

# Baillie Gifford™

## Baillie Gifford International Growth Fund

### Third 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	\$2,677.0m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	50+
Current Number of Stocks	54
Active Share	92%*
Annual Turnover	9%**
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.

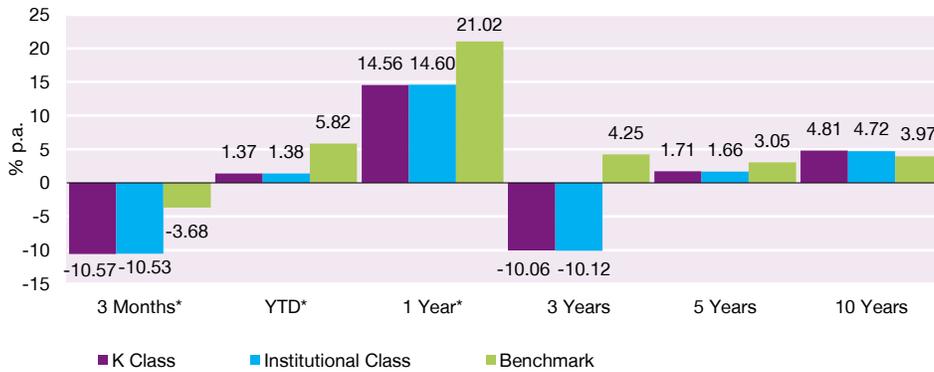
#### International Growth Portfolio Construction Group

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

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

## Stock Level Attribution

Quarter to September 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
argenx	0.95
MercadoLibre	0.62
PDD Holdings	0.49
Wix Com	0.36
ELASTIC	0.24

### Bottom Five Contributors

Asset Name	Contribution (%)
Adyen	-2.97
ASML	-0.85
Delivery Hero	-0.64
Kering	-0.55
Wisetech Global	-0.43

One Year to September 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Spotify Technology	1.67
Ferrari	1.39
MercadoLibre	1.36
ASML	0.98
Atlas Copco	0.56

### Bottom Five Contributors

Asset Name	Contribution (%)
Adyen	-2.55
Meituan	-1.93
M3	-1.18
Delivery Hero	-0.70
NIO	-0.67

Five Years to September 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
ASML	7.24
MercadoLibre	4.27
Ferrari	3.49
argenx	2.24
Genmab	1.71

### Bottom Five Contributors

Asset Name	Contribution (%)
Adyen	-2.20
Rolls-Royce	-1.84
Baidu.com	-1.80
Umicore	-1.40
Nidec	-1.40

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.*

*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

Equity markets fell in the third quarter for the first time in four quarters, hit by the surge in real yields. Eurozone equities fared poorly, dragged by Germany given its exposure to China. The United Kingdom was a bright spot given its sector exposure to value, commodities and defensive holdings making it a stagflation hedge. A weaker Great British Pound Sterling helped too. Japanese equities delivered the highest returns among major regions, as the looser Bank of Japan (BOJ) policy and weaker Japanese Yen continued to attract inflows. Even though emerging markets struggled initially with concerns around China's property sector and its overall growth trajectory, the region has stabilised recently. Strong performance by Indian equities which continues to enjoy better growth momentum helped the emerging markets space to cut down its losses for the quarter.

## Performance

Your holding in Adyen was a significant detractor to performance in the quarter. Other detractors included ASML and Delivery Hero.

Dutch payments platform business Adyen's half-year results were the cause of its recent share price weakness. Competitive pressure in the United States ("US") e-commerce segment resulted in slower volume growth for Adyen as it refrained from participating in price competition. We have no doubt about Adyen's product quality. But some merchant priorities have changed. The hunt for margin among US digital merchants has increased their appetite to experiment with lower-priced competitors. Adyen has contended with similar price-sensitive experimentation in the past and has tended to win those same volumes later. The lower complexity and greater competitiveness of US digital market means we should not extrapolate any difficulties into Adyen's other market segments. That is a reassuring point that we believe the market has not appreciated.

Dutch lithography machine manufacturer ASML is one of the largest holdings in your portfolio and therefore features regularly as either a contributor or detractor to quarterly performance. During the quarter, the market's focus was drawn to news of China's domestic technology giant Huawei release of a phone containing more advanced (7 nanometer) chips produced by SMIC, China's biggest semiconductor manufacturer. Despite rising competition, we continue to believe ASML will maintain its monopoly in leading edge nodes with its unique extreme ultraviolet (EUV) technology, to which there are numerous, high barriers to entry.

Delivery Hero is a German company that operates online food delivery services in over 70 countries. It is the

market leader in many of them. Last month, management confirmed that they are exploring the disposal of some Asian assets; specifically, its foodpanda business in Malaysia, Philippines, Thailand, Cambodia, Laos and Myanmar. Some markets are maturing profitably for Delivery Hero, like Korea and the Middle East, while others, including those under consideration for exit, remain loss-making. Monetising these geographies would be a sensible capital allocation decision. First half results saw group revenue increase 12 per cent on an underlying basis achieved through the continuous expansion of the group's delivery services, combined with the focus to improve and diversify product assortments.

Stocks that contributed positively to performance included Argenx, MercadoLibre and PDD Holdings (formerly Pinduoduo).

Shares in Belgian biotechnology company Argenx responded positively to lead product VYVGART reaching another crucial milestone with a 'home-run' Phase 3 clinical trial outcome in a second autoimmune indication. Since launching in 2021, VYVGART is already annualising at over \$1 billion in sales for the treatment of one autoantibody-mediated disease. Given the broad applications of VYVGART, Argenx is having to prioritise which of these diseases they develop it for next. Management aims to have VYVGART either commercially available or in clinical development for 15 indications by 2025.

MercadoLibre, Latin America's leading ecommerce and fintech player continues to make excellent progress, despite a sometimes-challenging operating environment. Recent evidence has come from news that it has reached 5 million customers in its insurance business, representing further progress in its goal of building on its success in e-commerce. It has reached the milestone in less than four years thanks to significant investments in technology and a focus on less well served lower income clients.

PDD is a rapidly growing Chinese social e-commerce platform which addresses consumers with less disposable income in lower-tier cities, who are poorly served by other platforms. More recently it has begun to expand abroad, establishing Temu, an online marketplace, in the US last year. Temu has expanded rapidly, both in the US and beyond, and will likely generate \$12-13 billion of gross merchandise value this year.

## Notable transactions

During the quarter we exited positions in Alibaba, China's leading e-commerce company, and in the process of exiting Oatly, a food and drinks company. We reduced ASML and Kering, largest luxury good conglomerate.

We added to holdings in the pan-Asian insurance provider AIA Group, immunology company Argenx, Swedish manufacturing company Atlas, Copco, e-commerce company PDD Holdings, solar energy company SolarEdge, and contract development and manufacturing organization Wuxi Biologics.

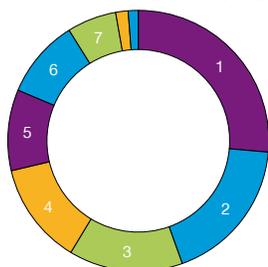
Transactions from 01 July 2023 to 30 September 2023.

There were no new purchases during the period.

### Complete Sales

Stock Name	Transaction Rationale
Alibaba Group Holding	We have sold your position in Alibaba. Management have built a formidable business; however, we do not believe the growth characteristic of the business today aligns with our investment approach. Proceeds of the sale have partly been used to fund an addition to PDD.

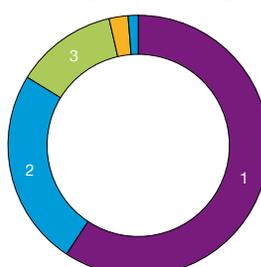
**Sector Analysis (%)**



1	Consumer Discretionary	26.39
2	Information Technology	18.14
3	Health Care	14.12
4	Financials	12.66
5	Industrials	10.04
6	Communication Services	9.76
7	Consumer Staples	6.11
8	Materials	1.54
9	Cash	1.24

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)	59.28
2	Emerging Markets	24.50
3	Developed Asia Pacific	12.62
4	UK	2.36
5	Cash	1.24

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

**Top Ten Holdings**

Holdings	Fund %	
1	MercadoLibre	6.99
2	ASML	6.37
3	Ferrari	5.32
4	argenx	4.93
5	Spotify	4.81
6	Genmab	3.90
7	Atlas Copco	3.68
8	Tencent	3.46
9	L'Oréal	3.33
10	Meituan	3.07

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

**Portfolio Characteristics**

Number of holdings	54
Number of countries	21
Number of sectors	8
Number of industries	26
Active Share	92%*
Annual Turnover	9%**

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

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

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	5	Companies	None	Companies	None
Resolutions	40	Resolutions	None	Resolutions	None

Our research this quarter included work on idiosyncratic corporate governance and how we could further develop our assessments of the materiality of a company's social licence to operate.

Engagements included meetings with members of the board and management of Wix.com to provide our perspective on their remuneration policy. Our input was subsequently incorporated into the policy and put to shareholder vote.

This quarter we released our 2023 stewardship report, which outlines International Growth's approach to stewardship, integration into our investment process, and provide examples of our stewardship principles in practice.

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., Ganfeng Lithium Group Co., Ltd., argenx SE
Social	Adyen N.V., M3, Inc., SBI Holdings, Inc., SolarEdge Technologies, Inc.
Governance	Adevinta ASA, Adyen N.V., Ambu A/S, Coupang, Inc., Elastic N.V., Kering SA, Oatly Group AB, SBI Holdings, Inc., SMC Corporation, Sartorius Aktiengesellschaft, Schibsted ASA, Taiwan Semiconductor Manufacturing Company Limited, Wix.com Ltd., Xero Limited, argenx SE

### Votes Cast in Favour

Companies	Voting Rationale
Alibaba Group Holding, HDFC Bank, Nu Holdings Ltd., Wise Plc, Xero Ltd	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

We did not abstain on any resolutions during the period.

### Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
MercadoLibre	6.99
ASML	6.37
Ferrari	5.32
argenx	4.93
Spotify	4.81
Genmab	3.90
Atlas Copco	3.68
Tencent	3.46
L'Oréal	3.33
Meituan	3.07
Kering	3.04
TSMC	2.91
AIA	2.80
Adyen	2.68
PDD Holdings	2.31
Wix.com	2.15
WiseTech Global	2.05
EXOR	1.90
Sartorius Group	1.87
SMC	1.63
Aixtron	1.62
Nidec Corporation	1.60
M3	1.50
Ocado	1.48
Delivery Hero	1.44
Zalando	1.43
Vestas Wind Systems	1.29
Umicore	1.29
WuXi Biologics	1.26
HelloFresh	1.24
Nu Holdings	1.09
NIO	1.05
Elastic	1.01
Coupang	0.98
Hong Kong Exchanges & Clearing	0.92
Wise	0.88
VAT Group	0.81
Temenos	0.78
Xero	0.77
Mobileye	0.76
Kinnevik	0.71
Ambu	0.66
SBI Holdings	0.65
Prysmian	0.61
HDFC Bank	0.60
SEA Limited	0.52

Asset Name	Fund %
SolarEdge	0.46
GMO Payment Gateway	0.43
Schibsted	0.43
AutoStore	0.41
Adevinta	0.28
CyberAgent	0.27
Ganfeng Lithium	0.25
Oatly	0.05
Cash	1.24
<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.

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

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

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