

Baillie Gifford European Fund

31 March 2025

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 aims to produce long-term returns by investing in a concentrated portfolio of European stocks, constructed with little regard for the index. The Fund adopts a long-term time horizon of five years and beyond and positioning is based on bottom up stock selection. We are growth investors and invest in companies that have the potential to grow sustainably over the long-term.

Fund Facts

Fund Launch Date	17 June 1985
Fund Size	£232.1m
IA Sector	Europe Excluding UK
Active Share	87%*
Current Annual Turnover	32%
Current number of stocks	38
Stocks (guideline range)	30-50

*Relative to MSCI Europe ex UK Index. Source: Baillie Gifford & Co, MSCI.

Fund Manager

Name	Years' Experience
Stephen Paice*	20
Chris Davies	13
Christopher Howarth	6

*Partner

Fund Objective

To outperform (after deduction of costs) the MSCI Europe ex UK Index, as stated in sterling, by at least 1.5% 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 Europe Excluding UK 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 (%)	-1.1	-8.9	-3.8	4.1
Index (%)*	7.6	3.3	8.7	12.9
Target (%)**	8.0	4.9	10.4	14.6
Sector Average (%)***	5.6	0.9	6.5	11.9

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 Europe ex UK Index.

**MSCI Europe ex UK Index (in sterling) plus at least 1.5% per annum over rolling five-year periods.

***IA Europe Excluding UK Sector.

Discrete Performance

	31/03/20- 31/03/21	31/03/21- 31/03/22	31/03/22- 31/03/23	31/03/23- 31/03/24	31/03/24- 31/03/25
Class B-Acc (%)	59.9	-14.1	-8.1	6.3	-8.9
Index (%)*	34.4	6.3	9.5	13.6	3.3
Target (%)**	36.4	7.9	11.2	15.3	4.9
Sector Average (%)***	39.6	4.2	6.5	12.3	0.9

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 Europe Excluding UK Sector.

Market environment

European equities performed strongly in the first quarter of 2025, with sentiment bolstered by the announcement of defence spending across the continent and fiscal stimulus in Germany. This led to the continued outperformance of the 'value' style relative to 'growth', with banks and defence stocks rallying in response to the news.

Performance

The Fund underperformed significantly over the quarter. The primary driver of this was not owning banks and defence stocks, two industries traditionally associated with the 'value' style. As long-term investors, we want to ensure that the companies we invest in our clients' behalf have the potential to be durably successful, rather than seeking to benefit from a flash in the pan. As ever with shifts in investment environment, we will continue to focus our research on the companies which can benefit from these circumstances over many years.

In terms of single stock detractors, **Soitec**, a French company engaged in the manufacture of performance-engineered wafers for the semiconductor industry, was notable. Its results disappointed the market, as while revenues from the mobile phone market showed signs of recovery, revenues from electric vehicle (EV) related semiconductors declined sharply due to weak EV demand. While this was disappointing news, it reflects cyclical weakness rather than competitive issues, positioning the company well for when the cyclical turns back in its favour.

ASM International, one of the leading manufacturers of deposition equipment for semiconductor fabrication, also detracted. This largely stemmed from doubts about the requirement for greater and greater capital expenditure to support semiconductor fabrication capacity for the development of AI, spurred by potential reductions to the US CHIPS Act and DeepSeek's unveiling of its low-cost AI model. We think these concerns are overblown and, in the case of **ASM**, ignore the increasing importance of atomic layer deposition in advanced chipmaking which will create a long growth runway for the company.

On the positive side of the ledger, Polish grocery chain **Dino Polska** contributed to performance. Its results were indicative of an improving market backdrop after a period of intense competition in Poland and food deflation. Pleasingly it is accelerating its store rollout plans with the expansion of its footprint the cornerstone of our investment case.

The audio streaming platform, **Spotify** was another contributor as it continued its strong performance. Results over the period highlighted continued growth in users, revenues and profit margins and it also announced a new super premium subscription tier to bring fans closer to artists.

Notable transactions

We took one new position over the quarter, investing in employee benefits programmes administrator, **Edenred**. This is a business we know well, having previously been owners of the shares. Its valuation has weakened of late, giving us the opportunity to buy a business which still has a long growth runway as it further penetrates new markets and takes more share with small and medium sized businesses in its existing markets.

Elsewhere, we added to the Fund's positions in **Novo Nordisk** the obesity drug manufacturer, **EQT** a private equity firm, and **Hypoport** a German mortgage software business, as we aim to be opportunistic in an uncertain market. These moves were funded by reductions to **Ryanair** the airline, **Prosus** an investment company, and **Spotify**.

Market Outlook

Most of the news headlines over the first quarter reflected on how the world has changed. Not to be outdone on hyperbole, the investment research providers have inundated us with webinar invitations on the 'paradigm shift in markets', and teach-ins on tariffs and defence stocks. Of course, a lot has changed. Fiscal stimulus announcements in Germany and China are a cause for optimism in International investing, while defence spending around Europe should be positive for economic growth. However, not much ink has been spent on what has not changed.

What has not changed, in our opinion at least, is what it takes to outperform in equity investing. In our view, there are three key characteristics which form the basis for success over sustained periods of time. These are: the need to focus on growth, to think differently and to think and act long-term. We believe the fund has these characteristics, with higher growth expectations backed by secular tailwinds, stronger returns on capital and is attractively valued. Volatility may continue for a time, but the best companies use such periods as a time to strengthen and take advantage of opportunities. As investors, we aim to continue to do likewise.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2025

Stock Name	Contribution (%)
Allegro.eu	0.3
Spotify Technology SA	0.3
Schneider Electric SE	0.3
Topicus.Com Inc	0.3
Avanza Bank Holding	0.2
Dino Polska	0.2
ABB	0.1
UBS Group	0.1
Inditex	0.1
SAP	0.1
Soitec - Silicon On Insulator	-1.0
DSV	-1.0
Schibsted	-1.0
Nexans	-0.7
IMCD Group NV	-0.6
Hypoport	-0.5
Rheinmetall	-0.4
Ryanair	-0.3
Novo Nordisk	-0.3
EXOR NV	-0.3

One Year to 31 March 2025

Stock Name	Contribution (%)
Spotify Technology SA	2.1
Prosus N.V.	1.2
Avanza Bank Holding	0.9
Stellantis	0.4
DSV	0.4
L'Oreal	0.3
Reply Spa	0.3
Nestle	0.2
Schibsted	0.2
Dino Polska	0.2
Soitec - Silicon On Insulator	-1.4
Hypoport	-1.4
IMCD Group NV	-0.9
Sartorius Stedim Biotech	-0.9
Ryanair	-0.8
SAP	-0.7
EXOR NV	-0.6
Kingspan Group	-0.6
Instalco	-0.6
Wizz Air Holdings Plc	-0.6

Source: Revolution, MSCI. Baillie Gifford European Fund relative to MSCI Europe ex UK 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.

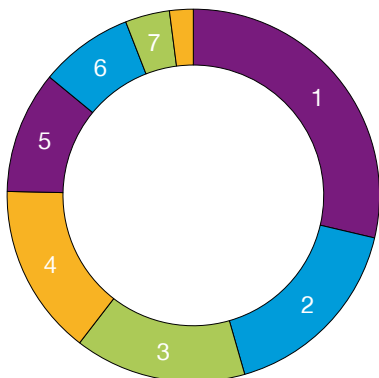
Transactions from 01 January 2025 to 31 March 2025.

New Purchases

Stock Name	Transaction Rationale
Edenred	Edenred is a global leader in employee benefit and expense management services, providing employee benefits such as meal vouchers and helping businesses manage expenses such as those related to transportation and vehicle fleets. Edenred maintains its leadership position through a combination of regulatory expertise, technological leadership, scale, and dedicated focus on a niche that, while easy to enter, has shown to be challenging to scale. The company's competitive advantages stem from its strong technology platform, professional salesforce, and focus on innovation. We expect Edenred to continue growing through a combination of increasing penetration (particularly in the underpenetrated SME market), expansion into new markets and products, and the increasing face value of vouchers. The company's focus on execution and strategic M&A activities further support its growth potential. We believe Edenred remains well-positioned for long-term success in the evolving payment solutions landscape.

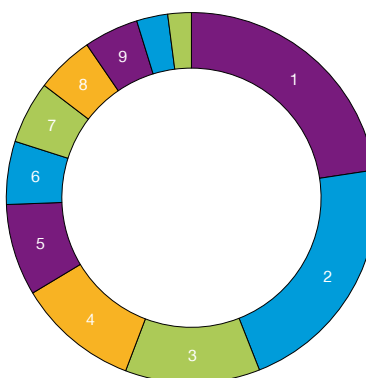
There were no complete sales during the period.

Sector Exposure



		%
1	Industrials	28.7
2	Financials	16.9
3	Information Technology	14.9
4	Consumer Discretionary	14.9
5	Health Care	10.6
6	Communication Services	8.1
7	Consumer Staples	3.9
8	Cash	2.1

Geographic Exposure



		%
1	Netherlands	22.6
2	Sweden	21.4
3	Denmark	11.8
4	France	10.6
5	Ireland	8.0
6	Italy	5.5
7	Switzerland	5.5
8	Poland	5.1
9	Norway	4.8
10	Germany	2.7
11	Cash	2.1

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
Topicus.com	Acquirer of vertical market software companies	6.0
DSV	Freight forwarder	5.6
Ryanair	European low-cost airline	4.7
Schibsted	Media and classifieds advertising platforms	4.3
Prosus	Portfolio of online consumer companies including Tencent	4.1
Spotify	Streaming platform for audible content	3.8
ASML	Semiconductor equipment manufacturer	3.6
Novo Nordisk	Pharmaceutical company	3.5
Kingspan Group	Building materials provider	3.4
Reply	IT consulting and systems integration provider	3.3
Total		42.2

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	5	Companies	2	Companies	None
Resolutions	71	Resolutions	6	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Beijer Ref AB (publ), DSV A/S, Edenred SE, Exor N.V.
Social	DSV A/S, Exor N.V., Kingspan Group plc, Moncler S.p.A.
Governance	Adyen N.V., DSV A/S, Edenred SE, Exor N.V., Kingspan Group plc, Lonza Group AG, Nexans S.A., Sartorius Stedim Biotech S.A., Soitec SA
Strategy	Beijer Ref AB (publ), Edenred SE, Epiroc AB (publ), Nexans 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 %
Topicus.com	6.0
DSV	5.6
Ryanair	4.7
Schibsted	4.3
Prosus	4.1
Spotify	3.8
ASML	3.6
Novo Nordisk	3.5
Kingspan Group	3.4
Reply	3.3
Allegro.eu	3.2
Nexans	3.1
EQT Partners	3.1
Adyen	3.0
Atlas Copco	3.0
Richemont	2.8
IMCD	2.8
Hypoport	2.7
Lonza	2.6
LVMH	2.6
Avanza Bank	2.4
Exor N.V.	2.4
Moncler	2.2
Sartorius Stedim Biotech	2.0
Royal Unibrew	2.0
Dino Polska	1.9
Camurus	1.7
Epiroc	1.6
Assa Abloy	1.6
Edenred	1.6
Instalco AB (publ)	1.3
Soitec	1.3
Beijer, G & L AB	1.2
Kinnevik	1.0
ASM International	0.8
Genmab	0.7
VNV Global	0.6
AutoStore	0.4
Cash	2.1
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-Acc	06 January 2000	GB0006058258	0605825	0.55	0.59
Class B-Inc	17 June 1985	GB0006057391	0605739	0.55	0.59

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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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 31 March 2025 and source is Baillie Gifford & Co unless otherwise stated.