

Fund objective

To outperform (after deduction of costs) the MSCI Pacific Index, as stated in sterling, by at least 1.5% per annum over rolling five-year periods.

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Asia Pacific Including Japan Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

Investment proposition

The Fund aims to invest in an actively managed portfolio of Developed Asian stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growth. The process is driven by rigorous, fundamental, bottom-up analysis directed at companies in Japan, Australia, New Zealand, Hong Kong and Singapore. (The Fund also invests in some Chinese businesses which are listed in Hong Kong and incorporated outside China.) This Fund lies within the Asia Pacific Including Japan sector. Unlike other funds within this sector, it does not have any holdings in emerging markets countries - this makes comparison with these funds less appropriate when returns are volatile.

Periodic performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	5.8	3.8	4.4	-0.1
Index (%)*	9.1	14.0	12.4	8.6
Target (%)**	9.6	15.7	14.1	10.2
Sector Average (%)***	8.6	9.8	7.1	3.7
Sector Ranking	7/9	8/9	7/8	8/8

Annual discrete performance

	30/09/20-30/09/21	30/09/21-30/09/22	30/09/22-30/09/23	30/09/23-30/09/24	30/09/24-30/09/25
Class B-Acc (%)	13.7	-23.0	-2.2	12.1	3.8
Index (%)*	18.4	-10.2	10.4	12.9	14.0
Target (%)**	20.1	-8.9	12.1	14.6	15.7
Sector Average (%)***	15.8	-15.5	1.0	10.8	9.8

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.

Share class returns calculated using 10am prices, while the Index is calculated close-to-close.

*MSCI Pacific Index (in sterling).

**MSCI Pacific Index (in sterling) plus at least 1.5% per annum over rolling five-year periods.

***IA Asia Pacific Including Japan Sector.

Fund facts

Managers	Iain Campbell* / Mirbahram Azimbayli
Fund launch date	20 June 2001
Fund Size	£59.19m
IA Sector	Asia Pacific Including Japan
Active share	78% [†]
Annual turnover	20%
Guideline number of holdings	30-50
Number of holdings	46
Structure	OEIC

*Partner.

[†]Relative to MSCI Pacific Index (in sterling).

Source: Baillie Gifford & Co, MSCI.

Top ten holdings

Holdings	% Total assets
SoftBank Group	6.9
Baillie Gifford Japanese Smaller Cos Fund	5.4
United Overseas Bank	4.8
Sony	4.6
Hong Kong Exchanges & Clearing	3.9
Recruit Holdings	3.3
WHSP	3.1
Fast Retailing	2.9
Tokyo Electron	2.8
Sea Limited	2.8

Stock level attribution

Top and bottom ten contributors to relative performance

Quarter to 30 September 2025

Stock name	Contribution %
SoftBank Group	2.3
IDP Education	0.6
Commonwealth Bank Of Australia	0.4
SBI Holdings	0.4
Tencent	0.3
Murata	0.3
Hitachi	0.3
CSL	0.3
Techtronic Industries	0.2
Technopro Holdings	0.2
James Hardie Industries	-0.9
Shimano	-0.6
Nippon Paint	-0.5
Washington Soul Pattinson	-0.4
United Overseas Bank	-0.4
Chugai Pharmaceutical	-0.4
Recruit Holdings	-0.4
Cosmos Pharmaceutical	-0.3
SMC	-0.3
MonotaRO Co	-0.3

One year to 30 September 2025

Stock name	Contribution %
SoftBank Group	2.9
SBI Holdings	1.1
Technopro Holdings	0.8
CSL	0.7
SEA Ltd	0.7
CyberAgent Inc	0.5
Hong Kong Exchanges & Clearing	0.5
Tencent	0.4
Daiichi Sankyo Company	0.4
Shin-Etsu Chemical	0.4
James Hardie Industries	-2.1
IDP Education	-1.5
Olympus	-1.4
Shimano	-1.4
Unicharm	-1.0
Mitsubishi UFJ Fin Grp	-0.9
Shiseido	-0.8
SMC	-0.8
Techtronic Industries	-0.7
Recruit Holdings	-0.5

Source: Revolution, MSCI. Baillie Gifford Developed Asia Pacific Fund relative to MSCI Pacific Index (in sterling).

Some stocks may only have been held for part of the period.

All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing prices.

As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.

Sector	Fund (%)			Difference (%)	Geography			
	Fund (%)	Index (%)	Difference (%)		Top ten locations	Fund (%)	Index (%)	Difference (%)
Financials	21.4	26.1	-4.7	Japan	68.0	67.3	0.7	
Communication Services	14.0	6.9	7.1	Australia	11.5	20.6	-9.1	
Industrials	13.9	19.2	-5.3	Hong Kong	10.1	6.2	3.9	
Consumer Discretionary	13.5	14.8	-1.3	Singapore	8.4	5.4	3.1	
Information Technology	12.0	9.3	2.7	New Zealand	1.1	0.5	0.5	
Health Care	7.6	6.1	1.5	Total	99.1	100.0	-	
Consumer Staples	7.0	4.2	2.8					
Materials	4.4	6.2	-1.8					
Cash	0.9	0.0	0.9					

Source: Baillie Gifford & Co, MSCI. Index: MSCI Pacific. As well as cash in the bank, the cash balance includes unsettled cash flows arising from both shareholder flows and outstanding trades. Therefore, a negative balance may arise from timing differences between shareholder flows and security trading and does not necessarily represent a bank overdraft.

Portfolio characteristics

	Fund	Index
Market Cap (weighted average)	GBP 52.1bn	GBP 54.5bn
Price/Book	2.3	1.7
Price/Earnings (12 months forward)	18.1	16.1
Earnings Growth (5 year historic)	4.9%	7.1%
Return on Equity	13.3%	10.5%
Predicted Beta (12 months)	1.0	N/A
Standard Deviation (trailing 3 years)	10.5	8.9
R-Squared	0.9	N/A
Delivered Tracking Error (12 months)	3.4	N/A
Sharpe Ratio	0.0	1.3
Information Ratio	-2.9	N/A
Number of geographical locations	5	N/A
Number of sectors	9	N/A
Number of industries	29	N/A

Source: FactSet, Revolution, APT, Baillie Gifford & Co, MSCI. Index: MSCI Pacific (FTSE All World Developed Asia Pacific prior to 31/08/2009, FTSE All World Developed Asia Pacific ex Japan prior to 30/09/2008). We have provided these characteristics for information purposes only.

In particular, we do not think index relative metrics are suitable measures of risk. Fund and Index figures are calculated excluding negative earnings.

Market environment

Japan continues to dominate the market narrative this quarter. The TOPIX surpassed its 1989 peak, underscoring Japan's transition into a new market regime where price increases are becoming structural rather than episodic. Political turnover continued with Ishiba's resignation, making his short tenure broadly consistent with post-war averages, and unlikely to carry lasting market significance. Despite the improving backdrop, the fund underperformed due to its large active overweight positions.

Performance

Softbank, IDP Education and Commonwealth Bank of Australia were among the top contributors to relative performance.

SoftBank, the technology holding company, has become better appreciated as a leader in AI. Mr Son, the founder with a very large personal stake in the company, has regained his position as Japan's richest person. In addition to its majority stake in Arm, whose designs power almost every smartphone globally, SoftBank has invested in OpenAI, the company behind ChatGPT. As AI adoption accelerates, we expect SoftBank to benefit accordingly.

IDP Education, a global leader in student placement and English-language testing, saw its share price rise following its multi-year transformation and cost reset, stronger cash discipline and clear signs of pricing power. Despite volume headwinds, cash conversion was strong, customer satisfaction improved and the partner network broadened. Early AI tools and planned savings strengthen the case for margin expansion and a return to earnings growth.

A nil holding in Commonwealth Bank of Australia contributed to performance as the bank struggled amid a tougher interest rate backdrop.

James Hardie Industries, Shimano and Nippon Paint were among the top detractors from relative performance.

James Hardie, the manufacturer of fibre cement products, recently acquired AZEK, a US company known for its decking products. We were not supportive of this acquisition: the price appears too high, and we have questions about the long-term durability of its competitive advantages. In addition, James Hardie has been losing market share to competitors. Given these concerns, we decided to sell the shares.

Shimano, a global leader in bicycle components and fishing tackle, lagged as channel destocking and muted OEM production schedules persisted longer than expected. Soft demand in Europe and North America drove an unfavourable mix, while lower factory utilisation and heavier promotions squeezed margins despite progress in fishing and select launches. We remain supportive of Shimano's innovation pipeline and the long-term growth opportunity in performance and e-bike components as channels normalise.

Nippon Paint, a leading Asia-focused architectural and industrial coatings company, detracted as guidance pointed to slower demand recovery, particularly in China. Competitive pricing and rising input costs compressed margins and a cautious near-term order outlook overshadowed progress on cost control and brand initiatives. We believe Nippon Paint's scale, distribution reach and growth runway across Asia remain compelling.

Notable transactions

During the quarter we sold James Hardie Industries, Technopro and LY Corp. The proceeds were used to fund additions where we have higher conviction, such as Fast Retailing (apparel retail—Uniqlo), Sysmex (clinical diagnostics), Tokyo Electron (semiconductor equipment), Worley (engineering and energy services), and Hoshizaki Corp. (commercial refrigeration and ice makers).

Market Outlook

We remain committed to identifying what we believe are the most compelling businesses across Developed Asia, with a particular focus on long-term structural growth opportunities in Japan. The Fund is well positioned in themes such as digitalisation, which supports scalable business models; automation, which drives meaningful productivity gains; and premiumisation, which benefits from the expansion of wealth across Asia.

Transactions from 01 July 2025 to 30 September 2025.

There were no new purchases during the period.

Complete Sales

Stock name	Transaction rationale
James Hardie Industries	James Hardie Industries (JHX) manufactures fibre cement products mainly for siding, with an 80-90% market share in the US. This year, JHX acquired AZEK, a US-listed company known for its decking products made of composite and PVC, for more than US\$8bn. Our overall take on the acquisition is negative for the following reasons. First, given the cyclical weakness in the US market, we believe the acquisition price was too high, creating a significant debt position for JHX. Second, we are not convinced that there are strong synergies between JHX's siding and AZEK's decking businesses, as JHX argues. Finally, while AZEK may offer stronger near-term growth prospects, we are not confident in the long-term durability of its competitive advantages. Beyond this transaction, it is also concerning that JHX has recently lost market share to Louisiana-Pacific's engineered wood siding products. Taking all into consideration, we decided to sell the shares completely to fund additions where we have higher conviction.
LY Corp	LY Corp is the company formed from the merger of Yahoo Japan (one of Japan's leading online media and ecommerce businesses) and Line (the dominant online messaging platform in Japan). It also has a stake in PayPay, the leading e-money platform in Japan. While we continue to feel optimistic about the long-term opportunity for PayPay, LY Corp's progress in its online media and ecommerce businesses has been disappointing for an extended period of time. Therefore, we decided to sell the holding to reinvest in higher conviction ideas with larger upside potential.
Technopro Holdings	We sold Technopro Holdings because the company will be privatised soon. As the share price is very close to the offer price and the privatisation now appears highly likely, we see little upside from continuing to own the shares. We used the proceeds to make additions to the existing holdings with larger upside potential.

Voting activity

Votes cast in favour		Votes cast against		Votes abstained/withheld	
Companies	4	Companies	1	Companies	None
Resolutions	21	Resolutions	1	Resolutions	None

Company engagement

Engagement type	Company
Environmental	BHP Group Limited
Governance	Hoshizaki Corporation, IDP Education Limited, JEOL Ltd., Nakanishi Inc., SBI Holdings, Inc., freee K.K., iFAST Corporation Ltd.

For further details on company engagement please contact us. You can also find further information on how we integrate environmental, social and governance (ESG) matters into our investment approach, [here](#).

Asset name	Fund %
SoftBank Group	6.9
Baillie Gifford Japanese Smaller Cos Fund	5.4
United Overseas Bank	4.8
Sony	4.6
Hong Kong Exchanges & Clearing	3.9
Recruit Holdings	3.3
WHSP	3.1
Fast Retailing	2.9
Tokyo Electron	2.8
Sea Limited	2.8
Keyence	2.7
Techtronic Industries	2.7
Nintendo	2.5
MS&AD Insurance	2.5
BHP Group	2.5
Sumitomo Mitsui Trust	2.4
Murata Manufacturing	2.3
Cosmos Pharmaceutical	2.2
Chugai Pharmaceutical	2.1
Daikin Industries	2.0
SBI Holdings	1.9
Nippon Paint	1.9
Worley Group	1.8
AIA	1.8
Olympus	1.8
Shimano	1.8
Tencent	1.7
Hoshizaki	1.7
SMC	1.7
JEOL	1.6
CyberAgent	1.6
Asahi Group	1.6
Cochlear	1.5
Unicharm	1.4
IDP Education	1.3
REA Group	1.2
Sysmex	1.2
Sugi Holdings	1.1
Xero	1.1
Nakanishi	1.0
iFAST Corporation	0.9
Money Forward	0.8
Kobe Bussan	0.8

Asset name	Fund %
MonotaRO	0.8
freee K.K	0.6
Sony Financial	0.2
Cash	0.9
Total	100.0

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Share class	Share class inception date	ISIN	SEDOL	Annual management fee (%)	Ongoing charge figure (%)
Class B-Acc	10 February 2003	GB0030492044	3049204	0.55	0.64
Class B-Inc	16 September 2013	GB0030491632	3049163	0.55	0.64*

The table displays the primary shares classes. Other share classes may be available for those investors who have a separate arrangement. Charges will reduce the value of your investment. Please refer to the Prospectus and Key Investor Information Document for further details.

The Ongoing Charges Figure ('OCF') may be lower than previous declarations as a result of a revision to how the indirect fees associated with closed-ended investment companies need to be shown. This does not necessarily mean that fund expenses have gone down rather that we have reverted to how they have been calculated until 30 June 2022 to reflect the revised Investment Association's Guidance on Disclosure of Fund Charges and Costs (July 2020, updated January 2022, revised November 2023). A more detailed Costs and Charges disclosure is available upon request.

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Additional geographical location information

Israel: This Report, as well as investment in the Fund described herein, is directed at and intended for Investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 ("Sophisticated Investors"); and (2) the First Schedule of the Investment Advice Law ("Qualified Clients").

The Fund's share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced.

As with any investment, the clients' capital is at risk. Past performance is not a guide to future returns.

Throughout the report all figures are rounded, so any totals may not sum. Not all stocks mentioned may be held by the portfolio.

All information as at 30 September 2025 and source is Baillie Gifford & Co unless otherwise stated.

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