

# Baillie Gifford™

## Baillie Gifford Positive Change Equity Fund

### Fourth Quarter 2024

#### 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 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

The objective is to produce capital growth over the long term by investing primarily in global equities. The Fund also aims to contribute towards a more sustainable and inclusive world by investing in companies that, in the opinion of the Manager, deliver positive change. Performance will be measured against the MSCI ACWI Index.

#### Investment Proposition

The Fund invests in an actively managed portfolio of 25-50 global high quality growth companies which can deliver positive change in one of four areas: social inclusion and education, environment and resource needs, healthcare and quality of life; and base of the pyramid (addressing the needs of the world's poorest populations). The Positive Change Decision Makers generate ideas from a diverse range of sources. With a focus on fundamental in-house research, the team complete a two stage analysis of all holdings, looking at both the financial and positive change aspects case for each stock using a consistent framework. The output is a high conviction and differentiated portfolio. We aim for a low turnover, around 20% per annum over the long run.

#### Fund Facts

Launch Date	February 20, 2018
Fund Size	C\$183.8m
Benchmark	MSCI ACWI Index
Current Active Share	92%*
Current Annual Turnover	25%
Style	Growth
Stocks (guideline range)	25-50
Current Number of Stocks	36

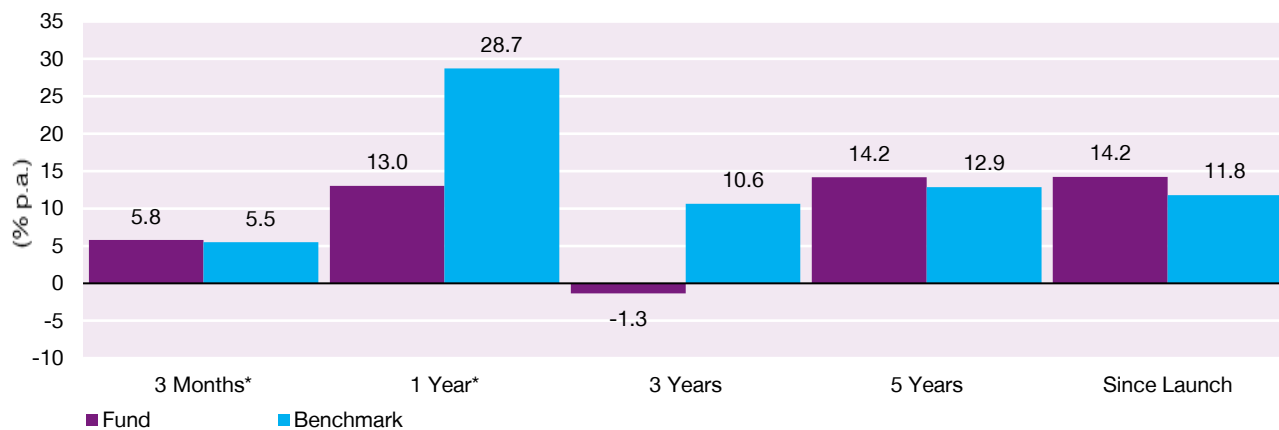
\*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

#### Positive Change Portfolio Construction Group

Name	Job Title	Years' Experience
Kate Fox*	Investment Manager	22
Lee Qian	Investment Manager	12
Apricot Wilson	Investment Manager	11
Thaiha Nguyen	Investment Manager	10
Ed Whitten	Impact Analyst	9

\*Partner

Periodic Performance



Discrete Performance

	12/31/19- 12/31/20	12/31/20- 12/31/21	12/31/21- 12/31/22	12/31/22- 12/31/23	12/31/23- 12/31/24
Fund %	85.0	9.2	-25.0	13.4	13.0
Benchmark %	14.8	18.0	-12.0	19.5	28.7

Source: CIBC, Revolution, MSCI. As at December 31, 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: February 20, 2018.

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 December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Shopify	2.0
Remitly Global	1.3
Duolingo	0.8
Grab	0.7
Tesla Inc	0.7

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-1.1
Moderna	-1.1
Bank Rakyat Indonesia	-1.0
ASML	-0.8
Novonosis	-0.7

One Year to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
TSMC	2.6
Shopify	1.4
Duolingo	1.2
Grab	0.7
Alnylam Pharmaceuticals	0.7

### Bottom Five Contributors

Asset Name	Contribution (%)
Moderna	-3.5
Dexcom	-2.6
NVIDIA	-2.4
Bank Rakyat Indonesia	-2.1
Coursera	-1.9

Since Inception\* to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Tesla Inc	21.3
Dexcom	6.6
TSMC	4.8
Nibe Industrier	4.5
Shopify	4.5

### Bottom Five Contributors

Asset Name	Contribution (%)
Umicore	-4.7
NVIDIA	-3.7
Apple	-3.6
Discovery	-3.3
Coursera	-2.8

\*February 20, 2018

Source: Revolution, MSCI. Baillie Gifford Positive Change 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

The fund's returns were slightly ahead of those of the Index over the quarter. Several fund companies delivered strong share price performance, reflecting good long-term operational performance in what has at times been a challenging market backdrop for companies.

## Performance

Shopify, Remitly and Duolingo were among the top contributors to performance during the quarter.

Shopify, the Canadian software company that enables e-commerce, reported strong year-on-year revenue growth, which came in ahead of market expectations and marked the ninth consecutive quarter of surpassed sales forecasts. Strong sales were driven by holiday season shopping events such as 'Black Friday' which led to impressive gross merchandise volume growth compared to the same period last year. Shopify remains well-positioned to benefit from the evolution taking place in commerce and the increasing need for omnichannel shopping operations in response to evolving consumer expectations. In geographies where access to stable employment opportunities is limited, it continues to play a part in providing meaningful opportunities for its users to earn a living.

Remitly, provides mobile-based remittance services tailored to meet the needs of migrant communities. Remitly had a strong quarter, registering a 35 per cent year-on-year increase in active customers to 7.3 million and seeing remittance volumes increase 43 per cent to \$14.5 billion. This drove a significant increase in revenue and led to an upward adjustment in full-year revenue guidance. Remitly is an early-stage company that continues to make impressive progress. We remain enthused about its growth prospects from here and the impact this can have on the lives of people around the world who depend on access to remittances to meet their basic needs.

Duolingo, the developer of the popular language learning app of the same name, had another strong quarter with revenues, monthly active users and paid subscriber numbers increasing significantly year on year. This marks a strong year of progress for the company. It has delivered product innovations, integrating generative AI to offer a new higher functionality subscription tier that generates higher fees and diversified by offering music learning through its app. The apps adaptability and integration

of AI functionality are promising for its growth prospects and its impact, particularly through access to free English lessons, offers a wide population the opportunity to enhance their career prospects and quality of life.

Among the biggest detractors from performance during the quarter were Moderna, MercadoLibre and Bank Rakyat Indonesia

Moderna is a pioneering developer of treatments based on its mRNA platform which it is using to develop treatments for respiratory, oncology and infectious disease franchises. Its share price suffered this quarter following negative news flow from the company which included downward revisions of revenue expectations following disappointing Respiratory Syncytial Virus (RSV) vaccine sales and an announcement that it is pushing out expected cash break even from 2026 to 2028. Engagement with the company is ongoing with strict milestones in place to monitor progress. The company has been receptive to engagement regarding management and board improvement, with changes starting to be implemented. We remain optimistic about the transformative potential of the mRNA platform and its ability to deliver a broad positive impact on healthcare outcomes alongside attractive investment returns through addressing the clear demand for improved treatment options for several diseases.

MercadoLibre is Latin America's largest e-commerce platform and a leading fintech company in the region. The company's share price declined following the announcement of a lower-than-expected operating margin in recent quarterly results. Margin compression was primarily due to investment in its fulfilment centres and growth in its credit business, which requires upfront provisioning for loans. However, despite the market reaction, we are encouraged by investments geared towards long term growth and impressed by continued increases in gross merchandise volumes, loan issuance and revenues. It continues to provide meaningful earning opportunities for large numbers of people in a region where employment opportunities can be limited.

Bank Rakyat Indonesia (BRI) offers microfinance in Indonesia, a geography that presents many barriers to financial inclusion and has close to 50 per cent of the adult population considered 'unbanked'. The company's share price declined due to market concerns over higher credit costs, slower loan

growth, and pressure on margins, which weighed on near-term profitability. However, BRI continues to demonstrate resilience through strong non-interest income growth and progress in digital transformation, particularly with its BRImo super-app driving customer engagement and efficiency. While short-term headwinds have impacted sentiment, we remain confident in BRI's strong market position, focus on financial inclusion, and ability to deliver sustainable long-term growth.

### Impact

In November the Financial Conduct Authority (FCA) approved the Positive Change Fund's application to adopt the Sustainability Impact Label, under the FCA's new Sustainability Disclosure Requirements (SDR) investment labelling regime. The labelling regime seeks to prevent 'greenwashing' and help provide more transparency for consumers navigating the sustainable investment market. Pleasingly there has been no change to the fund's philosophy, process or portfolio to qualify for the Sustainability Impact label.

### Notable transactions

We purchased five new holdings during the quarter. The new holdings are Ashtead Group, Microsoft, Savers Value Village, New York Times Co and SEA Limited. Ashtead is the world's second largest equipment rental company specialising in construction equipment. It is well-positioned to benefit from the growth in market penetration of rentals and market consolidation. The increased asset utilisation that companies like Ashtead can facilitate has environmental benefits such as increasing usage of more fuel efficient and greener equipment. Microsoft is the backbone of the global IT system by virtue of being able to provide all critical infrastructure, development tools and applications that organisations need to drive digital transformation. Microsoft's early and significant investments in AI position it to drive the responsible adoption and utilisation of AI products, a role it has embraced. Savers Value Village is among the largest and most prominent thrift store chains in North America. Through its unique business model built on sharing economics it is helping to tackle the growing problem of waste in the clothing industry, where large amounts of items end up in landfill. New York Times Co. is one of the largest and most respected news organisations globally. It has a profitable business model for the digital era and seems set to grow by expanding into international markets where its penetration is currently low. The New York Times provides high quality

independent journalism that holds power accountable, strengthens democratic institutions and through investigative journalism it drives meaningful change. This aligns with the UN's SDG 16.10, which seeks to ensure public access to information and protect fundamental freedoms. SEA Limited operates e-commerce and financial services digital businesses in Southeast Asia, Taiwan and Brazil. Its e-commerce platform Shoppee, enables small businesses to sell online and expand their market access. It provides training and access to financial services in regions where people on low incomes remain significantly underbanked or excluded.

During the quarter Safaricom, the East Africa based telecom and mobile money business, was sold. The company has made satisfactory progress during the period of our investment but failed to capitalise on opportunities for enhanced growth in financial services and digital solutions for education, agriculture and healthcare. The decision was taken to deploy capital into more attractive opportunities.

### Market Outlook

We believe that the fund is very well placed to meet its long-term objectives. The team continues to find and invest in exciting growth companies as the current market environment has presented many attractive entry points into exciting companies. Companies in the fund continue to invest for the future and grow their earnings at higher rates than the index, operating in sectors where they can deliver positive environmental and social impacts by improving on the status quo in a meaningful way or providing solutions to global challenges. Many challenges remain and with them, opportunities to make attractive returns, such as in finding a way to feed a growing global population or improve the way we approach healthcare challenges. We remain confident that looking forward there are many more opportunities for positive impact and attractive returns.

Transactions from 01 October 2024 to 31 December 2024.

## New Purchases

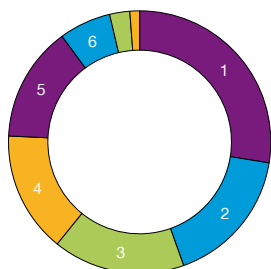
Stock Name	Transaction Rationale
Ashtead	<p>Ashtead is an equipment rental company with the majority of its revenue coming from North America. The growth opportunity comes from the increasing penetration of equipment rental and market consolidation, which favours scaled businesses like Ashtead. Bolt-on acquisitions provide further growth opportunities. Ashtead benefits from economies of scale and a management team with a good long-term track record. The potential for weaknesses in the construction market to weigh on share price performance is reflected in the small starting position, which we will look to increase if volatility presents attractive opportunities for topping up the holding. Nevertheless, we believe Ashtead can compound earnings per share at a low-teens pace through the cycle, and the current forward Price to Earnings Ratio (P/E) of 20x is attractive.</p>
Microsoft	<p>Microsoft is the backbone of the global IT ecosystem by virtue of being able to provide all the critical infrastructure, development tools and applications for organisations to make a digital transformation. The company's immensely strong competitive moat accompanied by an adaptive and innovative culture led by a visionary, makes it uniquely positioned to benefit from the two very big and important technology shifts: Cloud and AI. Despite the significant growth over the past decade, organisations are still in the early stage of cloud migration, and Microsoft is expected to gain a larger incremental share thanks to its comprehensive offering across all layers of infrastructure as a service (IaaS), platform as a service (PaaS) and software as a service (SaaS), as well as its established relationships with enterprises. AI is still in its infancy but could present a paradigm shift in generations. Microsoft's early and heavy investments in AI will make it the partner of choice for organisations across industries. All told, we believe Microsoft could grow at a compounding annual growth rate in the mid-teen and more than double its earnings over the next five years, hence decided to take a holding.</p>
New York Times Co	<p>New York Times Co (NYT) is a news media business with over 10 million subscribers. We believe the digital transformation of the news industry has made NYT a more attractive business. As one of the few news organisations that has built a profitable business model for the digital era, the NYT is well-positioned to gain market share as readers increasingly access news through the internet, mobile apps, short videos, and podcasts. There are multiple growth tailwinds for the company, including a faster news cycle due to more frequent geopolitical events, international opportunities, a broader product portfolio consisting of sports, puzzles, recipes, and product reviews, and potential licensing deals from AI companies. Due to the ownership of the Sulzberger family and their commitment to the NYT's mission, the company has consistently invested in journalism while the rest of the industry has cut back. As a result, the NYT has a superior product to the rest of the news industry, constituting an important competitive advantage. This high-quality journalism, with a strong focus on investigative, ethical reporting, plays a vital role in holding institutions to account, with many high-profile scandals brought to light by NYT reporters. We believe the market opportunity for the NYT is substantially larger than its current 10 million subscribers, enabling the company to grow at an attractive pace for many more years. Profitability should improve due to operating leverage and high incremental margins from digital revenue. We believe Earnings per Share (EPS) can compound at more than 10% per year over our investment horizon, and the 30x earnings multiple is justified.</p>

Savers Value Village	Savers Value Village (SVV) is a thrift store chain operating in the US and Canada. It has a unique business model which seeks to balance the needs of charity partners, employees and shareholders, fostering a powerful virtuous circle whereby its growth benefits all stakeholders. The investment case is supported by strong structural tailwinds such as the desire to shop second-hand and decrease the volume of textiles going to landfill. Furthermore, the circular economy will be critical to maintaining standards of living while transitioning to a sustainable future. SVV plans to accelerate store openings in a thoughtful way which, combined with scale benefits such as shared data analytics and increasing automation, should lead to a long growth runway. Expertise in processing clothing is its biggest source of edge. It has the ability to collect and sort vast quantities of esoteric stock, in a profitable way. We have taken an initial position on your behalf.
Sea Limited	SEA operates e-commerce, gaming, and digital financial services businesses in Southeast Asia, Taiwan, and Brazil. Today, the gaming business accounts for a relatively minor part of SEA's value, but the cash flow has enabled the company to build a leading e-commerce business and a fast-growing financial services business. The opportunities in e-commerce and financial services are significant, and if SEA can maintain its market leadership, then those should be valuable businesses in the long-term. Sea's e-commerce platform, Shopee, enables small businesses to sell online and expand their market access. It has a particular focus on training for these smaller merchants, which, along with a lack of access to financial services, is a key bottleneck to economic opportunity in Southeast Asia. SeaMoney expands access to basic financial products in a region where many, especially those on low income, remain underbanked or excluded. As it grows and expands its product offering, SeaMoney will provide individuals and businesses with access to financial products that can improve their economic resilience and opportunity, and support the socioeconomic development of the region as a whole.

Complete Sales

Stock Name	Transaction Rationale
Safaricom	Safaricom is a Kenyan-based telecom and mobile money business. While its performance in these businesses has been satisfactory, the company has failed to capitalise on new opportunities, including broader financial services and providing digital solutions in areas such as education, healthcare, and agriculture. Safaricom is now expanding into Ethiopia, which requires significant capital investment and has highly uncertain outcomes. Furthermore, geopolitical and macroeconomic risks in Kenya have increased since our initial investment. These factors combined have led to the decision to sell.

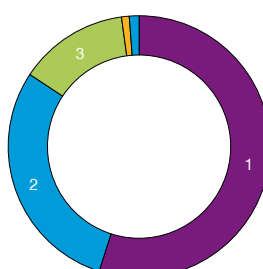
**Sector Analysis (%)**



1	Information Technology	27.5
2	Health Care	17.0
3	Consumer Discretionary	16.3
4	Industrials	14.9
5	Financials	14.2
6	Materials	6.4
7	Communication Services	2.5
8	Cash	1.2

Total may not sum due to rounding.

**Geographic Analysis (%)**



1	North America	54.9
2	Emerging Markets	29.3
3	Europe (ex UK)	13.6
4	UK	1.0
5	Cash	1.2

Total may not sum due to rounding.

**Top Ten Holdings**

Holdings	Fund %	
1	TSMC	7.8
2	MercadoLibre	6.2
3	Shopify	6.0
4	Duolingo	5.0
5	ASML	5.0
6	Autodesk	4.3
7	HDFC Bank	4.2
8	Bank Rakyat Indonesia	3.9
9	Alnylam Pharmaceuticals	3.7
10	Grab	3.6

**Portfolio Characteristics**

Number of holdings	36
Number of countries	13
Number of sectors	7
Number of industries	19
Active Share	92%*
Annual Turnover	25%

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



Voting Activity

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

Company Engagement

Engagement Type	Company
Environmental	Insulet Corporation, Moderna, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Sea Limited, Shopify Inc., Tesla, Inc.
Social	Grab Holdings Limited, Insulet Corporation, Novonosis A/S, PT Bank Rakyat Indonesia (Persero) Tbk, Rivian Automotive, Inc., Sea Limited, Vertex Pharmaceuticals Incorporated
Governance	ASML Holding N.V., Autodesk, Inc., Illumina, Inc., Microsoft Corporation, Moderna, Inc., Rivian Automotive, Inc., Schneider Electric S.E., Shopify Inc., Tesla, Inc., Vertex Pharmaceuticals Incorporated
Strategy	Coursera, Inc., Deere & Company, Epiroc AB (publ), Illumina, Inc., Insulet Corporation, Joby Aviation, Inc., Moderna, Inc., Novonosis A/S, Remitly Global, Inc., Rivian Automotive, Inc., Schneider Electric S.E., Sea Limited, The New York Times Company, Vertex Pharmaceuticals Incorporated

## List of Holdings

Asset Name	Fund %
TSMC	7.8
MercadoLibre	6.2
Shopify	6.0
Duolingo	5.0
ASML	5.0
Autodesk	4.3
HDFC Bank	4.2
Bank Rakyat Indonesia	3.9
Alnylam Pharmaceuticals	3.7
Grab	3.6
Ecolab	3.6
Microsoft	3.5
Remitly Global	3.4
Deere & Co	3.2
Dexcom	3.2
Xylem	3.1
Illumina	3.1
Novonosis	2.8
Tesla Inc	2.8
Nu Holdings	2.7
Insulet Corporation	2.2
Epiroc	1.9
Moderna	1.9
New York Times Co	1.5
Schneider Electric	1.5
Sartorius Group	1.4
Coursera	1.2
Sea Limited	1.0
Vertex Pharmaceuticals	1.0
Ashtead	1.0
Soitec	0.9
Joby Aviation	0.7
AbCellera Biologics	0.6
Rivian Automotive	0.5
Savers	0.5
Abiomed CVR Line*	0.0
Cash	1.2
<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.

Abiomed was acquired in December 2022 by Johnson and Johnson. Holders received a cash allocation plus non-tradable contingent value rights (CVRs).

## 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

### Positive Change Equity Fund Management Fees

0.50% first C\$130m

0.35% 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 0.08%, 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.

## Legal Notices

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