Baillie Gifford™

Baillie Gifford Pacific Fund

30 June 2024

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 58 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 is positioned as a long-term Asian (ex Japan) growth fund. Our aim is to identify quality companies that will outperform over a 5 year (or longer) time horizon. We have a strong preference for growth. The Fund is relatively index and sector agnostic, as we primarily focus on finding the best long-term Asian (ex Japan) investments irrespective of their country or sector. The Fund benefits from Baillie Gifford's substantial global investment resources, helping to produce a portfolio that typically holds 50-100 stocks with low turnover.

Fund Facts

Fund Launch Date	17 March 1989
Fund Size	£3317.9m
IA Sector	Asia Pacific Excluding Japan
Active Share	68%*
Current Annual Turnover	26%
Current number of stocks	58
Stocks (guideline range)	50-100

*Relative to MSCI AC Asia ex Japan Index. Source: Baillie Gifford & Co, MSCI.

Fund Manager

Name	Years' Experience
Roderick Snell*	18
Ben Durrant	12

*Partner

Fund Objective

To outperform (after deduction of costs) the MSCI AC Asia ex Japan Index, as stated in sterling, by at least 2% 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 Excluding 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.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	6.5	19.7	-3.8	11.6
Index (%)*	7.2	13.9	-2.6	4.0
Target (%)**	7.8	16.2	-0.6	6.1
Sector Average (%)***	5.3	10.0	-1.7	4.4

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.
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.
*MSCI AC Asia ex Japan Index.
**MSCI AC Asia ex Japan Index (in sterling) plus at least 2% per annum over rolling five-year periods.
***IA Asia Pacific Excluding Japan Sector.

Discrete Performance

	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Class B-Acc (%)	28.2	52.0	-20.0	-7.0	19.7
Index (%)*	5.0	25.2	-14.4	-5.2	13.9
Target (%)**	7.2	27.8	-12.7	-3.3	16.2
Sector Average (%)***	2.6	27.1	-10.8	-3.3	10.0

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.
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***IA Asia Pacific Excluding Japan Sector.

Market Background

It was a quarter in which we saw significant political events dominate headlines and also one in which the US government imposed yet more tariffs on China. As we move towards the US election in November, we expect US-China relations to remain in the spotlight.

We are cautious on the longer-term outlook of US-China relations; Washington and Beijing clearly want different things. However, in the medium term we are a little more sanguine; valuations in China are attractive and sentiment remains pretty downbeat, the recent rally notwithstanding. The government has started to act, first by attempting to put a floor under the stock market and next by removing virtually all the restrictions in residential property. The key test will be the Third Plenum in July when we will see if the government is prepared to do some heavy lifting in terms of policy. However, two thoughts, or perhaps speculations: the Chinese government is not as monolithic as it appears. While by no means democratic, popular discontent can provoke a response be it rolling back zero covid overnight or protecting individual's wealth by supporting the stock and property markets. The second point is that much is made of China's demographics, but typically people save (~US$ 19 trillion at the end of last year) when they are working and spend when they retire. Forget GenZ or Millennials, China's 'silver surfers' could be the dominant force in domestic consumption for decades to come.

Elsewhere, we have recently seen a smooth transition of power in large Asian democracies; India and Indonesia for example. India has raised more questions given the loss of the BJP majority. The country's economic fundamentals remain intact, but whether it can keep the momentum depends on the government policy course going forward - the fear is that the BJP, now politically more vulnerable, might seek to reverse its political fortunes with fiscal populism, diverting funds from investments in infrastructure towards more popular social handouts? However, if it can resist the pull of welfarism, as the government has generally done during the previous Modi years, it's likely that India still achieves average real annual growth of 6-7% over the next five years. Our views remain largely unchanged - be selective and cautious on valuations in large parts of the market.

Performance

So far in 2024, most of the strong relative performance has come from idiosyncratic stock selection. This is worth highlighting because returns in the wider Asian market have really been dominated by a few large technology stocks, not dissimilar to the US market. Relative sector level fund performance been driven by other areas, such as Energy and Real Estate. At the stock level, the top performance contributors include CNOOC and SEA Limited.

CNOOC, the Chinese energy company, has delivered strong operating results at the most recent quarter, with net production up 10% year-on-year (YoY). At the same time all in costs have fallen and there have been two new recent discoveries and four successful appraisals of oil and gas structures.

SEA Limited has continued to be a robust contributor to performance again this quarter. The share price reached it recent nadir in mid-January since when it has approximately doubled. In truth, there had been some confusion within the market as to whether the company was prioritising growth or profitability. A recent dinner in Edinburgh with the management clarified that ultimately, they were pragmatic when it came to prioritisation. This has manifested itself in two decent quarters which has done much to restore the market's confidence. 1Q24 results saw revenues growing at 23% YoY while the ecommerce business, Shopee showed faster than expected progress towards break-even while the Gaming and the Fintech businesses remain profitable. The company retains an US$ 8.6 billion cash position which puts it in an enviable position to invest at a time when some of its competitors are constrained by higher capital costs.

Bank Rakyat in Indonesia has been amongst the detractors this quarter. Rather against the run of play in Emerging Markets, the Bank of Indonesia raised its benchmark interest rates 25 basis points to 6.25% in April. This was unwelcome for Bank Rakyat which was already suffering from rising credit costs in its small business and micro loan portfolio. Correspondingly, management lowered guidance for its loan growth, margins and credit costs for 2024. We regard these as relatively short term issues, as micro-lending is by its very nature a volatile business. The bank has moved quickly, hiring approximately 1,000 additional loan officers (to about 27,000) to improve collection and has significantly tightening of credit controls.

Samsung Electronics has also been a short-term performance detractor, though after a recent discussion in the team, our enthusiasm remains high. We believe the memory business will be the main value creator for the company. It will allow the company to continue outgrowing the broader semi-conductor market over the long term. Memory will remain cyclical but it could be, on average, more profitable than historically, as supply remains consolidated. There are a number of potentially significant growth drivers for the business elsewhere too and more broadly, Korean support for Samsung remains strong.

Notable Transactions

New Purchase: SG Micro is China's largest domestic analogue chip designer. It has demonstrated operational resilience during the recent industry downturn, and is both accelerating product development while being able to increase operating margins. Despite this progress, valuations have fallen by over half over the past two years. It is gaining share within a very fragmented domestic marketplace and with foreign firms decreasingly able to compete, we are confident that they should be able to demonstrate years of profitable growth ahead of them. Given the disconnect between weak investor sentiment for the sector and the company's strong underlying performance, we felt this was an opportune time to take a new holding.

Complete Sale: 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.

Market Outlook

Taking a step back, it’s important to reiterate that we continue to believe that the prospects for a range of Asian companies are very strong, as a result of a number of trends that are globally significant. These are as diverse as technology hardware growth and the green transition. The Fund is deliberately well diversified to benefit from a range of these opportunities. In a more polarised world (which *could* become even more so depending on the US election outcome), we could point to three potential country level growth drivers to consider: a) geographically contiguous countries who have picked 'both sides' over one, b) countries with the hard resources no one else can boast, or c) countries with large enough domestic markets of their own. Against this backdrop, we think Fund's Asia ex Japan investment Strategy is very well positioned.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
CNOOC	0.9
Phoenix Mills	0.4
Silergy	0.3
SK Hynix	0.3
SEA Limited	0.3
Indiabulls Real Estate	0.2
PB Fintech	0.2
Accton Technology	0.2
Indiabulls Real Estate P Note	0.2
Li Auto 'H'	0.1
Samsung Electronics	-0.5
Bank Rakyat Indonesia	-0.5
Koh Young Technology	-0.5
EO Technics	-0.4
Bank Mandiri	-0.4
DLF	-0.3
Luckin Coffee	-0.3
Hon Hai Precision	-0.3
Military Commercial Joint Bank	-0.2
Tencent	-0.2

One Year to 30 June 2024

Stock Name	Contribution (%)
CNOOC	2.8
Phoenix Mills	1.5
Tata Motors	1.1
SK Hynix	0.8
Indiabulls Real Estate	0.8
AIA	0.8
Mediatek	0.7
DLF	0.7
ZiJin Mining	0.6
PB Fintech	0.6
Samsung SDI	-0.8
Ping An Insurance	-0.8
Merdeka Copper Gold	-0.6
Baidu.com Group Holding	-0.6
PDD Holdings	-0.5
Hon Hai Precision	-0.5
TSMC	-0.5
Bank Rakyat Indonesia	-0.5
JD.com	-0.4
Samsung Engineering	-0.4

Source: Revolution, MSCI. Baillie Gifford Pacific Fund relative to MSCI AC Asia ex Japan 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.

Transactions from 01 April 2024 to 30 June 2024.

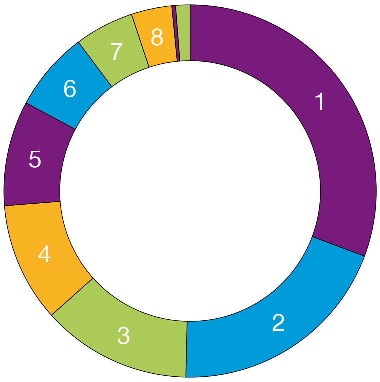
New Purchases

Stock Name	Transaction Rationale
Chroma ATE	Chroma ATE is a Taiwanese manufacturer of testing equipment, and a beneficiary of growth in many new industries, spanning from electric vehicles to compound semiconductors. With customer relationships based on reliability and consistency with performance benchmarks, they have earned high and durable market shares. While there is inherently uncertainty about levels of growth over the next year or two, we believe that they have an appealing position within industries of growing relevance and so have taken a new holding.
SG Micro	SG Micro is China's largest domestic analogue chip designer. It has demonstrated operational resilience during the recent industry downturn and is both accelerating product development while increasing operating margins. Despite this progress, valuations have fallen by over half over the past two years. It is gaining share within a very fragmented domestic marketplace and with foreign firms struggling to compete, we are confident that they should be able to demonstrate years of profitable growth ahead of them. Given the disconnect between weak investor sentiment for the sector and the company's strong underlying performance, we felt this was an opportune time to take a new holding.

Complete Sales

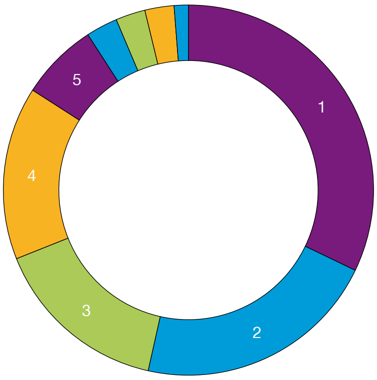
Stock Name	Transaction Rationale
Alibaba	Growth in Alibaba's core e-commerce business has significantly slowed, as the company faces rising penetration and increased competition. This is well understood. The investment case has increasingly been predicated on success in new initiatives, notably cloud computing. While we believe there remains a large opportunity from the under-penetration of cloud services in China, as we have seen with Amazon Web Services (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.
Bizlink	While the company's operations continue to have potential, we have decided to sell the holding in Bizlink following recent meetings with the company in Taiwan which highlighted a lack of focus on minority shareholder returns and weakening alignment.
Genius Electronic Optical	We have sold the holding in Genius Electronics Optical as we see a maturation of their core phone lens market and uncertainty about whether they will be competitive in adjacent growth areas.
Guangzhou Kingmed	Kingmed was sold due to the challenging industry backdrop that we envisage persisting, which is likely to subdue profits for the foreseeable future.
Han's Laser Technology	Han’s Laser was sold due to the challenging domestic market, combined with geopolitical issues that appear to be making it less likely that Han’s Laser will become a global leader.
Hong Kong Exchanges & Clearing	We have sold the small position in Hong Kong Exchange after observing a period of slowing growth, coupled with a lack of dynamism from company management. The investment case is increasingly reliant on investor sentiment towards China, and there are other, more innately higher-growth ways, to maintain that exposure in the Fund.
Ping An Bank	Given broader sectoral challenges, we have sold the holding in Ping An Bank, as we believe growth will be muted for many years, even for higher-quality private banks such as this.
Samsung Engineering	Samsung Engineering is one of the global leaders in engineering, procurement and construction (EPC) contracts. The company has performed better under new management, with a stronger balance sheet, better technology and a far more conservative business structure. We bought the holding when activity was depressed during Covid, since then operational performance and returns have improved as global demand picked up. With competition intensifying again, we sold the holding.

Sector Exposure



		%
1	Information Technology	30.7
2	Financials	19.7
3	Consumer Discretionary	13.0
4	Energy	10.4
5	Communication Services	9.1
6	Real Estate	6.9
7	Materials	5.2
8	Industrials	3.5
9	Consumer Staples	0.3
10	Health Care	0.0
11	Cash	1.2

Geographic Exposure



		%
1	China	32.1
2	India	21.4
3	South Korea	15.5
4	Taiwan	15.1
5	Vietnam	6.8
6	Indonesia	2.8
7	Kazakhstan	2.6
8	Others	2.5
9	Cash	1.2

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.

Top Ten Holdings

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	9.7
CNOOC	Chinese oil and gas explorer and producer	5.5
Tencent	Technology conglomerate	5.4
Samsung Electronics	Producer of consumer and industrial electronic equipment	5.0
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	4.1
SK Hynix	Korean manufacturer of electronic components and devices	3.3
Samsung Electronics	Producer of consumer and industrial electronic equipment	3.2
Kaspi.kz	Kazakh fintech ADR line	2.6
MediaTek	Taiwanese electronic component manufacturer	2.4
Zijin Mining	Chinese mining company	2.3
Total		43.5

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	43	Companies	17	Companies	8
Resolutions	419	Resolutions	28	Resolutions	41

Company Engagement

Engagement Type	Company
Environmental	Airtac International Group, Samsung Electronics Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited
Social	PT Bank Rakyat Indonesia (Persero) Tbk, Samsung Electronics Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited
Governance	Airtac International Group, HDFC Bank Limited, Kingdee International Software Group Company Limited, PT Bank Mandiri (Persero) Tbk, Samsung Electronics Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited
Strategy	Kingdee International Software Group Company Limited

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 %
TSMC	9.7
Samsung Electronics	8.2
CNOOC	5.5
Tencent	5.4
Reliance Industries	4.1
SK Hynix	3.3
Kaspi.kz	2.6
MediaTek	2.4
Zijin Mining	2.3
Phoenix Mills	2.3
Jio Financial Services Limited	2.3
PDD Holdings	2.2
Indiabulls Real Estate	2.1
Accton Technology	2.0
DLF	2.0
MMG Limited	1.9
Meituan	1.9
HDFC Bank	1.9
Ping An Insurance	1.8
Sea Limited	1.7
EO Technics	1.7
Tata Motors	1.7
ICICI Bank	1.6
Bank Rakyat Indonesia	1.4
PB Fintech	1.4
HD Bank	1.4
Dragon Capital Vietnam Enterprise Investments	1.4
Bank Mandiri	1.3
Silergy	1.3
JD.com	1.3
Luckin Coffee	1.2
Midea	1.2
Mobile World Investment Corporation	1.2
Delhivery	1.1
ICICI Prudential Life Insurance	1.0
Kuaishou Technology	1.0
SK Square	1.0
Baidu.com	1.0
Military Commercial Joint Bank	1.0
Zhejiang Supor	1.0
Hoa Phat Group	0.9
Coupang	0.8
SG Micro	0.8
Techtronic Industries	0.6
China Oilfield Services	0.6
Chroma ATE	0.5
AirTAC International Group	0.5
KE Holdings	0.5
Koh Young Technology	0.4

Asset Name	Fund %
Vietcombank	0.4
Viglacera	0.4
Kingdee International Software	0.3
Vinh Hoan	0.3
Lufax Holding	0.3
Brilliance China Automotive	0.3
Li Ning	0.2
Jadestone Energy	0.2
Eden Biologics Inc	0.0
Cash	1.2
Total	100.0

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.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	17 March 1989	GB0006063340	0606334	0.65	0.72
Class B-Acc	20 March 2000	GB0006063233	0606323	0.65	0.72

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.

MSCI	Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

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