

Baillie Gifford Worldwide Sustainable Emerging Markets  
Bond Fund

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Shareholder Rights Directive Annual Disclosure  
for the period January 01, 2023 to December 31, 2023



This disclosure is produced to meet our obligation to provide enhanced reporting under the Shareholder Rights Directive (SRD) requirements. It is not marketing material. This document is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

## Our Investment Strategy

Sustainable Emerging Markets Bond is an actively managed strategy, which seeks to add value by investing in bonds issued by countries and companies contributing to a sustainable future, based on our fundamental, bottom-up research. The strategy aims to provide attractive returns by delivering a resilient income stream and minimising drawdowns. This approach allows our clients to invest in emerging markets through the business cycle.

The primary drivers of performance include asset allocation decisions, primarily at the country level. Other important factors impacting performance include the managers' deployment of local currency and corporate bonds, which are used opportunistically to enhance long-term returns.

## How We Make Investment Decisions

The strategy has three fund managers with an equal share of the portfolio construction vote, which avoids any one individual dominating decision-making. The managers jointly decide on position-sizing using an agreed risk framework. The managers draw on the research and insights of other Baillie Gifford investors, including specialists in Rates & Currencies, as well as Credit.

Sustainability analysis is an integral part of our research process. Country analysts are responsible for completing sustainability assessments, leaning on the expertise of our dedicated ESG analyst and the broader ESG team within Baillie Gifford. For sovereign bonds, we make assessments of the country's approach to climate action and sustainability. Our corporate bond investments are limited to companies that are contributing to a sustainable future and treat stakeholders fairly. Any investment that scores zero is deemed unsustainable and excluded from the strategy's investable universe.

The strategy's guidelines help to manage risks, including interest rate risk, country risk and company risk, with guidelines in place for exposure relative to the strategy's reference benchmark.

## Key Material Medium to Long Term Risks

The key material medium to long-term risks associated with the portfolio investments, including corporate governance matters and other risks are:

**Fundamental risk** - the permanent loss of capital. We therefore place significant emphasis in our investment management process on understanding the fundamentals of the bonds in which we invest, including environmental, social and governance factors (ESG), which may impact the sustainability of future returns.

**Derivatives risk** - we make use of derivatives both to hedge risks and for investment purposes. A series of guidelines are in place to control the use of derivatives and limit the exposures they create.

**Portfolio risk** - a failure to maintain an appropriate level of diversification at the strategy level. A series of investment guidelines are in place which are intended to ensure that there is a sufficient level of diversification.

**Liquidity risk** - a failure to maintain appropriate level of liquidity at the strategy level. We have a series of guidelines that ensure the strategy remains sufficiently liquid, to enable positions to be exited or client cash flows to be managed with minimal impact.

## Portfolio Composition

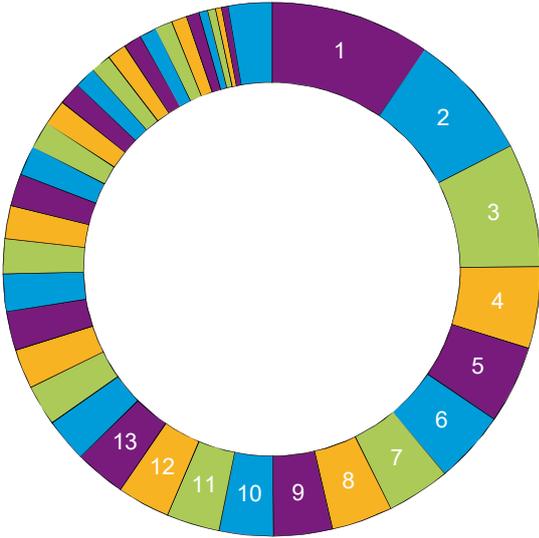
The strategy is predominantly invested in hard currency emerging market bonds (minimum 80%). It may invest opportunistically in local currency emerging market bonds, as well as corporate bonds in emerging markets. The primary driver of performance is active selection of bond positions based on an in-depth fundamental economic analysis of those issuers. We focus on the structural path each issuer is taking and look through the noise.

We aim to add value by investing in a broad range of positions while controlling overall risk versus the benchmark. We make use of derivatives to take active positions and manage unwanted risks. The strategy is managed by active investors focusing on the fundamental attractiveness and sustainability credentials of individual countries and companies. It is invested with a longer term time horizon; this is reflected in the way we closely manage the diversity of the portfolio and the scale of positions.

## Top Ten Holdings

Asset Name	% of Portfolio
Chile 4.34% 07/03/2042 (USD)	3.6
Hungary 6.75% 25/09/2052 (USD)	3.1
Oman 6.5% 08/03/2047 (USD)	2.5
Indonesia 4.35% 11/01/2048 (USD)	2.4
North Macedonia 3.675% 03/06/2026 (EUR)	2.4
Mexico 5.75% 12/10/2110 (USD)	2.4
Colombia 5.625% 26/02/2044 (USD)	2.3
Mexico 3.5% 12/02/2034 (USD)	2.2
Mexico 6.35% 09/02/2035 (USD)	2.1
Mexico 4.75% 08/03/2044 (USD)	2.1

Geographic Analysis of Total Assets



Source: Baillie Gifford & Co.  
Please note that totals may not add due to rounding.

	%
1 Mexico	9.6
2 Other Caribbean	7.7
3 Other African	7.5
4 Hungary	4.9
5 Indonesia	4.7
6 Chile	4.4
7 Oman	3.8
8 Peru	3.7
9 U.A.E.	3.5
10 India	3.2
11 Colombia	3.2
12 South Africa	3.2
13 Serbia	3.1
14 Romania	2.6
15 Uzbekistan	2.4
16 North Macedonia	2.4
17 Brazil	2.4
18 Ukraine	2.3
19 Argentina	2.1
20 Other Central American	2.0
21 United States	1.9
22 Other South American	1.8
23 Nigeria	1.7
24 Hong Kong	1.5
25 International	1.3
26 Angola	1.3
27 Ghana	1.2
28 Tajikistan	1.2
29 Philippines	1.1
30 Turkey	1.0
31 Zambia	1.0
32 Poland	1.0
33 Czech Republic	0.8
34 Sri Lanka	0.5
35 Bermuda	0.5
36 Panama	0.4
37 France	0.4
38 Cash & Derivatives	2.6

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	61

Rolling One Year Turnover is calculated as the lesser of the sum of all purchases and the sum of all sales in each month divided by the monthly average market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon. Purchases and sales exclude derivatives and cash.

Transaction costs:	%
Explicit transaction costs	0.01
Implicit transaction costs	-0.01

Explicit costs are directly observable and include broker commissions and transaction taxes and fees. Implicit costs are the indirect costs associated with buying and selling of securities. Specifically, implicit costs represent the differential between the actual transaction price (excluding taxes and commissions) and the mid-market price of the asset when the order to transact was transmitted to a third-party. Due to the methodology used, overall transaction costs may be 'negative' if individual securities are purchased below the prevailing mid-price or conversely sold above the mid-price. Current MiFID II guidance requires us to disclose these costs, even if they result in a negative figure (i.e. an implicit gain to the investor).

Our Governance and Sustainability Approach

We look beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual issuer and a view on their long-term prospects, including material governance and sustainability factors which we believe will positively or negatively affect the financial returns of an investment. In keeping with our decentralised and autonomous culture, we are comfortable with our various investment strategies taking different approaches to reach the same goal of properly assessing and weighing up governance and sustainability considerations in the investment process. Further information regarding our approach is detailed in our Governance and Sustainability Principles and Guidelines available in the About Us section of our website.

Our Engagement Approach

We engage regularly with management and board members to identify and understand issues and to monitor performance. Analysts from the Governance and Sustainability team regularly join our investors for these meetings, in addition to meetings that they will arrange directly with company representatives to discuss specific issues. Further details of Baillie Gifford's approach to engagement as well as details of engagements undertaken can be found in the About Us section of our website under Governance and Sustainability.

## Conflicts of Interest

Baillie Gifford maintains a firm-wide Conflicts Matrix, which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts. Baillie Gifford's firm wide conflict of interest disclosure is available in the Important Disclosures area of our website

We recognise the importance of managing potential conflicts of interest that may exist when we engage with or vote at a company with whom we have a material business or personal relationship and the Governance and Sustainability team is responsible for monitoring these possible material conflicts of interest.

The Governance and Sustainability team's approach to dealing with conflicts of interest in relation to voting and engagement can be found in our Investment Stewardship Activities report which is available in the Governance and Sustainability area of our website.

