Baillie Gifford™

Baillie Gifford Managed Fund

31 December 2023

About Gifford Update

Philosophy	Long-term investment horizon Growth bias Stock picking approach which results in a portfolio that looks very different from the average
Partnership	100% owned by 57 partners with average 20 years' service Ownership aligns our interests with those of our clients Enables us to take a thoughtful, long-term view in all that we do Stability, quality and consistency

Investment Proposition

The Fund seeks to produce long-term capital growth by investing in equities, bonds and cash. The equity portfolio is managed on a regional basis, with our specialist regional teams selecting what they consider to be the best growth stocks in their respective areas. The bond portfolios comprise both corporate bonds chosen by our Credit team and government bonds and currency positions selected by the Macro Strategy team. The Fund also actively allocates between equities, bonds and cash based on our prevailing view on the long-term attractiveness of each asset class.

Fund Facts

Fund Launch Date	01 April 1987
Fund Size	£5,787.8m
IA Sector	Mixed Investment 40-85% Shares
Active Share	82%*
Current Annual Turnover	13%

*Estimate relative to a weighted composite of representative indices.
Source: Baillie Gifford & Co, Bloomberg Barclays, JP Morgan, MSCI.

Fund Manager

Name	Years' Experience
Steven Hay	29
Iain McCombie*	29

*Partner

Definitions

IA Sectors are provided by the Investment Association. These sectors break up the universe of available funds to help investors navigate the large number of available products.

Active Share is a measure of the Fund's overlap with the benchmark. An active share of 100 indicates no overlap with the index and an active share of zero indicates a portfolio that tracks the index.

Turnover is calculated by taking the smaller figure of either total purchases or total sales for the month and dividing it by an average market value. **The Annual Turnover** is then calculated as the sum of the monthly turnover figures for the 12-month period.

Periodic Performance is a method of evaluating how a fund is doing over time. It compares a fund's performance in each period to its performance in past periods. It also looks at the performance of the fund to the performance of an index or its peers.

Discrete Performance is a method of evaluating the degree to which a fund performs compared against its benchmark on a given date.

Fund Objective

To achieve capital growth over rolling five-year periods.

The manager believes an appropriate comparison for this Fund is the Investment Association Mixed Investment 40-85% Shares Sector median given the investment policy of the Fund and the approach taken by the manager when investing.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	7.8	10.7	-4.4	7.3
Sector Median (%)*	5.7	8.1	2.8	5.8

Source: FE. Total return net of charges, in sterling.
Share class returns calculated using 10am prices.
Baillie Gifford operates a single swinging price for the Fund and, therefore, may apply a dilution adjustment to the price to protect long-term investors from the costs associated with buying and selling underlying investments that result from other investors joining or leaving the Fund. This adjustment will affect relative performance, either positively or negatively.
*IA Mixed Investment 40-85% Shares Sector.

Discrete Performance

	31/12/18-31/12/19	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23
Class B-Acc (%)	21.3	33.9	4.3	-24.3	10.7
Sector Median (%)*	15.8	5.1	11.1	-9.5	8.1

Source: FE. Total return net of charges, in sterling.
Share class returns calculated using 10am prices.
Baillie Gifford operates a single swinging price for the Fund and, therefore, may apply a dilution adjustment to the price to protect long-term investors from the costs associated with buying and selling underlying investments that result from other investors joining or leaving the Fund. This adjustment will affect relative performance, either positively or negatively.
*IA Mixed Investment 40-85% Shares Sector.

Market environment

The last 12 months were much more palatable than the year 2022. However, sensitivity to news flow continued in 2023, with interest rate speculation, a mini banking crisis, and wars in Europe and the Middle East impacting sentiment. Despite volatility, however, equities had a good year in the round, with the global MSCI ACWI Index returning 15.9 per cent. Positive returns were in large part driven by a small sub-set of businesses. In fact, 72 per cent of companies in the S&P 500 US index underperformed the index itself[1]. Bonds rallied as rate cuts were anticipated for 2024.

Performance

The Fund generated a positive return in the final quarter of 2023, rounding off a strong 12 months. Ecommerce platform Shopify, payments business Adyen, and consumer credit company Affirm contributed to returns.

Adyen's share price fell earlier in the year due to a slowdown in the growth of its US business and slightly weaker margins. Markets overreacted to the announcement and the shares sold off heavily. However, the share price surged in November after the company set new revenue growth targets of over 20 per cent. Despite the share price not fully recovering, Adyen's long-term prospects remain strong.

Shopify provides software to merchants to enable them to sell online. As it builds more tools for its customers, it becomes more integral to their businesses. Shopify had been expanding its logistics capabilities but has pivoted away from this to focus on developing better Artificial Intelligence tools. These tools could provide a host of services, from back-office automation to consumer-facing assistants. We welcome the clarity of Shopify's strategy.

Affirm provides "buy-now-pay-later" credit, which is typically selected at the point of sale by customers online. The business has been through a difficult time as interest rates have risen but its share price has now begun to recover and results announced in November were solid. We are optimistic that it offers a fairer deal to customers than traditional credit card lending.

Detractors from performance included miner First Quantum Minerals, HelloFresh, and the advertising platform The Trade Desk.

First Quantum Minerals has run into issues in a dispute with the government over the operations at its Panamanian Cobre mine. We have spoken to the company and unfortunately don't expect any resolution before the Panamanian elections in April. This is deeply frustrating. However, the company has the finances to see them through the year and this remains a hugely valuable asset if they can resolve the dispute.

The German meal-kit delivery company, HelloFresh, revised down its revenue and profit guidance in the quarter. Weaker customer growth and operational issues in North America were the reasons for the profit warning but, overall, the company is performing well despite ongoing economic weakness.

The Trade Desk enables advertisers to purchase targeted spots online in automated auctions. These adverts are being slotted increasingly into streamed television. The company made conservative comments about the advertising market which appeared to dismay investors, but we expect the shift online from traditional adverts to drive growth.

The Fund's bond holdings contributed to performance. As interest rates fall, bond prices increase, so bonds performed well overall as expectations of rate cuts grew towards the end of the year.

Stewardship

In November 2023, the Fund adopted a commitment to support the goal of net zero greenhouse gas emissions by 2050 or sooner. The Fund also adopted an exclusionary policy based on the Ten Principles of the United Nations Global Compact (UNGC).

More information on these commitments is available on our website.

Notable transactions

New holdings in the quarter included UK distribution group Diploma, outdoor brand Yeti Holdings, and medical technology company Insulet. We believe Diploma's niche products and impressive management team will lead to years of growth. Yeti Holdings has the opportunity to expand its high-margin product range and take more share in the growing outdoor industry. Insulet's tubeless insulin pumps are gaining market share due to strong patent protection and engineering complexity. In China, we sold Alibaba and Li Ning and took new holdings in social ecommerce company PDD and Kweichow Moutai, a premium spirits business.

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[1] As at 27 Dec: https://apolloacademy.com/extreme-concentration-in-sp-500-returns/

Transactions from 01 October 2023 to 31 December 2023.

New Purchases

Stock Name	Transaction Rationale
Diploma	Diploma is an international business, led by an impressive management team. The company distributes specialist technical products such as cables, seals and valves, to a varied range of end markets, including healthcare and industrial. Its focus on niche products sold into markets generally enjoying growth in excess of the wider economy has enabled the company to sustain strong organic growth while its value-added distribution, and prompt customer service, allow it to consistently earn very attractive margins on those sales. With its strong balance sheet, excellent cash generation and bolt-on acquisitions, we believe Diploma is well-positioned to deliver many more years of growth.
FEMSA	Femsa is a Mexican conglomerate whose core businesses include retail (notably Oxxo convenience stores) and beverages (notably Coca-Cola Femsa, an anchor Coke bottler). The investment has three main aspects. Firstly, the quality and growth potential of Oxxo, where the company has carved out an enviable position for itself as the only national player in a market dominated by the informal segment, and yet still appears to be at an early stage of its growth runway. Secondly, although the coke bottling business has performed less well over the previous decade, much of this reflects wider economic factors beyond the company's control, where we suspect the worst may now be behind it. Finally, the company is showing much greater signs of strategic focus as part of the recently-announced 'Femsa Forward' restructuring plan: they have already begun to sell off a number of their non-core businesses, freeing up funds for what appear to be very attractive reinvestment opportunities including Oxxo's entry into Brazil, and the development of a fintech business in Mexico that leverages Oxxo's massive physical store base and trusted brand in a country where 40% of the adult population is unbanked and cash remains king. The valuation appears to factor in very little for this potentially very positive transformation in the company's growth prospects, and we have purchased a holding for the fund.
Guardant Health	Guardant Health is a cancer diagnostics company that provides tests based on blood samples. These tests can be used to help guide treatment selection where cancer has already been detected. They can also be used to check for any residual signs of cancer following treatment. Most of Guardant's revenues currently come from treatment selection testing in late-stage lung cancer, but we think there is substantial growth potential in checking for residual disease. The accuracy of Guardant's tests should improve as the company's dataset grows, and the simplicity of a blood sample means that patient adoption and compliance should be high. We think there is significant enough potential in these two areas to justify a holding at the current share price. Should Guardant successfully develop a commercially viable screening test, this would add further return potential to the investment case.
Inspire Medical Systems	Inspire offers a revolutionary way of addressing obstructive sleep apnoea (OSA). Its implant stimulates a nerve to push the tongue forward and clear the throat, with a high customer satisfaction rate. It operates primarily in the US, a large and growing market as OSA becomes more straightforward to diagnose, and where there are an estimated 20 million moderate to severe cases, with another 40 million in other countries where Inspire is also approved and reimbursed. As many as 80-90% of sufferers are thought to be undiagnosed. The current standard of care involves wearing a pressurised mask while sleeping, which many patients find unpleasant. Compliance with this treatment option is low even though it is effective. Inspire offers a much better patient experience, and we think it could grow revenues by more than 20% per year for a decade. Its share price has halved since June on glucagon-like peptide 1 (GLP-1) weight loss pill concerns. OSA is linked to obesity for some patients, but it is not connected to tongue collapse, which is what Inspire's devices treat. We view this as an attractive opportunity to establish a position in this business.

Insulet	We have taken a new holding in Insulet, a leading maker of insulin pumps for diabetics. Insulet's devices can be connected to continuous glucose monitoring systems and provide users with much more accurate insulin dosing than is possible with traditional approaches. Insulet is the only manufacturer that offers tubeless pumps that don't require additional cumbersome connections, and its devices are gaining market share. Its lead is protected by hundreds of patents and by the engineering difficulty attached to making the devices. The shares have sold off this year on glucagon-like peptide 1 (GLP-1) weight loss pill concerns, which we view as an overreaction. Insulet's core user base is type-1 diabetics, not type-2. Type-1 diabetes is caused by an auto-immune disorder, not lifestyle. Pump usage amongst type-1 diabetics is around 40% in the US and lower internationally. We expect this to rise and believe that Insulet's user proposition places it well to capture a large proportion of this growth. Profit margins should rise as the company expands. We think these characteristics are under-appreciated at the current valuation and have taken the opportunity to establish a holding.
Kainos Group	Kainos is an IT consultant based in Belfast that helps its customers to digitise and streamline existing cumbersome processes. Its two key business segments, digital services and Workday, both provide exciting avenues for long-term growth. Demand is driven by public and private sector digitalisation, the continued global rollout of HR and finance cloud-based software (Workday) and the development of its own in-house software. Kainos is a well-managed business that has spotted and pursued major opportunities in its field of expertise. We believe that its long-term growth prospects are underappreciated and have therefore decided to take a new holding.
Kweichow Moutai	Kweichow Moutai is one of the most important and recognised Chinese brands. It manufactures premium baijiu (white alcohol), which has a heritage and respect embedded within Chinese culture. Its unique brewing conditions and process provide a core competitive advantage. When combined with supply scarcity and limited competition in the very high-end baijiu market, Moutai is able to price at a premium and maintain a loyal customer base. These attributes enabled it to weather the anti-corruption campaign in China well. It is an extremely profitable business with very attractive financial returns. We expect the Moutai brand to be resilient and growth to be durable for many years. We bought a holding for the portfolio.
Lonza Group	Lonza is a Swiss contract development manufacturing organisation (CDMO). With its services it is a key enabler in allowing biotech and pharma companies to outsource the manufacture and development of drugs for trial and (after approval) for sale. There is a favourable industry tailwind with more outsourcing driven by manufacturing complexity, cost savings and new pharma entrants. That can be coupled with increased drug development - ongoing healthcare needs, a growing patient population and improved drug discovery and development tech. The business is investing heavily for the future and we believe it will be an industry leader. Given these attractions we decided to take a holding.
PDD Holdings Inc	PDD has done a terrific job servicing the sizeable cost-conscious consumer market, taking share in areas increasingly vacated by Alibaba. Over the last few years they have carved out a formidable niche targeting low-income users in lower-tier cities with a deeply-discounted 'treasure hunt' experience that combines entertainment and commerce ('Costco meets Disney'). We've been struck by how cash-generative the company has become as it has moved away from massive marketing promotions without losing any user traction, and how appealing their model is to a wide cross-section of stakeholders in Chinese society - including, crucially, regulators - as it helps small farmers and merchants to reach a new user base while cutting out layers of middlemen. As one of the few Chinese ecommerce platforms that retains the potential for massive operational upside, we felt PDD was worthy of a place in the portfolio.
Technopro Holdings	Technopro is the largest IT-focussed engineer dispatching company in Japan. We believe Japan's rising IT engineer shortage is likely to result in strong demand for Technopro's services over the next five years. In our view, the company's current valuation fails to capture such an attractive structural growth opportunity and decided to take a holding.
YETI Holdings	We have taken a new holding in premium outdoor equipment and accessories company, Yeti. Founded in 2006 by two Texan brothers, Yeti has successfully transformed itself from a one-product, regional business into a globally recognised brand selling a range of high-quality, durable goods. It is run by conscientious management, focused on carefully controlled pricing and inventory, quality control, careful product roll-out, distribution through the direct-to-consumer market, and thoughtful marketing. We believe Yeti can continue to take more market share in an industry worth an estimated $600 billion as consumers place more importance on spending time outdoors with products they can rely on. Revenues and operating margins have doubled since 2016, and with its low capital intensity, high margin business model, it is well positioned to be the premium outdoor brand in the US and internationally.

Complete Sales

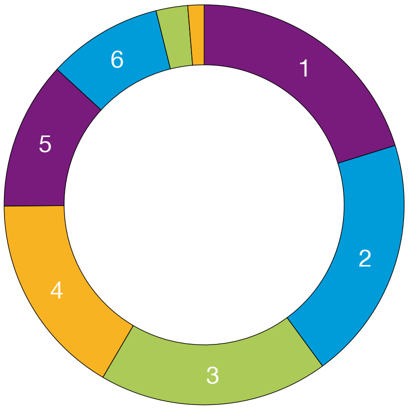
Stock Name	Transaction Rationale
Abcam Plc	Abcam has agreed to a takeover by a large US company with the completion of the deal happening next year. While it is sad that a spat between the board and the founder triggered the sales process of a business we fundamentally like, we think that the price is reasonable and the alternative is to leave the business in a very uncertain state so we decided to sell the position.
Adevinta	We have sold the holding in online classifieds marketplaces business Adevinta. The company is under offer from private equity investors and we decided to exit in order to invest in other ideas.
Alibaba	Growth in Alibaba's core e-commerce business has significantly slowed, as the company faces rising penetration and increased competition. This is well understood. The investment case has increasingly been predicated on success in new initiatives, notably cloud computing. While we believe there remains a large opportunity from the under-penetration of cloud services in China, as we have seen with AWS in other markets, the competitive landscape is less favourable. This combination of slower growth in the core and tougher competition in the cloud business means that the skew of potential investment returns is less favourable. We have used the proceeds to invest in other stocks in China.
FDM Group	We have sold the holding in FDM, a recruitment firm which recruits, trains and provides career opportunities to graduates, ex-forces personnel and returners-to-work, placing them with clients who require IT expertise. It is proving more challenging for the company to unlock growth than we had initially expected: it seems to be taking longer for potential customers to appreciate its unique offering and it has had to tweak its business model which may prove to be the right thing but has made the economics of their model less attractive. Given our reduced confidence we have sold the position.
Hexpol AB	Hexpol is a Swedish rubber compounding business providing semi-finished rubber that is used by its customers to make a variety of products, including door seals, O-rings and gaskets. While we continue to admire the company, we believe it will struggle to generate the growth and margins required to double in value over the coming five years. With this in mind, we decided to sell the position in Hexpol in order to invest in more compelling opportunities.
Li Ning	Li Ning is a leading Chinese sports wear brand. However, we believe that the sport wear market remains competitive, and there is an ongoing need for the business to continue to invest heavily in its supply chains, operations and marketing which could hinder longer term profitability. Having already made significant reductions to the holding, we sold the remaining balance.
Makita Corporation	Makita is a leading manufacturer of power tools, popular with tradesmen and with a strong position in Europe. During the pandemic, the building trade was badly impacted by lower activity, which resulted in channel inventory build. This put pressure on prices and enabled competitors with lower inventory to progress with new, more advanced equipment and to take market share. Although things have started to improve gradually for Makita, a recent meeting with management in Japan confirmed a loss of competitiveness. Reflecting our lower conviction and capitalising on a recovery in the shares this year, we decided to sell the holding.
Mesoblast	We decided to sell Mesoblast, as the U.S. Food and Drug Administration (FDA) recently rejected a new treatment for children with acute graft versus host disease. We continue to see long-term growth opportunities for Mesoblast's product. However, we acknowledge significant risks to the investment case in the medium term, particularly around the need for further funding and the operational challenges of running a new trial in a new patient category. Despite the long-term opportunities of Mesoblast, it is difficult to project the duration and results of the new trial and the FDA's decision in advance.
Novocure	We sold the innovative cancer treatment business Novocure from the portfolio. Novocure uses electric fields to inhibit the growth of solid tumors. While it has been successful in bringing the treatment of gliobastoma, an aggressive form of brain cancer, to market, it has suffered setbacks in recent clinical trials. This, at the very least, delays the prospects of Novocure building a larger commercial operation and our conviction in the case for holding the shares has fallen.
Pigeon	Pigeon is a Japanese baby-care product manufacturer with a very high market share in certain categories and geographies (including China). We admire the business and regard it as having a strong competitive position. However, growth has slowed, and the company is not expecting a recovery to its former levels. With competition for capital in the portfolio, we have sold the holding to invest in new ideas that we believe offer more attractive growth prospects.

Redfin	We sold the position in Redfin, an online real estate agency. We owned Redfin because we thought that its use of modern software tools in combination with salaried agents could deliver a lower-cost way to buy and sell houses in the US. Our contention was that this could drive market share gains from overpriced incumbent realtors across a wide range of market conditions. Redfin has since come under financial pressure and has made changes to its business model that we think undermine its competitive edge. With further financing stress a distinct possibility, we decided to move on from this position.
Schroders Plc	We have sold the holding in fund manager Schroders. Although it is a well-run business, it is finding it difficult to grow its traditional business, reflecting wider industry pressures. Therefore, much of its growth is coming from new 'alternative' asset classes where they have typically bought smaller businesses at rich prices. While this strategy makes sense from a business perspective, it is harder to say if it will prove rewarding for shareholders, therefore we decided to sell the holding.
Snap Inc	We have sold the holding in Snap, the owner of the social media platform Snapchat. Snap has been navigating competitive threats from other social media platforms and working through an increasingly AI-intensive digital advertising market. This has been challenging for the business, but we held the shares in the belief that the company's ongoing investment in augmented reality (AR) tools could produce a significant edge in engaging users and driving revenues. Snap's recent decision to close its business-focused AR division undermines this core feature of our investment thesis.
Washington Soul Pattinson	We sold the holding in Australian conglomerate Washington H. Soul Pattinson (WHSP) following the Fund's adoption of a Net Zero Alignment Commitment. WHSP has a significant exposure to coal mining via its holding in listed miner New Hope. While we expect many current 'high emitters' of carbon to decarbonise their operations over the long term, it is highly unlikely that WHSP will be able to do so while retaining the position in New Hope and is therefore no longer an appropriate holding for the Fund.
Zoom	The original investment case for Zoom rested on the belief that their uniquely user-friendly software was poised to benefit from and drive a long-term shift in working patterns among knowledge workers. This played out far more rapidly than we had expected as a result of the Covid pandemic. Video conferencing has remained embedded in working practices since, but with it has come serious competition from Microsoft. Zoom's product lead appears to be diminishing. While Zoom Phone does provide another opportunity for growth, we don't believe this represents a significant enough opportunity to offset other competitive headwinds. We have therefore sold the position, following on from a reduction earlier in the year.

Fund Name	Update
Baillie Gifford Managed Fund	Bond yields fells significantly during the quarter as the 'higher for longer' narrative gave way to expectations for a 'soft landing' in the economy, with inflation falling quickly and growth remaining resilient. Markets now predict several interest rate cuts in the US, UK and Eurozone in 2024. Our central view is that inflation may prove stickier than expected and core government bond yields may retrace some of their recent gains. The Fund has an underweight position in developed markets - largely expressed through UK, US and Japanese markets, with overweight positions in Australia and Europe partially offsetting these. The position in Japan was opened during the fourth quarter of 2023 as global yields rallied, giving us more confidence in the view that inflation in Japan is too high to justify ongoing central bank intervention. We retain an overweight in emerging market bonds but have reduced this over time as yields have fallen, trimming Brazil and South Africa and initiating an underweight position in Chile where we think interest rates cuts will not be aggressive as the market expects. As the market backdrop improved over the quarter, we added a little risk within the corporate bond element of the portfolio. This was achieved by reducing exposure to supranational bonds (bonds issued by international organisations to fund projects and initiatives that promote economic development and global cooperation) and A-rated bonds where the investment case had played out, such as those issued by leading online travel company Booking Holdings. New purchases in higher yielding bonds included B-rated bonds issued by kidney dialysis services provider DaVita. The company's bonds have materially underperformed following concerns that new weight-loss drugs will affect the profitability of DaVita's US dialysis business. We believe these fears are overblown. We also added to auto sector. Following several years of weak performance, we believe Nissan's new corporate structure and refreshed product proposition provide a platform to grow volumes and margins. Its long-dated BBB-rated bonds trade at an attractive valuation for the rating and have the potential to add further value through spread tightening should the company's turnaround succeed. Despite a more positive outlook we are still cautious on corporate bond valuations, which have increased through the year. The Fund's exposure to high yield bonds (bonds rated BB and lower) remains low relative to history, as we believe investment grade bonds (bonds rated BBB and above) offer more compelling risk-adjusted return potential, but we retain dry powder to add to high yield bonds if valuations improve.

Credit ratings measure the creditworthiness of a bond issuer, such as a company or government. It tells you how likely the issuer is to pay back the money borrowed when they issued the bond. A higher rating means the issuer is considered more reliable and less likely to default on their debt, while a lower rating indicates a higher risk of not getting the invested money back. Baillie Gifford uses a blend of credit ratings from three agencies, Moody’s, Fitch and S&P. Where there is no official rating for a bond issuer, Baillie Gifford will rate these internally. The ratings scale from highest to lowest (AAA, AA, A, BBB, BB, B, CCC, CC and C).

Geographic Exposure



		%
1	UK	20.2
2	Europe (ex UK)	19.7
3	North America	18.5
4	Overseas Bonds	16.5
5	Developed Asia Pacific	11.9
6	Emerging Markets	9.3
7	UK Bonds	2.6
8	Cash & Derivatives	1.3

A negative cash position may sometimes occur due to obligations awaiting settlement.

Top Ten Equity Holdings

Stock Name	Description of Business	% of Portfolio
Shopify	Cloud-based commerce platform provider	1.5
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	1.4
The Trade Desk	Advertising platform	1.3
Amazon.com	E-commerce, computing infrastructure, streaming and more	1.3
TSMC	Semiconductor manufacturer	1.2
ASML	Lithography equipment, enabling semiconductor manufacturing	1.0
Prosus	Portfolio of online consumer companies including Tencent	1.0
Tesla Inc	Electric vehicles, autonomous driving technology and energy solutions	1.0
Kingspan Group	Building materials provider	1.0
Rio Tinto	Global metals and mining company	1.0
Total		11.7

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	21	Companies	3	Companies	2
Resolutions	193	Resolutions	5	Resolutions	3

The Principles for Responsible Investment (PRI) has released its 2023 reports and Baillie Gifford has maintained its four out of five-star rating

Environmental, social and governance (ESG) regulation continues to evolve and the UK's Financial Conduct Authority (FCA) has published its Sustainability Disclosure Requirements (SDR) and rules on investment labels, which are designed to improve transparency

Our engagement work over the quarter included meetings on climate and decarbonisation with miner BHP Group, energy company EnQuest and low-cost airline Wizz Air

Company Engagement

Engagement Type	Company
Environmental	10x Genomics, Inc., Accor SA, Admiral Group plc, Amazon.com, Inc., BHP Group Limited, BYD Company Limited, CRISPR Therapeutics AG, DENSO Corporation, DSV A/S, EnQuest PLC, First Quantum Minerals Ltd., IMCD N.V., Kobe Bussan Co., Ltd., Petroleo Brasileiro S.A. - Petrobras, Reliance Industries Limited, Roku, Inc., Ryanair Holdings plc, Samsara Inc., Snowflake Inc., Tencent Holdings Limited, Unicharm Corporation, Wizz Air Holdings Plc, Yara International ASA
Social	Accor SA, Amazon.com, Inc., BYD Company Limited, DSV A/S, First Quantum Minerals Ltd., Netflix, Inc., Olympus Corporation, Petroleo Brasileiro S.A. - Petrobras, Pinterest, Inc., Reliance Industries Limited, Ryanair Holdings plc, Tencent Holdings Limited, Tesla, Inc., Wizz Air Holdings Plc
Governance	10x Genomics, Inc., ASML Holding N.V., Admiral Group plc, Adyen N.V., Amazon.com, Inc., BHP Group Limited, BYD Company Limited, Bellway p.l.c., COSMOS Pharmaceutical Corporation, CRISPR Therapeutics AG, Compagnie Financière Richemont SA, CyberAgent, Inc., Diploma PLC, Fast Retailing Co., Ltd., First Quantum Minerals Ltd., HDFC Bank Limited, IMCD N.V., Informa plc, James Fisher and Sons plc, Jio Financial Services Limited, Keller Group plc, Kering SA, Kinnevik AB, Moderna, Inc., NVIDIA Corporation, Nidec Corporation, Nintendo Co., Ltd., Nippon Paint Holdings Co., Ltd., Olympus Corporation, Petroleo Brasileiro S.A. - Petrobras, Pinterest, Inc., Rakuten Group, Inc., Reliance Industries Limited, Sabre Insurance Group plc, Samsara Inc., Schibsted ASA, Sea Limited, Shopify Inc., Tencent Holdings Limited, Tesla, Inc., Treasury Wine Estates Limited, Ubisoft Entertainment SA, Victoria PLC, Wizz Air Holdings Plc
Strategy	Amazon.com, Inc., BYD Company Limited, DENSO Corporation, Diageo plc, Diploma PLC, First Quantum Minerals Ltd., Nidec Corporation, Reliance Industries Limited, Ryanair Holdings plc, Schibsted ASA, Tesla, Inc., Victoria PLC, Yara International ASA

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 %
Equities	
UK	
Rio Tinto	0.96
AstraZeneca	0.92
Bunzl	0.89
RELX	0.77
Legal & General	0.76
Diageo	0.70
Marks & Spencer	0.69
Prudential	0.68
Unilever	0.66
Auto Trader	0.64
Howden Joinery Group	0.59
Ashtead	0.56
Experian	0.54
Inchcape	0.53
Standard Chartered	0.50
Weir	0.48
Babcock International	0.48
Hikma Pharmaceuticals	0.48
Informa	0.48
Lancashire Holdings	0.46
Rightmove	0.44
St. James's Place	0.43
PageGroup	0.34
Just Group	0.33
Persimmon	0.32
Burberry	0.31
Intermediate Capital Group	0.30
Volution Group	0.29
Hiscox	0.28
Wise Plc	0.27
Melrose Industries	0.25
IG Group	0.25
Games Workshop Group	0.25
Bellway	0.25
Bodycote	0.24
Diploma	0.23
Halma	0.22
Greggs	0.21
Hargreaves Lansdown	0.21
Renishaw	0.20
Breedon Group	0.20

Asset Name	Fund %
Trainline Plc	0.20
Victrex	0.17
Close Brothers	0.16
Genus	0.15
IntegraFin	0.13
Keller	0.12
Molten Ventures	0.12
Kainos Group	0.11
Ocado	0.10
Sabre Insurance Gp	0.07
Enquest	0.07
Helical	0.06
Dowlais Group Plc	0.05
Fisher (James) & Sons	0.04
Exscientia Ltd ADR	0.03
Total UK	20.21

Asset Name	Fund %
North America	
Shopify 'A'	1.48
NVIDIA	1.40
The Trade Desk	1.35
Amazon.com	1.34
Tesla Inc	1.00
Netflix Inc	0.73
Doordash Inc	0.67
Workday Inc	0.65
Cloudflare Inc	0.62
Moderna Inc	0.62
Meta Platforms Inc	0.59
Duolingo Inc	0.55
CoStar Group	0.49
Watsco Inc	0.46
Datadog	0.45
Pinterest	0.40
Snowflake Inc	0.40
Roblox	0.39
Affirm Holdings Inc Class A	0.36
Twilio Inc	0.34
Roku	0.33
Wayfair Inc	0.32
Alnylam Pharmaceuticals	0.30
Insulet	0.29
Inspire Medical Systems	0.29

Asset Name	Fund %
Coursera Inc	0.27
Sprout Social	0.21
Chewy	0.21
Penumbra Inc	0.20
YETI Holdings	0.20
Guardant Health Inc	0.20
10X Genomics Inc Class A	0.18
Denali Therapeutics	0.17
Samsara	0.16
Hashicorp Inc	0.16
Sweetgreen	0.15
Doximity Inc	0.15
Oddity	0.10
Recursion Pharmaceuticals Inc	0.09
Rivian Automotive Inc	0.08
Ginkgo Bioworks Holdings Inc	0.07
Lemonade Inc	0.07
Chegg	0.03
Sana Biotechnology Inc	0.02
Abiomed CVR Line*	0.00
Total North America	18.53

Europe (ex UK)	
ASML	1.04
Prosus N.V.	1.00
Kingspan Group	0.98
Schibsted B	0.92
Atlas Copco B	0.91
Ryanair	0.89
Avanza Bank Holding	0.83
IMCD Group NV	0.80
Sartorius Stedim Biotech	0.73
DSV	0.65
Allegro.eu	0.63
Spotify Technology SA	0.62
Adyen NV	0.61
Mettler-Toledo	0.58
EQT	0.56
Richemont	0.54
Nexans	0.53
EXOR	0.53
Kering	0.52
Dassault Systemes	0.48

Asset Name	Fund %
Reply Spa	0.48
Hypoport	0.40
Epiroc B	0.37
Wizz Air Holdings Plc	0.32
Lonza Group	0.31
LVMH	0.29
Zalando SE	0.29
adidas	0.28
Beijer Ref	0.27
Soitec	0.26
Kinnevik	0.26
Evotec	0.25
HelloFresh SE Ordinary	0.24
Auto1 Group SE	0.23
Royal Unibrew A/S	0.21
Delivery Hero AG	0.20
AutoStore Hdgs	0.20
Moncler	0.18
Eurofins	0.16
CRISPR Therapeutics AG	0.13
Ryanair ADR	0.04
Total Europe (ex UK)	19.71

Developed Asia Pacific	
Baillie Gifford Japanese Smaller Cos Fund C Acc	0.75
United Overseas Bank	0.56
James Hardie Industries	0.53
SMC	0.50
MS&AD Insurance	0.49
SBI Holdings	0.44
SoftBank Group	0.44
Recruit Holdings	0.42
Shiseido	0.39
Olympus	0.39
Shimano	0.36
Techtronic Industries	0.35
Hong Kong Exchanges & Clearing	0.35
BHP Group Ltd (Aus. listing)	0.34
Murata	0.31
Galaxy Entertainment Group	0.30
Fast Retailing	0.29
Sugi Holdings	0.29
Cochlear	0.28

Asset Name	Fund %
Denso	0.27
Unicharm	0.26
AIA Group	0.24
Nintendo	0.22
Chugai Pharmaceutical	0.22
REA Group	0.22
Xero Ltd	0.21
Nippon Paint	0.21
Keyence	0.20
LY Corp	0.19
Cosmos Pharmaceutical	0.19
FANUC	0.18
Tokyo Electron	0.17
Sysmex Corp	0.15
Hoshizaki Corp	0.14
Treasury Wine Estates	0.13
Kobe Bussan Co Ltd	0.12
Ryman Healthcare Ltd	0.12
Technopro Holdings	0.11
Asahi Group Holdings	0.11
Tsingtao Brewery 'H'	0.11
freee K.K.	0.08
MonotaRO Co	0.08
iFAST Corp	0.08
Nidec	0.07
CyberAgent Inc	0.07
Total Developed Asia Pacific	11.94
Emerging Markets	
TSMC	1.15
Samsung Electronics	0.91
MercadoLibre	0.59
Tencent	0.57
Reliance Industries Ltd	0.52
Petrobras Common ADR	0.52
HDFC Bank	0.45
PDD Holdings Inc	0.40
FEMSA ADR	0.37
B3 S.A.	0.37
Bank Rakyat Indonesia	0.36
Kweichow Moutai 'A'	0.32
Samsung SDI Co Ltd	0.31
Ping An Insurance	0.30

Asset Name	Fund %
Cemex ADR	0.30
Sea Ltd ADR	0.30
Grupo Financiero Banorte	0.28
Jio Financial Services Ltd	0.27
ICICI Prudential Life Insurance	0.25
Meituan	0.25
First Quantum Minerals	0.25
Byd Company 'H'	0.24
Mmc Norilsk Nickel**	0.00
Sberbank Of Russia**	0.00
Total Emerging Markets	9.28
Total Equities	79.67
Fixed Income	
UK Bonds	
Credit	1.57
Government	0.99
Total UK Bonds	2.56
Overseas Bonds	
Credit	7.36
Government	9.10
Total Overseas Bonds	16.46
Total Fixed Income	19.02
Cash & Derivatives	
Cash & Derivatives	1.31
Total Cash & Derivatives	1.31
Total Fund	100.00

Please note the fund information contained within this document is proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

*Abiomed was acquired in December 2022 by Johnson and Johnson. Holders received a cash allocation plus non-tradable contingent value rights (CVRs).

**As of March 2022, these Russian holding was valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Charge (%)	Ongoing Charge Figure (%)
Class B-Acc	01 April 1987	GB0006010168	0601016	0.40	0.43
Class B-Inc	01 April 1987	GB0006007909	0600790	0.40	0.43

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 invest ent. Please refer to the Prospectus and Key Investor Information Document for further details.

Risk Warnings

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and investors may not get back the amount invested. The specific risks associated with the Fund include:
— Custody of assets, particularly in emerging markets, involves a risk of loss if a custodian becomes insolvent or breaches duties of care.
— The Fund invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.
— Bonds issued by companies and governments may be adversely affected by changes in interest rates, expectations of inflation and a decline in the creditworthiness of the bond issuer. The issuers of bonds in which the Fund invests, particularly in emerging markets, may not be able to pay the bond income as promised or could fail to repay the capital amount.
— The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.
— Derivatives may be used to obtain, increase or reduce exposure to assets and may result in the Fund being leveraged. This may result in greater movements (down or up) in the price of shares in the Fund. It is not our intention that the use of derivatives will significantly alter the overall risk profile of the Fund.
— 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.

Further details of the risks associated with investing in the Fund can be found in the Key Investor Information Document or the Prospectus, copies of which are available at bailliegifford.com.

Additional Fund Information

The Fund is a sub-fund of the Baillie Gifford UK & Balanced Funds ICVC (Investment Company with Variable Capital) which is an umbrella Open-Ended Investment Company. Its Authorised Corporate Director ('ACD') is Baillie Gifford & Co Limited.

The yields quoted are historic yields based on distributions paid by the Fund in the previous 12 months as a percentage of the mid-market share price, as at the date shown. Investors may be subject to tax on their distributions.

The ongoing charges figure is based on the expenses for the financial year and may vary from year to year. It excludes the cost of buying and selling assets for the Fund although custodian transaction costs are included. Further explanation of all the charges and costs relating to this Fund can be found in the Enhanced Disclosure of Fund Charges and Costs document which is available through our website, bailliegifford.com.

Active Share is a measure of how actively managed a Fund is and is calculated by taking 100 minus the % of the Fund that overlaps with the comparative index. An active share of 100 indicates no overlap with the comparative index and an active share of zero indicates a portfolio that tracks the comparative index. The comparative index for this Fund is the median of The Investment Association Mixed 40-85% Shares Sector. As this is a peer group benchmark, and therefore stock-level data is unavailable, we instead use an appropriately weighted composite of representative indices to estimate active share.

Turnover is calculated by taking the smaller figure of either total purchases or total sales for the month and dividing it by an average market value. The Annual Turnover is then calculated as the sum of the monthly turnover figures for the 12 month period.

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

Further Information

Any comments expressed in this report should not be taken as a recommendation or advice.
This report does not provide you with all the facts that you need to make an informed decision about investing in the Fund. You need to read the associated Key Investor Information Document and Supplementary Information Document and decide whether to contact an authorised intermediary.
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Target Market

This Fund is suitable for all investors seeking a Fund that aims to deliver capital growth over a long-term investment horizon. The investor should be prepared to bear losses. This Fund is compatible for mass market distribution. This Fund may not be suitable for investors who are concerned about short-term volatility and performance, seeking a regular source of income and investing for less than five years. This Fund does not offer capital protection.

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").
Singapore: In Singapore the Fund is on the Monetary Authority of Singapore's List of Restricted schemes. This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this information memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares in the Fund may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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Contact Us

For further information about the Fund or Baillie Gifford's range of OEICs, please contact us at the below address, call our Client Relations Team on 0800 917 2113 or 0131 275 3499 (your call may be recorded for training or monitoring purposes), visit our website at bailliegifford.com or email enquiries@bailliegifford.com.

All information as at 31 December 2023 and source is Baillie Gifford & Co unless otherwise stated.

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