

# Baillie Gifford™

## Baillie Gifford China A Shares Growth 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 Fund is a purely stock-driven, unconstrained equity strategy focused on investing in exceptional growth companies listed on the domestic stock markets in China (known as 'A' shares). The Fund holds 25-40 companies listed on the Shanghai and Shenzhen stock exchanges and accessible via Hong Kong Stock-Connect. Over time we expect accessibility to expand through the addition of Qualified Foreign Institutional Investor (QFII) quota.

#### Fund Facts

K Class Ticker	BCAKX
Institutional Class Ticker	BCANX
Launch Date	December 19, 2019
Size	\$1.0m
Benchmark	MSCI China A Onshore Index
Stocks (guideline range)	25-40
Current Number of Stocks	34
Active Share	86%*
Annual Turnover	3%**
Style	Growth

\*Relative to MSCI China A Onshore 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.

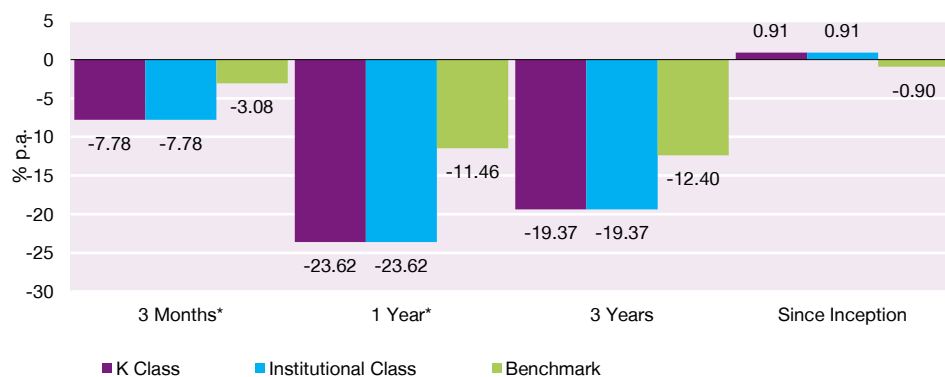
#### China A Shares Team

Name	Years' Experience
John MacDougall*	23
Sophie Earnshaw	13

\*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	12.20%
Share Class – Institutional	12.20%
Net Expense Ratio	
Share Class – K	0.87%
Share Class – Institutional	0.87%

Benchmark: MSCI China A Onshore 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.*

*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 net expense ratios for this fund are contractually capped (excluding taxes, sub-accounting expenses and extraordinary expenses) through April 30, 2024. \*Not annualized.*

The MSCI China A Onshore Index captures large and mid cap representation across China securities listed on the Shanghai and Shenzhen exchanges. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI China A Onshore Index.

Source: Baillie Gifford & Co, Bank of New York Mellon and MSCI. Share Class launch date: December 19, 2019. NAV returns in US dollars.

## Stock Level Attribution

Quarter to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Sinocare	0.65
SG Micro	0.46
Zhejiang Sanhua Intelligent Controls	0.36
Quectel Wireless	0.31
Yonyou	0.25

### Bottom Five Contributors

Asset Name	Contribution (%)
Beijing United Information Technology	-1.01
Asymchem Laboratories	-1.01
Glodon Company	-0.70
CATL	-0.63
OPPEIN Home	-0.47

One Year to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Zhejiang Sanhua Intelligent Controls	2.34
Anker Innovations	1.05
Midea Group	0.82
iFLYTEK	0.56
China International Travel Group	0.48

### Bottom Five Contributors

Asset Name	Contribution (%)
Beijing United Information Technology	-3.15
Glodon Company	-2.90
Guangdong KinLong	-1.75
Hangzhou Tigermed Consulting	-1.15
Dongguan Yiheda	-0.98

Source: Revolution, MSCI, Baillie Gifford China A Shares Growth Fund relative to MSCI China A Onshore 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 market was again weak over the fourth quarter. An ongoing skepticism about the Chinese government's handling of its economic issues continues to drive sentiment. The consumer, largely shell-shocked from Covid-lockdowns and witnessing challenges in the property sector has been cautious with the large cash pile it built up during those lockdowns. The much-awaited consumption recovery has been far more gradual than expected, with the economy also impacted by a private sector that has been slow to invest and employ, and a weaker outlook for exports given a slowdown in the rest of the world.

Stimulus measures have been incremental rather than transformational. The fourth quarter has seen further supportive policy, including bond issuance to support disaster recovery spending, relaxation of policy in the property sector, measures to boost capital markets, and for the fourth time this year, the government issued a special notice vowing to support the private sector. However, the market is in 'wait and see' mode, and cautious that actual policy implementation will need to follow words.

A glance across the portfolio delivers a more positive story than the one painted by broad discussions of China's macroeconomic background. Many of the headwinds discussed above have been reflected in valuations, resulting in a derating of the portfolio over the last year. However, this has obscured the fact that companies in the portfolio have delivered significant growth.

While investor sentiment and flows have driven a large portion of the share price performance in recent times, and share prices have diverged from their fundamentals, it is those fundamentals that we remain focused on, for it is a company's operational progress over the long-term that will deliver the excess returns we seek.

## Performance

The fund underperformed a weak market during the fourth quarter. Top contributors to performance included Sinocare, SG Micro and Zhejiang Sanhua.

Sinocare is China's market leader in blood glucose monitoring (BGM) in what is the largest diabetes market in the world. There has been an improvement in the domestic pricing environment for medical consumables which supports its core business, while longer-term excitement has been driven by the domestic product launch of continuous glucose monitoring products this year, and the recent regulatory approvals in Europe and

the US which should help expand its addressable markets.

SG Micro is an analog semiconductor designer which is recovering from a tough cyclical downturn and is showing initial signs of a recovery in downstream demand, especially in consumer electronics. This has been a painful period, but the company has continued to invest in Research and Development (R&D) throughout (spending approximately 30% of 2023 revenues on R&D), supporting its long-term market share opportunity at the expense of near-term profits. The launch of high-end products and an improved product mix should further help its competitiveness.

Zhejiang Sanhua Intelligent Controls is the world's largest manufacturer of refrigeration control components and thermal management components. The company has a diversified number of revenue drivers, both domestically and overseas, but its auto segment has taken much of the focus recently. Management confirmed its new electric vehicle car parts order book stands at CNY 90bn through to 2027 and expects 50% annual growth in this segment in the coming years.

The top detractors were Asymchem Laboratories, Beijing United and Glodon.

Asymchem Laboratories is an innovative drug developer that serves the global pharmaceutical industry. It was a top performer in the previous quarter, but its third quarter results were mixed amid tougher biotech funding in China and the continued impact of Covid-related revenues falling off. More positively, however, management continues to stick to their original 40%+ growth target for non-Covid revenue in 2023 and are investing in the construction of a new peptide production line which comes online in early 2024.

Beijing United Information Technology is an industrial e-commerce platform whose operations have shown excellent growth in recent periods, but whose share price has seen a significant derating since media allegations of financial irregularities which began in late 2022. This has been compounded in 2023 by a change in accounting methods and the threat of disciplinary action by the Shanghai Stock Exchange and, in the last week of the recent quarter, the China Securities Regulatory Commission. Despite strong fundamental business performance, we are aware of the technical implications of being under regulatory investigation and believe there are number of questions that need to be answered.

Glodon is a construction software company that has been impacted by China's broader macroeconomic challenges. A slowdown in new and large-scale construction projects

has led to delays in customers' spending on construction software, which has resulted in earnings downgrades. While the macroeconomic backdrop is likely to remain a near term headwind, the longer-term need for greater construction efficiency through digitalization remains a strong driving force, and we believe Glodon should benefit most as the clear market leader.

**Notable transactions**

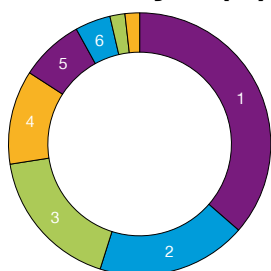
There were no notable transactions during the quarter.

Transactions from 01 October 2023 to 31 December 2023.

There were no new purchases during the period.

There were no complete sales during the period.

**Sector Analysis (%)**



1	Industrials	36.41
2	Information Technology	18.47
3	Health Care	17.66
4	Consumer Staples	11.60
5	Consumer Discretionary	7.85
6	Financials	4.37
7	Materials	1.85
8	Cash	1.79

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 Zhejiang Sanhua Intelligent Controls	7.34
2 Kweichow Moutai	7.02
3 Shenzhen Inovance Technology	6.21
4 Midea	6.15
5 CATL	5.76
6 Asymchem Laboratories	4.63
7 Ping An Insurance	4.37
8 Guangzhou Kingmed Diagnostics Group	3.39
9 Sinocare	3.26
10 PROYA Cosmetics	3.25

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

**Portfolio Characteristics**

Number of holdings	34
Number of countries	1
Number of sectors	7
Number of industries	20
Active Share	86%*
Annual Turnover	3%**

\*Relative to MSCI China A Onshore 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 18	Companies 2	Companies 1
Resolutions 96	Resolutions 2	Resolutions 1

A site visit to CATL's net-zero battery factory allowed for deeper engagement around the environmental and social implications of their operations and the role of their supply chain

A joint trip between Shanghai and Edinburgh based Environmental, Social and Governance (ESG) analysts provided the opportunity for broader thinking and extending relationships with industry peers

A meeting with Sustainalytics in Shanghai sought to deepen our understanding of its rating methodologies in light of it no longer disclosing certain information publicly

Company Engagement

Engagement Type	Company
Environmental	Contemporary Amperex Technology Co., Limited, Midea Group Co., Ltd.
Social	Sungrow Power Supply Co., Ltd.
Governance	Contemporary Amperex Technology Co., Limited, Jafron Biomedical Co.,Ltd., LONGi Green Energy Technology Co., Ltd., Zhejiang Sanhua Intelligent Controls Co.,Ltd



Votes Cast in Favour

Companies	Voting Rationale
Asymchem Laboratories 'A', Centre Testing 'A' - Stock Connect, Dongguan Yiheda Automation Co 'A', Glodon 'A', Iflytek 'A' - Stock Connect, Jafron Biomedical 'A' - Stock Connect, Jiangsu Azure Corp 'A', Kweichow Moutai 'A', LONGi Green Energy Technology 'A', Longshine Technology 'A' - Stock Connect, Midea Group 'A', Proya Cosmetics 'A', SF Holding 'A' - Stock Connect, Sanhua Intelligent Controls 'A', Shenzhen Megmeet Electrical 'A', Sinocare 'A', Sinocera Material 'A', Sungrow Power Supply 'A' - Stock Connect	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
LONGi Green Energy Technology 'A'	EGM 12/25/23	3	We opposed the provision of guarantees. The guarantee amounts are not in proportion with the company's shareholding in the guaranteed entity and therefore brings upon the company an inappropriate level of risk.
Sungrow Power Supply 'A' - Stock Connect	EGM 12/22/23	7	We opposed the provision of guarantees. The guarantee amounts are not in proportion with the company's shareholding in the guaranteed entity and therefore brings upon the company an inappropriate level of risk.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Sungrow Power Supply 'A' - Stock Connect	EGM 12/22/23	6	We abstained on the establishment of a joint affiliate due to the lack of a clear strategic rationale.

Votes Withheld

We did not withhold on any resolutions during the period.

## List of Holdings

Asset Name	Fund %
Zhejiang Sanhua Intelligent Controls	7.34
Kweichow Moutai	7.02
Shenzhen Inovance Technology	6.21
Midea	6.15
CATL	5.76
Asymchem Laboratories	4.63
Ping An Insurance	4.37
Guangzhou Kingmed Diagnostics Group	3.39
Sinocare	3.26
PROYA Cosmetics	3.25
WuXi AppTec	3.09
SG Micro	2.79
Anker Innovations	2.76
S.F. Holding Co., Ltd.	2.74
Shenzhen Megmeet Electrical	2.67
Glodon Company	2.66
Beijing United Information Technology	2.44
Yonyou	2.31
Sungrow Power Supply	2.09
LONGi Green Energy Technology	1.98
Hangzhou Tigermed Consulting	1.94
LongShine Technology	1.89
Shandong Sinocera Functional Material	1.85
Centre Testing International	1.81
OPPEIN Home	1.70
Quectel Wireless	1.61
Guangdong KinLong	1.54
Dongguan Yiheda	1.43
iFLYTEK	1.38
Jafron Biomedical	1.36
Hefei Meyer Optoelectronic Technology	1.35
Foshan Haitian Flavouring And Food	1.33
3Peak	1.08
Jiangsu Azure	1.05
Cash	1.79
<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.

## 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 current and 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 China A Shares Growth Fund are China Risk, Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non-Diversification Risk and Geographic Focus Risk. Investing in securities of Chinese issuers involves certain risks such as limits on use of brokers and foreign ownership. Investing in securities of Chinese issuers involves certain risks not typically associated with investing in securities of U.S. issuers, including more frequent trading suspensions and government interventions (including by nationalization of assets), currency exchange rate fluctuations or blockages, different financial reporting standards, custody risks, and potential adverse tax consequences. There can be a higher dependence on exports and international trade with the potential for increased trade tariffs, sanctions and embargoes. U.S. sanctions or other investment restrictions could preclude the Fund from investing in certain Chinese issuers or cause the Fund to sell investments at a disadvantageous time. Chinese securities can become illiquid quickly as Chinese issuers have the ability to suspend trading and have done so in response to market volatility and other events. 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. The Fund may have a smaller number of holdings with larger positions in each relative to other mutual funds. The Fund focuses on investments in China, meaning it may offer less diversification and be more volatile than other funds. Other Fund risks include: Conflicts of Interest Risk, Currency Risk, Emerging Markets Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Large-Capitalization Securities Risk, Liquidity Risk, Market

Disruption and Geopolitical Risk, Market Risk, New and Smaller-Sized Funds Risk, Non U.S. Investment Risk, Service Provider Risk, Settlement Risk, Small-and Medium-Capitalization Securities Risk, Underlying Funds 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 China A Shares Growth 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.

## Legal Notices

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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**