

Developed Asia inc Japan Quarterly Update

30 September 2025



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Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document are gross of fees unless otherwise stated and reflect the reinvestment of dividends and interest. Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that recommendations/ transactions made in the future will be profitable or will equal performance of the securities mentioned.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

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The commentary relates to the above mentioned strategy and not all stocks mentioned may be held in the portfolio.

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Product Overview

Developed Asia inc Japan is a long-term, regional equity strategy adding value through active management by identifying and exploiting inefficiencies in growth companies predominantly listed in Japan, Hong Kong, Singapore, Australia and New Zealand.

Risk Analysis

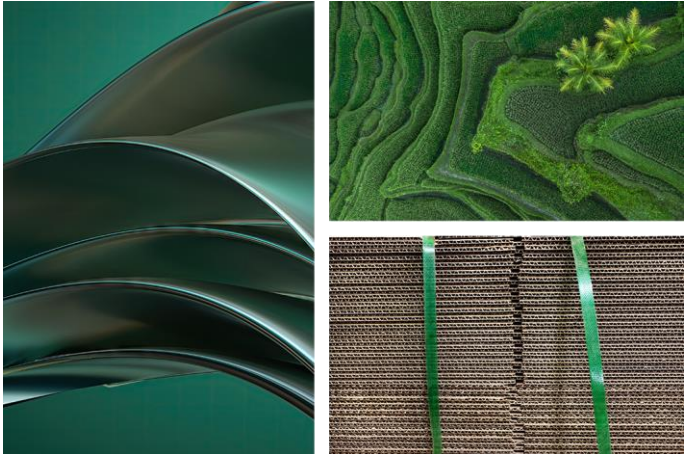
Key Statistics	
Number of Holdings	46
Typical Number of Holdings	30-50
Active Share	78%*
Rolling One Year Turnover	20%

*Relative to MSCI Pacific Index. Source: Baillie Gifford & Co, MSCI.

Japan dominated the narrative as TOPIX broke its 1989 peak, signalling a more durable inflation regime

We exited James Hardie, Technopro and LY Corp, reallocating to higher-conviction names

Undemanding valuations and accelerating structural growth trends bode well for long-term investors in Developed Asian markets



Baillie Gifford Key Facts

Assets under management and advice	US\$286.9bn
Number of clients	552
Number of employees	1655
Number of investment professionals	365

Market environment

Japanese small-caps advanced as monetary policy remained stable and the BoJ held interest rates at 0.50% with inflation above target. Earnings reported during the quarter, alongside ongoing retail inflows via the expanded NISA regime, supported risk appetite and capital-efficiency narratives across the small-cap universe. Despite the improving backdrop, the portfolio underperformed due to its large active overweight positions.

Performance

Yonex, Tsugami, and NIFCO were among the top contributors to relative performance.

Yonex, a global sporting brand best known for badminton and tennis racquets, delivered a strong performance over the quarter as momentum from international tournaments and effective brand marketing continued to translate into robust sell-through. Investor confidence was underpinned by a record first quarter, with revenue up 28% year-on-year and operating profit nearly doubling. We remain encouraged by the combination of brand strength, product cadence and disciplined reinvestment.

Tsugami, a manufacturer of high-precision CNC machine tools, continued to execute well despite a mixed macro backdrop. Recent results showed record first-quarter revenue and profit, with strong contributions from China. Management also remained active on capital allocation with ongoing treasury share purchases, reinforcing confidence in earnings durability and balance-sheet strength.

NIFCO, a Japanese maker of plastic fasteners and components, benefited from improving profitability and higher capital returns. First-quarter operating profit and EPS rose on cost control, and the board approved a ¥5bn (1.5m shares) buyback. Beyond autos, moves into EV safety and industrial solutions extend its growth runway.

Infomart, Lifenet Insurance, and Cosmos Pharmaceutical were among the top detractors from relative performance.

Infomart, a B2B e-invoicing and foodservice ordering platform, reported modest earnings and guided to weaker second-half margins despite solid sales growth. The update reignited concerns about monetisation and margin durability, and an announced leadership change added to the overhang. We remain constructive on Infomart's role

in digital invoicing and see scope for operating leverage as investment normalises.

Lifenet Insurance, a digital direct-to-consumer life insurer, detracted as guidance pointed to near-term margin pressure from slower growth in new policies and higher acquisition costs following stepped-up marketing. While premium growth continues and higher yields support investment income, these positives were not enough to offset near-term caution. We remain excited about Lifenet's potential in online distribution and see scope for operating leverage as cohorts mature and spending normalises.

Cosmos Pharmaceutical is a discount-led drugstore chain operating an everyday-low-price format across Japan. It has faced operational headwinds, including same-store sales declines, margin pressure from aggressive pricing and the deferral of store-opening plans. Despite this, the format's cost leadership and regional scale support resilient daily-needs traffic, and the long-term store rollout opportunity remains intact.

Notable transactions

During the period, we acquired two companies, DMG Mori and Kasumigaseki Capital.

DMG Mori is a leading machine tools company. It designs advanced CNC machines and delivers integrated, automated production lines, positioning it to benefit from the structural shift toward factory automation and rising defence spending in Japan and Europe.

Kasumigaseki Capital (KC) is an asset-light real estate developer that originates and scales niche, operationally intensive assets across logistics, hospitality, and care facilities in Japan and select overseas markets. The firm is positioned to benefit from the modernisation of logistics infrastructure and the expansion of tourism.

These were funded by the complete sales of MatsukiyoCocokara, CellSource and Technopro.

Market Outlook

Our portfolio companies continue to deliver significantly higher growth than that of the benchmark, while the valuation premium to the benchmark (using forward price-to-earnings) is at near its lowest level in a decade. We are excited by many of our holdings and our investment universe, and we believe our strengthened processes can help us deliver the returns that our shareholders expect.

Performance Objective

+2% p.a. over 5 years, gross of fees vs index.

The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	6.0	5.9	9.1	-3.3	-3.1
1 Year	4.4	3.8	14.0	-10.2	-9.6
3 Year	5.4	4.7	12.4	-7.7	-7.1
5 Year	0.7	0.1	8.6	-8.5	-7.9
10 Year	8.8	8.1	9.8	-1.7	-1.1
Since Inception	8.7	8.0	8.2	-0.1	+0.5
USD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	4.2	4.0	7.2	-3.2	-3.1
1 Year	4.8	4.1	14.4	-10.3	-9.6
3 Year	12.1	11.5	19.7	-8.2	-7.5
5 Year	1.5	0.9	9.5	-8.6	-8.0
10 Year	7.5	6.9	8.5	-1.7	-1.0
Since Inception	7.4	6.8	6.9	-0.1	+0.5
EUR	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	4.1	3.9	7.1	-3.2	-3.0
1 Year	-0.5	-1.1	8.7	-9.7	-9.2
3 Year	5.6	4.9	12.6	-7.7	-7.1
5 Year	1.5	0.9	9.4	-8.6	-8.0
10 Year	7.0	6.3	8.0	-1.7	-1.0
Since Inception	8.7	8.1	8.2	-0.1	+0.5
CAD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	6.2	6.1	9.3	-3.3	-3.1
1 Year	7.9	7.3	17.8	-10.6	-9.9
3 Year	12.6	11.9	20.2	-8.2	-7.5
5 Year	2.3	1.7	10.4	-8.6	-8.0
10 Year	7.9	7.3	9.0	-1.7	-1.1
Since Inception	9.0	8.3	8.5	-0.1	+0.5
AUD	Composite Gross (%)	Composite Net (%)	Benchmark (%)	Difference Net (%)	Difference Gross (%)
3 Months	3.0	2.9	6.0	-3.2	-3.0
1 Year	9.7	9.0	19.8	-10.7	-10.1
3 Year	11.0	10.4	18.5	-8.1	-7.4
5 Year	3.1	2.5	11.2	-8.7	-8.1
10 Year	8.1	7.5	9.2	-1.7	-1.1
Since Inception	9.0	8.4	8.5	-0.1	+0.5

Annualised periods ended 30 September 2025. 3 Month & 1 Year figures are not annualised.

Inception date: 31 August 2009

Figures may not sum due to rounding.

Benchmark is MSCI Pacific Index.

Source: FE, Revolution, MSCI.

The Developed Asia inc Japan composite is more concentrated than the MSCI Pacific Index.

Discrete Performance

GBP	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	14.3	-23.5	-1.3	12.2	3.8
Benchmark (%)	18.4	-10.2	10.4	12.9	14.0
USD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	19.3	-36.7	7.9	23.3	4.1
Benchmark (%)	23.5	-25.7	20.8	24.0	14.4
EUR	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	20.7	-25.1	-0.1	16.9	-1.1
Benchmark (%)	24.9	-12.1	11.7	17.7	8.7
CAD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	13.1	-31.3	6.2	23.2	7.3
Benchmark (%)	17.1	-19.4	18.8	23.9	17.8
AUD	30/09/20- 30/09/21	30/09/21- 30/09/22	30/09/22- 30/09/23	30/09/23- 30/09/24	30/09/24- 30/09/25
Composite Net (%)	18.3	-28.9	7.5	14.7	9.0
Benchmark (%)	22.5	-16.5	20.3	15.4	19.8

Benchmark is MSCI Pacific Index.

Source: FE, Revolution, MSCI.

The Developed Asia inc Japan composite is more concentrated than the MSCI Pacific Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2025

Stock Name	Contribution (%)
SoftBank Group	2.3
IDP Education	0.6
Commonwealth Bank Of Australia	0.4
SBI Holdings	0.4
Tencent	0.3
Murata	0.3
Hitachi	0.3
CSL	0.3
Techtronic Industries	0.2
Technopro Holdings	0.2
James Hardie Industries	-0.9
Shimano	-0.6
Nippon Paint	-0.5
Washington Soul Pattinson	-0.4
United Overseas Bank	-0.4
Chugai Pharmaceutical	-0.4
Recruit Holdings	-0.4
Cosmos Pharmaceutical	-0.3
SMC	-0.3
MonotaRO Co	-0.3

One Year to 30 September 2025

Stock Name	Contribution (%)
SoftBank Group	2.9
SBI Holdings	1.1
Technopro Holdings	0.8
CSL	0.7
SEA Ltd	0.7
CyberAgent Inc	0.5
Hong Kong Exchanges & Clearing	0.5
Tencent	0.4
Daiichi Sankyo Company	0.4
Shin-Etsu Chemical	0.4
James Hardie Industries	-2.1
IDP Education	-1.5
Olympus	-1.4
Shimano	-1.4
Unicharm	-1.0
Mitsubishi UFJ Fin Grp	-0.9
Shiseido	-0.8
SMC	-0.8
Techtronic Industries	-0.7
Recruit Holdings	-0.5

Source: Revolution, MSCI. Developed Asia inc Japan composite relative to MSCI Pacific Index.

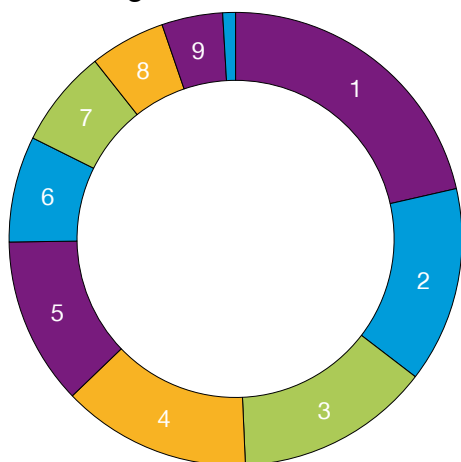
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole period. All attribution figures are calculated gross of fees, relative to the index from stock level up, based on closing prices. As attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
SoftBank Group	Telecom operator and technology investor	6.9
Baillie Gifford Japanese Smaller Cos Fund	Japanese smaller companies investment fund	5.4
United Overseas Bank	Singaporean commercial bank	4.8
Sony	Consumer electronics, films and finance	4.6
Hong Kong Exchanges & Clearing	Stock exchange operator	3.9
Recruit Holdings	Property, lifestyle and HR media	3.3
WHSP	Investment holding company	3.1
Fast Retailing	Clothing retailer	2.9
Tokyo Electron	Semiconductor production equipment	2.8
Sea Limited	E-commerce, gaming and fintech platform	2.8
Total		40.5

Totals may not sum due to rounding.

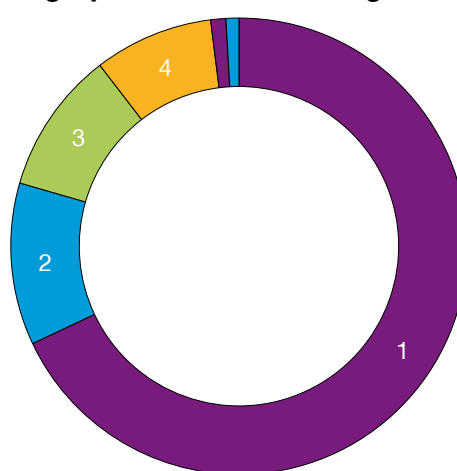
Sector Weights



	%
1 Financials	21.4
2 Communication Services	14.0
3 Industrials	13.9
4 Consumer Discretionary	13.5
5 Information Technology	12.0
6 Health Care	7.6
7 Consumer Staples	7.0
8 Baillie Gifford Pooled Funds	5.4
9 Materials	4.4
10 Cash	0.9

Totals may not sum due to rounding

Geographical Location Weights



	%
1 Japan	68.0
2 Australia	11.5
3 Hong Kong	10.1
4 Singapore	8.4
5 New Zealand	1.1
6 Cash	0.9

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	4	Companies	1	Companies	None
Resolutions	21	Resolutions	1	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	BHP Group Limited
Governance	Hoshizaki Corporation, IDP Education Limited, JEOL Ltd., Nakanishi Inc., SBI Holdings, Inc., freee K.K., iFAST Corporation Ltd.

Company	Engagement Report
SBI Holdings, Inc.	<p data-bbox="517 427 1495 539">Objective: During a meeting with SBI Holdings' chief financial officer, Yasuo Nishikawa, we discussed succession planning. With chief executive Yoshitaka Kitao, now 73, the discussion centred on how leadership transition is being managed and how future generations are being prepared to take on meaningful roles.</p> <p data-bbox="517 562 1495 831">Discussion: Succession is actively debated within SBI, though no single candidate has been positioned as the obvious successor. While senior executives who have worked alongside Kitao-san remain part of the conversation, greater emphasis is on developing younger leaders who can sustain and evolve the company's philosophy over the long term. The holding company structure has widened opportunities, with subsidiaries sometimes led by managers in their 30s. Two recent board appointments below the age of 50 also highlight efforts to accelerate generational renewal. We were told Kitao-san spends considerable time mentoring younger colleagues, often giving weight to their perspectives over those of senior executives. Such openness challenges the traditional hierarchical culture in Japan and helps embed long-term thinking into company practice.</p> <p data-bbox="517 853 1495 934">Outcome: The meeting provided some additional detail on how succession was being considered at SBI. SBI's willingness to empower younger managers points to a governance culture that values adaptability and long-term stewardship.</p>

Votes Cast in Favour

Companies	Voting Rationale
Cosmos Pharmaceutical, Washington Soul Pattinson (DELISTED, Xero Ltd, freee K.K.	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
freee K.K.	AGM 26/09/25	4	We opposed the equity incentive plan due to concerns over a significant package of the outside directors being in the form of restricted shares, which may lead to independent directors being conflicted.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

Votes Not Cast

Companies	Voting Rationale
Technopro Holdings	We did not vote due to selling out of the stock

There were no new purchases during the period.

Complete Sales

Stock Name	Transaction Rationale
James Hardie Industries	James Hardie Industries (JHX) manufactures fibre cement products mainly for siding, with an 80-90% market share in the US. This year, JHX acquired AZEK, a US-listed company known for its decking products made of composite and PVC, for more than US\$8bn. Our overall take on the acquisition is negative for the following reasons. First, given the cyclical weakness in the US market, we believe the acquisition price was too high, creating a significant debt position for JHX. Second, we are not convinced that there are strong synergies between JHX's siding and AZEK's decking businesses, as JHX argues. Finally, while AZEK may offer stronger near-term growth prospects, we are not confident in the long-term durability of its competitive advantages. Beyond this transaction, it is also concerning that JHX has recently lost market share to Louisiana-Pacific's engineered wood siding products. Taking all into consideration, we decided to sell the shares completely to fund additions where we have higher conviction.
LY Corp	LY Corp is the company formed from the merger of Yahoo Japan (one of Japan's leading online media and ecommerce businesses) and Line (the dominant online messaging platform in Japan). It also has a stake in PayPay, the leading e-money platform in Japan. While we continue to feel optimistic about the long-term opportunity for PayPay, LY Corp's progress in its online media and ecommerce businesses has been disappointing for an extended period of time. Therefore, we decided to sell your holding to reinvest in higher conviction ideas with larger upside potential.
Technopro Holdings	We sold Technopro Holdings because the company will be privatised soon. As the share price is very close to the offer price and the privatisation now appears highly likely, we see little upside from continuing to own the shares. We used the proceeds to make additions to the existing holdings with larger upside potential.

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