

## Fund objective

To outperform (after deduction of costs) the MSCI Europe ex UK 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 Europe Excluding UK 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 produce long-term returns by investing in a concentrated portfolio of European stocks, constructed with little regard for the index. The Fund adopts a long-term time horizon of five years and beyond and positioning is based on bottom up stock selection. We are growth investors and invest in companies that have the potential to grow sustainably over the long-term.

## Periodic performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	-1.8	-1.3	8.6	-2.6
Index (%)*	4.9	14.8	16.7	11.2
Target (%)**	5.3	16.6	18.5	12.9
Sector Average (%)***	2.9	12.1	15.1	9.4
Sector Ranking	124/138	123/136	126/134	126/126

## 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 (%)	20.3	-43.1	9.3	18.8	-1.3
Index (%)*	21.8	-12.1	20.0	15.4	14.8
Target (%)**	23.6	-10.8	21.8	17.2	16.6
Sector Average (%)***	22.4	-16.1	18.7	14.6	12.1

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 Europe ex UK Index.

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

\*\*\*IA Europe Excluding UK Sector.

## Fund facts

Managers	Stephen Paice* / Chris Davies / Christopher Howarth
Fund launch date	17 June 1985
Fund Size	£184.85m
IA Sector	Europe Excluding UK
Active share	84% <sup>†</sup>
Annual turnover	27%
Guideline number of holdings	30-50
Number of holdings	40
Structure	OEIC

\*Partner.

<sup>†</sup>Relative to MSCI Europe ex UK Index.

Source: Baillie Gifford & Co, MSCI.

## Top ten holdings

Holdings	% Total assets
Prosus	5.6
Topicus.com	5.5
Vend Marketplaces ASA	5.0
ASML	4.8
Ryanair	4.7
Allegro.eu	3.5
Spotify	3.3
EQT Partners	3.2
DSV	3.1
Roche	3.1

### Stock level attribution

Top and bottom ten contributors to relative performance

#### Quarter to 30 September 2025

Stock name	Contribution %
Prosus N.V.	0.8
SAP	0.5
Nexans	0.3
Nestle	0.3
Camurus	0.2
Avanza Bank Holding	0.2
ASML	0.1
AutoStore Holdings	0.1
Deutsche Boerse Tender	0.1
Deutsche Telekom	0.1
Hypoport	-1.1
Topicus.Com Inc	-1.1
Reply Spa	-0.7
DSV	-0.6
Amplifon	-0.6
IMCD Group NV	-0.5
Edenred	-0.5
Adyen NV	-0.4
Dino Polska	-0.4
Sartorius Stedim Biotech	-0.4

#### One year to 30 September 2025

Stock name	Contribution %
Spotify Technology SA	1.6
Ryanair	1.6
Prosus N.V.	1.1
Avanza Bank Holding	0.6
Nestle	0.5
Sanofi	0.4
Sandoz Group AG Shs	0.3
Total	0.2
Sika Ag	0.2
Alcon Inc.	0.2
Hypoport	-2.6
IMCD Group NV	-1.4
Soitec - Silicon On Insulator	-1.3
Kingspan Group	-0.8
Atlas Copco B	-0.8
Edenred	-0.7
Rheinmetall	-0.7
Banco Santander	-0.7
Reply Spa	-0.6
Instalco	-0.6

Source: Revolution, MSCI. Baillie Gifford European Fund relative to MSCI Europe ex UK Index.

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 (%)	Index (%)	Difference (%)
Industrials	21.2	20.8	0.4
Financials	17.5	23.5	-6.0
Information Technology	16.1	9.2	6.9
Health Care	15.6	13.2	2.5
Consumer Discretionary	15.2	9.1	6.2
Communication Services	8.3	4.5	3.8
Consumer Staples	3.7	7.3	-3.6
Materials	1.6	5.1	-3.4
Cash	0.7	0.0	0.7

**Geography**

Top ten locations	Fund (%)	Index (%)	Difference (%)
Netherlands	24.2	9.7	14.5
Sweden	18.7	7.1	11.6
Switzerland	10.0	18.2	-8.2
France	9.3	21.4	-12.1
Poland	8.0	0.0	8.0
Ireland	7.6	0.9	6.8
Denmark	7.6	3.7	3.8
Italy	6.1	6.3	-0.2
Norway	5.4	1.2	4.3
Germany	2.3	19.4	-17.0
Total	99.3	87.9	-

Source: Baillie Gifford & Co, MSCI. Index: MSCI Europe (EX UK). 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 51.1bn	GBP 86.9bn
Price/Book	3.9	2.4
Price/Earnings (12 months forward)	19.7	15.1
Earnings Growth (5 year historic)	17.3%	11.1%
Return on Equity	20.2%	15.8%
Predicted Beta (12 months)	1.2	N/A
Standard Deviation (trailing 3 years)	17.0	10.6
R-Squared	0.7	N/A
Delivered Tracking Error (12 months)	7.3	N/A
Sharpe Ratio	-0.3	1.1
Information Ratio	-2.0	N/A
Number of geographical locations	10	N/A
Number of sectors	8	N/A
Number of industries	23	N/A

Source: FactSet, Revolution, APT, Baillie Gifford & Co, MSCI. Index: MSCI Europe (EX UK). 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

European equities have been fairly muted since the first quarter boom, perhaps reflecting that some remain yet to be fully convinced of the long-term structural shifts on the Continent. This would make sense when one sees the scale of the value style's outperformance of growth in Europe, both over the long-term and indeed in the third quarter. Banks and broader financials continue to be at the top of the market leaderboard, making it a tough environment for the long-term growth investor. With a reward-seeking lens, valuations across the growth spectrum reflect some degree of capitulation, presenting plenty of opportunity, in our view.

## Performance

The Fund underperformed over the quarter.

The portfolio continues to hold neither banks nor defence companies and this has been a significant driver of underperformance both over the quarter and over the longer-term.

Bank shares have benefited from higher economic growth expectations translating into the steepening of the yield curve. Higher interest rate expectations negatively affected sentiment towards Hypoport, a German mortgage origination software company, leading it to be among the portfolio's detractors. Despite fears over what higher rates in the future might do to appetite for mortgages in Germany, Hypoport continues to perform well operationally and is a beneficiary from the increasing tendency to shop around for the best rate.

There was also a negative contribution from Novo Nordisk, the diabetes treatments and obesity drugs company. It issued a profit warning over the quarter due to market share losses in the US and the effect that the continued sale of compounded versions of its drugs has had on volumes. While this is disappointing, we remain bullish on Novo's growth potential. It is one of two leading companies (alongside Eli Lilly) in a massive, evolving market, and has unrivalled understanding of metabolic conditions. We believe its manufacturing capacity is underrated by the market, with the ability to produce obesity drugs at scale likely to prove a bottleneck for its competitors, thereby maintaining a duopolistic market structure to the benefit of Novo Nordisk.

One of the standout positive performers was Prosus, the investment company with a large stake in Tencent, the Chinese technology conglomerate. Tencent is performing strongly as it integrates AI across its product portfolio, from gaming to cloud

services and through its social media platform. Meanwhile, Prosus has been making notable progress in its other investment areas, including in e-commerce where its companies have rapidly improved operating profitability and cash flow generation.

There was also positive performance from ASML, the monopolistic manufacturer of lithographic machines used in semiconductor fabrication. ASML's second quarter results release was initially taken poorly by the market due to references to an uncertain outlook for 2026. However, shares have recovered strongly as sentiment towards semiconductor capital equipment improved and after the announcement that ASML is taking a large stake in Mistral, a French AI company. This investment and partnership could help unlock better tool performance, yield optimisation and greater process automation for ASML in the future.

## Notable transactions

Two new holdings were taken over the quarter. We took a position in Kruk, a Polish debt management company with a track record of achieving high returns on the debt it acquires. We also bought Grupa Kety, another Polish company, which is a manufacturer of aluminium and package products.

## Market Outlook

While the narrative about Europe has improved, we are yet to see the type of broad cyclical recovery which might tempt investors back over to the 'growth' side of the argument in Europe. Our belief is that patience will be rewarded.

Naturally, we expect questions of 'what will it take for growth to outperform in Europe?' and the answer is simple: all of the structural trends emerging in Europe are supportive of growth's outperformance. Infrastructure spending and establishing more common rules for a myriad of business practices across the EU can boost domestic demand and productivity. This can improve the outlook for incumbent European businesses and create opportunities for the next generation of European businesses. While the short-term picture for European growth investing looks much like it has for the past three years, the long-term is as bright as it's ever been.

Transactions from 01 July 2025 to 30 September 2025.

### New Purchases

Stock name	Transaction rationale
Grupa Kety Sa	<p>Grupa Kety (GK) is a Polish aluminium and packaging group with three main divisions: Extruded Products (EPS), Aluminium Systems (ASS, branded as Aluprof), and Flexible Packaging (FPS). Over the past decade, the company has delivered mid-teens revenue growth and high-20s return on invested capital (ROIC). Looking ahead, management targets 4-8% organic growth through 2025-29, combining underlying market growth of 2-4% with share gains, and believes M&amp;A could lift this to 9-14% CAGR. The group is currently digesting a major investment cycle, with capacity expanded by 25%, and expects utilisation to recover from ~85% to the optimal 90-95% range, supporting margin recovery. GK's advantage lies less in technology and more in operational excellence and organisational design. Its two main extrusion plants sit within 40 km of each other, ensuring logistical efficiency and lean management, while larger peers like Norsk Hydro operate with diseconomies of scale across dozens of sites. Against small family-owned European competitors, GK stands out as one of the few actively reinvesting, consolidating share as others under-invest or exit.</p> <p>GK is transitioning from a cyclical extruder to a higher-margin systems and components player, supplementing growth with bolt-on M&amp;A. With high-teens ROIC, c.10% EPS CAGR, and a reasonable valuation, the shares look attractive and we therefore took a new position for the fund.</p>
KRUK	<p>Kruk is Europe's leading specialist in unsecured consumer non-performing loans (NPLs), operating primarily in Poland, Romania, Italy, Spain, and more recently France. The company purchases NPLs at cents on the euro and collects on them over a 15+ year period, typically generating internal rates of return (IRRs) of ~17-19%. Management targets 12% annual gross profit growth, supported by steady NPL supply, potential uplift as pandemic-era loans deteriorate, and reduced competition following the retrenchment of peers like Intrum. Kruk remains founder-led by Piotr Krupa, who owns ~9% through a family trust and has explicitly described the company as a "multi-generational asset". This owner-operator model fosters long-term orientation, conservative leverage, and prudent capital allocation, reinvesting ~70% of earnings, while paying out the remaining 30% in dividends. The company eschews cash bonuses, aligning management and employees with shareholders via equity incentives and reducing short-term risk-taking. Culturally, Kruk emphasises ethical treatment of debtors, with treating people as you would like to be treated being the core principle. This positive culture may contribute to its low employee turnover and high female representation in management.</p> <p>Kruk combines double-digit growth potential, structural cost advantages, and disciplined, founder-led management. With high returns on equity, a strong backbook, and defensive financing, we believe the company is well positioned to outgrow peers in a consolidating industry. Based on these attractions, we took a new position for the fund.</p>

There were no complete sales during the period.

**Voting activity**

Votes cast in favour		Votes cast against		Votes abstained/withheld	
Companies	3	Companies	3	Companies	None
Resolutions	67	Resolutions	9	Resolutions	None

**Company engagement**

Engagement type	Company
Environmental	ASML Holding N.V., Ryanair Holdings plc
Social	DSV A/S, LVMH Moët Hennessy - Louis Vuitton, Societe Europeenne
Governance	Compagnie Financière Richemont SA, DSV A/S, Instalco AB (publ), Prosus N.V., Ryanair Holdings plc, Sartorius Stedim Biotech S.A., Soitec SA, Spotify Technology S.A., Vend Marketplaces ASA
Strategy	Ryanair Holdings plc, Spotify Technology S.A.

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 %
Prosus	5.6
Topicus.com	5.5
Vend Marketplaces ASA	5.0
ASML	4.8
Ryanair	4.7
Allegro.eu	3.5
Spotify	3.3
EQT Partners	3.2
DSV	3.1
Roche	3.1
Reply	3.0
Kingspan Group	2.9
Adyen	2.9
Nexans	2.7
Avanza Bank	2.7
Lonza	2.6
Novo Nordisk	2.5
Sandoz Group AG	2.4
Hypoport	2.3
LVMH	2.3
Exor N.V.	2.1
Camurus	2.0
Richemont	2.0
Royal Unibrew	1.9
Moncler	1.9
Sartorius Stedim Biotech	1.9
ASM International	1.9
Kinnevik	1.8
Dino Polska	1.8
Assa Abloy	1.7
Kety	1.6
Epiroc	1.6
IMCD	1.5
Atlas Copco	1.5
Edenred	1.4
Amplifon	1.2
KRUK Spolka Akcyjna	1.2
Instalco AB (publ)	1.0
Soitec	1.0
AutoStore	0.4
Cash	0.7
Total	100.0

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Share class	Share class inception date	ISIN	SEDOL	Annual management fee (%)	Ongoing charge figure (%)
Class B-Acc	06 January 2000	GB0006058258	0605825	0.55	0.59
Class B-Inc	17 June 1985	GB0006057391	0605739	0.55	0.60

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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