

# Baillie Gifford™

## Baillie Gifford International Alpha Fund

### Fourth Quarter 2023

#### About Baillie Gifford

<b>Philosophy</b>	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
<b>Partnership</b>	100% owned by 57 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

#### Portfolio Summary

The strategy employs a bottom up stock-picking approach based on the fundamental research produced by Baillie Gifford's investment teams. The members of the Portfolio Construction Group (PCG) use their experience to identify the best ideas generated by the investment floor which are relevant to the strategy. The result is a diversified portfolio of quality growth companies which we believe has the potential to outperform the benchmark over the long term.

#### Fund Facts

K Class Ticker	BGIKX
Institutional Class Ticker	BINSX
Launch Date	February 07, 2008
Size	\$2,363.5m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	70-110
Current Number of Stocks	77
Active Share	85%*
Annual Turnover	13%**
Style	Growth

Launch date refers to the longest running share class of the fund. This is earlier than the K and Institutional share class launch date.

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

Active Share is a measure of the Fund's overlap with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates a portfolio that tracks the benchmark.

\*\*The Turnover figure presented is based on internal calculation methods and differs to the financial statements which are calculated in accordance with the requirements of N-1A.

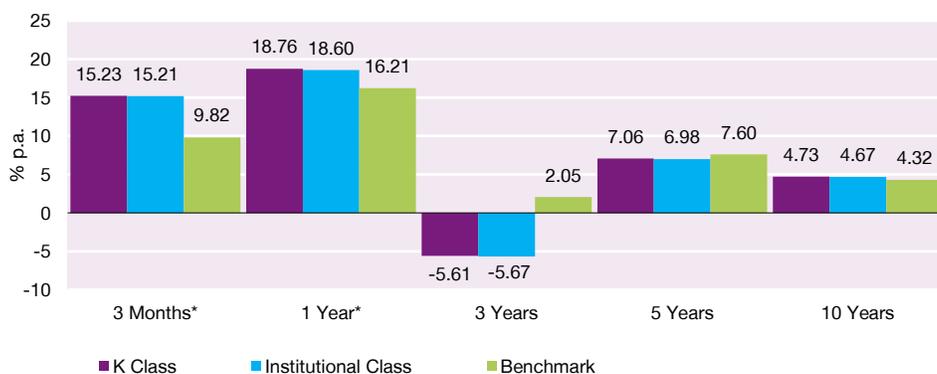
#### International Alpha Portfolio Construction Group

Name	Years' Experience
Donald Farquharson*	35
Andrew Stobart	32
Tom Walsh*	19
Jenny Davis*	14
Chris Davies	11
Steve Vaughan	11

\*Partner

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This information and other information about the Fund can be found in the prospectus and summary prospectus. For a prospectus and summary prospectus, please visit our website at [bailliegifford.com/usmutualfunds](http://bailliegifford.com/usmutualfunds) Please carefully read the Fund's prospectus and related documents before investing. Securities are offered through Baillie Gifford Funds Services LLC, an affiliate of Baillie Gifford Overseas Ltd and a member of FINRA.*

### Fund Performance as of December 31, 2023



Gross Expense Ratio	
Share Class – K	0.61%
Share Class – Institutional	0.71%

Net Expense Ratio	
Share Class – K	0.61%
Share Class – Institutional	0.71%

Benchmark: MSCI ACWI ex US Index

*The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance please visit the Fund's website at [bailliegifford.com/usmutualfunds](http://bailliegifford.com/usmutualfunds).*

*The Baillie Gifford Fund's performance shown assumes reinvestment of dividend and capital gain distributions and is net of management fees and expenses. From time to time, certain fees and/or expenses have been voluntarily or contractually waived or reimbursed, which has resulted in higher returns. Without these waivers or reimbursements, the returns would have been lower. Voluntary waivers or reimbursements may be applied or discontinued at any time without notice. Only the Board of Trustees may modify or terminate contractual fee waivers or expense reimbursements. All fees are described in the Fund's prospectus.*

Returns are based on the above noted share class from April 28, 2017. Prior to that date returns are calculated based on the oldest share class of the Fund adjusted to reflect the current share class fees where these fees are higher. \*Not annualized.

*Expense Ratios: All mutual funds have expense ratios which represent what shareholders pay for operating expenses and management fees. Expense ratios are expressed as an annualized percentage of a fund's average net assets paid out in expenses. Expense ratio information is as of the Fund's current prospectus, as revised and supplemented from time to time.*

The MSCI ACWI ex USA Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI ACWI ex US Index.

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: April 28, 2017. NAV returns in US dollars.

## Stock Level Attribution

Quarter to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Ryanair	0.64
MercadoLibre	0.59
Adyen	0.53
IMCD Group	0.37
CRH	0.36

### Bottom Five Contributors

Asset Name	Contribution (%)
Edenred	-0.26
DSV	-0.25
Wuxi Biologics	-0.23
Shiseido	-0.22
Denso	-0.22

One Year to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	2.00
Ryanair	1.17
CRH	1.01
Kingspan Group	0.58
SAP	0.53

### Bottom Five Contributors

Asset Name	Contribution (%)
AIA	-0.93
Shiseido	-0.70
Meituan	-0.46
Adyen	-0.41
Biontech	-0.37

Five Years to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	5.61
TSMC	1.67
Constellation Software	1.47
Atlas Copco	1.42
CRH	1.32

### Bottom Five Contributors

Asset Name	Contribution (%)
SEA Limited	-1.04
Ping An Insurance	-1.00
Novo Nordisk	-0.98
Shiseido	-0.92
Temenos	-0.84

Source: Revolution, MSCI, Baillie Gifford International Alpha Fund relative to MSCI ACWI ex US Index.

*The performance data quoted represents past performance and it should not be assumed that transactions made in the future will be profitable or will equal the performance of the securities mentioned. For the most recent month-end performance please visit our website at [bailliegifford.com/usmutualfund](http://bailliegifford.com/usmutualfund). A full list of holdings is available on request. The composition of the Fund's holdings is subject to change.*

*All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing prices. Attribution is shown relative to the benchmark therefore not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.*

## Market environment

The state of financial markets in 2023 was characterized by the up-and-down nature of investors attempting to guess and react to the United States (US) Federal Reserve's response to economic data. Although the market adjusted to the idea of "higher for longer" interest rates in the summer, this was reversed as economic data rolled in. In the final quarter of 2023, a strong rally in bonds and equities signaled the market's belief that rate rises have peaked and rate cuts will follow in 2024. In this context, the International Alpha Fund significantly outperformed its benchmark in the quarter.

## Performance

The top contributors included MercadoLibre, Ryanair and Adyen.

MercadoLibre is Latin America's leading e-commerce and digital platform business. The company recently surpassed 100 million monthly active e-commerce users for the first time, and the firm recently opened its first regional fulfillment center in Rio de Janeiro, Brazil, which will allow it to increase its same-day shipping footprint. While the stock price may fluctuate from quarter to quarter, operational performance has been remarkably consistent, and we believe it is well-positioned to deliver structural growth in the long term.

Europe's largest airline, Ryanair, performed well emerging from the pandemic and has taken significant market share. Their recent results were strong, with revenues rising by 30% year-on-year, driven by both higher fares and passenger volumes. Management also announced plans to pay out 25% of profit after tax through dividends in the future, a sign of confidence that was taken well by the market. We believe Ryanair is uniquely positioned as Europe's lowest-cost airline and should continue to take market share for many years to come.

Adyen, the Dutch payments business, had a strong rebound this quarter following a steep share price decline earlier in the year. The share rebounded sharply after management sought to allay market fears over rising costs and increasing competition during a capital markets day. The release of better than expected third quarter volumes and margin guidance was also taken well by the market. Adyen has consistently proven its ability to fend off pricing competition in the past, and we believe there is a long growth runway ahead for the business.

The detractors to performance include Edenred, DSV, and Shiseido.

Edenred is a leading French pre-paid voucher business. The share price has been buoyed in the last two years as rising inflation plays into their tax-efficient offering by saving employers and employees money. With inflation seemingly on the wane, the shares sold off during the quarter. Despite this, the company has made good operational progress, with recent results showing sales up 25% year-on-year. At the same time, a recent acquisition in Brazil should strengthen the business in Latin America.

Shiseido is a Japanese global luxury cosmetics business. The share price has struggled as the company has been affected by political tension between China and Japan, following the decision by the Japanese to release water from the Fukushima nuclear plant. This has driven a 5% reduction in sales in the first nine months of the year, and management has curtailed marketing activities and promotions.

The leading Danish freight forwarding business, DSV, has also seen its share price languish this quarter. The freight forwarding market remains soft after a very strong period amidst the pandemic. Recent results saw gross profit in air and sea down 32% and 23% respectively, with volumes continuing to fall as the market normalizes. However, management raised full-year guidance in their quarterly call, demonstrating the resilience of the business model. With superior financial strength DSV is well placed to add value through bolt-on deals in a fragmented market. It also operates benefits from a strong network of routes and relationships, affording purchasing power over other freight carriers.

## Notable transactions

In the fourth quarter, we have bought two names and sold one.

We have purchased LVMH, the diversified French Luxury business, taking advantage of share price weakness during the previous quarter. Many of their brands set the standard for luxury business, providing significant pricing power driven by the status and allure of their labels. This should allow the company to deliver high long-term returns on capital.

Kweichow Moutai has also been added to the fund this quarter. This is one of the most essential and iconic Chinese luxury brands, selling premium Baijiu liquor. The business has a competitive moat from its heritage and respect embedded in Chinese culture, brewing

location, and branding. The company should continue to deliver strong long-term returns and remain a mainstay in Chinese culture.

We have sold Hong Kong Exchanges and Clearing, which owns and operates the stock exchange, futures exchange and related clearing housing in Hong Kong. The business has been profitable and delivered cash-generative growth for years. However, the current valuation provides little protection to the regulatory risk, while concerns around Hong Kong's future role exist. We therefore decided to sell the shares.

Transactions from 01 October 2023 to 31 December 2023.

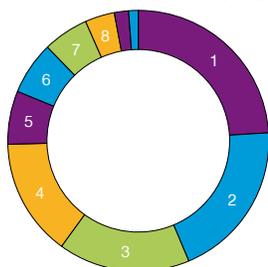
### New Purchases

Stock Name	Transaction Rationale
Kweichow Moutai	Kweichow Moutai is one of the most important and iconic homegrown Chinese luxury brands. It manufactures and sells premium baijiu (a sorghum-based liquor) which has a heritage and respect embedded within Chinese culture. Brewing location and brand provide a core competitive advantage. When combined with supply scarcity and limited competition in the very high-end market, Moutai is able to price at a premium and maintain a loyal customer base. It is an extremely profitable business. We believe in the strength and heritage of the brand, the sustainability of revenue growth, and the longevity of its core competitive advantage. We also like that it's a homegrown domestic Chinese company that is meeting local demand with a local product.
LVMH	LVMH is a French luxury goods company. It owns a diversified range of luxury businesses, from the eponymous Louis Vuitton, to Glenmorangie and even one of Italy's oldest pastry shops, Cova. Many of LVMH's brands set the standard for luxury businesses, enabling them to command higher prices. These higher prices in turn reinforce status and desire, thereby creating powerful returns to scale. This should enable LVMH to deliver above-industry growth and generate high returns on capital over the long-term. For this reason, we decided to take a position for your portfolio.

### Complete Sales

Stock Name	Transaction Rationale
Hong Kong Exchanges & Clearing	Hong Kong Exchanges & Clearing owns and operates the stock exchange, futures exchange and their related clearing houses in Hong Kong. Rising trading volumes within the region coupled with attractive financial characteristics have underpinned profitable and cash generative growth for many years. The current valuation offers little protection for heightened regulatory risks, however. At the same time, there are some concerns surrounding Hong Kong's role as an offshore venue for international companies accessing Chinese capital. We therefore decided to sell the shares.

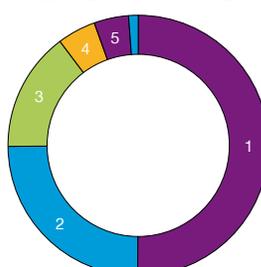
**Sector Analysis (%)**



1	Industrials	24.02
2	Information Technology	19.65
3	Consumer Discretionary	16.33
4	Financials	14.57
5	Communication Services	6.62
6	Materials	6.56
7	Consumer Staples	5.64
8	Health Care	3.66
9	Energy	1.76
10	Cash	1.19

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Geographic Analysis (%)**



1	Europe (ex UK)	50.07
2	Emerging Markets	24.81
3	Developed Asia Pacific	14.86
4	Canada	4.78
5	UK	4.29
6	Cash	1.19

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Top Ten Holdings**

Holdings	Fund %	
1	MercadoLibre	4.45
2	TSMC	3.77
3	Ryanair	2.86
4	Samsung Electronics	2.84
5	SAP	2.76
6	CRH	2.59
7	Atlas Copco	2.49
8	AIA	2.42
9	Kingspan Group	2.12
10	Scout24	2.07

The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Portfolio Characteristics**

Number of holdings	76
Number of countries	24
Number of sectors	9
Number of industries	35
Active Share	85%*
Annual Turnover	13%**

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

\*\*The Turnover figure presented is based on internal calculation methods and differs to the financial statements which are calculated in accordance with the requirements of N-1A.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	5	Companies	1	Companies	None
Resolutions	39	Resolutions	2	Resolutions	None

Our approach remains focused on the sole mandate of maximising long-term financial returns for clients

We incorporate governance and sustainability considerations in our analysis where they are material to the investment case

A particular focus of engagement meetings during the quarter has been succession planning and board oversight

Company Engagement

Engagement Type	Company
Environmental	Aker Carbon Capture ASA, Copa Holdings, S.A., DENSO Corporation, DSV A/S, ICICI Lombard General Insurance Company Limited, IMCD N.V., Reliance Industries Limited, Ryanair Holdings plc, Technoprobe S.p.A., Tencent Holdings Limited, Topicus.com Inc., Wizz Air Holdings Plc
Social	DSV A/S, Danone S.A., Reliance Industries Limited, Ryanair Holdings plc, Tencent Holdings Limited, Wizz Air Holdings Plc
Governance	ASML Holding N.V., Adyen N.V., Alibaba Group Holding Limited, Amadeus IT Group, S.A., BioNTech SE, Compagnie Financière Richemont SA, Copa Holdings, S.A., Danone S.A., Discovery Limited, HDFC Bank Limited, ICICI Lombard General Insurance Company Limited, IMCD N.V., KONE Oyj, Kering SA, Nidec Corporation, Nintendo Co., Ltd., Reliance Industries Limited, Scout24 SE, Sea Limited, Shopify Inc., Technoprobe S.p.A., Tencent Holdings Limited, Wizz Air Holdings Plc, WuXi Biologics (Cayman) Inc.
Strategy	Aker Carbon Capture ASA, Copa Holdings, S.A., DENSO Corporation, Danone S.A., Nidec Corporation, Reliance Industries Limited, Ryanair Holdings plc

Votes Cast in Favour

Companies	Voting Rationale
Ambu, Discovery Ltd, ICICI Lombard, IMCD Group NV, Reliance Industries Ltd	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Discovery Ltd	AGM 11/16/23	NB.11	We opposed the remuneration policy due to concerns with the lack of long term performance measures.
Discovery Ltd	AGM 11/16/23	NB.12	We opposed the implementation of the remuneration policy due to concerns with the lack of long term performance measures.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
Mmc Norilsk Nickel	We did not vote in order to ensure that there is no risk of breaching sanctions regulations.

Asset Name	Fund %
MercadoLibre	4.45
TSMC	3.77
Ryanair	2.86
Samsung Electronics	2.84
SAP	2.76
CRH	2.59
Atlas Copco	2.49
AIA	2.42
Kingspan Group	2.12
Scout24	2.07
Deutsche Boerse	2.02
Rio Tinto	2.02
HDFC Bank	1.98
Nestlé	1.97
Danone	1.91
Sony	1.84
Reliance Industries	1.76
Dassault Systemes	1.73
Edenred	1.70
IMCD	1.68
Constellation Software	1.66
Amadeus IT Group	1.66
Experian	1.56
ASML	1.52
DSV	1.52
Adyen	1.51
Epiroc	1.48
Rational	1.43
SMC	1.26
FANUC	1.25
FincoBank	1.25
DENSO	1.23
Novozymes	1.21
Richemont	1.19
Kone	1.17
Discovery	1.15
Tencent	1.13
EXOR	1.12
Shopify	1.08
Nintendo	1.08
Kering	1.06
Tencent Music Entertainment Group	1.05
Keyence	1.00
Demant	0.99
LVMH	0.98
Shimano	0.96

Asset Name	Fund %
Topicus.com	0.96
Kweichow Moutai	0.91
Recruit Holdings	0.91
ICICI Lombard	0.89
Lumine Group	0.88
Shiseido	0.85
Copa Holdings	0.82
Coupang	0.81
Spotify	0.80
Silergy	0.79
MonotaRO	0.76
Chr Hansen	0.74
Sartorius Stedim Biotech	0.73
Nihon M&A	0.72
Prosus	0.71
Technoprobe	0.66
Alibaba	0.63
Nidec Corporation	0.59
Aker Carbon Capture ASA	0.56
BioNTech	0.56
Ping An Insurance	0.53
Nexans	0.51
SEA Limited	0.48
Ambu	0.43
Meituan	0.41
MIPS	0.40
WuXi Biologics	0.39
Oxford Nanopore Tech	0.35
Wizz Air	0.35
AbCellera Biologics	0.20
Norilsk Nickel	0.00
Cash	1.19
<b>Total</b>	<b>100.00</b>

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

As at March 3, 2022, one Russian holding has been valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market: Norilsk Nickel.

## Important Information and Fund Risks

Past performance is not a guide to future returns. This document contains information on investments which does not constitute independent 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.

The Funds are distributed by Baillie Gifford Funds Services LLC. Baillie Gifford Funds Services LLC is registered as a broker-dealer with the SEC, a member of FINRA and is an affiliate of Baillie Gifford Overseas Limited.

All information is sourced from Baillie Gifford & Co unless otherwise stated. All amounts are in US dollars unless otherwise stated.

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. The most significant risks of an investment in the Baillie Gifford International Alpha Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk and Non-U.S. Investment Risk. The Fund is managed on a bottom up basis and stock selection is likely to be the main driver of investment returns. Returns are unlikely to track the movements of the benchmark. The prices of growth stocks can be based largely on expectations of future earnings and can decline significantly in reaction to negative news. The Fund is managed on a long-term outlook, meaning that the Fund managers look for investments that they think will make returns over a number of years, rather than over shorter time periods. Non-U.S. securities are subject to additional risks, including less liquidity, increased volatility, less transparency, withholding or other taxes and increased vulnerability to adverse changes in local and global economic conditions. There can be less regulation and possible fluctuation in value due to adverse political conditions. Other Fund risks include: Asia Risk, China Risk, Conflicts of Interest Risk, Currency Risk, Emerging Markets Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Geographic Focus Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Japan Risk, Large-Capitalization Securities Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, Service Provider Risk, Settlement Risk, Small- and Medium-Capitalization Securities Risk and Valuation Risk.

For more information about these and other risks of an investment in the Fund, see "Principal Investment Risks" and "Additional Investment Strategies" in the prospectus.

Baillie Gifford International Alpha Fund seeks capital appreciation. There can be no assurance, however, that the Fund will achieve its investment objectives.

Any stock examples, or images, used in this presentation are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

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**Principal Office: Calton Square, 1 Greenside Row,  
Edinburgh EH1 3AN, Scotland  
Telephone: +44 (0)131 275 2000  
bailliegifford.com**

**780 Third Avenue, 43rd Floor, New York, NY 10017  
Telephone: (212) 319 4633**