

Baillie Gifford UK Equity Core Fund

31 March 2024

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 57 partners with average 21 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 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.

Fund Facts

Fund Launch Date	17 January 2018
Fund Size	£226.3m
IA Sector	UK All Companies
Active Share	74%*
Current Annual Turnover	6%
Current number of stocks	56
Stocks (guideline range)	45-65

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

Fund Manager

Name	Years' Experience
Iain McCombie*	30

*Partner

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.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	2.4	6.4	1.4	3.3
Index (%)*	3.6	8.4	8.1	5.4
Target (%)**	3.8	9.5	9.2	6.5
Sector Average (%)***	2.9	7.7	3.6	4.4

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.

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.

*FTSE All-Share Index.

**FTSE All-Share Index plus at least 1% per annum over rolling five-year periods.

***IA UK All Companies Sector.

Discrete Performance

	31/03/19- 31/03/20	31/03/20- 31/03/21	31/03/21- 31/03/22	31/03/22- 31/03/23	31/03/23- 31/03/24
Class B-Acc (%)	-19.3	39.7	-0.1	-2.0	6.4
Index (%)*	-18.5	26.7	13.0	2.9	8.4
Target (%)**	-17.6	28.0	14.2	4.0	9.5
Sector Average (%)***	-19.2	38.0	5.4	-1.9	7.7

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.

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.

*FTSE All-Share Index.

**FTSE All-Share Index plus at least 1% per annum over rolling five-year periods.

***IA UK All Companies Sector.

Market environment

After a lacklustre start to the year, the broad UK equity market rallied in the final week of March as the Bank of England (BoE) governor struck a more optimistic tone on the outlook for the UK economy. Specifically, as headline inflation continued to retreat, Andrew Bailey signalled that we may see more than one interest rate cut this year.

Performance

The fund delivered a positive return during the quarter but underperformed the broader UK equity market. The holdings in Babcock International and Just Group were notable contributors during the three-month period, whereas Prudential and St. James's Place (SJP) detracted.

With regards to Just Group, the retirement solutions provider delivered a record set of full year results, with profits up 47%, driven by strong new business performance. As such, management now expect to achieve their target of doubling profits in three years instead of the originally intended five. For context, since 2022, UK Defined Benefit pension scheme funding levels have hit all-time highs, which has led to a surge in demand for pension risk transfer products. As retirement experts, we believe that Just Group is very well positioned to continue benefitting from this structural tailwind and delivering value for shareholders.

Elsewhere, the funds holding in SJP remained volatile and detracted from returns. At the end of February 2024, SJP reported its full year results. Whilst its underlying financial performance was resilient, this was overshadowed by the news that it would be taking a one-off provision of £426m for potential client refunds. This was due to a significant increase in the number of client complaints late last year in relation to whether they had received a sufficient level of service. Having engaged extensively with the FCA on the matter, the company said that they expect the claims to be a historic issue, driven by their ability to evidence the service provided to clients since 2018. In addition, SJP's initial findings indicate that since it invested in its client relationship management system, Salesforce, in 2021, engagement with clients is much easier to evidence. We will continue to closely monitor how the regulatory backdrop impacts SJP's clients and prospective clients through our ongoing engagement with the company. For example, we will be undertaking an in-depth site visit with the company later this year where we will meet with a broad range of people from across the business.

Stewardship

Throughout the quarter, we continued to engage with holdings on a range of topics including remuneration, board composition and climate change. For example, we had a call with Prudential's Chief Sustainability Officer to get a better understanding of some of the business's climate challenges and opportunities, which resulted in us sharing some of the work we have done on climate scenario analysis. We believe that these types of engagements which focus on long-term risks and opportunities help us to develop differentiated insights and lean into our long-term investing edge.

Notable transactions

We continue to balance our work between focusing on existing holdings and exploring new opportunities. Whilst turnover was low during the quarter, we continually test our levels of conviction in each company.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 March 2024

Stock Name	Contribution (%)
Babcock International Group	0.6
Reckitt Benckiser	0.3
Just Group	0.3
Glencore	0.3
Intermediate Capital Group	0.2
Howden Joinery	0.2
Hiscox	0.2
Bodycote	0.2
Renishaw	0.1
Melrose	0.1
St. James's Place	-0.7
Prudential	-0.4
Rolls-Royce	-0.4
GSK	-0.4
Close Brothers	-0.3
Bunzl	-0.3
Rio Tinto	-0.3
BAE Systems	-0.3
Burberry	-0.2
Marks & Spencer	-0.2

One Year to 31 March 2024

Stock Name	Contribution (%)
Marks & Spencer	0.9
Babcock International Group	0.9
Intermediate Capital Group	0.6
Reckitt Benckiser	0.6
Howden Joinery	0.6
Wise	0.5
Abcam	0.5
Melrose	0.4
Lancashire Holdings	0.4
Anglo American	0.4
St. James's Place	-2.2
Burberry	-1.4
Rolls-Royce	-0.9
Prudential	-0.9
Shell	-0.6
HSBC	-0.6
Close Brothers	-0.4
3i Group	-0.4
BAE Systems	-0.4
Genus	-0.4

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.

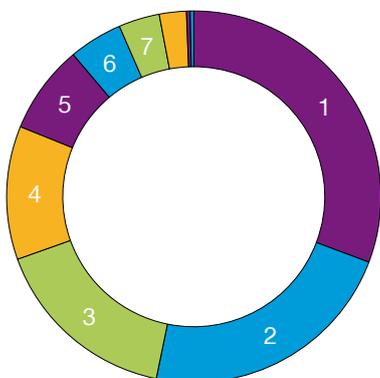
As Attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.

Transactions from 01 January 2024 to 31 March 2024.

There were no new purchases during the period.

There were no complete sales during the period.

Sector Exposure



		%
1	Industrials	30.7
2	Financials	22.5
3	Consumer Discretionary	16.3
4	Consumer Staples	11.6
5	Health Care	7.7
6	Basic Materials	4.6
7	Technology	3.5
8	Real Estate	2.3
9	Energy	0.3
10	Cash	0.3

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
AstraZeneca	Anglo-Swedish global pharma and bio-pharma company	4.5
Bunzl	Distributor of consumable products	4.1
RELX	Professional publications and information provider	4.0
Rio Tinto	Global metals and mining company	3.9
Legal & General	Insurance and investment management company	3.8
Diageo	International drinks company	3.5
Unilever	Multinational consumer goods company	3.4
Marks and Spencer Group	British retailer specialising in selling food, clothing & home products	3.3
Howden Joinery	Manufacturer and distributor of kitchens to trade customers	3.2
Babcock International Group	Industrial company	3.1
Total		36.9

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	3	Companies	None	Companies	None
Resolutions	58	Resolutions	None	Resolutions	None

Throughout the quarter, we continued to engage with UK equity holdings on a range of topics including remuneration, board composition and climate change

We will publish our firmwide Investment Activities Stewardship Report in April 2024

The FCA published its Sustainability Disclosure Requirements (SDR) regulation at the end of 2023 which will apply to UK-based investment funds and includes a new fund labelling framework and anti-greenwashing rule

Company Engagement

Engagement Type	Company
Environmental	Prudential plc
Social	Unilever PLC
Governance	Auto Trader Group plc, Diploma PLC, Exscientia, Informa plc, Melrose Industries PLC, Ocado Group plc, Victrex 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 %
AstraZeneca	4.5
Bunzl	4.1
RELX	4.0
Rio Tinto	3.9
Legal & General	3.8
Diageo	3.5
Unilever	3.4
Marks and Spencer Group	3.3
Howden Joinery	3.2
Babcock International Group	3.1
Auto Trader	3.1
Experian	2.9
Ashtead	2.9
Prudential	2.8
Inchcape	2.8
Hikma Pharmaceuticals	2.5
Standard Chartered	2.5
Weir	2.5
Informa	2.5
Just Group	2.3
Lancashire Holdings	2.2
Rightmove	2.1
Intermediate Capital Group	1.8
Hiscox	1.6
Persimmon	1.5
PageGroup	1.5
Wise	1.4
Volution Group	1.4
St. James's Place	1.4
Bodycote	1.4
Burberry	1.3
Bellway	1.3
Melrose Industries	1.3
Games Workshop	1.2
IG Group	1.2
Diploma	1.2
Renishaw	1.1
Halma	1.1
Greggs	1.1
Trainline	1.1
Hargreaves Lansdown	1.0
Breedon Aggregates	1.0
Keller	0.8
Victrex	0.7
IntegraFin	0.6
Genus	0.6
Molten Ventures	0.5
Kainos	0.5
Close Brothers Group	0.4

Asset Name	Fund %
Sabre Insurance	0.4
EnQuest	0.3
Ocado	0.3
Helical	0.3
Dowlais Group	0.2
James Fisher and Sons	0.2
Exscientia	0.1
Cash	0.3
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	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

Source: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. "FTSE®" "Russell®", is/are a trade mark(s) of the relevant LSE Group companies and is/are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

This document contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

This document is issued by Baillie Gifford & Co Limited, Calton Square, 1 Greenside Row, Edinburgh EH1 3AN, a company which is authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 119179, and is a member of The Investment Association. Baillie Gifford & Co Limited is wholly owned by Baillie Gifford & Co, which is authorised and regulated by the Financial Conduct Authority. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK clients. Both are authorised and regulated by the Financial Conduct Authority.

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 2024 and source is Baillie Gifford & Co unless otherwise stated.

Baillie Gifford & Co Limited
Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com

Ref: 99809