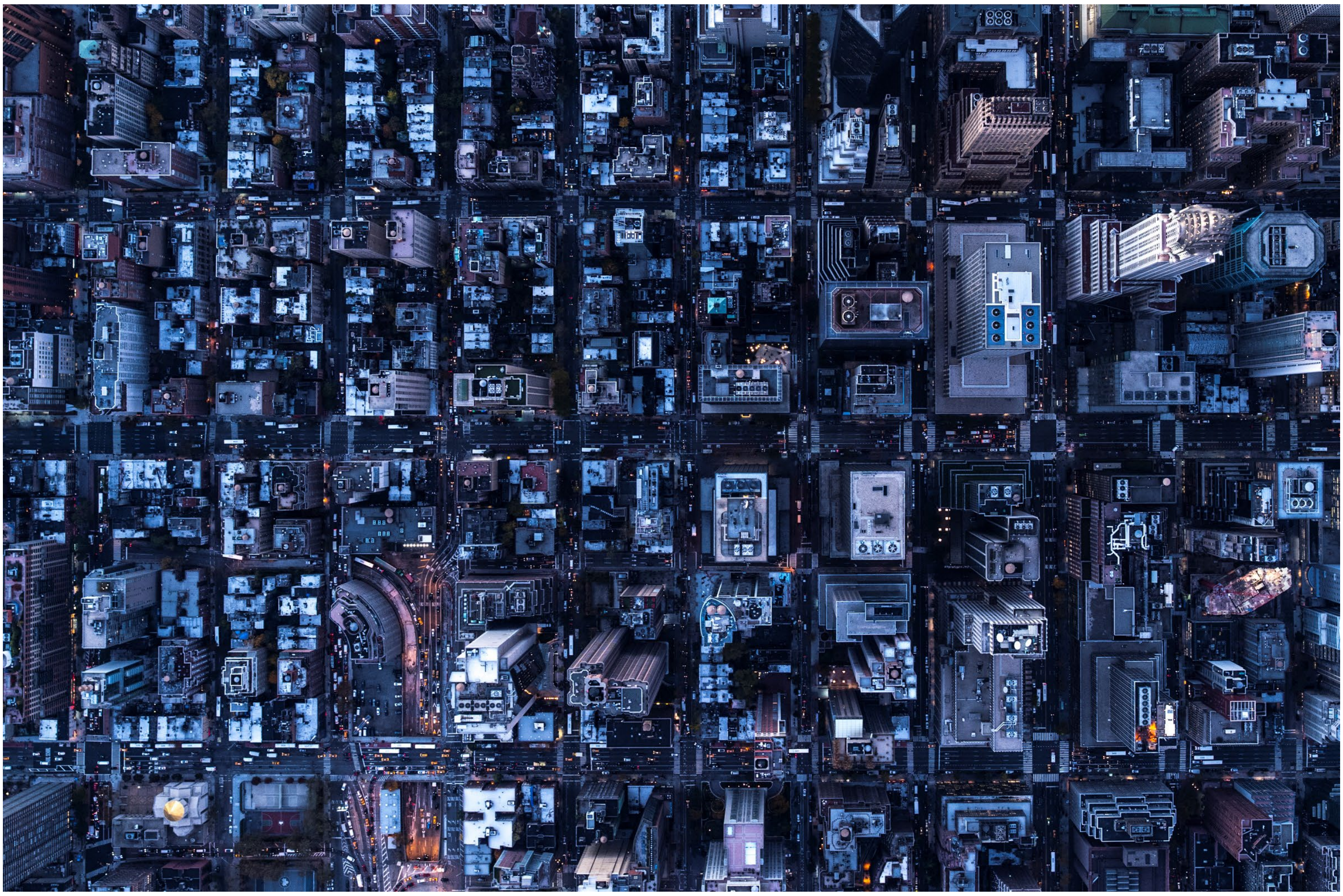
Generation Investment Management Global Equity Quarterly Investor Letter

April 2024



Dear fellow investors

In this quarterly letter we reflect on our fund as Generation reaches its twentieth anniversary.

We recently marked our twentieth anniversary at our Global Client Conference, held in London last month.

There was a certain amount of reminiscing about how far we have come (not to mention people pointing out how many more grey hairs there are now compared with 2004!). But, much more importantly, we were struck by the sense of determination – from the panellists, from our Chairman Al Gore in his keynote speech and from our clients – to shift the world to a sustainable future. As our Senior Partner David Blood said at the very end of the event, the hard work begins now. Generation is working on many fronts.

To give some examples, our Global Equity team invests in companies that revolutionise drug discovery, as well as in companies helping to cut emissions, from cloud computing and artificial intelligence. Our Asia Equity team targets and supports companies it believes are the leading, and emerging, sustainability leaders in the region. Our Private Equity strategy backs efforts to make pension saving more equitable. Our Growth Equity strategy is supporting companies that democratise the circular economy. Just Climate is helping change the conversation on investment in industrials, nature and biodiversity. Yes, it is a lot. But there is a lot to do. We are set up in discrete teams, which gives us the benefits of learning from each other without being distracted.

PERFORMANCE

As discussed at the conference, in the past year a range of the portfolio companies contributed positively to performance. These include some companies that have been hitting the headlines in recent months, including Amazon and Microsoft, two members of the 'Magnificent Seven.' Yet performance has come from other areas too. One example is Trane Technologies, a manufacturing company specialising in heating, ventilation and air-conditioning (HVAC). Another is Applied Materials, which provides equipment, services and software for semiconductor manufacturing.

On the flip side, some companies have detracted from returns. These include Charles Schwab, which is still dealing with the broader fallout in parts of the financial sector triggered by the collapse of Silicon Valley Bank a year ago. Henry Schein has also dragged on returns, in part because of the comedown from the highs of the COVID-19 pandemic. These are nonetheless good businesses.

INVESTMENT PROCESS

At a time of historically high uncertainty, we cannot place much faith in macroeconomic or geopolitical predictions. Instead, following Voltaire, we must 'cultivate our garden.' For Generation this means picking great businesses at the right price. These investments, we believe, will eventually deliver good risk-adjusted returns.[1] The two crucial building blocks of our investment case are Business Quality (BQ) and Management Quality (MQ), which we then layer over a foundational question: whether or not the business helps make the world sustainable.

For the Global Equity portfolio as a whole, average BQ is currently near an all-time high and the average MQ score in the portfolio is in line with the history of the fund. Our co-Heads of Research Brian Dineen and Puja Jain are currently refining our MQ process to make it more predictive of returns. We will have more to say on this in the coming months.

We believe the portfolio has the potential to deliver strong risk-adjusted returns in the future.[1] The portfolio has low debt and estimated annual earnings growth in the mid-teens over the coming years. Such rapid earnings growth is consistent with double-digit returns.

[1] Although Generation seeks to deliver strong risk-adjusted returns, there can be no guarantee this goal will be achieved.

The conference brought home another important truth. It came out of a session on the first day focused on Novonesis, a portfolio company that is profiled in depth later in this letter. The conversation turned to the fact it is vital for Novonesis to deliver strong returns for shareholders as only then will others look to emulate its example. Something similar applies to Generation: we will only be successful in promoting sustainable investing if we sustain credibility. We gain credibility when we generate strong returns for our clients. We believe that the portfolio is in a good position to achieve exactly this objective.

REFLECTIONS

We have been regularly asked for our views on the current bull market. Global stock markets are near all-time highs. The share prices of some companies have gone parabolic. The current market cycle is notably imbalanced. Stock market outperformance is unusually concentrated in three ways: it is taking place largely in the US versus the rest of the world, in the Technology sector versus other sectors and in a few tech companies within the broader tech ecosystem.

We monitor all these trends closely. We worry that returns in certain stocks are now feeding on themselves (there is considerable chatter on internet forums about certain companies, reminiscent of the ‘meme stock’ hype of 2021). Some AI stocks now have very short holding periods, consistent with many speculators in the market. We also note that the supply side of the AI market has grown much faster than demand for AI services in the real economy. As yet there is no AI ‘killer app’, like the personal computer or the car. A killer app may emerge before long, but until it does we believe the AI boom will look fragile.

We have seen a lot of lazy comparisons between the current market cycle and the dotcom boom of the late 1990s. We would merely note that, back then, multiples for many companies were considerably higher. In the current market, many of the companies that are enjoying a rally in their share prices also have revenues to back it up. We think it is likely that companies involved with AI – especially those involved in semiconductor manufacturing – will benefit as AI processing increasingly moves from the ‘cloud’ (remote data centres) to the ‘edge’ (local devices, such as smartphones).

We also continue to think hard about China. There is no doubt that investors have turned against the world’s second-largest economy. In recent years market returns have been poor, while many foreign investors have withdrawn their capital. However, partly because of conversations with our colleagues in Asia Equity, we keep reminding ourselves not to lose sight of the bigger picture. China is an enormous, innovative market with, in our opinion, some truly exceptional entrepreneurs. The noises coming out of Beijing, including a recent meeting between Xi Jinping and a bevy of American executives, are encouraging. The opportunities remain tremendous. So, rather than pretending that China doesn’t exist, we take a cautious approach, remaining especially careful when deploying capital in China.

Anniversaries are a good time to reflect. We have learned a great deal over the past 20 years and hope to learn a lot more.

The total assets under management for the Global Equity strategy as at 31 March 2024 are USD 28.6 billion.

In each quarterly letter we share examples from the portfolio that bring our investment process to life. This quarter we focus on Novonesis, a biosolutions company.

Company example

novonesis

Biosolutions use natural processes to solve environmental, health and agricultural problems. Enzymes and cultures are naturally occurring: we have around 75,000 enzymes in our bodies alone. They are therefore biodegradable, unlike their petrochemical alternatives. Biosolutions allow the world to cut emissions and cause far less ecological damage.

For nearly 20 years the world's two leading biosolutions companies have been on our Focus List. These are Novozymes and Chr. Hansen, both based in Denmark. In December 2022, the two companies announced their plan to merge, with the deal closing earlier this year.

SUSTAINABILITY

Sustainability is Novonesis's *raison d'être*. The company enables customers to produce more, and better, with less. More than 80% of its revenues contribute in some way to the UN Sustainable Development Goals.[2]

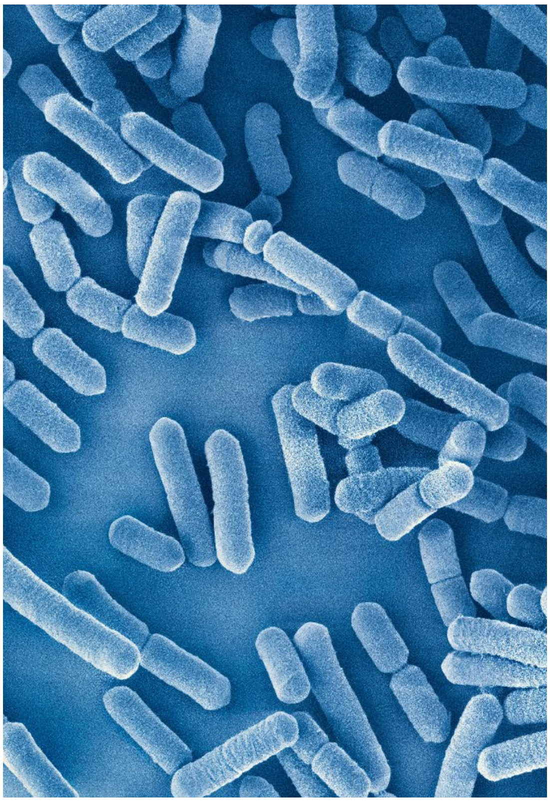
The use cases for biosolutions are manifold. They can replace chemical surfactants in laundry detergents with enzymes, enabling clothes washing at lower temperatures; treat farmland with natural solutions rather than chemical pesticides; increase the taste, texture and shelf life of yoghurt while enhancing the product with probiotics for improved gut health; replace chemical additives in baked goods; and improve animal feed without the use of antibiotics. Many other applications are yet to be discovered and, among those that have been, only a handful have been industrially commercialised.

However, not all use cases of biosolutions are equal. As an example, we have an open dialogue with Novonesis on the role of enzymes in the biofuels industry. Our analysis suggests that whilst biofuels can be less carbon-intensive than traditional fossil fuels, there are other issues to consider that may make it a second-best solution. These include water usage and the risk of creating monocultures. Despite these more complex use-case assessments, we firmly believe that Novonesis makes a substantial positive contribution to a sustainable world.

OUR INVESTMENT THESIS

We perceive the Management Quality of Novonesis to be high. In Ester Baiget, the company has a CEO with an excellent track record and a deep commitment to sustainability.

We have also assessed the company to have strong Business Quality. Novonesis is the global leader in the production of enzymes and cultures, with more than 45% market share in both sectors. Three factors about the business stand out to us.



[2] Novonesis.

First, its R&D capabilities are unmatched. It has the largest and most diverse proprietary library of enzymes and cultures, considerably more patents than peers and excellent access to talent. It also has a highly supportive controlling shareholder in Novo Holding. Novonesis has a long history of discovering and seeding new applications, with accumulated knowhow vital in enabling growth persistence.

Second, we recognise the complexity of optimising the strains and then bringing production from the laboratory to commercial scale. Decades of improvements to process engineering allow the company to maximise quality and efficacy. This, in turn, helps to build a deep moat.

Third, the R&D function at Novonesis works closely with customers in most of its applications and end markets. This ensures that switching costs remain relatively high. Our view is that Chr. Hansen was historically more commercially-minded, working in even closer proximity with its customers to build their innovation pipelines than Novozymes had done and boasting more sophisticated pricing practices.

And what of the merger? Many of you will know that big mergers can be difficult to execute. However, we think it will enhance each of the three aspects of Business Quality outlined above. It is also likely to bring synergies in costs and revenues. Ultimately, we believe, the merger will turn Novonesis into a higher-returns business. It will also strengthen their market positioning and R&D toolkit, allowing them to address nascent but exciting sectors that are appearing across human and plant health.

The merger could have wider effects on the world. A larger player, and therefore a louder voice, in biosolutions could help reduce some of the regulatory hurdles standing in the way of their wider use. A major challenge in some jurisdictions is that they are classified as ‘chemicals’, putting them incorrectly on a level playing field with petro-based alternatives. We look forward to partnering with Novonesis as it drives the world to a sustainable future.

Stewardship and engagement

At our recent conference, we highlighted the importance and impact of stewardship and engagement in Generation's public markets strategies. We summarise the key messages from the session here.

- It is very rare that we provide fresh capital to help impactful companies grow. The key impact lever we have in the Global Equity strategy is not the capital we invest, but the engagement we do.

- There are many kinds of engagement. At Generation, we only invest capital in companies that have passed our Business Quality assessment. These are companies whose business activities are consistent with a sustainable future. Indeed, most of the companies we invest in are actively contributing solutions. Our role is to help companies move faster.

- We use engagement to help build the leaders of the sustainability revolution. These are companies that are on track to achieve net-zero emissions by 2040, companies that are eliminating commodity-driven deforestation and companies with a compelling vision for equity, diversity and inclusion. Our goal is to help companies further their positive impact and play a key role in their sector or geography in the realisation of a sustainable economy.

- Not only is the kind of engagement that we do at Generation quite distinctive; the way we do it is different. Engagement and delivering impact are everyone's responsibility. Analysts act as the stewardship and engagement leads for their companies. Analysts, in many cases, have long-standing, deep relationships with their companies and a detailed understanding of the context in which they operate. The engagement team acts as partners to the analysts.

- Looking at progress on climate change across the portfolio as a whole, we have now more or less eliminated non-disclosure of emissions. We have made huge progress on science-based targets.

- In November 2020, when we started to engage using our recently adopted climate-change framework, 27% of the portfolio comprised companies participating in the Science Based Targets initiative (SBTi). In March 2024, 70% of the portfolio participated in SBTi.[3]

- Across all the firm's investments, we are seeking to drive to 100% coverage by validated science-based targets no later than 2030.

At the Global Client Conference, we illustrated how our engagement process works in practice with a panel discussion between Edward Mason, Head of Public Markets Engagement, and Global and Asia Equity colleagues Nick Kukrika, Oisin McNeela and Tiantian Li. The engagements covered were those with Amazon, semiconductor-equipment company Applied Materials and Chinese sportswear company Anta Sports. We know that each of these businesses faces significant, material sustainability issues on which progress is necessary if the business is to remain successful in the long term. Our engagement objectives with these companies encompass climate change, deforestation, labour standards and supply-chain management.

We also stressed the importance of system-level engagement in the discussion. In recent years, Generation has helped to establish the Net Zero Asset Managers initiative and played a key role in building investor awareness of the need to end deforestation through our leadership role in the Finance Sector Deforestation Action initiative.

We closed the session by inviting our clients to regard Generation as partners on sustainability engagement. Engagement is a team sport: we can all achieve more together than any of us can alone. Please do continue to keep us in the picture on your engagement priorities and challenges. We are keen to swap notes and to collaborate.

We look forward to publishing our Stewardship Report for 2023 in early May.

[3] This includes companies with a validated SBTi target and companies which have committed to set a target with SBTi, by portfolio weight.

Portfolio metrics[4]

We provide select Environmental, Social and Governance (ESG) as well as Financial (F) metrics, which we believe best represent the data we use to inform our Business and Management Quality process, out of those currently available for the majority of the portfolio and benchmark. While they are best viewed as an output of our process rather than direct inputs, they also provide us with an additional lens through which to view the portfolio and stimulate internal discussion.

As well as measuring the portfolio against a benchmark, we are starting to measure it against thresholds too. This is because the portfolio might beat its benchmark in regard to one of the criteria below, but this still might not achieve what is needed for a truly sustainable society. For example: the portfolio has a lower gender pay gap score than the benchmark, but really we want the portfolio, and society more broadly, to move towards eliminating the gender pay gap completely. Therefore, in this situation, our threshold for success would be zero.

E

	Portfolio	Benchmark	Threshold
Carbon intensity, Scopes 1 & 2 (tCO_2e/$m)[5]	21	93	
Carbon intensity, Scopes 1–3 (tCO_2e/Eur m)[5]	485	796	
SBTi target validated (portfolio weight %)[6]	57%	43%	100%
SBTi committed but target not set (portfolio weight %)[6]	14%	11%	
Implied temperature rise (Scopes 1–3, degrees Celsius)[7]	1.8	2.5	1.5

S

	Portfolio	Benchmark	Threshold
Percentage of employees would recommend the company to friend[8]	72%	71%	
Effective tax rate[9]	**20%**	23%	
Commitment to a living wage[10]	**24%**		100%
Gender – female Board % (weighted average)[11]	**33%**	33%	40–60%
Gender – female executives % (weighted average)[12]	23%	24%	40–60%
Gender pay gap (simple average)[13]	13%	18%	0%
Advanced total race/ethnicity score (weighted average)[14]	50	46	
Pay linked to diversity targets (simple average)[15]	5%	1%	

[4] As at 15 March 2024. This information may no longer be current. To the extent not sourced from Generation, it is from sources believed reliable. However, Generation does not represent that it is accurate or complete and it should not be relied upon. It should not be deemed representative of future characteristics for the portfolio. For definitions of each metric, please refer to the appendix.
[5] Source: MSCI, weighted average calculation. As at 15 March 2024.
[6] Generation analysis based on data from the Science Based Targets initiative.
[7] Source: MSCI. As at 15 March 2024. The methodology has been updated since the Q4 2023 investor letter was published and therefore the new numbers are not directly comparable to the prior ones that we have shown. We welcome the changes as reflecting the recommendations of the GFANZ report, "Measuring Portfolio Alignment: Driving Enhancement, Convergence, and Adoption," published in November 2022.
[8] Source: Glassdoor.
[9] Source: CapIQ. This metric is not shown as above or below benchmark, as one cannot deduce from the number alone whether a company's effective tax rate is a positive or negative; company profits are taxed in a range of jurisdictions with a range of tax rates and permissible deductions. For comparison, the global average Effective Average Tax Rate (EATR) published by the OECD in November 2023 was 20.2%. This was calculated on the basis of data for 2022 from 77 jurisdictions.
[10] Source: Denominator. Coverage is poor for this metric and not adequately representative of the benchmark, therefore no comparison is made.
[11] Source: Denominator.
[12] Source: Denominator. This is a Denominator calculated data point because there is no universally agreed definition of an 'executive' and therefore without a standard method one company's disclosure might represent something significantly different to another.
[13] Source: Denominator. This metric is a simple average of gender pay gap data disclosed by companies. Coverage is poor: the portfolio has 57% coverage and the benchmark has 42% coverage. Pay gaps are not measured in a consistent way. Some data points reflect all full time employees at a company and others only reflect the workforce in jurisdictions where reporting on gender pay gaps is mandatory. Nonetheless, we think it is important to show the data available on this metric and we expect data quality to improve over time.
[14] Source: Denominator. This metric is a score out of 100 that measures the company's total performance on racial/ethnic diversity across the Board, executive, and company as a whole. Comparison to background race/ethnicity is calibrated to the country of operations: a company with 100% Caucasian leadership in the US scores less than a company with same ratio in Denmark, due to the different race/ethnicity composition of the background population (higher % of Caucasian in Denmark).
[15] Source: MSCI. As at 15 March 2024.

G

	Portfolio	Benchmark
Percentage of shares owned by executives (median)[16]	0.18%	0.10%
Independent Board (weighted average)[17]	77%	79%
Independent chairman or lead non-executive director (simple average)[17]	95%	73%
Board not entrenched (simple average)[17]	74%	81%
All non-executive Board members on no more than four public company Boards (simple average)[17]	97%	93%
Equal shareholder voting rights (simple average)[17]	91%	89%
Independent compensation committee (simple average)[17]	91%	71%
Companies with regular 'say on pay' votes (simple average)[17]	97%	80%
Fewer than 10% votes against executive pay (simple average)[17]	60%	72%
Pay linked to sustainability targets (simple average)[17]	57%	38%

F

Three-year revenue growth (weighted average)[16]	13%	15%
Gross margin (weighted average)[16]	54%	52%
Cash flow return on invested capital[18]	15%	8%

Data in green: relative performance above benchmark. Data in red: relative performance below benchmark.

[16] Source: CapIQ.
[17] Source: MSCI. As at 15 March 2024.
[18] Source: Credit Suisse Holt.

The firm

Generation has ambitious impact initiatives in addition to our core investment work. We know that to bring about the transformative change required over this decade, we must also motivate others.

GLOBAL CLIENT CONFERENCE

Our Global Client Conference is a bi-annual event we host for our clients. This year the event was held in London on 19–20 March 2024 and presented our public markets strategies and private markets strategies including Just Climate alongside discussions on topics important to both our clients and us.

SENIOR PARTNER LETTER

Our 2024 Senior Partner Letter, which we published in March, takes the form of prepared remarks our Senior Partner David Blood delivered at the conference.

The letter has two parts: first, David reviews our founding principles and mission on our firm's twentieth anniversary. If we learned anything over the past 20 years, it is that mission matters. It is our guiding light. It has remained the same since we got started. We believe purpose is a competitive advantage. Second, the letter gives a high-level review of our first 20 years and, more importantly, our focus for the next decade.

FIRM AND TEAM UPDATE

As at 31 March 2024, the Generation Investment Management team comprises 127 and assets under management and supervision total approximately USD 46.2 billion.[19,20] The Just Climate team comprises 36 people and the Generation Foundation is four.

During the quarter, we were pleased to welcome two new joiners to the Global and Asia Equity team. Rohit Kadam joined the team as a Director to focus predominately on the Indian market. Previously, Rohit was a Senior Analyst at Entrust Family Office, Mumbai. Rohit has an MBA from the National University of Singapore, a BE in Production Engineering from Mumbai University and is a CFA charter holder. Kelly Goosen joined us as a Director in a data scientist role. Kelly will be helping the team to further leverage the use of data in our investment process. Prior to joining us, Kelly was an Associate in BlackRock's Aladdin Sustainability team. Kelly has an MSc in Advanced Analytics & Modelling from the University of Cape Town.

Miguel Nogales,
co-CIO

Mark Ferguson,
co-CIO

[19] Includes subscriptions and redemptions received by the last business day of the quarter but applied the first business day after the quarter-end.

[20] Assets under management as at 31 March 2024 are USD 35.4 billion and assets under supervision (AUS) as at 31 December 2023 are USD 10.8 billion. AUS form part of our Private Equity strategy and include assets where Generation sourced, structured and/or negotiated the investment and in relation to which it provides certain ongoing advisory services for a fee.

Appendix

Portfolio metrics: definitions

FACTOR	METRIC	SUMMARY DESCRIPTION
Carbon intensity, Scopes 1 & 2 (tCO_2e/$m)	Weighted average	Aggregate tonnes of GHG emissions (expressed as CO_2 equivalent) per USDm of company revenue.
Carbon intensity, Scopes 1–3 (tCO_2e/Eur m)	Weighted average	Aggregate tonnes of GHG emissions (expressed as CO_2 equivalent) relative to the company's most recent sales in million euro. Scope 3 emissions are estimated.
SBTi target validated (portfolio weight %)	Percentage	The percentage of companies in the portfolio with a validated science-based target.
SBTi committed but target not set (portfolio weight %)	Percentage	The percentage of companies in the portfolio that have committed to setting a science-based target with the Science Based Targets initiative but have not yet had their target validated.
Implied temperature rise (Scopes 1–3, degrees Celsius)	Degrees Celsius	A portfolio level number in degrees Celsius demonstrating how aligned the companies in the portfolio are to global temperature goals. This metric uses an aggregated budget approach: it compares the sum of 'owned' projected GHG emissions on a Scopes 1–3 basis against the sum of 'owned' carbon budgets for underlying holdings. Scope 3 emissions are estimated.
Percentage of employees would recommend company to friend	Average	Percentage of participating employees who would recommend the company to a friend. This metric may warrant caution where a small percentage of the workforce report.
Effective tax rate	Weighted average	The effective tax rate is calculated as the company income tax expense divided by earnings before interest and tax (EBIT) including unusual items. We show a three-year average for smoothing purposes and exclude significant outliers.
Commitment to a living wage	Percentage	The percentage of companies in the portfolio that have committed to a living wage. A living wage is defined by the Global Living Wage Coalition as the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, healthcare, transportation, clothing and other essential needs including provision for unexpected events.
Gender – female Board	Weighted average	A weighted average calculation of the percentage of female Board directors on each of the Boards in the portfolio.
Gender – female executives	Weighted average	A weighted average calculation of the percentage of female executives at each of the companies in the portfolio. There is no standard definition of an executive and companies can define the executive level in many different ways. Denominator, our data provider, works to calculate the data point based on standard definitions.
Gender pay gap	Average	The average salary gender pay gap across companies that disclose this metric within the portfolio. Calculation methods can vary between companies and jurisdictions. Some data points reflect all full time employees at a company and others only reflect the workforce in jurisdictions where reporting on gender pay gaps is mandatory. Nonetheless, we think it is important to show the data available on this metric and we expect data quality to improve over time.
Advanced total race/ethnicity score	Weighted average	This metric is a score out of 100 calculated by our data provider that measures the company's total performance on racial/ethnic diversity across the Board, executive and company as a whole. Comparison to background race/ethnicity is calibrated to the country of operations: a company with 100% Caucasian leadership in the US scores less than a company with same ratio in Denmark, due to the different race/ethnicity composition of the background population (higher % of Caucasian in Denmark).
Pay linked to diversity targets	Percentage	The percentage of companies where there is evidence of a commitment to linking executive pay to diversity and inclusion targets. The metric is calculated as: number of companies where evidence exists divided by the total number of companies in the portfolio.
Percentage of shares owned by executive	Median	Executive share holdings as a percentage of shares outstanding. We show the median for portfolio and benchmark, as the average may be impacted by some companies (often founder-run) with large executive ownership stakes.

FACTOR	METRIC	SUMMARY DESCRIPTION
Independent Board	Weighted average	Board independence is inferred by MSCI. The following categories of director are not regarded as independent: current and prior employees, those employed by predecessor companies, founders, those with family ties or close relationships to an executive, employees of an entity owned by an executive and those who have provided services to a senior executive or the company within the last three years. The compensation of a non-executive chair must not be excessive in comparison to that of other non-executives and must be less than half that of the named executives. Where information is insufficient, the director is assumed to be non-independent. For the Board to be classified as independent, a majority of the Board members must be classified as independent.
Independent chairman or lead non-executive director	Percentage	Percentage of companies that have an independent chair or, where the chair is not independent, an independent lead director.
Board not entrenched	Percentage	Percentage of companies without an entrenched Board. Board entrenchment is inferred by MSCI using a range of criteria including: >35% Board tenure of >15 years, five or more directors with tenure of >15 years, five or more directors >70 years old.
All non-executive Board members on no more than four public company Boards	Percentage	Percentage of companies with no over-boarded non-executives. The threshold is where a Board member serves on five or more public company Boards.
Equal shareholder voting rights	Percentage	Percentage of companies that have equal voting rights.
Independent compensation committee	Percentage	Percentage of companies with independent compensation committee. Please see above for the independence criteria used.
Companies with a regular 'say on pay' vote	Percentage	The percentage of companies in the portfolio that have a policy in place to ensure that a firm's shareholders have the right to vote on the remuneration of executives on a regular basis.
Fewer than 10% shareholder votes against executive pay	Percentage	Percentage of companies that received less than 10% shareholder votes against executive pay at the most recently reported annual shareholder meeting. Only applies to companies that have a 'say on pay' vote.
Pay linked to sustainability targets	Percentage	The percentage of companies where executive remuneration is linked to sustainability targets. This metric is based on the company's own reporting. It considers whether one or more sustainability metrics are used to determine annual and/or long-term incentive pay and does not consider the effectiveness of those metrics.
Three-year revenue growth (annualised)	Weighted average	Aggregate (weighted) three-year revenue growth rate to the last reported fiscal year. Revenue growth is not adjusted for acquisitions and disposals.
Gross margin	Weighted average	Aggregate (weighted) gross margin for the last fiscal year. Gross margin is the difference between revenue and cost of goods sold divided by revenue.
Cash flow return on invested capital (CFROI)	Weighted average	CFROI (cash flow return on investment), a (trademarked) valuation metric.

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If you require more information, please contact Generation Client Service (clientservice@generationim.com or +44 207 534 4700).

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