

# Baillie Gifford™

## Baillie Gifford Developed EAFE All Cap 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 Baillie Gifford Developed EAFE All Cap Fund aims to deliver good long-term performance by investing in a portfolio of 50-90 developed market international growth stocks. The portfolio is built through bottom-up stock selection by the International All Cap Portfolio Construction Group. As active growth investors we differ from the benchmark, and look for businesses that seek to outperform the market over the long-term. Portfolio guidelines ensure a level of diversification across sectors and regions.

#### Fund Facts

K Class Ticker	BGPKX
Institutional Class Ticker	BSGPX
Launch Date	April 15, 2014
Size	\$535.3m
Benchmark	MSCI EAFE Index
Stocks (guideline range)	50-90
Current Number of Stocks	60
Active Share	88%*
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 EAFE 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.

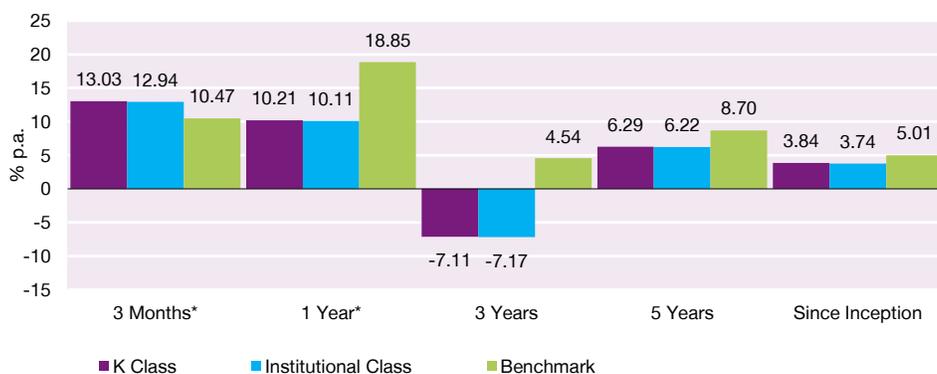
#### International All Cap Portfolio Construction Group

Name	Years' Experience
Joe Faraday	21
Iain Campbell*	19
Stephen Paice	18
Milena Mileva*	14
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	0.64%
Share Class – Institutional	0.71%

Net Expense Ratio	
Share Class – K	0.64%
Share Class – Institutional	0.71%

Benchmark: MSCI EAFE 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. Fund inception: April 15, 2014. \*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 EAFE 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 EAFE 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 (%)
Atlas Copco	0.53
Adyen	0.51
Avanza Bank	0.39
IMCD	0.30
Auto Trader	0.29

### Bottom Five Contributors

Asset Name	Contribution (%)
Shiseido	-0.50
Burberry	-0.35
United Overseas Bank	-0.23
Lonza Group	-0.20
DSV	-0.20

One Year to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Spotify	0.90
Atlas Copco	0.79
Auto Trader	0.62
Wise Plc	0.38
Xero (AU)	0.35

### Bottom Five Contributors

Asset Name	Contribution (%)
Shiseido	-1.50
Mettler-Toledo	-0.82
Olympus	-0.81
Remy Cointreau	-0.78
AIA	-0.73

Five Years to December 31, 2023

### Top Five Contributors

Asset Name	Contribution (%)
ASML	2.29
Atlas Copco	1.90
Avanza Bank Holding	1.53
NIBE	1.51
Mettler-Toledo	1.26

### Bottom Five Contributors

Asset Name	Contribution (%)
Shiseido	-2.06
Hargreaves Lansdown	-2.06
Farfetch	-1.85
Novo Nordisk	-1.42
AUTO1	-1.18

Source: Revolution, MSCI, Baillie Gifford Developed EAFE All Cap Fund relative to MSCI EAFE 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

2023 presented a mixed picture for the global economy, with a range of factors impacting market conditions. Inflation remained a persistent concern, although there were indications that it may be starting to ease, with core inflation falling in response to central bank interest rate increases. Despite these challenges, growth exceeded expectations, with robust gross domestic product growth and tight labor markets. However, geopolitical concerns, economic uncertainty and supply chain shortages continued to pose challenges for markets and economies, creating a complex investment landscape.

## Performance

Relative performance improved in the latter part of the calendar year, with the Fund's return surpassing its benchmark in the fourth quarter.

Positive contributors included online disruptors, industrial technology holdings, and a diverse mix of companies across the Fund. Among the top contributors to relative returns were Atlas Copco, Adyen and IMCD.

Industrial equipment supplier Atlas Copco's solid organic sales growth and increase in higher-margin service revenues drove its strong share price performance. The company's diversified end markets, financial strength and decentralized culture support its long-term growth and resilience in challenging macro conditions.

Adyen, the payments software business, has experienced a partial rebound in its share price after facing challenges during the summer. The firm's quarterly update showed accelerated growth and cost management efforts. Despite price wars driven by United States competitors, Adyen continues to invest in its future, and we remain optimistic about its ability to capitalize on the global payments industry's significant growth opportunity.

IMCD, the specialty chemicals business, has a strong track record of organic growth and bolt-on merger and acquisition deals. Following an extraordinarily strong 2022, management has been cautious throughout 2023 due to macro uncertainty. Results have indeed been lighter; however, the group has continued a good pace of acquisitions and recently hinted at an improved operating environment, with the shares responding positively.

Detractors in the quarter included holdings exposed to China's slow recovery and companies with slower-than-expected growth, such as Shiseido, Burberry and Lonza.

Shiseido, the Japanese beauty company, has struggled to see a post-Covid snapback and has experienced difficulties with improving profit margins. The new Chief Executive Officer announced an 'urgent' restructuring plan to reduce costs and boost operational efficiencies. We remain optimistic about Shiseido's potential for profitable growth, given its focus on high-end skincare and the Asian market.

Asia is also an important long-term growth driver for Burberry, the British luxury brand. Like other global luxury goods companies, it has seen lackluster growth more recently, with the group now guiding towards the lower end of analyst expectations for the full year. However, progress in leather goods and the potential for significant margin improvement offer encouragement for the long term.

Lonza, the pharma and biotech outsourcing business, struggled with a sluggish healthcare market, leading to a slowdown in the Research and Development pipeline and disappointing growth. The company is also undergoing management change, and we have been engaging to understand the rationale for this. We are reassured by the long-term focus and industry tailwinds towards outsourcing.

The Fund has faced a challenging investment environment in recent years, resulting in longer-term outcomes below expectations. However, through our bottom-up lens of the individual companies, there are grounds for continued long-term optimism. Most companies held in the Fund are executing well operationally and remain financially robust. This is crucial for long-term investment success. The Fund continues to focus on balancing growth, quality and resilience across its holdings.

## Notable transactions

During the most recent quarter, the Fund made various new purchases, including Ryanair, the European low-cost airline, and BHP, the global mining group.

Complete sales included Farfetch, the global luxury platform, Ubisoft, the video game developer, Auto1, the European used car marketplace, and Nidec, the brushless motors company. With each of these sales, there was a combination of growth, management, and valuation concerns behind the decision to exit. Importantly, there is a robust challenge for each case across the investment team and a long pipeline of new ideas vying for a place in the Fund.

Transactions from 01 October 2023 to 31 December 2023.

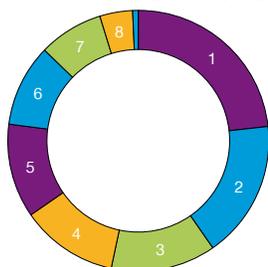
### New Purchases

Stock Name	Transaction Rationale
BHP Group	BHP is an Australia-based mining group which offers a range of resources including iron ore, copper, potash and metallurgical (steelmaking) coal. We have admired this company for some time based on its access to low-cost resources, its exposure to relatively more attractive commodities and its balanced approach to capital allocation. Part of the reason for taking a holding now hinges around BHP's copper exposure: long-term trends of electrification and decarbonisation and supply constraints lead us to believe that the long-term outlook for copper pricing is favourable. At the same time, recent M&A and capex commitments indicated that copper could become the main commodity for BHP, with growth in earnings and cash flows surprising on the upside.
Ryanair	Ryanair is Europe's leading short-haul airline. Its superior business model with significant scale advantages and a focus on efficiency give it a sustainable cost advantage over its competitors. This strengthening competitive advantage will allow it to continue to gain market share across Europe, increasing the long-term earnings power of the business. Operational performance has been strong this year and the business is incredibly cash-generative, while the valuation has derated. We therefore decided to take a holding.

### Complete Sales

Stock Name	Transaction Rationale
AUTO1	Auto1 is an online marketplace for used cars in continental Europe. While the business has made decent operational progress, we have revised our expectations of the potential for the used car market to move online and note greater competition from both classifieds companies as well as car dealerships to digitise their business. With this lower assessment of the total addressable market and a realisation there will likely be many competitors, we no longer see a significant upside in the share price.
Denso	Denso is a leading Japanese auto parts maker and a key supplier to Toyota, the world's largest car manufacturer. The share price performed well in 2023 as vehicle production recovered, helped in particular by a weak yen. While we like Denso's exposure to the components required for electrification, over the medium term, we think there is an increased likelihood of competition from disruptive Chinese manufacturers. Together with a higher valuation, we no longer see sufficient long-term upside. We therefore decided to sell the holding.
Farfetch	We have decided to sell the holding in the online luxury platform Farfetch. Whilst the business has seen impressive revenue growth throughout our ownership, and we believe significant long-term potential remains, we have become increasingly concerned that the company will not be able to capitalise on this potential successfully. Our view is that the business has become unnecessarily complex and opaque and that the bar for successful execution has become much higher. Given the lack of profitability, we are also concerned about the financial resilience of the company in what is a deteriorating operating environment.
Nidec	Nidec is a Japanese electric motor maker. Our initial investment case was based on the potential for Nidec to deliver rapid organic growth following its entry into the Electric Vehicle (EV) traction motor business. While the company has made some progress in this area, it has not met our expectations. We are concerned by the intensifying level of competition in this segment, particularly in China, as well as the level of change in the senior management team. We have therefore decided to sell the holding.
Ubisoft Entertainment	We first invested in Ubisoft in 2019, believing that tailwinds for video gaming would allow the group to generate more value from its high-quality content catalogue. Initially, the shares responded well to increased COVID-related demand. However, the experience since then has been less positive due to several factors: a scandal around employee harassment, game delays and an arrangement between the founding family and Tencent to restructure the controlling shareholding stake. We engaged with the company on these topics and pushed back strongly on the deal with Tencent but have not seen enough to suggest that concerns are being listened to. More recently, there are signs of further financial engineering. We have therefore decided to sell the position and redeploy the capital elsewhere.

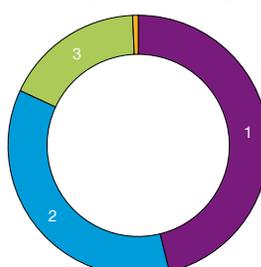
**Sector Analysis (%)**



1	Industrials	23.25
2	Financials	17.09
3	Consumer Discretionary	13.00
4	Information Technology	12.05
5	Consumer Staples	11.65
6	Health Care	10.20
7	Communication Services	8.01
8	Materials	4.06
9	Cash	0.69

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)	46.15
2	Developed Asia Pacific	35.78
3	UK	17.38
4	Cash	0.69

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	Atlas Copco	4.14
2	ASML	3.76
3	United Overseas Bank	3.49
4	Auto Trader	3.00
5	SMC	2.81
6	LVMH	2.75
7	Experian	2.67
8	Jeronimo Martins	2.47
9	Avanza Bank	2.30
10	AIA	2.25

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

**Portfolio Characteristics**

Number of holdings	60
Number of countries	15
Number of sectors	8
Number of industries	27
Active Share	88%*
Annual Turnover	13%**

\*Relative to MSCI EAFE 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	4	Companies	None	Companies	1
Resolutions	28	Resolutions	None	Resolutions	2

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

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

Recent engagements have covered a wide range of topics, with governance and long-term value creation a key focus

Company Engagement

Engagement Type	Company
Environmental	BHP Group Limited, DSV A/S, IMCD N.V., Ryanair Holdings plc, Unicharm Corporation
Social	DSV A/S, Olympus Corporation, Ryanair Holdings plc
Governance	ASML Holding N.V., Adyen N.V., BHP Group Limited, COSMOS Pharmaceutical Corporation, Compagnie Financière Richemont SA, IMCD N.V., Kering SA, Nippon Paint Holdings Co., Ltd., Olympus Corporation, Sartorius Aktiengesellschaft
Strategy	Ryanair Holdings plc, Sartorius Aktiengesellschaft

### Votes Cast in Favour

Companies	Voting Rationale
Cochlear, Hargreaves Lansdown, IMCD Group NV, Trainline Plc	We voted in favour of routine proposals at the aforementioned meeting(s).

### Votes Cast Against

We did not vote against any resolutions during the period.

### Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Hargreaves Lansdown	AGM 12/08/23	7, 10	We abstained on two proposals to re-elect directors as the resolutions were withdrawn.

### Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
Atlas Copco	4.14
ASML	3.76
United Overseas Bank	3.49
Auto Trader	3.00
SMC	2.81
LVMH	2.75
Experian	2.67
Jeronimo Martins	2.47
Avanza Bank	2.30
AIA	2.25
Sartorius Group	2.23
EXOR	2.18
Olympus	2.14
Mettler-Toledo	2.13
Richemont	2.11
Investor	2.10
Rightmove	2.02
Techtronic Industries	1.95
Spotify	1.89
AB InBev	1.89
Shimano	1.79
Shiseido	1.77
Air Liquide	1.67
Tokyo Electron	1.66
Unicharm	1.65
Weir	1.63
Ashtead	1.60
Xero	1.59
IMCD	1.58
Adyen	1.55
Murata Manufacturing	1.55
Games Workshop	1.50
Remy Cointreau	1.49
Keyence	1.48
Wise	1.41
Recruit Holdings	1.40
DSV	1.30
Ryanair	1.28
Cosmos Pharmaceutical	1.27
Nippon Paint	1.26
Systemex	1.25
Prosus	1.17
Epiroc	1.17
Nemetschek	1.17
BHP Group	1.14
Kering	1.10

Asset Name	Fund %
LY Corporation	1.09
Lonza	1.03
Intertek	1.01
Hong Kong Exchanges & Clearing	1.00
Cochlear	0.98
Kao	0.89
Burberry	0.87
Trainline	0.86
Soitec	0.85
adidas	0.83
Hargreaves Lansdown	0.79
Hoshizaki	0.72
Ryman Healthcare	0.42
Sugi Holdings	0.23
Cash	0.69
<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 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 Developed EAFE All Cap Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non U.S. Investment Risk, Asia Risk and Japan 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. Some Asian securities may be less liquid than US or other foreign securities. They can be affected by high inflation, currency fluctuations, political instability and less efficient markets. Many Asian economies are dependent on international trade and only a few industries and can be badly affected by trade barriers. Since 2000, Japan's growth rate has been relatively low and may remain low. Japan's economic recovery has been affected by economic distress as a result of natural disasters. It continues to be subject to the risk of natural disasters, which could negatively affect the economy. Other Fund risks include: China Risk, Conflicts of Interest Risk, Currency 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, 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 Developed EAFE All Cap 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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