

Baillie Gifford Emerging Markets Fund Third Quarter 2024

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 58 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

Fund Objective

To produce capital growth over the long term by investing primarily in emerging market equities. Performance will be measured against the MSCI Emerging Markets Index.

Investment Proposition

We invest on a long-term (five 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, bottom-up analysis undertaken by our dedicated emerging markets team. The fund manager 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 60–100 stocks.

Fund Facts

Launch Date	May 31, 2001
Fund Size	C\$762.7m
Benchmark	MSCI Emerging Markets Index
Current Active Share	69%*
Current Annual Turnover	20%
Style	Growth
Stocks (guideline range)	60-100
Current Number of Stocks	74

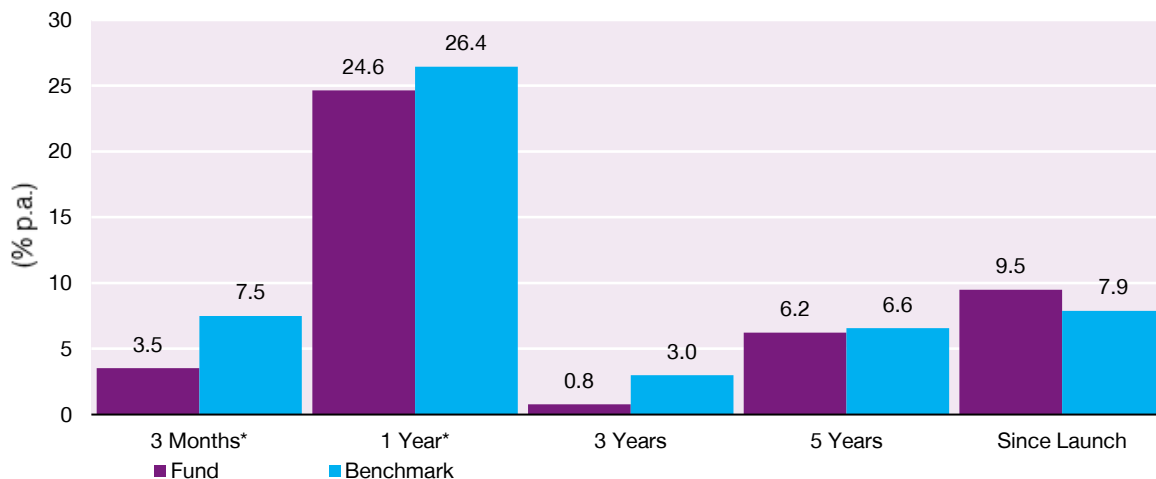
*Relative to MSCI Emerging Markets Index. Source: Baillie Gifford & Co, MSCI.

Key Decision Makers

Name	Job Title	Years' Experience
Andrew Stobart	Investment Manager	33
Mike Gush*	Investment Manager	21
Ben Durrant	Investment Manager	12

*Partner

Periodic Performance



Discrete Performance

	09/30/19- 09/30/20	09/30/20- 09/30/21	09/30/21- 09/30/22	09/30/22- 09/30/23	09/30/23- 09/30/24
Fund %	18.9	11.2	-29.4	16.4	24.6
Benchmark %	11.9	12.5	-21.7	10.4	26.4

Source: CIBC, Revolution, MSCI. As at September 30, 2024. Canadian dollars. Fund performance shown is based on the NAV calculated by CIBC Mellon Trust Company, 4pm ET. Benchmark calculated using close to close. *Not annualized. Launch date: May 31, 2001.

All the returns presented above are gross of investment management fees. The results do not reflect the deduction of investment management fees. Fees are charged outside the fund.

Stock Level Attribution

Quarter to September 30, 2024

Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	0.5
Kweichow Moutai	0.3
KE Holdings (HK Line)	0.3
Ping An Insurance	0.2
Alibaba	0.2

Bottom Five Contributors

Asset Name	Contribution (%)
Samsung Electronics	-0.7
SK Hynix	-0.6
Meituan	-0.4
Reliance Industries	-0.4
Hyundai Motor	-0.4

One Year to September 30, 2024

Top Five Contributors

Asset Name	Contribution (%)
TSMC	1.4
MercadoLibre	1.1
SK Hynix	0.6
SEA	0.5
Brilliance China Automotive	0.4

Bottom Five Contributors

Asset Name	Contribution (%)
First Quantum Minerals	-1.1
Samsung Electronics	-0.6
B3	-0.4
Baidu.com Group Holding	-0.4
Petrobras	-0.4

Five Years to September 30, 2024

Top Five Contributors

Asset Name	Contribution (%)
Petrobras	5.6
MercadoLibre	3.3
TSMC	2.5
Mediatek	1.5
Reliance Industries	1.2

Bottom Five Contributors

Asset Name	Contribution (%)
Sberbank Of Russia	-2.7
Norilsk Nickel	-2.0
CNOOC	-1.5
Ping An Insurance	-1.4
Banco Bradesco	-1.1

Source: Revolution, MSCI. Baillie Gifford Emerging Markets Fund relative to MSCI Emerging Markets Index.

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 index 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 immediate focus of the Emerging Markets (EM) team is the impact of the Federal Reserve starting to cut interest rates. Is this a harbinger of lower inflation or lower growth in the US economy? Also under discussion are the underweight positions in China and India. In China, the geopolitical challenges notwithstanding, there is a compelling valuation opportunity and China remains largely the master of its own domestic trajectory. This view was backed up by the recent more targeted and coordinated stimulus, which led to a bounce in markets. Our inclination is to add to existing holdings where we are more clearly through regulatory 'rectification'. In India, we are increasingly frustrated by valuations which seem to be stretched, even in some of the existing holdings in the Fund. Where we can find decent growth companies at reasonable valuations, we are happy to invest to reduce the underweight. However, indiscriminately buying expensive shares in companies with modest long-term growth profiles seems a poor use of our clients' money.

Longer term, investors will still be cognisant of EM's modest returns relative to the World and especially the US indices over the last decade or more. Let's not forget that much of those superior returns were driven by quantitative easing, negative interest rates and yield curve control – it's amazing what free money will do for asset prices. In contrast, most EM countries have run orthodox monetary policies and conservative fiscal policies. To anchor off the more recent stockmarket performance is to risk fighting the last war, especially as we move from a fairly stable and predictable unipolar world to a more fluid and dynamic multi polar one.

Performance

The performance of the portfolio was markedly skewed at the end of the quarter by what appeared to be the first attempt at a coordinated policy response by the Chinese authorities. The assorted measures have been recently announced have increased liquidity significantly, which has been good for the domestic stockmarket. However, thus far there have only been hints that this will be backed up by the fiscal stimulus necessary to restore confidence in the economy. Without the latter there is a danger that this rally peters out like its recent predecessors. Nonetheless, over the last

two weeks a number of China stocks leapt into the top contributors for the quarter. In the shorter term, whether this performance continues depends on the actions of the Chinese government.

Latin American ecommerce and fintech business Mercadolibre was amongst the main contributors to performance. 2Q24 results once again beat the markets expectations. Net revenue across its platform grew 42% YoY to US\$ 5.1 billion and net income +103% YoY at US\$ 531 million. In ecommerce, Gross Merchandise Value ("GMV") grew +20% Year on Year (YoY) to US\$ 12.6 billion while the number of items sold rose +29% YoY to 420.9 million. On the fintech side, Total Payment Value ("TPV") was +36% YoY at 46.3 billion with Monthly Active users above 50 million for the first time having grown +37% YoY. However, it remains the case that ecommerce and financial penetration remain low in much of Latin America, giving ample scope for growth.

In a similar vein, South East Asia's gaming, ecommerce and fintech business SEA Limited was also a strong positive contributor. Again, strong 2Q24 results were the catalyst, with revenues +22% YoY and a return to profitability. On the ecommerce side, Shopee's GMV was US\$ 23.3 billion, +29% YoY, while in Fintech, SeaMoney accumulated 21mn consumer and SME loan active users, up nearly 60% yoy. On the gaming side (Garena) its major title, 'Free Fire' maintained over 100 million Daily Active Users and was the most downloaded mobile game globally during the quarter. Fears of maturity in Free Fire look overdone, while it is anticipated that Shopee should be profitable by year end. These positives, combined with the momentum in fintech and a US\$ 9.0 billion cash pile suggests is well placed to continue to grow strongly.

Clearly sentiment has softened towards Artificial Intelligence (AI) recently and this has affected the share price of many of the semiconductor stocks, notably the Korean memory chip makers, SK Hynix and Samsung Electronics. Nvidia's AI chips need similarly powerful High Bandwidth Memory ("HBM") chips to support them. As things stand, HBM is sold out for 2024 and 2025 is mostly sold, but there are concerns about short-term demand for their more prosaic DRAM (PC) and NAND (smartphone) chips. This is a very cyclical industry but looking longer term if AI does prove to have utility, then the ramification is that we will all have to buy new

'phones, tablets and laptops – a very big Tech cycle, which will benefit the South Korean memory chip makers.

Reliance Industries also detracted from performance this quarter. While Reliance is a diversified conglomerate it does have upstream gas assets and a large oil refining and petrochemicals business. The oil price has fallen from over US\$ 85/barrel in June to about US\$ 70/barrel by the end of the quarter. More directly, refining margins have fallen on weaker demand in China, weaker demand in India (diesel) and new capacity in Africa, the Middle East and Malaysia. Nonetheless, at the recent AGM, Chairman Mukesh Ambani reiterated his aim of doubling Reliance in size (implying CAGR of 12%) by 2030 driven by new energy investments as it ramps up its four gigafactories into 2027. Given Ambani's highly impressive track record of delivery (telecoms, retail), we are quite happy so look through any short-term volatility in the oil price and refining margins.

Kaspi, the Kazakh super app, recently returned to the portfolios. Before re-investing we commissioned extensive due diligence on Kazakhstan (was it likely to be sanctioned) and on the company itself. The company has recently been the subject of a short-seller attack to which the company has responded. It is alleged the company has taken Russian money; Kaspi have stated that only 1% of customer accounts are non-residents. It is also alleged that Kaspi has been used for money laundering; the company made clear that only an equivalent of US\$ 2,000 can be transferred each month, there is no access to Swift and no facility to open US\$ or GB£ accounts. The Kazakh regulator has come out in support of Kaspi and stated, "The Bank fully complies with the sanction's regime of the United States, the European Union and other foreign countries." We visited the company last month and we are currently sceptical about the allegations.

Notable transactions

During the quarter, we purchased a new holding for the Fund – Kotak Mahindra Bank. Kotak Mahindra Bank is one of India's leading universal banks. Its long-term track record is much admired, as it has managed to grow strongly despite lending conservatively. However, it has historically traded at a premium valuation which deterred us from investment. It has de-rated over the past four years,

due to what we believe to be transient concerns. Our assessment is that despite stepping down as CEO Uday Kotak will remain influential at the bank given his shareholding, and they have built both an enviable brand and deposit franchise which will permit them to be selective and competitive in lending. We believe the current price to book value valuation to be unjustifiably low given the returns on equity the bank generates, and so have taken a new holding.

There were complete sales of Ping An Bank.

Stewardship

During the quarter we met with CEMEX to continue to assess the company's emissions reduction opportunities.

We met with Cemex's Head of Sustainability to learn more about the company's strategic priorities including decarbonisation and opportunities for waste reuse. With lots of demands on Cemex's capital, we also wanted to better understand how the decisions for investments work. They are investing in innovation and each year are able to surpass their targets. Emissions per ton of cement in 2023 were 455 kg CO₂/ton from 546 kg in 2022, and their 2030 target is 366 kg CO₂/ton. Clinker factor reduction and use of alternative fuels contributes to their increase in earnings. We also discussed how they are seeing water stress in certain locations leading to further action to optimise usage. Cemex is exposed to Emission Trading Schemes in the EU and in California and carbon tax mechanisms in other markets. The company integrates carbon pricing in investment evaluations with an internal carbon price. The insights into the practical implementation of their plan assisted in understanding the opportunities and challenges for the company in different markets in relation to evolving market demands and regulatory landscapes. The company has a comprehensive approach to sustainability, from emissions reduction and innovative technology to investment decisions and executive compensation linked to CO₂ reduction targets.

Market Outlook

In decades past, perhaps many asset owners allocated to Emerging Markets as a high beta bet on global growth. For better or worse things are now more complex. A unipolar world is now bipolar or even multipolar. As a result, financial and trade flows are shifting which ultimately may reduce the volatility and increase the diversification of the asset class. These increased opportunities in Emerging Markets are reflected in a much broader and deeper opportunity set within the asset class. A combination of a stable top-down outlook and a plethora of great bottom-up opportunities could be looming.

Transactions from 01 July 2024 to 30 September 2024.

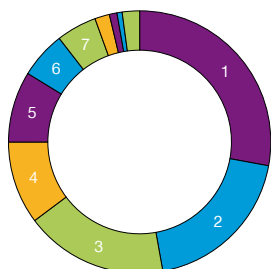
New Purchases

Stock Name	Transaction Rationale
Kotak Mahindra Bank	Kotak Mahindra Bank is one of India's leading universal banks. Its long-term track record is much admired, as it has managed to grow strongly despite lending conservatively. However, it has historically traded at a premium valuation which deterred us from investment. It has de-rated over the past four years, due to what we believe to be transient concerns around management change, temporary bans by the regulator on credit card issuance, and whether it will grow aggressively enough in what others perceive to be a benign lending environment. Our assessment is that despite stepping down as CEO Uday Kotak will remain influential at the bank given his shareholding, and they have built both an enviable brand and deposit franchise which will permit them to be selective and competitive in lending. We believe the current price to book value valuation to be unjustifiably low given the returns on equity the bank generates, and so have taken a new holding.

Complete Sales

Stock Name	Transaction Rationale
Ping An Bank 'A'	Ping An bank is a commercial bank offering financial services to corporate and individual clients throughout China. We had hoped that a major organisational and management restructuring would allow it to benefit more broadly from the Ping An Group. Expected synergies were particularly relevant to the group's best in class technology which we hoped would help a continued transformation towards becoming one of the country's leading retail banks. This investment case has not played out. It has not exhibited the strengths we had envisioned, and been increasingly challenged within a sector undergoing a number of regulatory and economic headwinds. We have sold the position.

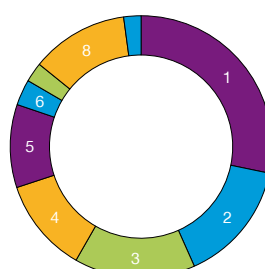
Sector Analysis (%)



1	Information Technology	27.9
2	Consumer Discretionary	19.3
3	Financials	17.6
4	Communication Services	10.2
5	Energy	8.8
6	Materials	5.8
7	Consumer Staples	5.0
8	Industrials	1.8
9	Real Estate	0.9
10	Health Care	0.6
11	Cash	2.1

Total may not sum due to rounding.

Geographic Analysis (%)



1	China	28.3
2	India	15.1
3	Taiwan	14.9
4	Brazil	11.7
5	South Korea	10.3
6	Mexico	3.2
7	Thailand	2.4
8	Others	12.0
9	Cash	2.1

Total may not sum due to rounding.

Top Ten Holdings

Holdings	Fund %	
1	TSMC	12.0
2	Tencent	6.5
3	Samsung Electronics	4.8
4	MercadoLibre	4.1
5	Alibaba	4.0
6	Petrobras	3.9
7	Reliance Industries	3.7
8	Kweichow Moutai	2.7
9	SK Hynix	2.2
10	Axis Bank	2.1

Portfolio Characteristics

Number of holdings	74
Number of countries	19
Number of sectors	10
Number of industries	29
Active Share	69%*
Annual Turnover	20%

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

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 15	Companies None	Companies 2
Resolutions 147	Resolutions None	Resolutions 2

Company Engagement

Engagement Type	Company
Environmental	CEMEX, S.A.B. de C.V., Coupang, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Petroleo Brasileiro S.A. - Petrobras, UltraTech Cement Limited, Zijin Mining Group Company Limited
Social	Accton Technology Corporation, MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, UltraTech Cement Limited, Zijin Mining Group Company Limited
Governance	Accton Technology Corporation, Axis Bank Limited, Midea Group Co., Ltd., Natura &Co Holding S.A., Petroleo Brasileiro S.A. - Petrobras, SCB X Public Company Limited, Saudi Tadawul Group Holding Company, Zijin Mining Group Company Limited
Strategy	CEMEX, S.A.B. de C.V., Hyundai Motor Company, MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Tencent Holdings Limited

Asset Name	Fund %
TSMC	12.0
Tencent	6.5
Samsung Electronics	4.8
MercadoLibre	4.1
Alibaba	4.0
Petrobras	3.9
Reliance Industries	3.7
Kweichow Moutai	2.7
SK Hynix	2.2
Axis Bank	2.1
Tata Consultancy Services	1.9
Hyundai Motor Company	1.8
Bank Rakyat Indonesia	1.7
First Quantum Minerals	1.6
MediaTek	1.6
Jio Financial Services Limited	1.5
Midea	1.5
Ping An Insurance	1.4
Sea Limited	1.3
Accton Technology	1.2
Coupang	1.2
Tech Mahindra	1.2
China Merchants Bank	1.1
Grupo Financiero Banorte	1.1
Nu Holdings	1.1
Silergy	1.1
Anker Innovations	1.0
UltraTech Cement	1.0
JD.com	1.0
Baidu.com	1.0
FEMSA	1.0
HDFC Life Insurance	1.0
Haier Smart Home	1.0
Kotak Mahindra Bank	1.0
KE Holdings	0.9
Allegro.eu	0.9
B3	0.9
Impala Platinum	0.8
Credicorp	0.8
Delhivery	0.8
PTT Exploration and Production	0.8
Fabrinet	0.8
Mobile World Investment Corporation	0.8
Shenzhou International	0.8
Kaspi.kz	0.8
Saudi Tadawul Group	0.7

Asset Name	Fund %
Tencent Music Entertainment Group	0.7
Copa Holdings	0.7
Meituan	0.7
Walmex	0.7
Zijin Mining	0.7
FirstRand	0.6
PB Fintech	0.6
KGHM Polska Miedz	0.6
Banco Bradesco	0.6
Natura & Co.	0.6
Lundin Mining	0.6
BeiGene	0.5
Raizen	0.5
SCB X	0.5
Kuaishou Technology	0.5
Cemex	0.4
Li Ning	0.4
Brilliance China Automotive	0.3
WNS Global Services	0.3
Valeura Energy	0.3
HAIDILAO INTERNATIONAL	0.3
NAVER Corp	0.3
E Ink	0.1
Zai Lab	0.1
Lufax Holding	0.1
Norilsk Nickel	0.0
Sberbank	0.0
Moscow Exchange	0.0
Cash	2.1
Total	100.0

Total may not sum due to rounding.

Please note the fund information contained within this document is proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

Additional Fund Information

The Fund is a sub-fund of Baillie Gifford Funds Canada. Its Investment Manager and Distributor is Baillie Gifford Overseas Limited.

This factsheet does not provide you with all the facts that you need to make an informed decision about investing in the Fund. Further details of the risks associated with investing in the Fund can be found in the Offering Memorandum, copies of which are available at bailliegifford.com

Important Information and Risk Factors

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Fees

Emerging Markets Fund Management Fees

0.72% first C\$150m

0.60% thereafter

Investors are charged a fee for investment management services based on the above scale. This fee is payable directly to the manager.

Operating expenses are 0.07%, based on the actual expenses for the fiscal year to December 31, 2023. The Funds operating expenses are all expenses the Fund incurs in its daily operations excluding transaction fees.

Dealing Information

Settlement	T+2
Liquidity and Valuation	Daily
Eligibility	Permitted clients*
Dealing cut-off time	4pm Eastern
Custodian and Record Keeper	CIBC

*As defined in Multilateral Instrument 32-102 Registration Exemptions for Non-Resident Investment Managers.

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