BAILLIE GIFFORD

Pan European Equities Update

30 September 2021

Contents

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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

Pan European Equities is a regional equity strategy that aims to generate positive long-term total returns through investment in European equities. We believe the European equity markets offer active managers a broad selection of high-quality companies capable of delivering attractive and sustainable earnings growth for shareholders.

Risk Analysis

Key Statistics	
Number of Holdings	41
Typical Number of Holdings	30-50
Active Share	91%*
Rolling One Year Turnover	34%

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

Stock markets continued to be volatile in the third quarter

The portfolio underperformed the index over the quarter with Prosus, Zalando and Spotify among the largest detractors. Operational progress from the portfolio's holdings was encouraging, however

We continue to believe that the portfolio contains material upside with the holdings having significant, and often secular, growth opportunities ahead of them

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

Stock markets continued to be volatile in the third quarter. Amid these conditions, though, it has been nice to return to some degree of normality here in Scotland. Easing restrictions have enabled us to spend time together in person after so many Zoom-based interactions. While we have worked hard at remaining connected, the informal interactions with other teams and serendipitous creativity that stems from being in the same office cannot easily be replaced. Coming together as a team to discuss the merits and nuance of an investment case, as we do in our weekly stock discussions, is also best done physically.

We do not formalise a research agenda for these stock discussions. We are all analysts who follow our curiosity and enthusiasm. However, sometimes a common theme can emerge. In the third quarter, we spent a lot of time researching and discussing companies and technologies which are tackling climate change. What is particularly interesting when thinking about climate solutions is that it forces us to break with powerful investment conventions which have developed since the dawn of the internet.

The internet, and the innovations it has enabled, has redefined investment in many ways. It has altered the way we look at companies and the biases we hold towards businesses and business models. As growth investors, we have certainly privileged the ‘capital-light’ business models employed by many of the digital platforms we hold in the portfolio. What we are learning, though, is that to invest in the next wave of innovation, we will need to be flexible. The businesses tackling climate change are capital intensive, do not scale quickly and are likely to be regionally focused. They also do not receive project or product feedback on the timeline which digital businesses do. This means that they are likely to be less profitable, offer lower returns on capital and have a greater degree of uncertainty attached to them relative to the winners of the last two decades.

© Bloomberg/Getty Images.

At face value, you could argue that investing in climate solutions does not appear that attractive. This would explain why so many of the technologies we require to tackle climate change have been in existence for decades but lack any kind of scale. Energy companies, for instance, have been employing carbon-capture techniques since the 1970s. But this is part of what makes climate solutions such an exciting prospect. It is such a young industry in many respects, meaning that if we can find the right opportunities and invest in them at an early stage, we stand to capture a substantial portion of any future value creation. Over time, as these businesses and their technologies improve and gain scale, a powerful flywheel can begin turn, leading to significant cost reductions, which in turn will lead to further adoption. These are the hallmarks of what Carlota Perez would call the deployment phase of a green technological revolution.

While there is some need for mental adjustment, there are aspects of our approach which suit investing in this area. When we do find these opportunities, we will have to embrace asymmetry and focus resolutely on the long term. We also have to continue to be optimistic, an important part of our mindset, and not make the mistake of conflating uncertainty with risk. In our view, these are not features of an investment approach which are well applied by the industry at large, something which we hope gives us an advantage. This is important because we have every reason to believe that Europe can lead in the development of climate solutions. The EU and many European national governments have far more ambitious decarbonisation programmes than their peers. The relative severity of the regulations being implemented should lead to both innovation and companies being forced to pull forward climate change related decisions which they may have put off previously due to the expense. As a result, Europe could become a rich hunting ground in this wave of innovation with the benefits accruing mainly to society but also to those investors with the right mindset.

Enthusiasm aside, the research and discussions we have had on this area so far has shown us that we still have some work to do to understand which technologies and which business models have the best probability of becoming the big winners. Some of this learning, though, can be achieved through investing in and relationship building with companies. For us, one of the companies is Aker Horizons, Aker ASA’s green and renewable energy platform whose underlying companies are focused on wind power, clean hydrogen and carbon capture. We have been impressed by its level of ambition and think the probability of success is increased by being able to link these projects into the wider Aker ecosystem. There is also a high degree of alignment, we think, between the owner-operators, the Røkke family, and ourselves which adds to our conviction level. We are excited to watch Aker Horizons’ progress for the obvious economic reasons but also the level of insight which we think we will be able to gain from this investment. These insights, we hope, will make us better investors in climate solutions overall.

Portfolio activity

We added three new holdings in the third quarter. The aforementioned Aker Horizons, VNV and Oxford Nanopore. VNV Global is a Swedish investment company, investing in high-growth private businesses which exhibit network effects. Per Brilioth and his team are highly experienced and successful capital allocators and we believe they will continue their track record of strong net asset value growth for years to come. We participated in Oxford Nanopore’s IPO. This is a genetic sequencing technology company whose platform we think can expand its usage over time into several areas, markedly increasing its total addressable market. We also added to the positions in HelloFresh and Schibsted to reflect our increasing levels of conviction in these companies, and in Prosus to take advantage of share price weakness.

This activity was funded by the complete sale of Carl Zeiss Meditec. We retain our admiration for the company but have found constructing cases for them doubling in value in the next five years too demanding. We also reduced the holding in L’Oréal, Nibe, IMCD and Investor.

Performance

The portfolio underperformed the index over the quarter. Prosus, Zalando and Spotify were among the portfolio’s detractors. Approximately three quarters of Prosus’ net asset value is from its investment in Tencent whose own share price has been dominated by the wave of new regulations across multiple industries in China. Understanding the implications of changing Chinese regulations is an incredibly complex task, however, we would highlight that many of these changes seem to be common sense in nature and the roll-out of them is not subject to the same legislative paralysis we face in the west. We do not think that this materially affects Tencent’s growth opportunities and would note that Tencent has a track record of positive engagement with the government. What was pleasing over the period was to see Prosus deploy further capital beyond its Tencent investment. It acquired BillDesk, the leading Indian digital bill payments platform, further strengthening its portfolio of payments assets. Alongside payments, it is building substantial verticals in EdTech, food delivery and online classifieds which we believe offers meaningful growth potential for the group in the years to come.

We have been encouraged, though, by the operational progress from the portfolio's holdings in the most recent round of results announcements. One of the contributors to performance, Adyen, reported particularly strong second quarter results, growing processed volumes by 67 per cent and revenues 46 per cent YoY and making further in-roads into payments in the US. Adyen is now a 'tech titan', a technology company valued at more than $50bn and is a great reflection of the progress in Europe's technology eco-system. Beyond Adyen, other contributors included Nibe and Sartorius Stedim Biotech.

Outlook

There was a lot of volatility towards the end of the quarter. From Chinese regulation to inflation, stagflation and energy crises, there has been no shortage of noise for market participants to concern themselves with. Without wanting to sound like a broken record, we think it is more important than ever to remain laser focused on the long term. In the short term, valuations may fluctuate significantly but over the long term, the most powerful contribution to share price returns are revenue growth and margin expansion. With this in mind, we will stick to our process and focus on the fundamentals of a business in trying to imagine what it can become many years from now. We continue to believe that the portfolio contains material upside with our holdings having significant, and often secular, growth opportunities ahead of them.

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

+2-3% p.a. gross of fees over rolling 5 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*	-2.9	-1.5	-1.5
YTD*	6.4	10.6	-4.2
1 Year*	22.4	28.0	-5.5
3 Years	16.2	8.4	7.8
5 Years	14.2	9.5	4.7
Since Inception	10.7	6.6	4.1

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 30 April 2013.
Figures may not sum due to rounding.
Benchmark is MSCI Europe Index.
Source: StatPro, 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 (%)	26.2	-1.9	-8.7	40.4	22.4
Benchmark (%)	23.0	0.3	-0.1	-0.3	28.0

Benchmark is MSCI Europe Index.
Source: StatPro, MSCI.
US dollars

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	-0.7	0.8	-1.5
YTD*	12.4	16.8	-4.4
1 Year*	23.9	29.5	-5.6
3 Years	16.3	8.5	7.8
5 Years	13.5	8.8	4.7
Since Inception	12.4	8.2	4.2

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 30 April 2013.
Figures may not sum due to rounding.
Benchmark is MSCI Europe Index.
Source: StatPro, 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 (%)	19.9	-0.1	-2.7	30.6	23.9
Benchmark (%)	16.9	2.1	6.4	-7.3	29.5

Benchmark is MSCI Europe Index.
Source: StatPro, MSCI.
euro

Performance Objective

+2-3% p.a. gross of fees over rolling 5 year periods vs benchmark.

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Periodic Performance

	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months*	-0.5	1.0	-1.5
YTD*	7.9	12.2	-4.2
1 Year*	17.4	22.7	-5.3
3 Years	14.9	7.2	7.7
5 Years	13.4	8.7	4.7
Since Inception	12.6	8.4	4.2

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 30 April 2013.
Figures may not sum due to rounding.
Benchmark is MSCI Europe Index.
Source: StatPro, 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 (%)	22.1	0.9	-3.4	33.9	17.4
Benchmark (%)	19.1	3.2	5.7	-4.9	22.7

Benchmark is MSCI Europe Index.
Source: StatPro, MSCI.
sterling

Performance Objective

+2-3% p.a. gross of fees over rolling 5 year periods vs benchmark.

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Periodic Performance

	Composite Net (% p.a.)	Benchmark (% p.a.)	Difference (%)
3 Months*	-0.7	0.8	-1.5
YTD*	5.9	10.0	-4.2
1 Year*	16.1	21.4	-5.3
3 Years	15.4	7.7	7.7
5 Years	13.4	8.7	4.7
Since Inception	13.8	9.5	4.2

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 30 April 2013.
Figures may not sum due to rounding.
Benchmark is MSCI Europe Index.
Source: StatPro, 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 (%)	20.0	1.4	-6.5	41.6	16.1
Benchmark (%)	17.0	3.7	2.3	0.6	21.4

Benchmark is MSCI Europe Index.
Source: StatPro, MSCI.
Canadian dollars

Performance Objective

+2-3% p.a. gross of fees over rolling 5 year periods vs benchmark.

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Periodic Performance

	Composite Net (% p.a.)	Benchmark (% p.a.)	Difference (%)
3 Months*	0.9	2.4	-1.5
YTD*	13.7	18.2	-4.5
1 Year*	21.5	27.0	-5.5
3 Years	16.3	8.5	7.8
5 Years	15.5	10.8	4.7
Since Inception	15.6	11.3	4.3

Annualised periods ended 30 September 2021. *Not annualised.
Inception date: 30 April 2013.
Figures may not sum due to rounding.
Benchmark is MSCI Europe Index.
Source: StatPro, 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 (%)	23.0	6.4	-2.0	32.2	21.5
Benchmark (%)	20.0	8.8	7.2	-6.2	27.0

Benchmark is MSCI Europe Index.
Source: StatPro, MSCI.
Australian dollars

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2021

Asset Name	Contribution (%)
IMCD	1.2
Nibe	0.7
Sartorius Stedim Biotech	0.5
Avanza Bank	0.5
Adyen	0.3
Reply Spa	0.3
Softcat	0.3
Beijer	0.3
Novartis	0.2
LVMH	0.1
Zalando	-1.1
Farfetch	-0.7
Prosus	-0.7
Spotify	-0.6
adidas	-0.4
Games Workshop	-0.3
Kering	-0.3
Kinnevik	-0.3
Adevinta	-0.3
Novo Nordisk	-0.2

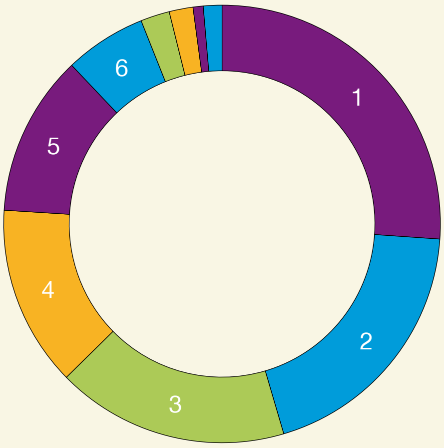
One Year to 30 September 2021

Asset Name	Contribution (%)
IMCD	1.4
Nibe	1.3
Farfetch	1.1
Nestle	0.8
Softcat	0.7
Beijer	0.6
Sartorius Stedim Biotech	0.6
SAP	0.6
Reply Spa	0.6
Novartis	0.5
Prosus	-1.6
First Derivatives	-1.4
Spotify Technology	-1.1
Zalando	-1.0
Renishaw	-1.0
Just Eat Takeaway.com	-0.9
adidas	-0.8
Adevinta	-0.7
Hargreaves Lansdown	-0.7
Games Workshop	-0.6

Source: StatPro, MSCI. Pan European Equities composite relative to MSCI Europe Index.
Some stocks may have only been held for part of the period.

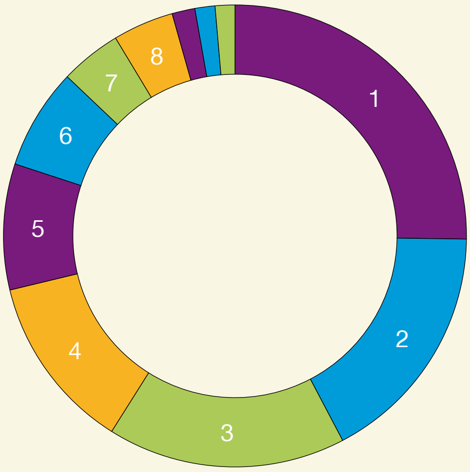
Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
IMCD	Speciality only chemical distributor	6.1
Zalando	Online fashion retailer	4.2
Avanza Bank	Banking	4.1
Prosus	Media and e-commerce company	4.0
Atlas Copco	Industrial compressors manufacturer	3.7
Sartorius Stedim Biotech	France-based international provider of laboratory and process technologies and equipment	3.3
Schibsted	Media and classifieds advertising platforms	3.2
NIBE	International heating technology company	3.2
adidas	German producer of sports shoes and equipment	3.2
Games Workshop	Manufacturer and retailer of table top wargames and miniature figurines	3.1
Total		38.0



Sector Weights

	Sector Weights	(%)
1	Consumer Discretionary	26.1
2	Industrials	19.3
3	Information Technology	17.2
4	Financials	13.4
5	Communication Services	11.9
6	Health Care	6.0
7	Materials	2.1
8	Consumer Staples	1.8
9	Utilities	0.8
10	Cash	1.4



Geographical Location Weights

	Geographical Location Weights	(%)
1	Sweden	25.2
2	UK	17.1
3	Netherlands	16.6
4	Germany	12.3
5	France	8.8
6	Norway	7.1
7	Switzerland	4.3
8	Italy	4.2
9	Ireland	1.6
10	Denmark	1.4
11	Cash	1.4

Totals may not sum due to rounding.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	6	Companies	None	Companies	None
Resolutions	82	Resolutions	None	Resolutions	None

Solving climate change will require both international agreements among nations, and 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
Environmental/Social	NIBE Industrier AB (publ), VNV Global AB (publ)
AGM or EGM Proposals	Kinnevik AB, Prosus N.V.
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
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.
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.
VNV Global AB (publ)	We engaged with the CEO of VNV Global, Per Brilioth, to better understand its due diligence and sustainability analysis processes that it has in place. It was confirmed that VNV takes a relatively informal approach, with 'sound principles' favoured over ESG box-ticking exercises, and as a fellow investor we have some sympathy with this approach. VNV's broader ESG philosophy, which is centred around backing companies that create efficiency gains in each of its three key sectors, also seems sensible. It is still in the relatively early stages of leveraging portfolio company studies that demonstrate efficiency for use in its own reporting, however. We intend to encourage and monitor the company's ongoing momentum in this area.

Votes Cast in Favour

Companies	Voting Rationale
DSV, First Derivatives, Games Workshop Group, Kering, Prosus N.V., Richemont	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

Stock Name	Transaction Rationale
Aker Horizons	Aker Horizons is Aker ASA's green tech and renewables platform. Its companies are positioned at the beginning of a multi-decade roll-out of renewable energy infrastructure and decarbonising technology, from offshore wind to clean hydrogen to carbon capture and beyond. Horizons stands to benefit disproportionately for two principal reasons. First, its companies benefit from membership of the broader Aker ecosystem, which provides deep capabilities in project management, development, execution, industrial digitisation and more, not to mention a longstanding reputation rooted in engineering and inherited from decades of work in the oil market. Second, it is crucial that Horizons succeeds, not merely to ensure the continued existence of the broader Aker ecosystem and the preservation of the Røkke family's wealth, but also to secure Norway and Europe's continued decarbonisation plans. Horizons' current market capitalisation fails to reflect the vast opportunities ahead and its higher than average odds of success.
Oxford Nanopore Technologies PLC	Oxford Nanopore has developed a novel system for direct and highly sensitive electronic analysis of single molecules in real time (NGS or next-generation sequencing). The technology's unique combination of accuracy, portability, low cost and real time detection distinguishes it from other analytical tools that are available. Led by a world class team of renowned scientists, the company may be able to use its open platform to help expand the $5bn research market into new applied areas which could be worth up to $300bn. These include infectious disease testing, oncology, immunoprofiling, and food safety. This is a company and team we are willing to support and therefore we were pleased to take part in the IPO.
Vostok New Ventures	This is a Swedish investment company that focuses on high growth, private, tech-enabled, network-effect type businesses. Mobility is 41% of the portfolio (mainly BlaBlaCar, Voi, and Gett), Digital Health is 33% (mainly Babylon), and classifieds/marketplaces are 15% (a mixture of smaller companies like Hemnet). The core organisation is made up of 4 investors including the CEO Per Brilioth, 4 back office staff, a 6-person board/investment committee, and a small network of scouts. Some forward-looking hypotheses: 1) This can continue to grow NAV at attractive rates for long periods of time. These are highly experienced and well-connected capital allocators with a successful track record. Since 2012 which is when they sold their original Russian investments, NAV growth has been 28% including reinvested distributions; 2) There is a scarcity value here in that we get access to private companies that also operate in areas we think are attractive; 3) Our portfolios can indirectly benefit from the knowledge and contacts that they can hopefully share with us.

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.

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