Fund objective

To outperform (after deduction of costs) the FTSE All-Share Index by at least 1% 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 UK All Companies 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 is actively managed and aims to invest in the best, high quality, growth companies which are principally based in the UK and are capable of growing their earnings faster than the market average. As long-term investors, our typical investment time horizon is five years and turnover is very low. The portfolio comprises 45-65 companies and is substantially differentiated from the benchmark, the FTSE All-Share Index.

Periodic performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	3.8	7.3	13.3	8.2
Index (%)*	6.9	16.2	14.5	13.0
Target (%)**	7.1	17.4	15.6	14.1
Sector Average (%)***	3.0	9.6	12.1	9.6
Sector Ranking	100/218	136/215	99/211	128/203

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 (%)	30.1	-21.8	14.7	18.3	7.3
Index (%)*	27.9	-4.0	13.8	13.4	16.2
Target (%)**	29.2	-3.0	15.0	14.6	17.4
Sector Average (%)***	32.4	-15.3	12.8	14.2	9.6

Source: FE, Revolution, FTSE. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
*FTSE All-Share Index.
**FTSE All-Share Index plus at least 1% per annum over rolling five-year periods.
***IA UK All Companies Sector.

Fund facts

Managers	Iain McCombie*
Fund launch date	17 January 2018
Fund Size	£213.44m
IA Sector	UK All Companies
Active share	76%†
Annual turnover	7%
Guideline number of holdings	45-65
Number of holdings	57
Structure	OEIC

*Partner.
†Relative to FTSE All-Share Index. Source: Baillie Gifford & Co, FTSE.

Top ten holdings

Holdings	% Total assets
Standard Chartered	4.3
AstraZeneca	4.1
Prudential	3.9
Babcock International Group	3.9
St. James's Place	3.5
Rio Tinto	3.4
Marks and Spencer Group	3.4
RELX	3.3
Unilever	3.3
Legal & General	3.1

Stock level attribution

Top and bottom ten contributors to relative performance

Quarter to 30 September 2025

Stock name	Contribution %
Just Group	1.5
London Stock Ex.	0.5
Standard Chartered	0.3
Haleon Plc	0.2
Lancashire Holdings	0.2
Babcock International	0.2
Prudential	0.2
Informa	0.1
Rio Tinto	0.1
Renishaw	0.1
HSBC	-0.7
Rolls-Royce	-0.5
Hikma Pharmaceuticals	-0.5
Rightmove	-0.4
Legal & General	-0.3
Auto Trader	-0.3
Inchcape	-0.3
BP	-0.2
Games Workshop Group	-0.2
Bellway	-0.2

One year to 30 September 2025

Stock name	Contribution %
Babcock International	3.2
Standard Chartered	1.2
Just Group	1.1
St. James's Place	1.0
Prudential	0.7
Glencore International	0.7
London Stock Ex.	0.6
AstraZeneca	0.4
Haleon Plc	0.4
Wise Plc	0.3
HSBC	-2.1
Rolls-Royce	-1.8
Bunzl	-1.5
BAE Systems	-0.7
Inchcape	-0.7
British American Tobacco	-0.7
Barclays	-0.7
Auto Trader	-0.7
PageGroup	-0.6
Persimmon	-0.6

Source: Revolution, FTSE. Baillie Gifford UK Equity Core Fund relative to FTSE All-Share 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	27.3	13.8	13.5
Financials	23.6	28.2	-4.6
Consumer Discretionary	15.1	7.5	7.7
Consumer Staples	10.3	14.1	-3.8
Health Care	7.5	10.8	-3.3
Technology	7.3	3.6	3.6
Real Estate	4.7	2.2	2.5
Basic Materials	3.4	5.7	-2.3
Energy	0.2	8.7	-8.5
Cash	0.6	0.0	0.6

Source: Baillie Gifford & Co, FTSE. Index: FTSE All-Share. 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 24.0bn	GBP 66.4bn
Price/Book	2.5	2.1
Price/Earnings (12 months forward)	14.0	12.9
Earnings Growth (5 year historic)	5.3%	5.3%
Return on Equity	17.8%	15.8%
Predicted Beta (12 months)	1.1	N/A
Standard Deviation (trailing 3 years)	12.0	9.6
R-Squared	0.8	N/A
Delivered Tracking Error (12 months)	4.1	N/A
Sharpe Ratio	0.6	1.5
Information Ratio	-1.5	N/A
Number of geographical locations	1	N/A
Number of sectors	9	N/A
Number of industries	26	N/A

Source: FactSet, Revolution, APT, Baillie Gifford & Co, FTSE. Index: FTSE All-Share. 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

Chancellor Rachel Reeves will deliver the UK's budget at the end of November and it appears a difficult one for her to manage. To maintain borrowing within agreed limits, tax rises or spending cuts will be needed – neither will be popular. It is a challenge that is not unique to the UK, with bond markets reacting in Europe and the US to similar issues. Longer-dated yields have risen on concerns that governments will need to raise more funds, while higher interest costs put further pressure on repayments.

Bond markets often signal portent in the wider financial system but equity markets have seemed to shrug off any concerns. Inflation has been more stubborn than hoped, keeping interest rates higher than might otherwise be the case. But so far economic growth has remained reasonably resilient.

While the UK equity market rose this quarter along with most major indices, the broadly positive economic backdrop is far from uniform and certain sectors have faced more pressure. Companies exposed to UK housing or discretionary consumer spending have lagged, for example. We've also seen various cyclical industrial companies reporting weaker results with higher costs and lower customer activity. In some cases, we believe their valuations have presented attractive opportunities to add new positions to the Fund – more detail follows below.

Performance

The Fund underperformed its index this quarter. Large-cap companies typically outperformed mid and small-cap, perhaps reflecting the mixed market backdrop noted above. More defensive stocks performed well, with several of the largest index constituents which are not held in the Fund dominating relative performance – HSBC, Rolls Royce, British American Tobacco and BP all detracted.

Two of the largest detractors held in the Fund were Hikma Pharmaceuticals and Rightmove. Hikma is a leader in branded and generic drugs and high-margin injectables (painkillers, anaesthetics and related products). Its results have been solid this year, but shares have been a little volatile and took another leg down this quarter. Hikma's management has reiterated its guidance towards steady growth this year and the company is investing for long-term growth. However, the market appears nervous about short-term pressures on margins in its important injectables division due to cost inflation, competition in certain products and currency headwinds. We think this is overly harsh and the shares are lowly rated.

Property platform Rightmove has performed well this year, but its shares fell in the quarter. Its first-half results were healthy but the company noted that growth in the second half of the year would be lower year-on-year due to a record period last year. It may be that investors are factoring in a softer property market and there is speculation that changes to property taxes might feature in the UK's forthcoming budget. We remain confident in Rightmove's dominant position and ability to leverage its strong platform for future growth.

The standout positive contributor to performance was Just Group. The retirement income provider received a takeover offer from Canada's Brookfield. The £2.4bn deal valued Just Group at around 70% above its prevailing market value (and approximately 30% above its highest share price in the past 12 months). It is pleasing to see our confidence in its growth prospects being recognised.

Asian focused financials – Standard Chartered bank and insurer Prudential – also had a good quarter, each posting solid results and continuing the positive momentum they have shown in the past year.

Other holdings that performed well in the quarter include several companies that have faced headwinds but have shown they are well-placed to adapt to those challenges. Renishaw, which makes precision-measuring equipment, released results showing it was faring better than many people feared. Some end-markets such as autos remain depressed but there was more strength in the semi-conductor segment than expected. Spirax, another engineering business which focuses on steam and niche pumping solutions, also exceeded analyst expectations with revenues and profits growing in most divisions. Genus, the animal genetics company, also had a good quarter, continuing its positive momentum this year. It has faced significant cyclical pressures in recent years but an acceleration of its joint venture in China sets it up well to capitalise on the decades-long demand for genetics as the Chinese pork industry begins to undergo technification and industrialisation. Meanwhile FDA approval for its ground-breaking gene editing project has the potential to transform the financial results of its porcine genetics franchise.

We should acknowledge this latest quarter of underperformance marks a somewhat turbulent year. Over the past six months the Fund is only marginally behind the index but due to a volatile first quarter of 2025, when investors were bracing themselves for the unknown impact of Donald Trump's forthcoming tariffs, 12-month relative performance is meaningfully below the index.

Similarly, if we look longer term, 3-year performance is modestly below the index but 5-year performance is poor. In late 2021 there was a marked shift in sentiment towards more defensive, value-oriented stocks. Growth companies such as those in the fund were punished. Our faith in the prospects of the fund is underpinned by the long-term relationship between earnings growth and share prices. Companies in the fund are forecast to grow faster than those in the index, which over time should be reflected in superior returns. There are reasons to be optimistic when we consider the prospects for many of the world's best businesses which today offer tremendous value.

Notable transactions

The jump in share price of Just Group following the announcement of its takeover bid gave us an opportunity to trim the holding and invest in some existing holdings where we see strong potential. We also reduced a few other holdings which have performed well, including defence company Babcock and diversified engineer Halma.

We added to a range of different holdings, including several where recent share price weakness has presented opportunities. Bunzl, the food packaging and catering business, issued a profit warning earlier this year due to issues in its US business. It shares fell sharply but we have taken confidence from its turnaround strategy. Bellway has been weak along with other housebuilders, but we believe its landbank gives it more scope to grow as the market recovers.

We have also added to some small positions as our confidence in their prospects has increased. Online card retailer Moonpig was one, as we believe it can continue winning new customers and use its scale and strong brand to increase order value through product innovation and smart use of data. Another was Kainos, the IT consultancy, which has slowed for what we believe are cyclical reasons – a large part of its business is helping to digitise government departments, a long-term project which has faced some delays since the change in government.

A new purchase for the Fund was Baltic Classifieds, an online classifieds business operating mainly in Lithuania and Estonia. It is a company we know well, being held in other funds managed by the team, and a recent visit to Lithuania to meet the management team reaffirmed our confidence in its prospects. It has a strong competitive advantage as the dominant incumbent with potential to deliver attractive revenue growth for many years.

Market Outlook

Interest rates are expected to keep falling, albeit the pace depends on the path of inflation which remains above target in the UK and US (a barometer of global economic conditions). The world continues to adjust to the new tariff environment and while uncertainty remains, it is quite feasible equity markets continue to bet on there being no major impact on growth. That said, certain companies are already feeling the effect of a slowdown, costs of materials and labour have risen, and tough trading conditions may continue.

We will focus on our process, monitoring progress of the companies in our fund and re-testing our forward-looking hypotheses. And researching new ideas where we believe there may be compelling opportunities, some of which are being thrown up by the current environment. We have a high degree of confidence in the long-term growth prospects of the companies in the fund due to their enduring competitive positions and ability to adapt to the ever-changing market backdrop.

Transactions from 01 July 2025 to 30 September 2025.

New Purchases

Stock name	Transaction rationale
Baltic Classifieds Group Plc	Baltic Classifieds Group (BCG) is an online classifieds group operating in the Baltics - mainly Lithuania and Estonia. The business has listed in London due, in part, to some board and management team connections with Rightmove and Autotrader, two well established and developed classifieds businesses in the UK. Although the Baltics is not large (population around six million), BCG is the dominant online advertising portal in important categories such as property and car sales. It also has a popular generalist site. We think this position of dominant incumbency is the secret to any successful classifieds business. The so-called 'network effects' mean that sellers want to come to where all the buyers are, whilst buyers will naturally go to where most of the sellers are. Once established, that strong competitive position is very difficult to break down, even though in theory, the barriers to entry for newcomers are low. Because its advertising rates start at very low levels compared to most other developed classifieds businesses, we think that BCG has the potential to deliver attractive revenue growth for many years, whilst the financial traits of the business - such as margins and returns - are also very striking.

There were no complete sales during the period.

Voting activity

Votes cast in favour		Votes cast against		Votes abstained/withheld	
Companies	18	Companies	11	Companies	1
Resolutions	308	Resolutions	12	Resolutions	5

Company engagement

Engagement type	Company
Environmental	Bodycote plc, Breedon Group plc, Inchcape plc
Governance	Ashtead Group plc, Babcock International Group PLC, Baltic Classifieds Group, Close Brothers Group plc, Cranswick plc, Inchcape plc, Kainos Group plc, Lancashire Holdings Limited, Moonpig Group PLC, Ocado Group plc, Rightmove plc, Wise Payments Ltd
Strategy	AstraZeneca PLC, Rightmove plc

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 %
Standard Chartered	4.3
AstraZeneca	4.1
Prudential	3.9
Babcock International Group	3.9
St. James's Place	3.5
Rio Tinto	3.4
Marks and Spencer Group	3.4
RELX	3.3
Unilever	3.3
Legal & General	3.1
Auto Trader	3.0
Experian	2.7
Howden Joinery	2.6
Inchcape	2.6
Bunzl	2.5
Informa	2.5
Hikma Pharmaceuticals	2.4
Rightmove	2.3
Ashtead	2.2
Spirax Sarco	2.1
Lancashire Holdings	2.1
Diageo	2.0
Weir	1.9
Bodycote	1.8
Volution Group	1.8
Intermediate Capital Group	1.7
Just Group	1.6
Games Workshop	1.6
Hiscox	1.5
Shaftesbury Capital	1.5
Bellway	1.5
Wise	1.4
Diploma	1.4
Breedon Aggregates	1.4
Halma	1.3
Keller	1.2
Burberry	1.1
Persimmon	1.1
Renishaw	1.0
Genus	1.0
PageGroup	0.8
Helical	0.8
Trainline	0.7
Moonpig Group	0.7
Molten Ventures	0.7
4imprint	0.7
Cranswick	0.6
IntegraFin	0.6
Greggs	0.5
Baltic Classifieds Group	0.5
Kainos	0.4
Close Brothers Group	0.4
Applied Nutrition	0.4
Sabre Insurance	0.3
EnQuest	0.2
Ocado	0.1
Big Yellow Group	0.1
Cash	0.6
Total	100.0

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Share class	Share class inception date	ISIN	SEDOL	Annual management fee (%)	Ongoing charge figure (%)
Class B-Acc	17 January 2018	GB00BZ3G2258	BZ3G225	0.42	0.45

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.

FTSE Russell

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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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