

## Baillie Gifford Long Term Global Growth Equity Fund First Quarter 2024

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### 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 21 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 global equities. Performance will be measured against the MSCI ACWI Index.

### Investment Proposition

The LTGG Team is structured such that every investor can contribute meaningfully to the generation of new ideas, stock research and stock discussions. We want to bring cognitive diversity, creativity and imagination to the research process. Once a stock has been fully researched and discussed, the decision makers are responsible for making the ultimate decision on its inclusion (or otherwise) in the portfolio. Their decisions place an emphasis on backing enthusiasm rather than achieving a full consensus. The LTGG portfolio is deliberately concentrated so the bar is high for any stock to be included in the portfolio. Stocks will typically enter the portfolio as small positions. Thereafter, the bias is towards hold discipline and running winners with a belief that asymmetric returns will drive investment performance.

### Fund Facts

Launch Date	April 29, 2016
Fund Size	C\$1,256.2m
Benchmark	MSCI ACWI Index
Current Active Share	91%*
Current Annual Turnover	13%
Style	Long term, bottom-up focus on stocks with very high growth rates
Stocks (guideline range)	30-60
Current Number of Stocks	39

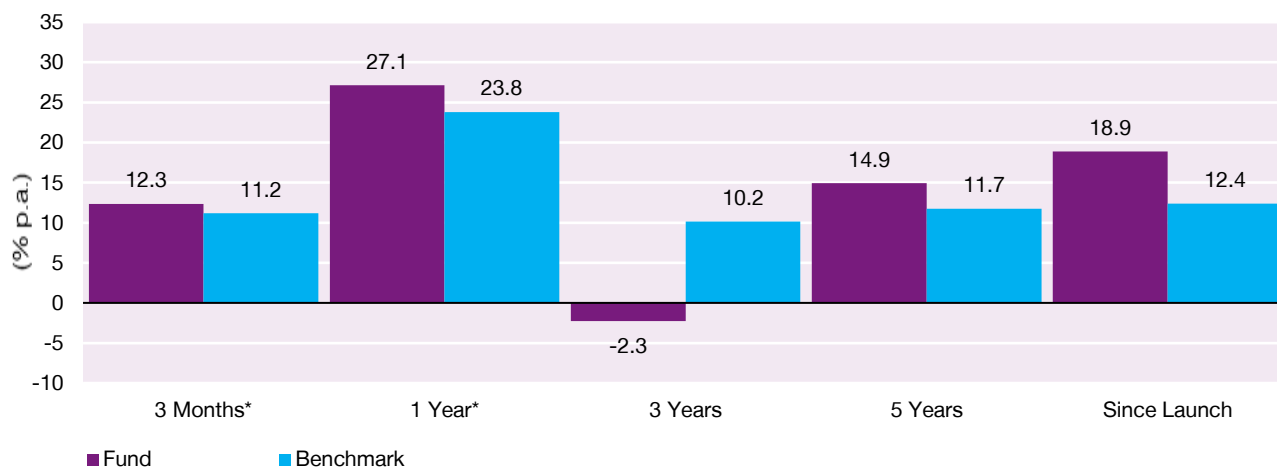
\*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

### LTGG Team

Name	Job Title	Years' Experience
Mark Urquhart*	Investment Manager	28
John MacDougall*	Investment Manager	24
Michael Pye	Investment Manager	11
Gemma Barkhuizen	Investment Manager	7

\*Partner

Periodic Performance



Discrete Performance

	03/31/19- 03/31/20	03/31/20- 03/31/21	03/31/21- 03/31/22	03/31/22- 03/31/23	03/31/23- 03/31/24
Fund %	17.0	83.6	-18.4	-10.1	27.1
Benchmark %	-4.9	37.1	7.1	0.8	23.8

Source: Revolution, MSCI. As at March 31, 2024. Canadian dollars. Fund performance shown is based on the NAV calculated by CIBC Mellon Trust Company, 4pm ET. Index calculated using close to close. \*Not annualized. Launch date: April 29, 2016.

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 March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
NVIDIA	3.0
Spotify Technology	0.8
Apple	0.8
ASML	0.7
Adyen	0.7

### Bottom Five Contributors

Asset Name	Contribution (%)
PDD Holdings	-1.6
Atlassian Corp Plc	-1.0
Tesla Inc	-0.8
HDFC Bank Ltd	-0.4
Kering	-0.4

One Year to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
NVIDIA	5.9
Amazon.com	1.4
Spotify Technology	1.4
Netflix Inc	1.1
Advanced Micro Devices	1.1

### Bottom Five Contributors

Asset Name	Contribution (%)
Kering	-2.3
Moderna	-2.1
Illumina	-1.6
Meituan	-1.6
Biontech	-1.0

Since Inception\* to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Tesla Inc	18.5
NVIDIA	14.7
Amazon.com	8.1
ASML	4.2
PDD Holdings	3.9

### Bottom Five Contributors

Asset Name	Contribution (%)
Microsoft	-3.1
Apple	-3.0
Carvana	-2.8
Baidu.com	-2.4
Coupang	-1.8

\*April 29, 2016

Source: Revolution, MSCI. Baillie Gifford Long Term Global Growth Equity Fund relative to MSCI ACWI 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

Market sentiment has grown increasingly positive about the widespread adoption of AI applications across various sectors, boosting certain segments of the global economy and supporting many of the technological growth companies we have identified in the portfolio. Recognising these significant technological trends, which provide multi-decade opportunities, is part of the LTGG team's core investment philosophy.

## Performance

Among the largest contributors to performance over the quarter were Nvidia, Spotify and ASML

NVIDIA's share price nearly doubled this past quarter, fuelled by its continuous breakthroughs in AI technology. We saw NVIDIA's CEO Jensen Huang showcase innovations at their technology conference, GTC. Huang said, "accelerated computing has reached the tipping point" and demand is surging across industries and countries. This has translated into record quarterly revenues of \$22bn, an increase of over 250% from a year ago, and earnings per share rose nearly 8x over the same period. A new GPU chip named Blackwell was unveiled, which is 2x more powerful for training AI models, and has 5x more inference capability.

Spotify's share price this quarter has been buoyed by the focus on profitability and continued user growth, with their monthly active users up to 600mn, up over 20% since last year. Spotify is making headway on efficiency initiatives, which included an executive team reshuffle and headcount reduction. We think the large, growing and engaged user base is Spotify's most distinctive asset. Spotify are providing better podcast distribution, making audiobooks free to paying subscribers and increasing prices, which are positive steps to improving profitability and cash generation.

Despite an uncertain few years for semiconductor equipment, ASML continues to operate extremely well, seeing a revenue increase of 30% over 2023. This was driven by increasing sales of DUV (Deep Ultraviolet) and EUV (Extreme Ultraviolet) lithography machine orders. ASML point to the global megatrends of the electronic industry to fuel growth across the semiconductor industry.

In their full-year results, the long-term opportunity for ASML was conveyed by management's reiteration of their 2025 and 2030 revenue and gross margin goals, which aims for a doubling of sales and more than a 5% increase in margins.

Among the largest detractors from performance over the quarter were PDD Holdings, Atlassian and Tesla

PDD Holdings was one of the largest contributors to performance last quarter, so it is not surprising to see the share price come off slightly following a strong period of performance. However, it is worth restating the incredible operational progress, while PDD still continues to invest in its agricultural and supply chain technology. This quarter's results were strong, with a revenue increase of over 120% compared to this time last year. Although there is no disclosure of Temu's contribution, their ecommerce platform offered in the US, we think the domestic business has reached significant profitability.

For the first time, Atlassian's quarterly revenue exceeded a billion dollars, which is over a 20% increase from the previous year. A key component of Atlassian's strategy is cloud migration, with the company anticipating strong growth going forward, but the market has been concerned about how much of this growth may be inorganic, due to some cloud revenues coming through Atlassian's acquisition of Loom. We think these concerns are overblown and the series of new products in the generative AI space are helping to further expand its offerings.

Tesla's share price continued to decline this quarter, due to reduced expectations for electric vehicle sales and intensifying competition in China. Despite this, it is important to highlight Tesla's remarkable achievement, with Model Y becoming the best-selling vehicle globally in 2023 with over 1.2 million units sold. In the most recent earnings, Tesla explained that by focussing on the next generation vehicle, a \$25,000 electric car, they expected slower volume growth in 2024. We are cognisant that Tesla's intrinsic value is based on the company's ability to reach the long-term aims of selling 10-20 million cars per year, at an attractive margin with additional upside from energy and software businesses.

**Notable transactions**

During the quarter, we made four new purchases, electric truck manufacturer Rivian, Italian luxury company Moncler, robotics business Symbotic, and South American neo bank Nu Holdings. Over the quarter, we sold longstanding positions in Alibaba and NIO due to increased competition and lacking conviction in the long-term growth opportunity.

**Market Outlook**

Our outlook remains unchanged. We aim to invest in a concentrated portfolio of exceptional growth over the long term. We seek out companies that can grow to multiples of their current size, have a sustainable competitive advantage, are led by visionary and entrepreneurial management teams, and have a clear path to long-term profitability.

Transactions from 01 January 2024 to 31 March 2024.

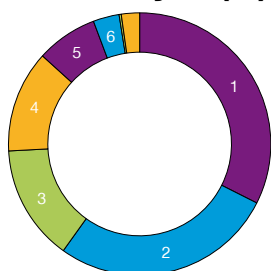
## New Purchases

Stock Name	Transaction Rationale
Moncler	<p>We have initiated a new holding in Moncler. The company's core winter-wear brand has deep luxury heritage which cannot be replicated, and it occupies a differentiated position at the intersection of luxury goods and high performance textiles. These characteristics afford the brand among the most attractive margin structures in the luxury goods industry. We believe this margin structure is defensible, given limited need for ongoing product development expense to support the core line, which does not face the same design risk plaguing many other luxury apparel brands today. While we perceive some risk around the recent Stone Island acquisition, we are reassured that the deal has clear strategic logic given the synergies in performance textiles and the benefits to increased scale in the luxury industry. We also take comfort in management's intention to apply the same growth playbook at Stone Island which they've used to excellent effect in core Moncler. Our blue sky case rests on the ability to materially expand the store footprint in underpenetrated markets outside Europe, while also increasing average selling price through successful execution of the transition away from wholesale channels.</p>
Nu Holdings Ltd.	<p>We have initiated a position in Nu Holdings, a founder-run digital bank operating in Brazil, Mexico and Colombia. After a decade of operation, the company has attracted over half of Brazil's adult population, mainly through organic customer acquisition. This demonstrates a strong product-market fit replicated across an increasingly broad product portfolio, different market segments and multiple geographies. Nu has achieved 40% underlying ROE in its core Brazilian market while continuing to grow rapidly. Nu leverages its digital business model with an 85% cost advantage over incumbent banks to undercut fees while offering superior customer experience, commanding the highest net promoter score of any consumer company in the world. Our 5x return requires Nu to continue gaining market share in its current geographies and products while successfully expanding into new areas and products for a 'second act' over ten years.</p>
Rivian Automotive Inc	<p>Rivian builds compelling EVs for the USA's largest vehicle segment where it faces limited and retreating competition. The market is worried about the company's cash burn rate, however, we see a clear path to breakeven due to the significant up-front investments Rivian has made in vertical integration (which are not yet visible). We are also excited about the upcoming and lower-priced R2 (which opens up a much larger addressable market). The company is led by a long term-oriented founder-owner who holds deep conviction in the inevitable electrification of the vehicle fleet. We believe Rivian has a small but growing chance of becoming one of the iconic brands of the EV era.</p>
Symbotic	<p>We purchased a new holding in Symbotic, a leading American warehouse automation company. The vast majority of warehouses are still largely manually operated and the industry is increasingly struggling with labour shortages, rising wages and high employee turnover. Symbotic's solution combines both hardware and software to control autonomous robots that move packages around the facility in preparation for delivery. The main initial customers are large supermarket chains like Walmart but the system will be applicable to many other end industries. The company has a large order backlog, is very efficient with only a small salesforce and we expect returns to improve over time as recurring revenues from software become a larger proportion of total sales.</p>

## Complete Sales

Stock Name	Transaction Rationale
Alibaba Group Holding	<p>We have decided to sell Alibaba, a company we have held since 2014. Our initial excitement stemmed from the company's ability to help China leapfrog bricks-and-mortar retail to e-commerce dominance thus driving Alibaba to become the primary retail channel in China. Alibaba was able to do this by stimulating consumer demand with innovations such as Singles Day and harnessing the efforts of thousands of Chinese businesses to create an ecosystem that is faster, smarter, and more efficient. The company has since broadened its offering by expanding to cloud computing, digital media, entertainment, and payments. However, the e-commerce business continues to lose share to competitors while growth in the cloud has been anaemic. Although profitability in cloud computing has improved, Alibaba has decided against a spin-off to unlock value thereby eliminating a key reason to hold.</p>
NIO Inc	<p>We have sold the holding in Nio. We have lost conviction that the company will successfully navigate an increasingly complex landscape, balancing brand positioning, technological differentiation, and market expansion amidst fierce competition and financial pressures. The company has never made an operating profit and is sub-scale in the world's most brutal market. Competition in the upper end of the market is clearly tougher than expected and we worry that a foray into the mass market will be even more difficult. We had hoped that Nio could build a strong brand in the premium end of the market which would lead to differentiation but this thesis has not played out in terms of volumes and will be even harder to achieve in the crowded mass market. Despite a strong balance sheet after capital injections from Chinese and Abu Dhabi government bodies, we worry that the cash will be squandered trying to compete in such a torrid environment.</p>

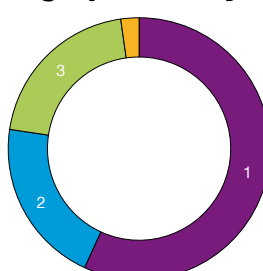
**Sector Analysis (%)**



1	Information Technology	32.4
2	Consumer Discretionary	27.5
3	Communication Services	14.3
4	Health Care	12.6
5	Financials	7.5
6	Industrials	3.2
7	Materials	0.3
8	Cash	2.2

Total may not sum due to rounding.

**Geographic Analysis (%)**



1	North America	56.8
2	Europe (ex UK)	20.5
3	Emerging Markets	20.4
4	Cash	2.2

Total may not sum due to rounding.

**Top Ten Holdings**

Holdings	Fund %	
1	NVIDIA	8.3
2	Amazon.com	6.7
3	ASML	5.1
4	PDD Holdings	4.2
5	Adyen	3.9
6	Dexcom	3.7
7	Spotify	3.5
8	Intuitive Surgical	3.4
9	Cloudflare	3.4
10	The Trade Desk	3.4

**Portfolio Characteristics**

Number of holdings	39
Number of countries	12
Number of sectors	7
Number of industries	18
Active Share	91%*
Annual Turnover	13%

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



Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	1	Companies	None	Companies	None
Resolutions	12	Resolutions	None	Resolutions	None

The strategy continues to ensure that our Environmental, Social and Governance research, integration and stewardship activities are focused on issues material to the investment case and our holdings' long-term growth prospects.

We have published our 2023 LTGG Stewardship Report. This is available on our website or from a Baillie Gifford contact.

We remain of the view that companies who align with ever-evolving societal and environmental expectations will likely have higher odds of success over our investment timeframe.

Company Engagement

Engagement Type	Company
Environmental	Advanced Micro Devices, Inc., Adyen N.V., Affirm Incorporated, Contemporary Amperex Technology Co., Limited, Intuitive Surgical, Inc., Kering SA, Sea Limited
Social	Contemporary Amperex Technology Co., Limited, Intuitive Surgical, Inc., Kering SA, Tesla, Inc.
Governance	ASML Holding N.V., Contemporary Amperex Technology Co., Limited, Datadog, Inc., Kering SA, Netflix, Inc., PDD Holdings Inc., Rivian Automotive, Inc., Roblox Corporation, Sea Limited, The Trade Desk, Inc., Workday, Inc.
Strategy	Amazon.com, Inc., PDD Holdings Inc.

## List of Holdings

Asset Name	Fund %
NVIDIA	8.3
Amazon.com	6.7
ASML	5.1
PDD Holdings	4.2
Adyen	3.9
Dexcom	3.7
Spotify	3.5
Intuitive Surgical	3.4
Cloudflare	3.4
The Trade Desk	3.4
Netflix	3.2
Shopify	3.2
Atlassian	3.0
Advanced Micro Devices	3.0
Meituan	2.8
Workday	2.8
Moderna	2.6
Coupang	2.5
Kering	2.3
Hermès International	2.3
MercadoLibre	2.2
Tesla Inc	2.2
Moncler	1.9
CATL	1.8
Sea Limited	1.8
HDFC Bank	1.6
BioNTech	1.5
Samsara	1.5
Roblox	1.4
BeiGene	1.3
Nu Holdings	1.3
Datadog	1.2
Tencent	1.0
Enphase Energy	1.0
Symbotic	0.9
Affirm	0.7
Joby Aviation	0.5
Rivian Automotive	0.5
Ginkgo Bioworks	0.3
Cash	2.2
<b>Total</b>	<b>100.0</b>

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](http://bailliegifford.com)

## Important Information and Risk Factors

This bulletin is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients. Nothing in the document should be construed as advice and it is therefore not a recommendation to buy or sell shares.

Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK clients. Both are authorized and regulated by the Financial Conduct Authority. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited ('BGE') relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec. 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. All investment funds have the potential for profit and loss. All information is sourced from Baillie Gifford & Co. All amounts are in Canadian dollars unless otherwise stated.

## Fees

### Long Term Global Growth Equity Fund Management Fees

0.62% first C\$150m

0.40% next C\$850m

0.35% next C\$2500m

0.30% 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 0.03%, 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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