Fund objective

To outperform (after deduction of costs) the MSCI Emerging Markets 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 Global Emerging Markets Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

Investment proposition

The Fund aims to invest in an actively managed portfolio of emerging market stocks, focusing on larger and more liquid names. We invest on a long-term (5 year) perspective, and have a strong preference for growing companies, founded on the observation that returns follow earnings over the long-term in Emerging Markets. Many market participants favour the safety of steady predictable growth; we are willing to invest in companies where the outcomes are less certain, but where the potential returns are significant. The portfolio will typically hold between 35-60 stocks.

Periodic performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	11.3	13.1	10.5	3.6
Index (%)*	12.9	17.7	11.6	6.6
Target (%)**	13.5	20.1	13.9	8.8
Sector Average (%)***	11.7	15.6	10.2	5.8
Sector Ranking	120/182	133/175	83/167	116/148

Fund facts

Managers	Will Sutcliffe* / Roderick Snell* / Alex Summers
Fund launch date	10 May 2005
Fund Size	£633.97m
IA Sector	Global Emerging Markets
Active share	71%†
Annual turnover	22%
Guideline number of holdings	35-60
Number of holdings	54
Structure	OEIC

†Relative to MSCI Emerging Markets Index.
Source: Baillie Gifford & Co, MSCI.

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 (%)	13.7	-22.3	6.6	12.0	13.1
Index (%)*	13.7	-12.8	2.6	15.1	17.7
Target (%)**	16.0	-11.0	4.7	17.5	20.1
Sector Average (%)***	17.0	-15.4	2.6	13.0	15.6

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
*MSCI Emerging Markets Index.
**MSCI Emerging Markets Index (in sterling) plus at least 2% per annum over rolling five-year periods.
***IA Global Emerging Markets Sector.

Top ten holdings

Holdings	% Total assets
TSMC	9.6
Samsung Electronics	9.2
Tencent	5.2
Naspers	4.3
MercadoLibre	3.8
First Quantum Minerals	3.5
Ping An Insurance	3.3
Reliance Industries	2.9
HDFC Bank	2.8
Credicorp	2.5

Stock level attribution

Top and bottom ten contributors to relative performance

Quarter to 30 September 2025

Stock name	Contribution %
Samsung Electronics	1.1
First Quantum Minerals	0.5
CATL	0.4
Xiaomi Corporation	0.3
Kuaishou Technology	0.2
Chroma ATE	0.2
Naspers	0.2
SQM ADR	0.2
Credicorp	0.2
China Construction Bank Corp	0.2
Alibaba	-1.3
MercadoLibre	-0.9
Silergy	-0.6
Reliance Industries Ltd	-0.5
Globant Sa	-0.4
Meituan	-0.4
B3 S.A.	-0.4
HDFC Bank Ltd	-0.3
Delta Electronics	-0.2
Fomento Economico Mexicano SAB	-0.2

One year to 30 September 2025

Stock name	Contribution %
SEA Ltd	1.1
First Quantum Minerals	1.0
Naspers	0.7
Credicorp	0.6
Samsung Electronics	0.5
Chroma ATE	0.4
CATL	0.3
Grupo Financiero Banorte O	0.3
Kuaishou Technology	0.3
TSMC	0.3
Globant Sa	-1.6
Meituan	-1.2
Alibaba	-1.1
Silergy	-1.0
Reliance Industries Ltd	-0.8
Bank Rakyat Indonesia	-0.7
Jio Financial Services Ltd	-0.6
Xiaomi Corporation	-0.5
Samsung SDI Co Ltd	-0.5
Petrobras	-0.4

Source: Revolution, MSCI. Baillie Gifford Emerging Markets Leading Companies Fund relative to MSCI Emerging Markets 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 (%)
Consumer Discretionary	27.5	13.6	14.0
Information Technology	24.9	25.5	-0.6
Financials	22.7	22.2	0.5
Communication Services	6.7	10.5	-3.9
Materials	5.6	6.5	-0.9
Industrials	5.3	6.6	-1.4
Energy	4.3	3.9	0.4
Consumer Staples	2.4	4.0	-1.7
Cash	0.6	0.0	0.6

Geography

Top ten locations	Fund (%)	Index (%)	Difference (%)
China	27.5	31.2	-3.6
South Korea	13.0	11.0	2.1
India	11.6	15.2	-3.6
Taiwan	11.2	19.4	-8.2
Brazil	9.8	4.3	5.5
South Africa	4.3	3.5	0.8
Other Emerging Markets	4.1	0.0	4.1
Mexico	3.2	2.0	1.2
Peru	2.5	0.3	2.2
Singapore	2.4	0.0	2.4
Total	89.7	86.9	-

Source: Baillie Gifford & Co, MSCI. Index: MSCI Emerging Markets. 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 176.4bn	GBP 180.1bn
Price/Book	2.4	2.1
Price/Earnings (12 months forward)	14.1	13.7
Earnings Growth (5 year historic)	12.4%	11.1%
Return on Equity	17.1%	15.1%
Predicted Beta (12 months)	1.1	N/A
Standard Deviation (trailing 3 years)	15.3	13.2
R-Squared	0.8	N/A
Delivered Tracking Error (12 months)	4.6	N/A
Sharpe Ratio	0.8	1.2
Information Ratio	-1.0	N/A
Number of geographical locations	18	N/A
Number of sectors	8	N/A
Number of industries	25	N/A

Source: FactSet, Revolution, APT, Baillie Gifford & Co, MSCI. Index: MSCI Emerging Markets. 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

While we are only three-quarters of the way through the year, it has been gratifying to see the MSCI Emerging Markets Index outperforming the S&P 500. On a full calendar year basis, this hasn't happened since 2020, so it's pleasing to see the asset class showing some momentum. It is perhaps ironic that this performance should come despite the uncertainty of US tariffs, concerns about globalisation and heightened geopolitical tensions. Perhaps it has taken these febrile times to showcase what we have been saying for some time: many EM economies have been running conservative fiscal policy, orthodox monetary policy and have considerable political stability. Even in non-democratic countries, governments are usually in favour of private enterprise and economic development. As a result, EM countries have started to look less risky relative to some of their Developed Market counterparts.

However, perhaps the biggest change in perception this year has been of China. Since Covid, many Westerners have regarded China as almost uninvestable. This view was perhaps not unreasonable: property prices were falling, consumption was weak, economic growth was lacklustre, private enterprise was cowed by greater regulation and tensions with the US were elevated. However, there have been a number of improvements in these areas in the last twelve months, and this has started to be reflected in share prices. There has been some (very measured) fiscal and monetary stimulus to keep the economy ticking along and some reduction in real estate controls – enough to induce stabilisation, not a recovery. The government has been supportive of domestic stock markets in an attempt to lure the approximately US$20 trillion currently held in low-yielding bank deposits, while providing a source of funding for China's burgeoning innovators. Finally, after a few rounds of tit for tat tariffs, a deal on TikTok appears close, and it looks like Presidents Trump and Xi may meet at the APEC summit in South Korea at the end of October.

AI has also proved a helpful tailwind. Initially, this was felt by the hardware makers such as TSMC and SK Hynix, but the demands of AI have percolated through much of the supply chain – there are numerous Asian beneficiaries of the hyperscalers' capital expenditure, a number of the best of which are in the Fund. What has changed towards the end of the quarter has been a widening appreciation of China's ambitions and capabilities in large language models. DeepSeek remains the most prominent of the private companies, though Huawei and Bytedance are also advancing rapidly. Amongst the listed companies, Alibaba and Baidu are investing heavily in AI and are beginning to enjoy something a little like the halo of the 'Mag7', though from a starting point of considerably lower valuations.

Views on the South Korean stock market are also being revised. The market has historically traded at a valuation discount to its EM peers because of the perceived 'chaebol' discount. Many companies in Korea are linked to large family-owned conglomerates or chaebol. In the past, this has often meant that minority shareholders were usually quite low on management's priority lists and that companies were not always run to maximise returns. However, recently the Korean government has sought to emulate Japan's successful 'Value Up' programme. For instance, for the first time, company directors now have a fiduciary duty to all shareholders, not just the company itself. Share prices have responded, though often it is those companies with the poorest governance and the weakest returns that have benefited most; companies like these typically do not meet our growth and quality thresholds. However, we have found one or two opportunities at the top of the quality spectrum within the Hyundai Group, where the Chung family appears much more progressive than some of their peers.

Performance

The MSCI Emerging Market Index rose strongly through the third quarter, driven by strong returns in China, South Korea and Taiwan, while India was weaker. Enthusiasm for AI was a major driver for both Chinese platform companies developing their own chips and large language models and semiconductor and hardware manufacturers in South Korea and Taiwan. However, we would reiterate that it is important not to draw too many conclusions from short-term performance, whether good or bad: our investment horizon remains steadfastly five years and beyond.

In China, leading battery maker CATL's 2Q25 results exceeded market expectations, delivering ~150GWh in battery sales volume (a 35% YoY with Energy Storage Systems ("ESS") accounting for over 20% of shipments) and RMB16.5bn net profit (up 35% YoY), driven by stable margins and high operational efficiency. Revenue grew 8% YoY to RMB94bn despite declining lithium prices and lower average selling prices, while gross profit margin expanded to 25.6% (up 2.0 percentage points YoY), reflecting cost management and strong demand dynamics. The company maintained a 90% utilisation rate in 1H25, indicating full capacity operation, and announced a

15% interim dividend payout (RMB1.0 per share), signalling robust cash flow generation with RMB58.7bn net operating cash flow in 1H25. Management expressed a constructive outlook for 2H25, citing sustained demand momentum in both EV and ESS markets globally, particularly in Europe, where CATL's market share rose to 44% in 2Q25 from 37% in 2024.

Also among the top contributors was fellow tech behemoth, Samsung Electronics. Samsung's share price was in the doldrums for the first half of the year as it struggled to be competitive in High Bandwidth Memory and its Foundry business. However, despite the company reporting lacklustre 2Q25 results, the news flow on qualification for High Bandwidth Memory for Nvidia and AMD has turned more positive. In addition, Tesla signed a US$16.5 billion multi-year chip supply deal with Samsung, confirmed by Elon Musk. Under the agreement, Samsung's new Texas facility will produce Tesla's next-generation AI6 chips. This is the largest single-customer order Samsung's foundry business has ever secured and is viewed as a validation of Samsung's ambition to compete with TSMC in logic chips.

While Mercadolibre has been a regular contributor to the Fund, this quarter it somewhat unusually finds itself amongst the detractors. Its 2Q25 net profit of US$523 million missed estimates, largely due to margin pressure from an expanded free-shipping policy in Brazil, and currency losses, notably from the Argentine peso. The free-shipping push, while boosting gross merchandise volume (GMV) and sales, squeezed operating margins. We view concerns as relatively short-term term as the company sacrifices some margin to drive revenues and market share.

The owner of the Brazilian stock exchange, B3, was also a detractor. Brazil's benchmark interest rate stands at 15% and with inflation at just over 5% this represents one of the highest real rates in the world. In such an interest rate environment, there is little incentive to put money in the stock market. However, it is our belief that interest rates will fall soon, and with it we will see stock and financial market volumes improve. There has also been the additional headwind in August of the U.S. imposing an additional 40 % tariff on top of an existing 10 % "reciprocal tariff" on many Brazilian imports, bringing the total to 50 %. This has obviously hurt sentiment in the short term.

Notable transactions

The new purchases were Chinese ride-hailing platform Didi, South Korean auto parts company Hyundai Mobis, South Korean logistics provider Hyundai Glovis and Vietnamese financial Vietnam Prosperity Bank.

The only sale was of the Chinese search platform Baidu.

Market Outlook

Clearly, sentiment towards Emerging Markets is improving, though there could still be a long way to go given starting valuations. In addition, the last six months have seen strong operational performance by many of the companies in the Fund. This gives us some confidence that the rise in share prices can be sustained. There will obviously be volatility along the way, so the Fund remains suitably diversified, especially on a geographic basis. Moreover, in aggregate, the constituents of the Fund are net cash, so that the vast majority of the companies have the balance sheet strength to weather any disruptions. Looking forward, we have been researching a wide range of ideas from Chinese ride hailing to under-owned Vietnamese stocks, all the way to Brazilian power generation: there remains considerable competition for capital in the Fund.

Transactions from 01 July 2025 to 30 September 2025.

New Purchases

Stock name	Transaction rationale
DiDi Global	Didi is the dominant player in China's online ride-hailing market with more than 70 per cent share in terms of Gross Transaction Value (GTV). At the same time, Didi is also expanding internationally in Latin America and Asia with ride-hailing, food delivery and fintech services. Exceptional operational efficiency, lower-cost EVs, and, in the long run, potentially robotaxis, are all likely to contribute to Didi's ability to bring down the cost of ride-hailing and unlock demand. Indeed, we believe low-teens GTV growth is likely for the next five years. We also believe that Didi's profitability can significantly improve largely as a result of stronger scale, better cost control and the potential for a rising take-rate. Currently, Didi's take rate is about 19 per cent, which is well below peers (more than 22 per cent) and the regulatory cap (29 per cent). The profitability drag from the international expansion is also falling as Didi scales overseas (for example, Mexico is almost break-even). Didi is also preparing for the growth of robotaxis in the future: it has a proprietary robotaxi division and aims to deploy more than 10,000 vehicles in 2027. One of our major concerns, historically, was Didi's run-in with the Chinese policymakers, which resulted in a forced delisting in the US. However, we believe government relations have improved substantially since then, with the management team working hard to rectify their past errors. Indeed, in May 2025, Didi was featured on CCTV Channel 1 (a government TV channel) as a good example of a company that was contributing to society via employment. We believe relisting progress is being made and that we may also benefit from a re-rating in the shares once the stock is no longer traded over the counter only.
Hyundai Glovis	We have taken a new holding in Hyundai Glovis for the Fund. The growth outlook is entwined with that of the Hyundai Motor Group - on which we have a positive long-term view. The company is also a potential beneficiary of the significantly positive governance changes that have been underway within the Hyundai chaebol since ES Chung became chair in 2020. It offers appealing alignment with the family, should the group's circular ownership structure finally be unwound. Hyundai Glovis is the logistics arm of the Hyundai Group, which has executed well on a long-standing strategy of diversification beyond the Hyundai Group. It also has plenty of 'hidden' value in its cash pile and equity stakes that could be unlocked, alongside the added attraction that this is where ES Chung has his biggest personal financial stake.
Hyundai Mobis	We have taken a new holding in Hyundai Mobis for the Fund. The growth outlook is entwined with that of the Hyundai Motor Group - on which we have a positive long-term view. The company is also a potential beneficiary of the significantly positive governance changes that have been underway within the Hyundai chaebol since ES Chung became chair in 2020. It offers appealing alignment with the family should the group's circular ownership structure finally be unwound. All of Hyundai Mobis' profits at present come from the Hyundai after-sales business, which makes excellent returns and is highly recurring in nature. However, the swing factor is likely to be the modules and parts business, which is 80 per cent of revenues and currently loss-making, having been hit hard by a combination of the Chinese competition and heavy investment in electrification. We suspect this business is past the worst - China is now irrelevant for the company, while the investment in electrification is starting to yield positive results, including business with non-Hyundai original equipment manufacturers (OEMs), and even a return to low single-digit operating margins in this division could double the company's profits. The starting multiple looks far too low to reflect the possibility of such a growth surprise, even without stripping out the value of the cash or equity investments (which currently account for approximately 75 per cent of the market cap).
Vietnam Prosperity Joint Stock Commercial Bank	VP Bank is Vietnam's second-largest private bank, with a significant focus on consumer lending, in particular through their FE Credit business, which provides unsecured low-ticket lending where it has a dominant market share. After several difficult years when the domestic Vietnamese economy was relatively weak, Vietnam is likely at the start of a strong domestic recovery driven by the reforms of the new General Secretary, To Lam. VP Bank should be one of the key beneficiaries, and returns should rise significantly from nearly trough levels (c. 12 per cent) towards 20 per cent, making current valuations very undemanding.
Zijin Gold International	We participated in the IPO of Zijin Gold, a subsidiary of Zijin Mining, China's largest copper and gold mining company, as we believed the IPO underprices the value of the company's existing reserves and operational capability.

Complete Sales

Stock name	Transaction rationale
Baidu.com Group Holding	We have sold our holding in Baidu. Despite some encouraging progress in their cloud business, the core advertising business that still accounts for nearly all of Baidu's profit looks increasingly challenged, while the early leadership position in autonomous driving now appears to have been lost. There's no doubt that the company looks extremely 'cheap' on most valuation metrics, but to some extent, this cheapness is illusory as there are constraints on their ability to return cash to foreign shareholders alongside growing questions over their right to win in potential areas of reinvestment. With more appealing ways to play the growth themes that attracted us to Baidu (such as Didi in autonomous driving) we have decided to use this as a source of funds.

Voting activity

Votes cast in favour	
Companies	8
Resolutions	106

Votes cast against	
Companies	2
Resolutions	5

Votes abstained/withheld	
Companies	None
Resolutions	None

Company engagement

Engagement type	Company
Environmental	Contemporary Amperex Technology Co., Limited, First Quantum Minerals Ltd., Meituan, Midea Group Co., Ltd., Natura Cosmeticos S.A., Sociedad Quimica y Minera de Chile S.A.
Social	First Quantum Minerals Ltd., Natura Cosmeticos S.A., Sociedad Quimica y Minera de Chile S.A.
Governance	First Quantum Minerals Ltd., Natura Cosmeticos S.A., Petroleo Brasileiro S.A. - Petrobras, Sociedad Quimica y Minera de Chile S.A.
Strategy	Contemporary Amperex Technology Co., Limited, First Quantum Minerals Ltd., Meituan, Natura Cosmeticos S.A., Sociedad Quimica y Minera de Chile S.A.

For further details on company engagement please contact us. You can also find further information on how we integrate environmental, social and governance (ESG) matters into our investment approach, here.

Asset name	Fund %
TSMC	9.6
Samsung Electronics	9.2
Tencent	5.2
Naspers	4.3
MercadoLibre	3.8
First Quantum Minerals	3.5
Ping An Insurance	3.3
Reliance Industries	2.9
HDFC Bank	2.8
Credicorp	2.5
Sea Limited	2.4
B3	2.3
Midea	2.0
PDD Holdings	2.0
SQM	1.9
Meituan	1.9
Luckin Coffee	1.8
SK Hynix	1.7
FEMSA	1.7
Copa Holdings	1.6
Chroma ATE	1.6
Allegro.eu	1.6
DiDi Global	1.6
JD.com	1.5
Grupo Financiero Banorte	1.5
Petrobras	1.5
Kuaishou Technology	1.4
CATL	1.4
ICICI Bank	1.4
BYD Company	1.4
Bank Rakyat Indonesia	1.4
Axis Bank	1.2
Li Ning	1.2
Infosys	1.2
Mobile World Investment Corporation	1.1
Vietnam Prosperity Joint Stock Commercial Bank	1.0
China Merchants Bank	1.0
Silergy	1.0
Haier Smart Home	0.9
PB Fintech	0.9
Banco Bradesco	0.8
Kaspi.kz	0.8
Itau Unibanco	0.8
Hyundai Mobis	0.7
Hyundai Glovis	0.7
Coupang	0.7
Natura & Co.	0.6
Globant	0.6
ICICI Prudential Life Insurance	0.5
HDFC Life Insurance	0.5
Hyundai Motor India Limited	0.3
Zijin Gold International	0.2
Norilsk Nickel	0.0
Sberbank	0.0
Cash	0.6
Total	100.0

Share class	Share class inception date	ISIN	SEDOL	Annual management fee (%)	Ongoing charge figure (%)
Class B-Inc	19 July 2006	GB00B06HZP43	B06HZP4	0.72	0.78
Class B-Acc	03 January 2006	GB00B06HZN29	B06HZN2	0.72	0.78

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

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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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