



# Baillie Gifford International Growth 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

The Baillie Gifford International Growth Fund aims to produce good long-term performance by investing in a committed portfolio of international growth stocks constructed with little regard for the index. We are growth investors and invest in companies that have the potential to grow substantially more quickly than the market. We conduct our research with a five-year time horizon;  
The Baillie Gifford International Growth Fund is a genuinely active portfolio with a correspondingly low rate of turnover.

### Fund Facts

K Class Ticker	BGEKX
Institutional Class Ticker	BGESX
Launch Date	March 06, 2008
Size	\$2,981.2m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	50+
Current Number of Stocks	55
Active Share	91%*
Annual Turnover	8%**
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 Growth Portfolio Construction Group

Name	Years' Experience
Thomas Coutts*	24
Brian Lum	17
Julia Angeles*	15
Lawrence Burns*	14

\*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 [baillieghifford.com/usmutualfunds](http://baillieghifford.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	0.60%
Share Class – Institutional	0.68%
Net Expense Ratio	
Share Class – K	0.60%
Share Class – Institutional	0.68%

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.

\*\*MSCI EAFE Index benchmark data used until November 22, 2019, MSCI ACWI ex US thereafter. The above figures have been chain-linked for performance purposes.

*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 US 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 June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Ferrari NV	0.84
Spotify Technology SA	0.72
Delivery Hero AG	0.42
Nu Holdings Ltd.	0.41
Wisetech Global Ltd	0.36

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-0.81
Kering	-0.80
Zalando Se	-0.80
Meituan	-0.52
Wix Com	-0.51

One Year to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Ferrari NV	2.37
MercadoLibre	2.30
Asml	1.82
Spotify Technology SA	1.74
Wisetech Global Ltd	1.02

### Bottom Five Contributors

Asset Name	Contribution (%)
Meituan	-2.06
NIO Inc ADR	-0.91
M3	-0.82
Alibaba	-0.57
Wuxi Biologics Cayman Inc	-0.57

Five Years to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Asml	7.77
Ferrari NV	3.80
MercadoLibre	3.78
M3	2.03
Genmab	1.79

### Bottom Five Contributors

Asset Name	Contribution (%)
Baidu.com ADR	-2.09
Zalando Se	-1.93
Rolls-Royce	-1.89
Umicore	-1.31
Nidec	-1.30

Source: Revolution, MSCI, Baillie Gifford International Growth 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.*

*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 second quarter of 2023 provided a mixed period for growth equity investing. The market appears fixated on the near-term - valuing surety - with a high inflationary and interest rate environment continuing to pose headwinds to the value ascribed to longer-duration, growth equities. Equity markets delivered positive returns across most regions with the exception of China, where disappointment with the reopening from COVID-19 lockdown dominated sentiment. Developed Markets comfortably outperformed Emerging Markets in local currency terms. Japan outperformed the most, as supportive growth-policy mix helped the currency fall nearly 10%, which in turn helped drive local stocks higher.

## Performance

Against this backdrop the benchmark rose modestly and the Fund gave up some of the gains made in the first quarter of the year. Holdings in MercadoLibre, Kering and Zalando detracted from performance.

MercadoLibre, the leading e-commerce and digital platform in Latin America, has enjoyed a good start to 2023, with strong momentum across the business. It surpassed 100 million active users in its ecosystem for the first time ever. Gross Merchandise Volume (GMV) growth accelerated, growing 43% year-over-year to \$9.4 billion, with all three major geographies (Argentina, Brazil and Mexico) delivering stronger trends in items sold and unique buyer numbers. In its fintech business, total payment volume reached \$37.0 billion and off-platform total payment volume more than doubled for the sixth consecutive quarter. We remain enthusiastic about its investment case and believe it is well-positioned to benefit from growth opportunities in both its fintech and e-commerce businesses.

Kering, the luxury brands group, has lagged behind the likes of LVMH and Hermès who have enjoyed a stronger start to the year. First quarter revenues increased 1% - far behind Hermès 23% and LVMH's 18% top line growth. Gucci, the group's biggest brand which accounts for half of all group revenues and over two thirds of operating profit, was broadly flat while Saint Laurent grew 8%. Management acknowledge that Gucci is undergoing a period of investment to drive momentum in the brand before new creative director Sabato De Sarno's first Gucci collection in September this year. As patient, long-term investors, we continue to view Kering as one of the leading luxury groups and look forward to the reinvigoration at Gucci.

Zalando is the leading online fashion retailer in Europe. However, European consumers are under pressure and fashion is a discretionary item. Indeed, growth in demand for Zalando's offering remains muted with GMV static in the first quarter of the year. Zalando is working on strategies to better penetrate markets and deepen customer relationships, focusing on local assortment, payment methods, multi-proposition adoption, relaunching its Lounge business, and expanding Plus memberships to additional markets. This could position the company to capture new customers and drive engagement once the market demand returns.

Stocks that contributed positively to performance included Ferrari, Spotify and Nubank.

Ferrari, Italian luxury car manufacturer, reported strong first quarter results. Revenues of €1.4 billion grew 20.5% year-over-year, generating Earnings Before Interest, Tax, Depreciation and Amortization of €540 million and industrial free cash flow generation of €270 million. The company's order book already extends into 2025, with demand remaining high. The Ferrari Roma Spider was recently launched, and the company announced the reopening of orders for the Purosangue, with deliveries due in 2026. The company's increased focus on hybrid models resulted in 35% of first quarter deliveries being hybrids.

In April, Swedish music streaming company Spotify reported first quarter results that demonstrated continued growth. Monthly active users and premium subscriber growth were well ahead of market expectations and company guidance. Premium subscribers totalled 210 million and ad-supported monthly active users were 317 million. It added 26 million users in the quarter, the second largest net addition quarter ever. This was driven by broad-based strength across all regions, higher reactivations and better user retention. Revenue of €3 billion grew 13% year-over-year.

Nubank is a Latin American neobank. It added 4.5 million customers in the first quarter (reaching a total of 79.1 million customers), and grew 33% year-over-year, underscoring its position as one of the largest and fastest-growing digital financial services platforms worldwide. In Brazil, it now has 75.3 million customers which equates to 46% of the country's adult population. This figure is 3% for Mexico and 2% for Columbia. We see the potential for a long runway of growth ahead for Nubank.

**Notable transactions**

We added to positions in Dutch payment services provider Adyen, pan-Asian life insurance company AIA, the developer of advanced driver-assistance systems (ADAS) and self-driving systems Mobileye and social e-commerce platform Pinduoduo. These were funded by the complete sale of biotechnology company Novozymes and reductions in e-commerce platform Alibaba, Ferrari, and Spotify.

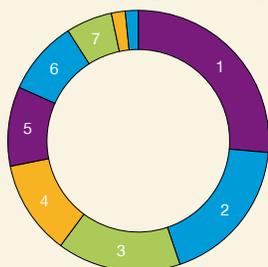
Transactions from 01 April 2023 to 30 June 2023.

There were no new purchases during the period.

### Complete Sales

Stock Name	Transaction Rationale
Novozymes	Novozymes is the world's largest provider of enzyme and microbial technologies. The proposed merger with Chr. Hansen will create a leading global BioSolutions provider with an increasingly diversified portfolio. While we acknowledge the strong competitive advantage and dominant market position of the combined group, we see greater potential for outsized returns elsewhere and have therefore sold the holding.

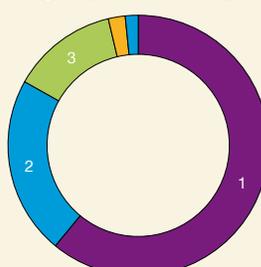
**Sector Analysis (%)**



1	Consumer Discretionary	26.45
2	Information Technology	18.38
3	Financials	15.32
4	Health Care	11.72
5	Industrials	9.86
6	Communication Services	9.25
7	Consumer Staples	5.71
8	Materials	1.72
9	Cash	1.60

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)	60.98
2	Emerging Markets	22.15
3	Developed Asia Pacific	13.17
4	UK	2.10
5	Cash	1.60

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 ASML	7.37
2 MercadoLibre	5.87
3 Adyen	5.58
4 Ferrari	5.28
5 Spotify	4.48
6 Kering	4.32
7 Genmab	3.72
8 Tencent	3.36
9 L'Oréal	3.35
10 argenx	3.20

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

**Portfolio Characteristics**

Number of holdings	55
Number of countries	21
Number of sectors	8
Number of industries	26
Active Share	91%*
Annual Turnover	8%**

\*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	41	Companies	7	Companies	3
Resolutions	620	Resolutions	12	Resolutions	3

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Our research activities this quarter included further developing our supply chain analysis. Particularly our ability to assess forced labour allegations.

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We met with M3's CEO to discuss how he balances the needs of the various stakeholders using their digital health platform.

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The majority of our holdings' annual general meetings are held in Q2 so our voting team was busy collaborating with the fund managers and the embedded Environmental, Social and Governance (ESG) analyst on contentious meetings.

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Company Engagement

Engagement Type	Company
Environmental	NIO Inc.
Social	Kering SA, M3, Inc., NIO Inc.
Governance	Adevinta ASA, Delivery Hero SE, Kering SA, M3, Inc., Meituan, Prysmian S.p.A., Schibsted ASA, Vestas Wind Systems A/S

Votes Cast in Favour

Companies	Voting Rationale
AIA Group, ASML, Adevinata, Adyen NV, Aixtron, Atlas Copco A, AutoStore Hdgs, Coupang, Delivery Hero AG, EXOR, Ferrari NV, Ganfeng Lithium Gp, HDFC Corp, HelloFresh SE Ordinary, Hong Kong Exchanges & Clearing, Kering, Kinnevik, L'Oreal, M3, Meituan, MercadoLibre, Mobileye Global Inc., NIO Inc ADR, Nidec, Oatly Inc., Ocado, Prysmian, SBI Holdings, SMC, Schibsted, Schibsted B, Solaredge Technologies Inc, TSMC, Temenos, Tencent, Umicore, VAT Gp, Vestas Wind Systems, Wuxi Biologics Cayman Inc, Zalando SE, argenx	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Adevinta	AGM 06/29/23	7	We opposed the remuneration report due to concerns with the use of discretion to allow long term awards to vest when the performance condition was not met.
HelloFresh SE Ordinary	AGM 05/12/23	8	We opposed an amendment to the articles of association to increase director terms from two to four years. We believe that the current provisions under the articles are appropriate and that this change is not in the best interest of shareholders.
Kering	MIX 04/27/23	4-6	We opposed three resolutions on executive remuneration reports due to concerns with the stretch of ESG performance targets, and lack of downward discretion to reflect the Balenciaga scandal.
Kinnevik	AGM 05/08/23	23	We opposed a shareholder resolution requesting the implementation of a cash dividend as we believe any such decision should sit with the board of directors.
Ocado	AGM 05/02/23	2	We opposed the remuneration report due to concerns over the tranche of the VCP and the lowered targets, which we do not find sufficiently stretching.
Prysmian	MIX 04/19/23	60	We opposed the resolution due to inappropriate use of discretion to increase vesting outcome of the long-term incentive award. We believe the use of discretion should be carefully evaluated, and used to support and prioritise the long-term prospects of the business. We are not convinced that this use of discretion meets that bar.
Companies	Voting Rationale		
Kering, L'Oreal	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
Delivery Hero AG	AGM 06/14/23	19	We abstained on the remuneration policy as we feel the relative TSR metric allows payment for underperformance against the index, which results in a misalignment between management and our clients' outcomes.

Company	Meeting Details	Resolution(s)	Voting Rationale
Solaredge Technologies Inc	Annual 06/01/23	3	We abstained on the advisory resolution approving compensation, as we believe the company could improve in some areas, such as allowing for vesting below median. However, we recognise the positive steps the company has taken generally in 2022 on this matter, so did not feel an oppose was warranted.
VAT Gp	AGM 05/16/23	10.1	We abstained on the remuneration report due to concerns with the stringency of targets. We believe that when a relative metric is chosen to assess performance, that awards should only begin vesting when performance is equal or above that of the chosen benchmark. As it was our first time voting we chose to abstain and communicate our position to the company.

Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
ASML	7.37
MercadoLibre	5.87
Adyen	5.58
Ferrari	5.28
Spotify	4.48
Kering	4.32
Genmab	3.72
Tencent	3.36
L'Oréal	3.35
argenx	3.20
TSMC	2.99
Atlas Copco	2.97
Meituan	2.94
AIA	2.78
WiseTech Global	2.33
Delivery Hero	1.98
SMC	1.80
EXOR	1.71
Sartorius Group	1.70
Nidec Corporation	1.68
Zalando	1.65
Wix.com	1.64
M3	1.59
Vestas Wind Systems	1.44
Umicore	1.36
Aixtron	1.34
Ocado	1.31
PDD Holdings	1.13
Nu Holdings	1.07
NIO	1.01
Ambu	0.92
HelloFresh	0.92
Coupang	0.90
Kinnevik	0.88
VAT Group	0.83
Hong Kong Exchanges & Clearing	0.83
Temenos	0.79
Wise	0.79
Xero	0.76
Alibaba	0.74
Elastic	0.72
Mobileye	0.63
SEA Limited	0.61
HDFC	0.60
WuXi Biologics	0.59
AutoStore	0.57

Asset Name	Fund %
Prysmian	0.56
GMO Payment Gateway	0.55
SBI Holdings	0.53
SolarEdge	0.45
Ganfeng Lithium	0.36
CyberAgent	0.32
Schibsted	0.30
Adevinta	0.17
Oatly	0.14
Cash	1.60
<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 International Growth 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 Risks, 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. There can be no assurance that the Fund will achieve its investment objective.

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

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