Baillie Gifford™

Baillie Gifford Global Income Growth 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 invests in an actively managed and well-diversified portfolio of stocks from around the world. It generally contains 50–80 stocks, and positions at initiation are typically 1–3 per cent of the portfolio. We seek to ensure a high degree of diversification of both income and capital, with no stock representing more than 5 per cent of the portfolio's income stream or capital at the time of purchase.

Fund Facts

Fund Launch Date	01 March 2010
Fund Size	£498.3m
IA Sector	Global Equity Income
Active Share	86%*
Current Annual Turnover	18%
Current number of stocks	56
Stocks (guideline range)	50-80

*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

Fund Manager

Name	Years' Experience
James Dow*	21
Ross Mathison	17

*Partner

Fund Objective

To achieve (after deduction of costs) growth in both income and capital over rolling five-year periods, whilst delivering a yield higher than that of the MSCI ACWI Index over rolling five-year periods.

The manager believes this is an appropriate benchmark 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 Equity Income 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-Inc (%)	-1.1	-0.6	4.6	11.7
Benchmark (%)*	-4.2	5.3	8.1	14.8
Sector Average (%)**	0.3	4.8	6.7	12.4

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.
Share class returns are calculated using 10 am prices, while the Benchmark 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 ACWI Index.
**IA Global Equity Income 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-Inc (%)	33.3	14.1	3.6	11.1	-0.6
Benchmark (%)*	39.6	12.9	-0.9	21.2	5.3
Sector Average (%)**	32.0	11.8	2.3	13.3	4.8

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.
Share class returns are calculated using 10 am prices, while the Benchmark is calculated close-to-close.
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**IA Global Equity Income Sector.

Market environment

Donald Trump's first few weeks in the White House have exceeded all expectations of turbulence.

The abrupt pivot in U.S. policy on Ukraine has sent shockwaves through Europe. Most importantly, Germany made a groundbreaking decision to suspend its self-imposed "debt brake," a hallmark of fiscal conservatism that has defined its prudent economic policy for decades.

On the trade front, Mr. Trump's tariff policies have introduced complexity, and many firms are delaying capital expenditures. Investors are left wondering whether this political turbulence will erode US consumer and corporate sentiment further or merely create temporary distortions.

The post-election souffle in US equities has deflated with the first quarter marking a sharp reversal of a trend that has dominated the past decade. U.S. equities declined approximately 7%, while non-U.S. equities delivered positive returns of +2% (both in GBP). This divergence was driven by two key factors: profit-taking in U.S. equities, which had become relatively expensive, and renewed investor interest in European and Chinese equities, buoyed by improving growth prospects and more attractive valuations.

Last quarter, we highlighted how a narrow group of stocks had propelled U.S. equity markets higher. These names had become very consensual, leaving little room for disappointment. Adding to the pressure, a little-known Chinese start-up, Deep Seek, made waves in the AI space by unveiling a groundbreaking model trained at a fraction of the cost of its competitors.

By contrast, investors welcomed Germany's decision on the debt brake and reallocated their capital to European equities, with the favourable background of relative valuation at historical lows. In China, signs of the private tech sector being back in favour with the Government and expectations of potential support for consumption boosted Chinese equities.

Performance

Against a volatile market backdrop, the Fund performed as we might have expected: returns were negative but outperformed global equity markets which were down ~4%. This reflects our approach of prioritizing resilience and quality, which dampens sensitivity to market swings.

Our overweight position in European equities and underweight exposure to U.S. equities provided a meaningful boost to relative performance this quarter.

The heightened volatility also boosted holdings that thrive in such environments. Deutsche Boerse owns Eurex, one of Europe's largest derivatives trading platforms. The announcement of Germany's debt brake suspension, and its associated move in the German bond yield, was a good day for Deutsche Boerse. Similarly, B3 (Brazil's stock exchange operator) and CME Group (the world's largest derivatives marketplace) also benefited from increased market volatility and activity driven by geopolitical and economic uncertainty.

On the other side of the ledger, some of the top contributors to long-term performance had a weaker quarter. Novo Nordisk (Danish multinational pharmaceutical company) faced headwinds after a period of exceptional performance. Over the past six months, profit-taking by investors was compounded by disappointing results from its Cagrisema trial (next-generation obesity drugs) and recent data showing Wegovy losing some market share to Eli Lilly's competing drug. Whilst the Cagrisema results were disappointing, we believe this is a bump in the road rather than the end of Novo Nordisk's ability to earn growing profits from the fight against obesity. Eli Lilly is a strong competitor, but the market has unmet needs, and we think there is ample room for both leaders to thrive.

As the main supplier of NVIDIA semiconductor chips, it was unsurprising to see TSMC shares fall this quarter as investors took profits following last year's strong performance. This is despite TSMC reporting profit growth of ~40% for 2024 and raising its revenue growth guidance for the next five years to 20% per annum.

Notable transactions

The most significant transaction this quarter was our decision to sell UPS, the U.S.-listed delivery company. For some time, we had debated whether the decline in UPS's profits since 2022 was primarily due to cyclical factors—such as post-COVID excess capacity in logistics—or more structural challenges, including intensifying competition.

However, recent developments have shifted our perspective. UPS has been forced to walk away from significant volumes of low-margin business with Amazon—a stark reversal from the CEO's earlier assurances that their partnership with Amazon would remain stable. This marks the second strategic U-turn by management in just 12 months and serves as a strong signal that structural competition in the logistics sector is intensifying. With this new information, we have recalibrated our assessment of UPS's challenges. While cyclical headwinds persist, it is now clear that structural pressures are playing a larger role than we had initially judged, and we have exited the holding.

Market Outlook

The global economic and political landscape is undergoing profound shifts. The U.S. is adopting a more inward-focused approach, compelling the rest of the world to adapt. In Europe, Germany's historic decision to remove its debt brake signals a bold response, with potential stimulus effects rippling across the region. Meanwhile, China is intensifying its focus on industries of the future while considering measures to stimulate domestic consumption.

This quarter's rotation out of U.S. equities marks a notable departure from the dominant trend of the past decade. While it is premature to declare an end to American leadership, the once-unquestionable appeal of U.S. technology companies may be giving way to a more balanced outlook. For the Fund, this rebalancing has been helpful, and we are pleased with the resilience demonstrated during a period of rising uncertainty.

Despite short-term turbulence, clients' capital has remained well-protected. It would be optimistic to assume that Mr. Trump's presidency will become more predictable in the near term, but we are confident that our portfolio positioning will continue to provide valuable stability and reassurance to our clients.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2025

Stock Name	Contribution (%)
Deutsche Boerse	0.9
NVIDIA	0.8
Tesla Inc	0.5
Alphabet	0.5
B3 S.A.	0.4
Coca Cola	0.4
Fastenal	0.4
Broadcom Inc	0.4
CME Group Inc	0.3
Roche	0.3
Novo Nordisk	-0.4
TSMC	-0.3
T. Rowe Price	-0.2
Schneider Electric SE	-0.2
UPS	-0.2
AVI	-0.2
Carsales.com	-0.2
Diageo	-0.2
Berkshire Hathaway B	-0.1
Wolters Kluwer NV	-0.1

One Year to 31 March 2025

Stock Name	Contribution (%)
Deutsche Boerse	1.0
CME Group Inc	0.6
AJ Gallagher & Co	0.4
United Overseas Bank	0.4
Hong Kong Exchanges & Clearing	0.4
Roche	0.4
Watsco Inc	0.3
Midea Group	0.3
SAP	0.3
TSMC	0.3
Novo Nordisk	-1.7
Edenred	-0.6
Albemarle	-0.6
UPS	-0.6
Pepsico	-0.4
L'Oreal	-0.4
Carsales.com	-0.4
NVIDIA	-0.4
T. Rowe Price	-0.4
Coloplast B	-0.4

Source: Revolution, MSCI. Baillie Gifford Global Income Growth Fund relative to MSCI ACWI 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.

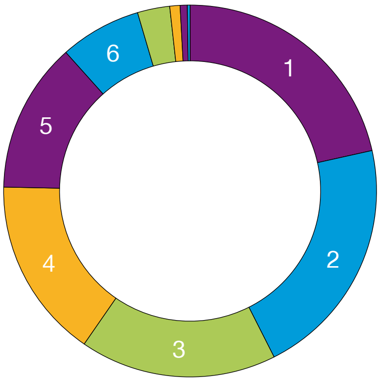
Transactions from 01 January 2025 to 31 March 2025.

There were no new purchases during the period.

Complete Sales

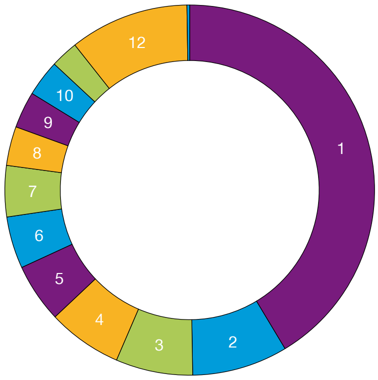
Stock Name	Transaction Rationale
UPS	Operational performance since 2022 has been weaker than anticipated and we debated whether it was cyclical or structural. After a report written by our investigative researcher and further due diligence, our judgement was that the pressure UPS had seen on revenue and profit was more likely explained by cyclical rather than structural factors (post-COVID excess capacity rather than a structural change in competition). Therefore, we continued to support UPS management team but reduced the position size to reflect relative conviction in the portfolio. The latest news from the company signals that competition is getting materially worse, with UPS forced to walk away from significant Amazon volumes with very low margins. This is now the second time the management team have reversed course on strategy: only 12 months ago the CEO was adamant that their business with Amazon would remain stable at then-current levels. The reversal of this decision is a very strong signal that the structural pressure on UPS's profits is intensifying. Based on this new information, we have re-calibrated our belief on how much of UPS's troubles are cyclical and structural. There is clearly a cyclical downturn ongoing, but the structural issues now look worse. We now have lower conviction that the management team's long-term strategy is the right one and expect the next few years to get even tougher. As a result, we exited the holding in favour of other ideas in the portfolio where the long-term skew of outcomes for earnings and dividend growth looks more attractive.

Sector Exposure



		%
1	Financials	21.5
2	Industrials	21.1
3	Information Technology	17.1
4	Consumer Staples	15.7
5	Consumer Discretionary	13.1
6	Health Care	7.1
7	Communication Services	2.8
8	Utilities	0.9
9	Materials	0.6
10	Cash	0.2

Geographic Exposure



		%
1	United States	41.4
2	Switzerland	8.4
3	UK	6.7
4	France	6.5
5	Germany	5.2
6	Sweden	4.5
7	Hong Kong	4.5
8	China	3.4
9	Taiwan	3.2
10	Denmark	3.2
11	Netherlands	2.4
12	Others	10.4
13	Cash	0.2

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
Deutsche Börse	Stock exchange operator	4.1
Fastenal	Distribution and sales of industrial supplies	4.0
Procter & Gamble	Household product manufacturer	3.7
Microsoft	Technology company offering software, hardware and cloud services	3.7
Apple	Computing and media equipment	3.4
Partners	Private markets asset management	3.4
Coca-Cola	Beverage manufacturer	2.7
Atlas Copco	Manufacturer of industrial compressors	2.7
CME Group	Operates a derivatives exchange that trades futures contracts and options on futures, interest rates, stock indexes, foreign exchanges and commodities.	2.7
Watsco	Distributes air conditioning, heating and refrigeration equipment	2.7
Total		33.1

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	8	Companies	5	Companies	None
Resolutions	85	Resolutions	13	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Cognex Corporation, Edenred SE, Watsco, Inc.
Governance	Cognex Corporation, Deutsche Börse AG, Edenred SE, Eurofins Scientific SE, Greencoat UK Wind PLC, Intuit Inc., The Procter & Gamble Company, Valmet Oyj
Strategy	Edenred SE, Epiroc AB (publ), Valmet Oyj

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 %
Deutsche Börse	4.1
Fastenal	4.0
Procter & Gamble	3.7
Microsoft	3.7
Apple	3.4
Partners	3.4
Coca-Cola	2.7
Atlas Copco	2.7
CME Group	2.7
Watsco	2.7
TSMC	2.6
Schneider Electric	2.5
Anta Sports Products	2.4
Wolters Kluwer	2.4
PepsiCo	2.3
Admiral Group	2.3
Experian	2.2
Roche	2.2
Midea	2.1
McDonald's	2.1
Novo Nordisk	2.1
Analog Devices	1.9
Epiroc	1.8
L'Oréal	1.8
Nestlé	1.8
United Overseas Bank	1.7
AJ Gallagher	1.7
B3	1.7
Edenred	1.6
Cisco Systems	1.6
Amadeus IT Group	1.5
CAR Group	1.5
USS	1.5
Starbucks Corp	1.4
Home Depot	1.3
NetEase	1.3
Hong Kong Exchanges & Clearing	1.3
Texas Instruments	1.2
Valmet	1.2
Intuit	1.1
Coloplast AS	1.1
Medtronic	1.1
SAP	1.1
T. Rowe Price Group, Inc.	1.0
Kuehne & Nagel	1.0
Greencoat UK Wind	0.9
Diageo	0.9
AVI	0.8
Man Wah	0.7

Asset Name	Fund %
TCI Co	0.6
Albemarle	0.6
Eurofins	0.6
Paychex	0.6
Pernod Ricard	0.6
Cognex Corp	0.6
Fevertree Drinks	0.5
Cash	0.2
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-Acc	16 March 2010	GB0005772479	0577247	0.50	0.53
Class B-Inc	01 March 2010	GB0005772586	0577258	0.50	0.53

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.

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.

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