



Baillie Gifford U.S. Discovery Fund

Second Quarter 2023

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	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 US Discovery Fund invests in a portfolio of 40-75 high potential, immature smaller companies in the United States which each strive to disrupt established industries or build entirely new ones. Through bottom-up stock selection, our aim is to identify these companies early on in their development and own them over the long term as they strengthen their competitive edge and grow. We believe that approaching investment with a genuine long-term perspective, accepting a degree of uncertainty and backing robust innovation and entrepreneurial management gives us the best chance of achieving our goal of identifying the companies that have the potential to be the big winners of tomorrow and to capture long term capital appreciation.

Fund Facts

K Class Ticker	BGUKX
Institutional Class Ticker	BGUIX
Launch Date	May 05, 2021
Size	\$2.7m
Benchmark	Russell 2500 Growth Index
Stocks (guideline range)	40-75
Current Number of Stocks	55
Active Share	95%*
Annual Turnover	16%**
Style	Growth

*Relative to Russell 2500 Growth Index. Source: Baillie Gifford & Co, Russell.

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.

US Discovery Team

Name	Years' Experience
Douglas Brodie*	22
Svetlana Viteva	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 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	6.90%
Share Class – Institutional	6.90%

Net Expense Ratio	
Share Class – K	0.82%
Share Class – Institutional	0.82%

Benchmark: Russell 2500 Growth

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.

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.

The Russell 2500™ Growth Index measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500™ companies with higher growth earning potential as defined by FTSE Russell's leading style methodology. The Fund is more concentrated than the Russell 2500 Growth Index.

Source: Baillie Gifford & Co, Bank of New York Mellon and MSCI. Share Class launch date: May 5, 2021. NAV returns in US dollars. *Not annualized.

Stock Level Attribution

Quarter to June 30, 2023

Top Five Contributors

Asset Name	Contribution (%)
Schrodinger	1.70
Exact Sciences	0.88
Quanterix Corp	0.83
Jfrog Ltd	0.61
Liveramp Holdings Inc	0.51

Bottom Five Contributors

Asset Name	Contribution (%)
Everquote Inc	-1.24
Trupanion	-1.15
Novocure Ltd	-1.10
Sprout Social	-1.06
Axon Enterprise Inc	-0.84

One Year to June 30, 2023

Top Five Contributors

Asset Name	Contribution (%)
TransMedics Group	3.87
Axon Enterprise Inc	2.74
Exact Sciences	2.22
Schrodinger	1.62
Shockwave Medical Inc	1.40

Bottom Five Contributors

Asset Name	Contribution (%)
Trupanion	-2.23
Upwork Inc	-2.11
Codexis	-1.94
Novocure Ltd	-1.76
Pacira BioSciences	-1.50

Source: Revolution, Russell, Baillie Gifford U.S. Discovery Fund relative to Russell 2500 Growth 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 baillieghifford.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

Over the quarter, markets have been more stable and buoyant. Progress in the US's fight against inflation and enthusiasm about the possibilities related to generative artificial intelligence have driven indices. This rally, however, has been chiefly driven by large-cap growth, notably a handful of mega-cap technology companies. Thus, the concentration of indices like the S&P 500 is near historic highs.

Small-cap indices remain volatile. Concerns remain about the possible impact of the currently high-interest rates and tight credit conditions on smaller businesses. We continue to observe that the earlier and less established the company, the less patience the market is willing to extend. For many of our holdings, the current near-term stock market debate feels relatively removed from the long-term hypothesis. This is resulting in the relative valuation gap between small and large cap indices around its broadest of any point over the last five years.

Performance

Over the quarter, Schrodinger, Exact Sciences, and Shockwave Medical holdings have been among the most significant positive contributors to performance.

Schrodinger is a healthcare-based software company, and its main product models molecular interactions and can be used as an efficiency tool in drug discovery. Shares have been strong over the quarter, partly due to good operational progress but also as more investors awaken to the possibilities of in-silico drug discovery. The business is growing nicely, with revenues increasing around 30% year over year, partly through software licensing and royalty/milestone payments from drug discovery. The catalysts for growth continue to look attractive – Schrodinger has a pipeline of large pharma clients with whom they can grow and further de-risk the software. This increases the likelihood that Schrodinger can successfully design therapeutic candidates, opening additional attractive revenue opportunities.

Exact Sciences, the diagnostics company which develops screening tests for cancers, was also among the top contributors towards relative performance. Exact Science is best known for its flagship product Cologuard which tests for colorectal cancer (the second deadliest cancer in the US), Shares have responded well to good operational progress, with revenue growing around 33% year over year. At the same time, the company is expected to turn free cash flow positive this year - a year ahead of the previous target.

Shockwave Medical is a medical device company pioneering intravascular lithotripsy (IVL) for treating artery calcification. Shares responded positively to the US Department of Health and Centers for Medicare & Medicaid Services issuing reimbursement codes for the device's use in coronary procedures from 2024. These reimbursement rates are more generous than many analysts expected, hence the share price reaction. Alongside this, the company has continued to grow at an accelerated rate – its latest results report revenue up approximately 70% year over year.

Conversely, holdings in Everquote, Novocure and Trupanion have been among the assets which have had the most significant negative impact on performance.

Everquote, a leading online comparison marketplace for insurance shopping which matches and connects consumers seeking to purchase insurance with options from its large network of insurance providers, was amongst the bottom contributors to relative performance. Shares in the company fell sharply as Everquote's largest advertiser, Progressive, reported disappointing quarterly results. Concerns were raised among investors that post pandemic the insurance industry is still not underwriting auto policies at a level of profitability to support digital advertising spend. With auto insurance accounting for 80% of Everquote's revenue, the company's shares are likely to remain under pressure for so long as challenges in the broader environment for the auto market persist. Despite these headwinds, we believe there remains a huge opportunity for Everquote to capitalise on the growing shift towards online insurance distribution and to further expand the business into verticals beyond auto insurance, such as home, life, and health insurance.

Shares Novocure, the Israeli manufacturer of wearable treatment devices for solid-state cancers, depreciated sharply on the release of data for the device's use in non-small cell lung cancer. In our view, the sell-off was misjudged, with investors putting too much emphasis on an inconclusive secondary endpoint. With the primary endpoint being met, the company can proceed with US Food and Drug Administration approval for the device. Events over the quarter doesn't shake our conviction in the position.

Trupanion, a leading medical insurance provider for pets in the United States and Canada, was also among the biggest detractors of relative performance. The ongoing challenge of significant inflation in vet invoices continues to pressure Trupanion's margins. The company entered 2023 underestimating how much the cost of veterinary invoices would rise. As price increases for customers are only implemented annually, it is difficult for the company to affect any plan to improve margins quickly. Thinking more broadly, inflation in vet bills and stagnating disposable incomes for consumers may be a positive development for

Trupanion over the long-term as self-insuring looks less viable. We are monitoring the business closely for further deterioration and any possible impact on the balance sheet.

Notable transactions

There were two sales in the quarter – Q2 Holdings, a cloud-based digital banking solutions business, and Stitch Fix, an online personal styling service.

In the case of Q2 Holdings, a lack of meaningful operational progress, combined with significant and long-lasting headwinds to US banking, prompted the sale.

Stitch Fix was ultimately a small position in the portfolio, a reflection of slow progress to date.

Additions over the quarter included cloud computing and enterprise software company Appian, oncology company Novocure and infrastructure automation software company Hashicorp.

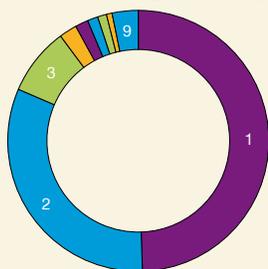
Transactions from 01 April 2023 to 30 June 2023.

There were no new purchases during the period.

Complete Sales

Stock Name	Transaction Rationale
Q2 Holdings Inc	We sold the holding in Q2, the provider of cloud-based virtual banking solutions for regional and community financial institutions. Our conviction in the long-term investment case has decreased despite fairly steady operational progress. Scaling the customer base has proven more challenging than we anticipated, given the slow-to-modernise and risk-averse nature of the vertical. In addition, we have become increasingly mindful of the pricing environment in which the business operates following the collapse of several US banks earlier in the year. We've used the sale proceeds to add to higher conviction ideas.
Stitch Fix	We have sold our shares in the online personal styling service Stitch Fix. The company uses a combination of human stylists and computer algorithms to create curated outfits sent straight to the customer's door. After a failed effort to broaden its addressable opportunity beyond the subscription offering to reignite subscriber growth and several management changes, we have lost conviction in the company's ability to remain relevant in the competitive world of fashion. We used the proceeds to add to holdings where our conviction is higher.

Sector Analysis (%)



1	Technology	49.50
2	Health Care	31.97
3	Industrials	8.38
4	Consumer Staples	2.21
5	Telecommunications	1.61
6	Financials	1.31
7	Consumer Discretionary	1.11
8	Real Estate	0.70
9	Cash	3.23

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 TransMedics Group	4.88
2 Axon Enterprise	4.09
3 Schrödinger	3.98
4 Exact Sciences	3.85
5 Novanta	3.63
6 AeroVironment	3.55
7 Zuora	3.10
8 CyberArk	3.03
9 Ambarella	2.85
10 LiveRamp	2.79

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	3
Number of sectors	8
Number of industries	17
Active Share	95%*
Annual Turnover	16%**

*Relative to Russell 2500 Growth Index. Source: Baillie Gifford & Co, Russell.

**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	47	Companies	13	Companies	7
Resolutions	343	Resolutions	14	Resolutions	20

Our 2023 Environmental, Social and Governance (ESG) Principles and Guidelines are available on the website. The document sets out Baillie Gifford's Stewardship Principles and their integration into research, proxy voting, and ownership activities.

The second quarter of the year saw our Statement of Climate-related Intent and Ambition and TCFD-aligned Climate Report published. These are available on the website.

Sustainability is inextricably linked to Discovery's philosophy of investing in problem-solving businesses.

Company Engagement

Engagement Type	Company
Social	Chegg, Inc.
Governance	Zuora, Inc.

Votes Cast in Favour

Companies	Voting Rationale
Adaptimmune Therapeutics, Ambarella, American Well Corp Class A, Appian Corp, Axon Enterprise Inc, Bandwidth, Blackline, CS Disco Inc, Calix Inc, Cardlytics Inc, Cargurus Inc, Chegg, Codexis, CyberArk Software Ltd, Denali Therapeutics, Digimarc, EverQuote Inc, Everbridge Inc, Exact Sciences, Expensify Inc, Hashicorp Inc, IPG Photonics Corp, JFrog Ltd, LendingTree, Novanta Inc, Novocure Ltd, Pacira BioSciences, PhenomeX Inc, Precision BioSciences Inc, Progyny, Quanterix Corp, Redfin, Schrodinger, ShockWave Medical Inc, Sprout Social, Staar Surgical, Sutro Biopharma, Tabula Rasa HealthCare Inc, Tandem Diabetes Care, Teladoc, TransMedics Group, Trupanion, Upwork Inc, Varonis Systems Inc, Veeco Instruments, Xencor Inc, Zuora Inc Class A	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Ambarella	Annual 06/21/23	3	We opposed executive compensation as we do not believe the long term performance conditions are sufficiently stretching.
Axon Enterprise Inc	Annual 05/31/23	6	We opposed a shareholder resolution requesting the company discontinue the development and plans for sale of a remotely-operated, non-lethal TASER drone system. We believe the company should be allowed to explore creative solutions to advance their mission of protecting life, and believe a decision of whether to create or roll out a new product is fundamental to management's ability to run the company.
Bandwidth	Annual 05/18/23	2	We opposed the incentive plan due to concerns with several aspects of the plan including an evergreen provision, potential dilution and the range of participants, which we do not believe are in the long term financial interests of shareholders.
Blackline	Annual 05/10/23	3	We opposed executive compensation due to concerns with the same metric being used within both the short term and long term variable compensation plans, and short performance periods within the long term plan.
Calix Inc	Annual 05/11/23	2	We opposed the amendment to the incentive scheme as we believe that the number of instruments already granted or available to be awarded is excessive.

Company	Meeting Details	Resolution(s)	Voting Rationale
Calix Inc	Annual 05/11/23	4	We opposed the executive remuneration due to short-term focus of incentives in place, which we do not believe are aligned with long-term interests of shareholders.
Cardlytics Inc	Annual 05/23/23	3	We opposed executive compensation due to ongoing concerns with the structure of the annual bonus plan. Performance is calculated on a quarterly basis which we believe is incentivising a very short-term focus which is not in the best interests of long term shareholders.
Codexis	Annual 06/13/23	3	We opposed executive compensation due to concerns with overlapping metrics and performance targets across the short term and long term plans which results in executives being rewarded twice for the same performance.
IPG Photonics Corp	Annual 05/23/23	6	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.
Pacira BioSciences	Annual 06/13/23	3	We continue to oppose executive compensation as we continue to think that an annual performance period for the performance-based component of the long term incentive plan is not sufficiently long term.
Teladoc	Annual 05/25/23	6	We opposed a shareholder resolution requesting certain bylaw amendments require shareholder approval. Teladoc Health's current requirements do not appear overly restrictive or out of line with peers.
Varonis Systems Inc	Annual 06/05/23	2	We opposed executive compensation due to concerns with the short term nature of the performance targets, and also consider that the targets are not sufficiently challenging.
Zuora Inc Class A	Annual 06/27/23	3	We opposed executive compensation due to concerns with practices including quarterly measurement of performance under the long term plan, replacement of underwater options and lowering of performance targets.
Companies			Voting Rationale
Veeco Instruments			We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Chegg	Annual 06/07/23	2	We abstained on the resolution to ratify named executive officers' compensation due to concerns the annual performance period for the long term incentive plan.
Staar Surgical	Annual 06/15/23	3	We abstained on the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls.

Company	Meeting Details	Resolution(s)	Voting Rationale
Upwork Inc	Annual 06/09/23	3	We abstained on the advisory vote on compensation due to short performance periods under the long-term plan, overlapping metrics and targets between the short- and long-term plan, and concerns over quantum.
Xencor Inc	Annual 06/14/23	4	We abstained on the equity incentive plan due to concerns with the historic burn rate and potential dilution.

Votes Withheld

Company	Meeting Details	Resolution(s)	Voting Rationale
Zuora Inc Class A	Annual 06/27/23	1.002	We withheld support from a director due to poor attendance.
Companies		Voting Rationale	
CEVA Inc, Q2 Holdings Inc			We did not vote due to selling out of the stock.

Votes Not Cast

Companies	Voting Rationale
CEVA Inc, Q2 Holdings Inc	We did not vote due to selling out of the stock.

Asset Name	Fund %
TransMedics Group	4.88
Axon Enterprise	4.09
Schrödinger	3.98
Exact Sciences	3.85
Novanta	3.63
AeroVironment	3.55
Zuora	3.10
CyberArk	3.03
Ambarella	2.85
LiveRamp	2.79
Sprout Social	2.76
Appian	2.50
JFrog	2.48
IPG Photonics	2.43
Doximity	2.30
BlackLine	2.28
Freshpet	2.21
Pacira BioSciences	2.19
HashiCorp	2.17
STAAR Surgical	2.15
Novocure	2.10
Progyny	1.96
Xencor	1.96
Veeco Instruments	1.94
ShockWave Medical	1.81
CarGurus	1.80
Varonis Systems	1.77
Quanterix Corporation	1.76
Twist Bioscience	1.69
Calix	1.61
Digimarc	1.48
Upwork	1.41
Stratasys	1.19
Fiverr International	1.15
Bandwidth	1.01
Everbridge	1.01
EverQuote	0.99
Denali Therapeutics	0.96
Trupanion	0.91
Ceva	0.91
Sutro Biopharma	0.87
Expensify	0.83
CS Disco	0.75
Redfin	0.70
Tandem Diabetes Care	0.70
Tabula Rasa HealthCare	0.65

Asset Name	Fund %
Codexis	0.60
Cardlytics	0.60
Teladoc	0.58
Amwell	0.54
Chegg	0.51
LendingTree	0.40
Adaptimmune Therapeutics	0.30
Precision BioSciences	0.08
Berkeley Lights	0.04
Cash	3.23
Total	100.00

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 U.S. Discovery Fund are Small- and Medium- Capitalization Securities Risk, Growth Stock Risk, Investment Style Risk, Long-Term Investment Strategy Risk, Geographic Focus Risk and Non-Diversification Risk. The shares of small-and medium-capitalization companies can be more volatile than larger companies. This can be more evident during market downturns as they may have potentially reduced liquidity and shorter operating histories. 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 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 Fund is managed on a long-term outlook, meaning that the Fund managers look for investments that they think will make returns over a number of years, rather than over shorter time periods. The Fund focuses on investments in the US, meaning it may offer less diversification and be more volatile than other funds. The Fund may have a smaller number of holdings with larger positions in each relative to other mutual funds. Other Fund risks include: Conflicts of Interest Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, New and Smaller-Sized Funds Risk, Service Provider 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 U.S. Discovery Fund seeks capital appreciation. There can be no assurance, however, that the Fund will achieve its investment objectives.

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