



# Baillie Gifford Emerging Markets ex China Fund

## Second 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

We invest with a long-term (5 year) perspective, and have a strong preference for growth. We are looking for significant upside in each stock that we invest in. The process is driven by rigorous, fundamental analysis undertaken by our dedicated Emerging Markets Team. The Team draws on this analysis, as well as insights gleaned from discussion with all of Baillie Gifford's global investors, to produce a portfolio that typically holds 40-80 stocks.

### Fund Facts

K Class Ticker	BGEZX
Institutional Class Ticker	BGEWX
Launch Date	December 28, 2021
Size	\$0.9m
Benchmark	MSCI Emerging Markets ex China Index
Stocks (guideline range)	40-80
Current Number of Stocks	57
Active Share	70%*
Annual Turnover	29%**
Style	Growth

\*Relative to MSCI Emerging Markets ex China 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.

### Emerging Markets Team

Name	Years' Experience
Andrew Stobart	32
Mike Gush*	20
Ben Durrant	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 June 30, 2023



Gross Expense Ratio	
Share Class – K	19.57%
Share Class – Institutional	19.57%
Net Expense Ratio	
Share Class – K	0.87%
Share Class – Institutional	0.87%

Benchmark: MSCI EM ex China 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 Emerging Markets ex China Index captures large and mid cap representation across 26 of the 27 Emerging Markets (EM) countries excluding China. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI Emerging Markets ex China Index.

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: Dec 23, 2021. NAV returns in US dollars.

## Stock Level Attribution

Quarter to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Petrobras	1.25
B3	0.47
HDFC Life Insurance	0.31
Cemex	0.24
Nu Holdings	0.23

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-0.81
SEA	-0.68
Mediatek	-0.30
Samsung	-0.29
LG Chemical	-0.19

One Year to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Petrobras	2.51
MercadoLibre	1.49
HDFC Bank	0.82
Grupo Financiero Banorte	0.81
Cemex	0.54

### Bottom Five Contributors

Asset Name	Contribution (%)
Reliance Industries	-0.63
SEA	-0.32
Merida Industry	-0.29
dLocal	-0.26
PTT Exploration and Production	-0.25

Source: Revolution, MSCI, Baillie Gifford Emerging Markets ex China Fund relative to MSCI Emerging Markets ex China 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.*

*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

Although this is an ex-China fund, the influence on China on other Emerging Markets (“EM”) is ever present and so China can’t be overlooked. More specifically, the Sino-American relationship has had an influence well beyond just the two superpowers. Elsewhere, the trajectory of US interest rates has been another influencing factor on Emerging Markets during the last 18 months or so.

Sino-American relations have improved a bit in recent days with US Secretary of State Antony Blinken’s visit to Beijing. Though the rhetoric remains elevated, it does appear that the Biden administration has concluded that Russia 2.0-type sanctions are not workable given China’s interconnectivity with the global economy. Avoidance of a serious mistake on this front will be important for all Emerging Markets.

Rising US interest rates (and a correspondingly strong US dollar) have proved a headache for EM investors in the past. Famous last words, but it appears to be different this time. Emerging Market policymakers have been much more on the front foot in raising interest rates. As a result, Brazilian inflation peaked in April 2022 at 12.13% and was at 3.94% at the last monthly reading, within the Central Bank’s target. Brazil and Chile are likely to start cutting rates soon, joining Hungary and Vietnam, which are already easing. Another factor here is the slow but growing impact of ‘de-dollarisation’. In summary, Emerging Market countries are perhaps growing less sensitive to US monetary policy.

## Performance

We remain focused on delivering long-term returns after fees. Two of the leading stock level performance contributors from last quarter are among the biggest detractors this quarter; two of the leading detractors from last quarter are among the biggest contributors this quarter. This highlights that quarterly attribution analysis can be futile. Did any of these companies undergo any radical change to its long-term prospects in the last three months - the answer is almost certainly ‘no’.

Petrobras, the major Brazilian oil company, was a strong contributor to performance over the quarter as it continues to deliver stellar results and debt is now at the lowest level since 2010.

Another top contributor was the Brazilian stock exchange owner B3, with inflation now well under control and interest rate cuts anticipated, which should benefit Brazilian capital markets.

Cemex (Mexico), the international cement company, was also a top contributor over the period. Earnings Before Interest and Tax (EBIT) grew by 6% in Q1, which was driven by a consolidation in costs by all regions, but particularly in Europe where there was significant progress in recovering inflationary costs, allowing the company to recuperate margins.

On the other hand, sentiment towards rapid growth companies continues to be fickle, despite strong operational performance. MercadoLibre, the Brazilian e-commerce platform, detracted from performance during the recent quarter, however, in the first quarter, it produced record EBIT of US\$ 340 million on strong revenue of US\$ 3 billion.

The technology company SEA’s first quarter results disappointed the market as its gaming business Garena had less engagement due to lifted lockdown restrictions, which feels entirely natural. Its Shopee ecommerce business remained profitable for the second consecutive quarter, while the digital financial services showed strong growth.

## Notable transactions

During the quarter we have taken a holding in Remgro, the South African investment holding company. We believe the underlying holdings are an attractive mix of domestic South African businesses. Equally importantly, we believe the controlling Rupert family remain excellent capital allocators, proven over time to take a genuinely long-term perspective.

We have also purchased a holding in Thai banking franchise SCB X, formerly Siam Commercial Bank, for the fund. Thailand's position as a world-class tourism destination and solid manufacturing base is undimmed, despite the disruption endured over the past 3 years due to the Covid-19 pandemic. A recovering tourism sector and continued investment in the industrial base should combine to offer a strong growth outlook for the banking industry, with growth anticipated from both corporates and consumers.

Transactions from 01 April 2023 to 30 June 2023.

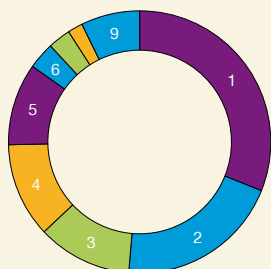
### New Purchases

Stock Name	Transaction Rationale
Remgro	We have invested in Remgro, the South African investment holding company. We believe the underlying holdings are an attractive mix of domestic South African businesses. Equally importantly, we believe the controlling Rupert family remain excellent capital allocators, proven over time to take a genuinely long-term perspective.
SCB X	We have purchased a holding in Thai banking franchise SCB X, formerly Siam Commercial Bank, for the fund. Thailand's position as a world-class tourism destination and solid manufacturing base is undimmed, despite the disruption endured over the past 3 years due to the Covid-19 pandemic. A recovering tourism sector and continued investment in the industrial base should combine to offer a strong growth outlook for the banking industry, with growth anticipated from both corporates and consumers. SCB X - in spite of the questionable name change - stands out as the best in class Thai bank, with a focus on higher margin retail and corporate customers. Its move to form a holding company, and early investment in fintech, supports the thesis of a management team cognisant of the competitive risks and looking to protect its competitive moat. A return to even modest growth is likely to be paired with rising return on equity, even with the conservative balance sheet it now sports. The market appears to be suggesting this is an outlandish scenario, offering buyers the chance to own the shares at an entry price well below book value (whilst receiving a handsome dividend as well).

### Complete Sales

Stock Name	Transaction Rationale
Vale	We have decided to sell the position in Vale, the Brazilian iron ore producer. We are increasingly concerned about long-term demand dynamics in this industry, with the significant slowdown in new construction activity in China likely to be a long-term issue. We are worried that both volumes and prices will suffer in this environment, which would be a significant negative for the returns and profits of Vale.

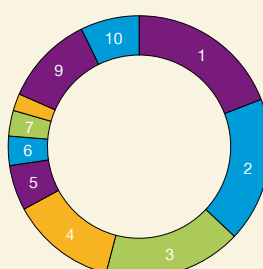
**Sector Analysis (%)**



1	Information Technology	31.06
2	Financials	20.28
3	Energy	11.67
4	Consumer Discretionary	11.67
5	Materials	10.12
6	Industrials	3.32
7	Communication Services	2.79
8	Consumer Staples	1.85
9	Cash	7.26

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	India	19.14
2	South Korea	17.89
3	Taiwan	17.05
4	Brazil	13.00
5	Mexico	5.60
6	Indonesia	3.62
7	South Africa	3.17
8	Thailand	2.11
9	Others	11.17
10	Cash	7.26

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 TSMC	12.34
2 Samsung Electronics	7.21
3 Reliance Industries	4.98
4 Petrobras	4.82
5 HDFC Bank	4.61
6 MercadoLibre	4.35
7 First Quantum Minerals	2.46
8 Mediatek	2.46
9 Grupo Financiero Banorte	2.18
10 Naspers	2.08

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

**Portfolio Characteristics**

Number of holdings	52
Number of countries	17
Number of sectors	8
Number of industries	23
Active Share	70%*
Annual Turnover	29%**

\*Relative to MSCI Emerging Markets ex China 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	22	Companies	7	Companies	2
Resolutions	279	Resolutions	15	Resolutions	12

We have been particularly impressed by Cemex' approach to lowering their carbon intensity after a deep dive into the cement sector as whole.

Michelle Brown, our Senior Environmental, Social and Governance (ESG) analyst, assessed Samsung Electronics. She considered potentially material factors such as resource use, governance and supply chains, all of which could have a long term impact on the business.

Company Engagement

Engagement Type	Company
Environmental	CEMEX, S.A.B. de C.V., Lundin Mining Corporation, Reliance Industries Limited, Samsung Electronics Co., Ltd.
Social	CEMEX, S.A.B. de C.V., Lundin Mining Corporation, Samsung Electronics Co., Ltd.
Governance	Allegro.eu SA, CEMEX, S.A.B. de C.V., HDFC Bank Limited, Lundin Mining Corporation, MediaTek Inc., Merida Industry Co., Ltd., PT Vale Indonesia Tbk, Samsung Electronics Co., Ltd.

Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
Vale SA ADR	Annual 04/28/23	10A-10D	We supported the election of four fiscal council members in absence of concerns over the proposed nominees.
Companies			Voting Rationale
Advantech Co., Allegro.eu, B3 S.A., Coupang, Escorts Kubota Ltd, First Quantum Minerals, Grupo Financiero Banorte, HDFC Bank, Ivanhoe Mines, KGHM Polska Miedz, Lundin Mining, Mediatek, MercadoLibre, Merida Industry Co Ltd, PT Vale Indonesia, PTT Exploration and Production, Petrobras Common ADR, Petrobras Pref ADR, Reliance Industries Ltd, TSMC, Tata Consultancy Services, Vale SA ADR			We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
B3 S.A.	AGM 04/27/23	11	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
B3 S.A.	AGM 04/27/23	5	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
B3 S.A.	EGM 06/01/23	1	We opposed the request to adopt cumulative voting as we are comfortable with the slate of directors presented.
B3 S.A.	EGM 06/01/23	3	We opposed a resolution to confer our votes on unknown directors should the slate of directors change.
First Quantum Minerals	AGM 05/04/23	4	We opposed executive remuneration as we did not find long-term targets sufficiently stretching.
KGHM Polska Miedz	AGM 06/21/23	12	We opposed the remuneration report due to the lack of clarity of the link between pay and performance, which does not allow us to assess whether the remuneration outcomes are aligned with the financial results and experience of all stakeholders.
Petrobras Common ADR	Annual 04/27/23	10	We opposed the resolution to allow our votes to be recast on the slate of directors should the slate change due to concerns regarding unknown candidates being added.
Petrobras Common ADR	Annual 04/27/23	12	We opposed remuneration due to a lack of disclosure regarding how awards are treated when executives leave the business.
Petrobras Common ADR	Annual 04/27/23	3	We opposed the slate of directors electing instead to vote on the individual candidates via cumulative voting.
Petrobras Common ADR	Annual 04/27/23	4	We opposed the resolution to allow our votes to be recast on the slate of directors should the slate change due to concerns regarding unknown candidates being added.
Petrobras Common ADR	Annual 04/27/23	7	We opposed the election of the chairman due to ongoing governance concerns and a lack of independent directors on the board.
PTT Exploration and Production	AGM 04/03/23	7	We opposed the remuneration of the board of directors because we do not believe it is appropriate for non-executive directors to receive a bonus as it could compromise their ability to think and act independently.
Vale SA ADR	Annual 04/28/23	4	We opposed a resolution to approve cumulative voting, as we are comfortable with individual director elections proposed by the company.
<b>Companies</b>			<b>Voting Rationale</b>
PTT Exploration and Production			We opposed the request to authorise other business. We do not believe this is in the best interests of clients who vote by proxy.
Allegro.eu			We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.



Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Petrobras Common ADR	Annual 04/27/23	6A-6H	Under cumulative voting, we abstained on eight resolutions to elect directors chosen by the controlling shareholder instead choosing to support the candidates nominated by minority shareholders to improve board independence.
Petrobras Common ADR	Annual 04/27/23	9	We abstained on the slate of fiscal council members instead choosing to vote in favour of the election of candidates proposed by the minority shareholders.
Vale SA ADR	Annual 04/28/23	7C, 7D, 7K	We withheld support from three non-independent directors. In case the election of the directors may be held by cumulative voting, we decided to concentrate our votes on the independent non-executive directors and the chair.

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.
Moscow Exchange	We did not vote in order to ensure that there is no risk of breaching sanction regulations.
Sberbank Of Russia	We did not vote in order to ensure that there is no risk of breaching sanctions regulations.

Asset Name	Fund %
TSMC	12.34
Samsung Electronics	7.21
Reliance Industries	4.98
Petrobras	4.82
HDFC Bank	4.61
MercadoLibre	4.35
First Quantum Minerals	2.46
Mediatek	2.46
Grupo Financiero Banorte	2.18
Naspers	2.08
Bank Rakyat Indonesia	2.06
HDFC Life Insurance	2.03
SEA Limited	1.90
SK Hynix	1.89
Walmex	1.85
Hyundai Motor Company	1.85
Tata Consultancy Services	1.84
Samsung SDI	1.81
LG Chem	1.69
Cemex	1.57
B3	1.55
Advantech	1.46
PTT Exploration and Production	1.41
Tech Mahindra	1.37
Credicorp	1.30
ICICI Bank	1.29
Copa Holdings	1.23
Ivanhoe Mines	1.17
Banco Bradesco	1.06
Lundin Mining	1.05
Bank Mandiri	0.99
UltraTech Cement	0.96
Coupang	0.80
Merida Industry	0.79
Allegro.eu	0.75
Doosan Bobcat	0.75
Motherson Sumi Systems	0.71
Delhivery	0.71
Siam Commercial Bank	0.70
Koh Young Technology	0.68
Saudi Tadawul Group	0.66
KGHM Polska Miedz	0.65
Escorts Kubota	0.62
NAVER Corp	0.62
Nu Holdings	0.61
PT Vale Indonesia Tbk	0.57

Asset Name	Fund %
Remgro	0.57
FirstRand	0.51
Raizen	0.46
Hanon Systems	0.34
NCsoft	0.27
DLocal	0.16
Norilsk Nickel	0.00
Sberbank	0.00
Moscow Exchange	0.00
Ozon Holdings	0.00
Magnit	0.00
Cash	7.26
<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 2022, five Russian holdings have been valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market: Magnit, Moscow Exchange, Norilsk Nickel, Ozon, Sberbank.

## 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 Emerging Markets ex China Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Market Disruption and Geopolitical Risk, Government and Regulatory Risk, Emerging Markets Risk and Asia 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. The value of investments could be adversely affected by events such as war, public health crises and changes in economic and political conditions in the US and elsewhere. This could prevent the Fund from implementing its investment strategies and increase exposure to other risks. Governmental and regulatory authorities in the US and elsewhere have intervened in markets and may do so again in the future. The effects of these actions can be uncertain and could restrict the Fund in implementing its investment strategies. Some non-US markets have had little regulation which could increase risk of loss due to fraud or market failures. Governmental and regulatory authorities may adopt or change laws that could adversely impact the Fund. The Fund focuses on investments in emerging markets excluding China, meaning it may offer less diversification and be more volatile than other funds. Investing in emerging markets can involve additional market, credit, currency, liquidity, legal or political risks than investing in more developed markets. 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. Other Fund risks include: Non-Diversification Risk, Conflicts of Interest Risk, Currency Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused

Investment Risk, Frontier Markets Risk, Geographic Focus Risk, Information Technology Risk, Initial Public Offering Risk, Large-Capitalization Securities Risk, Liquidity 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. There can be no assurance that the Fund will achieve its investment objective.

Baillie Gifford Emerging Markets ex China 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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