for investing in exceptional US growth companies broader and more exciting than ever before.

After the avalanche (or on the other side of the turning point)

Carlota Perez, the British-Venezuelan researcher specialising in the social and economic impact of technological change, has done some fascinating work on such technological revolutions. She identified five major waves of innovation in the last 250 years:

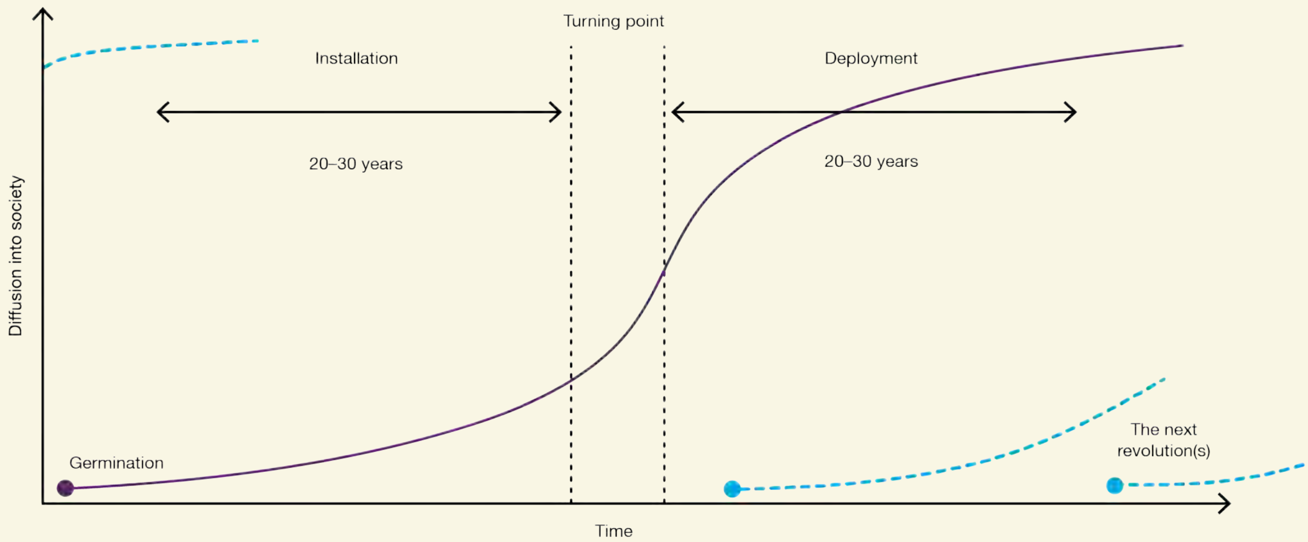
1. The Industrial Revolution which started in the 1700s with the opening of Arkwright's mill in Cromford
2. Age of steam and railways in early 1800s
3. Steel and electricity in the late 1800s
4. Age of oil, cars and mass manufacturing in the early 1900s
5. And the fifth? That is the one we are in now – the Information Technology revolution.

What is most interesting about Perez's work is that she realised that all these waves of innovation followed a similar pattern:

– They all took a really long time to play out – 50 years or longer in some cases

Each was split into two distinct phases:

– In the first half of each revolution, the new technologies associated with each of the waves were confined to a relatively small part of the economy and were adopted by only a few sectors. This creates lots of turbulence, because you had lots of capital chasing a small number of opportunities. And because technologies were narrowly deployed, you witnessed increasing income inequality and social unrest
– But in the second half of the waves, the new technologies started to spread out to the wider economy, resulting in a golden era for employment, economic growth and opportunities.



Source: Adapted from Carlota Perez, 2002.

The turbulent phase was called the installation phase, while the golden era was the deployment phase, as can be seen on the graph. We believe we may be at the turning point of wave five – between installation and deployment in the Information Age.

The current wave of innovation has come about on the back of the internet, mobile and AI. For the last 20 years or so these technologies have been limited, as the Perez model would suggest, to a couple of narrow sectors of the economy – mainly retail and advertising where we have seen the rise of ecommerce and 'Big Tech' platforms.

But when we look at the market today, we are beginning to see these new technologies starting to spread out and impact a far broader range of industries.

The turning point is reflected in the portfolio

Over the course of the pandemic, we've seen the big winners of the last 20 years of the installation phase face genuine competition from the deployment phase companies born in the internet era – Pinterest, for example, have emerged as the next potential big winners in social media. Roku and The Trade Desk are in the portfolio, reflecting the ongoing shift in media, streaming and digital advertising. Shopify is now one of the largest retail positions in the portfolio and catching up to Amazon. In our view, while the 'Big Tech' companies still exhibit impressive growth characteristics relative to their size, there is a wave of companies emerging that offer greater probability-adjusted upside in comparison.

We understand that short-term periods of underperformance can be uncomfortable, however, the sandpile model and history show us they are inevitable. Part of our edge lies in riding out such periods while ensuring the portfolio is focused on the next decade of change. Our patient and probabilistic approach aims to capture the next winners of the golden era of the Information Age. We believe we've found a good number of them already and remain solely and resolutely obsessed with finding the best of the rest for our clients.

So, let's revisit our idyllic beach scene. It is notable that the final recommendation in our decade-old and often republished paper, How to Invest in Equities and Stay Sane, is "If all else fails…there is only one answer: Travel. Take a vacation somewhere without broadband." If I may be so bold as to suggest finding somewhere with a beach and no phone signal. Sit back, play with the sand, and let your imagination run wild as you consider the wider implications of the myriad avalanches on your sandpile.

The views expressed reflect the personal opinion of the author and should not be considered as advice or a recommendation to buy, sell or hold a particular investment.

Performance Objective

+1-2% p.a. over rolling 3 year periods vs benchmark.

The performance objective stated is in no way guaranteed. The performance target is aspirational and is not used for the purpose of determining or constraining the composition of the portfolio. Performance may vary between segregated accounts and pooled funds in different jurisdictions as each structure will bear a different set of costs. A single performance target may not be appropriate for all vehicles in all jurisdictions and for this reason our portfolio specific materials will often refer to 'material' outperformance of a benchmark.

Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	0.2	0.1	0.2
YTD*	13.7	13.4	0.2
1 Year*	30.4	29.4	1.0
3 Years	22.9	13.7	9.2
5 Years	22.3	14.3	7.9
Since Inception	16.9	11.9	5.1

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 31 August 2013.
Figures may not sum due to rounding.
Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
US dollars

Discrete Performance

	30/09/16-30/09/17	30/09/17-30/09/18	30/09/18-30/09/19	30/09/19-30/09/20	30/09/20-30/09/21
Composite Net (%)	23.0	19.6	-1.7	44.8	30.4
Benchmark (%)	18.8	11.8	2.4	11.0	29.4

Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI
US dollars

Performance Objective

+1-2% p.a. over rolling 3 year periods vs benchmark.

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	2.6	2.4	0.2
YTD*	20.0	19.8	0.2
1 Year*	31.9	30.9	1.0
3 Years	23.0	13.8	9.2
5 Years	21.5	13.6	7.9
Since Inception	18.8	13.7	5.1

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 31 August 2013.
Figures may not sum due to rounding.
Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
euro

Discrete Performance

	30/09/16-30/09/17	30/09/17-30/09/18	30/09/18-30/09/19	30/09/19-30/09/20	30/09/20-30/09/21
Composite Net (%)	16.9	21.8	4.8	34.6	31.9
Benchmark (%)	13.0	13.8	9.1	3.2	30.9

Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
euro

Performance Objective

+1-2% p.a. over rolling 3 year periods vs benchmark.

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	2.7	2.6	0.2
YTD*	15.2	15.0	0.2
1 Year*	25.0	24.1	1.0
3 Years	21.5	12.5	9.1
5 Years	21.4	13.5	7.9
Since Inception	18.9	13.8	5.1

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 31 August 2013.
Figures may not sum due to rounding.
Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI
sterling

Discrete Performance

	30/09/16-30/09/17	30/09/17-30/09/18	30/09/18-30/09/19	30/09/19-30/09/20	30/09/20-30/09/21
Composite Net (%)	19.1	23.1	4.0	38.0	25.0
Benchmark (%)	15.0	15.1	8.4	5.8	24.1

Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI
sterling

Performance Objective

+1-2% p.a. over rolling 3 year periods vs benchmark.

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	2.6	2.4	0.2
YTD*	13.0	12.8	0.2
1 Year*	23.7	22.7	1.0
3 Years	22.1	13.0	9.1
5 Years	21.4	13.5	7.9
Since Inception	19.6	14.4	5.2

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 31 August 2013.
Figures may not sum due to rounding.
Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
Canadian dollars

Discrete Performance

	30/09/16-30/09/17	30/09/17-30/09/18	30/09/18-30/09/19	30/09/19-30/09/20	30/09/20-30/09/21
Composite Net (%)	17.0	23.7	0.7	46.1	23.7
Benchmark (%)	13.1	15.6	4.9	12.0	22.7

Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
Canadian dollars

Performance Objective

+1-2% p.a. over rolling 3 year periods vs benchmark.

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	4.2	4.0	0.2
YTD*	21.4	21.2	0.2
1 Year*	29.4	28.4	1.0
3 Years	23.0	13.8	9.2
5 Years	23.7	15.7	8.0
Since Inception	20.0	14.8	5.2

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 31 August 2013.
Figures may not sum due to rounding.
Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI
Australian dollars

Discrete Performance

	30/09/16-30/09/17	30/09/17-30/09/18	30/09/18-30/09/19	30/09/19-30/09/20	30/09/20-30/09/21
Composite Net (%)	20.0	29.7	5.5	36.2	29.4
Benchmark (%)	15.9	21.3	9.9	4.4	28.4

Benchmark is MSCI World Index.
Source: Baillie Gifford & Co, MSCI.
Australian dollars

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2021

Asset Name	Contribution (%)
Moderna	1.1
Cbre	0.2
IMCD	0.2
Netflix	0.2
Datadog	0.1
Tesla Inc	0.1
Service Corp.Intl.	0.1
Thermo Fisher Scientific	0.1
Albemarle	0.1
Alnylam Pharmaceuticals	0.1
Zillow	-0.5
Novocure	-0.4
Twilio	-0.3
Zoom	-0.3
Roku	-0.3
Illumina	-0.3
Shopify	-0.2
Zalando	-0.2
Wayfair	-0.2
Pinterest	-0.1

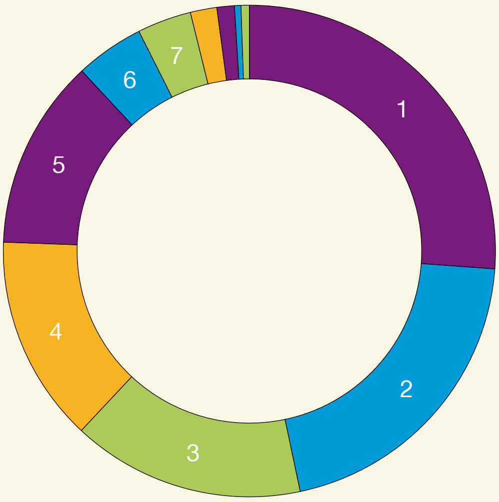
One Year to 30 September 2021

Asset Name	Contribution (%)
Moderna	2.0
Tesla Inc	1.2
First Republic Bank	0.7
Cbre	0.7
Alphabet	0.4
Align Technology	0.3
Cloudflare	0.3
Albemarle	0.2
Waters	0.2
Apple	0.2
Zillow	-0.6
Mastercard	-0.5
Amazon.com	-0.5
Zoom	-0.4
MarketAxess	-0.4
Wayfair	-0.3
Teladoc	-0.3
JP Morgan Chase & Co	-0.2
Ocado	-0.2
Pinterest	-0.2

Source: StatPro, MSCI. Global Core composite relative to MSCI World.
Some stocks may have only been held for part of the period.

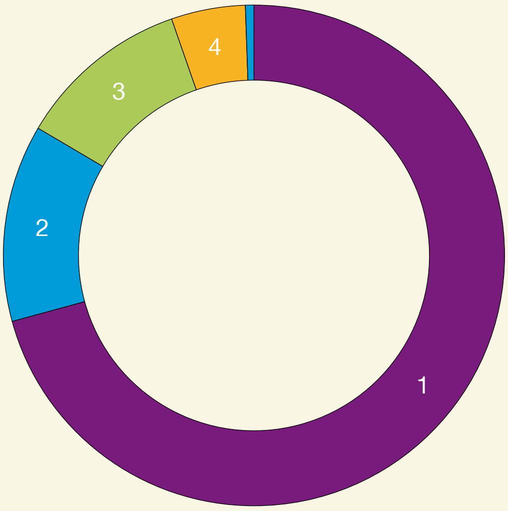
Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
Alphabet	Online search engine	4.2
Microsoft	Software company	4.2
Amazon.com	Online retail and computing infrastructure	4.1
Moderna	A clinical stage biotechnology company	3.1
Shopify	Cloud-based commerce platform provider	3.0
First Republic Bank	US retail bank	2.7
Tesla Inc	Electric vehicles, autonomous driving and solar energy	2.2
Estee Lauder	Manufacturer of beauty and skin care products	2.2
Mastercard	Global electronic payments network and related services	2.1
Netflix	Subscription service for TV shows and movies	1.8
Total		29.5



Sector Weights

		(%)
1	Technology	26.2
2	Consumer Discretionary	20.5
3	Health Care	15.3
4	Industrials	13.6
5	Financials	12.5
6	Real Estate	4.5
7	Basic Materials	3.5
8	Consumer Staples	1.7
9	Telecommunications	1.1
10	Energy	0.4
11	Cash	0.5



Regional Weights

		(%)
1	North America	70.8
2	Europe (ex UK)	12.7
3	Developed Asia Pacific	11.2
4	UK	4.8
5	Cash	0.5

Figures may not sum due to rounding.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	15	Companies	1	Companies	None
Resolutions	180	Resolutions	1	Resolutions	None

Solving climate change will require international agreements between nations as well as the innovation and entrepreneurship of businesses

As responsible stewards of long-term capital, it is increasingly important we understand the risks and opportunities of climate change on our clients' behalf

We try to ensure that our engagement with companies on climate-related issues is based on material risks and opportunities, but is also supportive through significant periods of change

Company Engagement

Engagement Type	Company
Corporate Governance	Abcam plc, Amazon.com, Inc., Ecolab Inc., Ryman Healthcare Limited, Teladoc Health, Inc.
Environmental/Social	Amazon.com, Inc., Carvana Co., Cloudflare, Inc., Moderna, Inc., NIBE Industrier AB (publ), Ocado Group plc, Peloton Interactive, Inc., United Overseas Bank Limited, Zoom Video Communications, Inc.
AGM or EGM Proposals	Abiomed, Inc., Kinnevik AB, Prosus N.V., Ryman Healthcare Limited, Xero Limited
Executive Remuneration	Renishaw plc

Notes on company engagements highlighted in blue can be found in this report. Notes on other company engagements are available on request.

Navigating the challenge of climate change

The job of editing a document with many different authors can be a thankless task. As anyone who's ever found themselves lost in a sea of tracked changes and comments will know, reaching agreement on the final version usually requires both compromise and tenacity. So we should spare a thought for the 721 authors from 90 countries asked by the Intergovernmental Panel on Climate Change (IPCC) to finalise its Sixth Assessment Report. For them, 9 August was a very big day indeed. The full 3,949 pages of Working Group I's (WGI) contribution was published for the world to see, representing the most significant update to global understanding of the physical science of climate change. It has taken a full eight years to complete.

We're no strangers to long-term, diligent research and analysis ourselves. We certainly try to avoid reaching hasty conclusions based on limited inputs or unreliable data. So the fact that this report – itself based on thousands of separate scientific studies – should use such clear and unambiguous language in its descriptions of the changes we are now causing to our planet should give everyone reason for concern. The IPCC is certainly not prone to kneejerk reactions. These are careful and considered conclusions and they tell us that human-induced climate change is unequivocal and getting worse.

Barely a month earlier, the small village of Lytton in southern British Columbia, home to roughly 250 people, measured the highest temperature ever recorded in Canada. Temperature records are normally broken by fractions of a degree but this time it was smashed by 4.6°C, reaching nearly 50°C. The next day, 90 per cent of the village's homes and businesses were destroyed by fire. Stories like this are being repeated around the world on an increasingly frequent basis, providing a very human reality to the thousands of pages of IPCC research and analysis.

Climate change is, of course, a global problem but the 'lived experience' of it happens locally. It is both a glaringly urgent emergency and something that requires action over decades. Its causes and effects are unevenly distributed through time and geography, with those most responsible often the least exposed to its physical and economic impacts. It requires international agreements among nations to address, yet it also needs innovation and entrepreneurship from businesses to solve. And even understanding the science of it, as we have seen, needs the diligent work of thousands of researchers. It is complex and at times confounding, to say the least.

Our responsibility as stewards of long-term capital is, we think, twofold. First, we need to understand how climate change can affect returns for our clients. For now, the focus of much of the regulatory intervention we are seeing in this area is on risk, including the recent announcements by the UK's Department for Work and Pensions (DWP) and Financial Conduct Authority. The Taskforce for Climate-related Financial Disclosures (TCFD) – which forms the bedrock of this sort of regulation – has been hugely influential here and has changed the game on corporate climate risk disclosure. The TCFD's emphasis was, and continues to be, primarily on driving better disclosure of potential financial costs of climate change and the transition. Financial costs don't, of course, tend to include the human cost of lives uprooted or even sadly lost. Even so, the bill for rebuilding the little village of Lytton, B.C., currently stands at CA$78m and rising. Costs like this multiplied across the globe quickly become systemic. This is something that even the world's best financial data modellers currently find difficult to comprehend, let alone calculate.

Conventional economic modelling can struggle to incorporate the type of unprecedented impacts that climate change might bring – like large-scale crop failure, global sea level rise and collapse of ecosystems. Conversely, losses to fossil fuel-based business models in a decarbonising world are much easier to calculate. And so as we begin incorporating climate scenario analysis into our own portfolio analysis, we are mindful that some model outputs have a tendency to show the financial downsides of the transition apparently outweighing the financial downsides of catastrophic climate change. This instinctively feels wrong, and it probably is.

But even more importantly for the type of long-term, future-focused investment strategies we run at Baillie Gifford, there is a danger that the opportunities presented by the shift to net-zero emissions may also be underestimated. Our responsibility to our clients is to find these opportunities. Some of our investments into companies like Northvolt and CATL (battery manufacturers), Beyond Meat (plant-based protein), Vestas and Ørsted (renewable power) and, of course, Tesla and Nio (electric mobility) are in clear pursuit of this. Ultimately, we think risk as a theory of change has its limitations and will not drive the scale of capital the world needs into climate solutions fast enough. The financial industry must do far more than simply insulate itself from risk: it must seek to achieve better outcomes for the climate, and by extension all of us.

Which brings us to our other core responsibility, which is to be supportive and constructive long-term owners of companies as they navigate the transition towards net-zero. All companies will need to get there eventually; for some it presents a near-term liability or opportunity, or both, while for others it is less material to their core business, though still a feature of the regulatory space and customer environment they operate in. We try to ensure that our engagement with companies on climate-related issues is based on material risks and opportunities but is also supportive through significant periods of change.

For companies to drive this transition effectively, the role of governments in helping to set the goalposts and rules of the game is vital. The Paris Agreement of 2015 was a huge step forward in this respect, but as we look to COP26 in Glasgow in November we are hopeful that we will see more detail emerge on the regulatory and fiscal frameworks that are required. Put simply, the sheer speed of change now required to have much hope of staying within the 1.5–2°C limits agreed in Paris means significant policy intervention is now needed in many areas like heating, power, transport and agriculture. Our view is that this intervention should be aimed at ensuring rapid adoption of solutions that can make a transformational difference now, on top of whatever economy-wide changes need to be made in the longer term. Clean technologies need to reach cost parity with fossil fuels as quickly as possible, meaning that targeted sector-specific policies and innovation are vital. Norway provides a good example, where pure electric vehicles now make up over two-thirds of new car sales, thanks to incentives that made them attractive to buyers and ensured the required infrastructure was built out too.

Countries where adoption is left purely to market forces may eventually get to the same place, but it will take a lot longer – too long for the kinds of emissions reductions we need to see to be on track for the Paris Agreement. Putting more detail on the speed of those emissions reductions will be keeping the 721 IPCC authors busy over the coming year as they prepare two further Working Group reports on the mitigation and impacts of climate change. They are then due to publish a synthesis report around this time next year. Meanwhile, it will become increasingly important for investors and companies alike to ensure they both understand the risks – and importantly the opportunities – of climate change to give us the best chance of avoiding lots more Lyttons in the future.

Company	Engagement Report
Abcam plc	The purpose of our call with the Chair was to discuss the outcome of a remuneration vote, board changes and the evolution of strategy following acquisitions. We also encouraged the board to make progress in articulating its climate strategy and to set targets to reduce emissions.
Abiomed, Inc.	We had a call with the CFO and General Counsel of Abiomed to discuss recent changes to the compensation plan. We were concerned by the compensation committee's decision to grant recovery grants during the year. We believed these awards undermined the integrity of the standard compensation policy and misaligned the experience of the senior management team and shareholders. We disagreed with the rationale for granting these special payments, outlining our strong belief that we did not consider them to be appropriate and our intention to oppose the executive compensation resolution. At the AGM, the pay proposal narrowly passed with 51 per cent support. Given this strong oppose vote, we think it is important for the company to engage with shareholders and we look forward to encouraging better pay practices in the future.
Amazon.com, Inc.	We had a call with Senior Independent Director Jon Rubinstein. The focus of our discussion was the recent transition of CEO position from Jeff Bezos to Andy Jassy. This has been a carefully managed process, which the board has dedicated significant resource to over several years. Rubinstein explained his belief that Amazon has a deep succession plan down through the executive and management teams. We also encouraged Rubinstein and the Amazon board to improve its disclosure of health and safety data. The company has dedicated significant time and resource to improving financial and working conditions for its staff. However, its reporting of health and safety information is currently lacking, preventing shareholders from assessing the success of these investments and policies.
Carvana Co.	In the wake of our Q2 discussions with the founder, we met with Mike Levin of the IR team to begin a more direct conversation around Carvana's climate-related thinking and reporting. As a disruptor of the US second-hand car market, Carvana's interaction with the trends of the energy transition are multi-faceted, but, so far, it has no public disclosure or commentary on the issues. There is opportunity in the extension of vehicle lives and, potentially, in acting as a sales channel for original equipment (automotive component) manufacturers (OEMs) retreating from the dealership footprint. But there is also risk if old combustion engine cars see sudden value loss due to dislocating policy or technology change. We'd like to see Carvana understand and report its carbon footprint (direct emissions and those inherent in the cars it trades), but also explore its handprint - its options for system influence. This could be as simple as the provision of fuel efficiency data for buyers, or as complex as the academic research we need on life-cycle efficiency: is it more carbon efficient to scrap early and go electric, or better to wring the last drop of life from the current fleet before building new? There are many interesting issues to debate here as Carvana shakes this old-fashioned market, and we look forward to continuing the discussions.

Company	Engagement Report
Cloudflare, Inc.	We had two separate engagements with Cloudflare in the last quarter. The objective of our first meeting was to gain insight into Cloudflare's thinking and activities relating to energy sources and carbon footprint. Our discussions addressed: Cloudflare's considerations for expanding low-carbon power for its data centres internationally, whether the company could offer customers the choice to route their data according to type of electricity source (optimising for renewables), and carbon emissions disclosures. Subsequent to our meeting, Cloudflare released its scope 1 and 2 emissions data and set out its aspiration to be carbon neutral across its network from 2022. The company also committed to accelerate deployment of ARM energy-efficient chips, allowing developers to choose the most energy-efficient data centres, and commenced a project with search and indexing companies to eliminate redundant web crawl that could generate carbon savings equivalent to planting 30 million trees. While we cannot point to causality between our engagement and these announcements, there is a clear correlation and the direction of travel is positive. We will continue to monitor progress. Our second call focused on the company's activities in Myanmar and it reinforced our belief that Cloudflare takes a thoughtful approach to operating in controversial regions. In particular, the company's technology is a critical communication tool for Burmese people as well as important institutions, such as their health services. CEO Matthew Prince detailed the investment the company has made in public policy and its interactions with stakeholders. This conversation also reaffirmed our view that third-party ESG research providers are limited in their ability to provide insight on important ESG issues. Our ability to speak directly with management has been crucial to understanding the realities of Cloudflare's activities in Myanmar and how it is aligning its treatment of stakeholders with its long-term strategy.
Ecolab Inc.	On a call in September, Christophe Beck - who took over as Ecolab's CEO in January - provided us with his vision for Ecolab's future. In particular, we discussed why Ecolab is uniquely placed to help businesses achieve their environmental targets across a huge range of industries and achieve its mission of supporting its customers to protect people and natural resources. We encouraged him to be brave and bold with investments today that will help the company capitalise on future opportunities and to maximise its positive impact. We also probed on the potential for Ecolab to upgrade the environmental credentials of its own products using emerging technologies, such as synthetic biology. This first meeting with Christophe as CEO was also useful in helping us better understand the company's 'people first' working culture, how it has changed and how its environmental mission is helping the company attract talent.
Moderna, Inc.	We continued our conversation with Moderna on its approach to maximising access to its Covid-19 vaccine in a call with IR. We are very supportive of Moderna's tiered pricing model and its reinvestment in an expanding pipeline of vaccines and treatments but continue to encourage efforts to ensure universal vaccine access. This was a helpful call to explore some of the steps Moderna is taking and some of the challenges it has faced. It was also encouraging to hear how the company is facilitating vaccine donations from countries with excess supply.
NIBE Industrier AB (publ)	We engaged with Nibe's CFO, Hans Backman, to understand more about its impact reporting practices and encourage improved disclosure on the emissions avoided from the use of its products. Improved awareness of the benefits of heat pump technology can also act as a catalyst for wider adoption. It was confirmed that avoided scope 3 emissions calculations are still a work in progress and made more complicated due to Nibe's decentralised structure. Subsidiaries receive reporting guidance in the form of environmental and financial handbooks, but still retain a lot of autonomy. The company is not yet ready to set a science-based target, but it is actively considering it. We also explored the proactive role Nibe is playing in the promotion of heat pumps as climate solutions, its exposure to whole-home heating solutions and forthcoming innovations in the form of the 'Internet of Things' connected products. We will continue to monitor reporting progress.
Ocado Group plc	Ocado is an online grocery retailer and logistics service. A member of the ESG team attended Ocado's most recent materiality consultation. Last year Ocado conducted its first materiality consultation, so this exercise was building on its previous approach. Ocado's Head of Corporate Responsibility is keen for the company to keep innovating in this area, and was eager to hear our thoughts on how it can improve. Our view is that Ocado has demonstrated its ability to sensibly engage with stakeholders and to put sustainability at the heart of their growth strategy.

Company	Engagement Report
Peloton Interactive, Inc.	We continued our dialogue with the company by speaking to members of Peloton's ESG team. The focus of our discussion was planned enhancements to its supply chain and how it thinks about climate change. Peloton's investment in a production facility in Ohio will deliver several benefits for the business. These include improving the stability of its supply chain by reducing geopolitical risk and lowering its carbon footprint by manufacturing equipment closer to its core end markets. We also provided some guidance with regards to Peloton's upcoming inaugural ESG report. We encouraged the company to focus on the material environmental, social and governance issues and how these align with the long-term strategy. Furthermore, we repeated our support for Peloton to be innovative and different and aim to produce a document which outlines the real impact the business has on its customers and other key stakeholders. We look forward to reading the report and continuing our engagement with the business.
Prosus N.V.	Prosus N.V. engages in ecommerce and internet businesses. It operates internet platforms, such as classifieds, payments and fintech, food delivery, travel, education, e-tail, health, social, and other internet platforms. We have been shareholders in the business since it was spun-off from Naspers in September 2019, and continue to be long-term holders of Naspers' shares. We were invited by the company to present our views on governance and sustainability at its global finance summit, which consisted of approximately 300 finance leaders based across the world. Sustainability has become a strategic priority for the group and as a long-term, trusted partner we were asked to provide some guidance on how we view sustainability, why we believe it is important and where we think the company should focus. Our message focused on prioritising long-term value creation, preserving what is unique about the company's culture and ignoring short-term pressures, including conforming to generic ESG standards. We were very appreciative of the opportunity to connect directly with a broad range of the company's finance team, happy to return the favour for the privileged access and conversations we have had with management and the board. We remain committed long-term investors in Prosus and look forward to further developing our relationship into the future.
United Overseas Bank Limited	We engaged with UOB as it sets out its new and comprehensive sustainability strategy. The company invited Baillie Gifford to join a sustainability strategy seminar where members of the management team addressed climate change transition as both a business risk and opportunity. We are supportive of UOB's increased focus on the materiality of climate change to its long-term business success.
Zoom Video Communications, Inc.	We engaged with the company to deepen our understanding of Zoom in the context of climate change. Zoom is still only at an early stage in calculating its own emissions footprint, though it has appointed an environmental consultancy to conduct analysis and intends to share results in the coming months. Beyond this, the Zoom product is also estimated to save several megatonnes (Mt) of carbon dioxide emissions thanks to avoided travel (the company estimated it saved around 55Mt during the calendar year 2020, which for comparison is close to Amazon's total footprint). As ever, there are potential shortcomings to any calculations of avoided emissions. To complement such analysis, we suggested to the company that users could be surveyed at random after each Zoom meeting to ask whether the meeting replaced business travel or commuting. We understand the company is now considering repurposing a survey feature in Zoom to track this. We will continue to monitor Zoom's progress in its carbon accounting and disclosures.

Votes Cast in Favour

Companies	Voting Rationale
Abcam, Abiomed, Burberry, DSV, Experian, First Derivatives, Games Workshop Group, James Hardie Industries, Kering, Prosus N.V., Prudential, Remy Cointreau, Ryman Healthcare Ltd, Ubisoft Entertainment, Xero Ltd	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Abiomed	Annual 11/08/21	2	We opposed executive compensation due to concerns with one-off equity awards granted during the year.

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
Delivery Hero AG	Delivery Hero operates an online food delivery platform across Europe, the Middle East, Asia and North Africa. It is a significant market leader in most of the countries it operates in and benefits from strong network effects. Its long-term opportunity is firstly to revolutionise how people eat by the provision of convenience, choice and affordable prices. In addition to this opportunity, Delivery Hero has the potential to both further support restaurants with marketing, data, supply chain assistance and financing as well as leverage its delivery network into other categories providing groceries and a range of convenience goods within 30-45 minutes. Given the size of the opportunity, the power of existing network effects and a visionary long-term focused leader, we have taken a new holding.
Doordash Inc	Doordash is best known as the largest food delivery company in the USA, but it aims to be a local, on-demand logistics company for all sorts of goods. Starting with food delivery is helping the company build out a high-density delivery network given the sheer number of restaurants and the high order frequency. Food delivery is also amongst the most time sensitive categories and the lessons learned here will help the company as it expands into other areas like groceries and pharmaceuticals. If successful, Doordash could help local businesses to compete more effectively with larger retailers and transform delivery into a subscription service for consumers. All three founders are still involved in the business and their rare combination of clear strategic vision, large ambition and obsessive focus on detail gives the company, in our view, an important long-term edge in an industry where efficiency and execution will make the difference between success and failure. Doordash has an exciting opportunity to establish itself as the dominant infrastructure for local delivery and this is far from captured in the current share price.
Peloton Interactive Inc	Peloton's digital distribution of fitness content is a highly scalable model which, together with its aspirational brand and community-based network effects, places the company in a strong position to take a large share of a growing but fragmented fitness market. The high price points of Peloton's connected fitness equipment prompted us to investigate the true size of its market opportunity. However, the company's accelerating growth and strengthening value proposition provide some substantiation for the hypothesis that Peloton will be able to expand beyond early adopters. High retention rates also attest to Peloton stimulating ongoing engagement among existing customers with uncommon efficacy for a fitness product. This is encouraging for profitability in the long term.

Complete Sales

Stock Name	Transaction Rationale
Carl Zeiss Meditec	Carl Zeiss Meditec is the gold standard in ophthalmology equipment for diagnostics and laser surgery for visual correction and cataracts. It has performed well, as a result of increasing demand, particularly in Asia, and innovative new products. This in turn has enabled it to expand margins close to 20%. Its significant re-rating, partly driven by operational progress but also by more general enthusiasm for healthcare names, means, however, that we find it much harder to justify owning it in the portfolio. Given the difficulty in imagining scenarios whereby the share could at least double over the next 5 years, we decided to sell the holding and reinvest in companies where we think there is more upside.
HEICO 'A'	The share price of airline replacement parts manufacturer HEICO has recovered well since the start of the pandemic. Air travel has taken a significant hit over the past 18 months and is only just starting to recover. Naturally this has led to a reduction in parts being replaced and a major part of HEICO's business has suffered as a result. We are still admirers of the business and their capital allocation has been a major factor in their past success. But the outlook for the industry is less than certain and competition for capital in the portfolio is high, so we allocated the proceeds where we have more conviction.
Jackson Financial CDI	Jackson Financial is the US arm of Prudential that was spun out of the parent company and listed on the US market. We sold this small holding as it is not compatible with the mandate.
Jardine Matheson	Jardine Matheson is an Asian holding company with assets spanning property, food and convenience retail and autos. The company had been a beneficiary of rising Asian/Chinese middle class, has good quality underlying business franchises and alignment from the Keswick family. The company has taken over the sister company, Jardine Strategic at a reasonable premium. With us having some ongoing concerns about capital allocation, long-term growth and the discount to NAV having closed we decided to sell the holding to fund new purchases.
Lyft Inc	Lyft's stock price has rebounded to pre-pandemic levels as the market anticipates a strong upswing in the use of ride hailing and ride sharing services. It is a small holding, prompting the question of whether to add. Whilst we rate the founder-led team, there are question marks around the competitive environment with Uber benefiting from strength in its food delivery business at a time when ride hailing has suffered. We decided to sell our Lyft holding rather than deploy further capital in this area.
Remy Cointreau	We continue to believe that Remy Cointreau is a high-quality business with high barriers to entry in its cognac segment which accounts for the majority of its revenues, and strong alignment with its family owners. We have, however, been surprised by the strong performance of the shares against a challenging operational backdrop through the pandemic and believe the valuation no longer offers us the opportunity it once did. This and the continued high level of competition for capital in the European portfolio has led us to sell the shares.

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