

Baillie Gifford™

Baillie Gifford Sustainable Growth Equity Fund

Fourth 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 global equities which, in the Manager's opinion, demonstrate long-term Sustainable Growth prospects (as defined in the Fund's Investment Policies). Performance will be measured against the MSCI ACWI Index.

Investment Proposition

Sustainable Growth invests in companies which are sustainable in both senses of the word, delivering enduring growth and enduring good. For growth to endure, companies must be resilient to a range of economic and political environments, and capable of achieving a decade or more of profitable growth. To deliver enduring good, they must make a positive difference to society, either through impactful products or services or through influential business practices that inspire wider change.

Fund Facts

Launch Date	November 02, 2018
Fund Size	C\$22.6m
Benchmark	MSCI ACWI Index
Current Active Share	89%*
Current Annual Turnover	32%
Style	Long-term growth stockpicking
Stocks (guideline range)	55-80
Current Number of Stocks	57

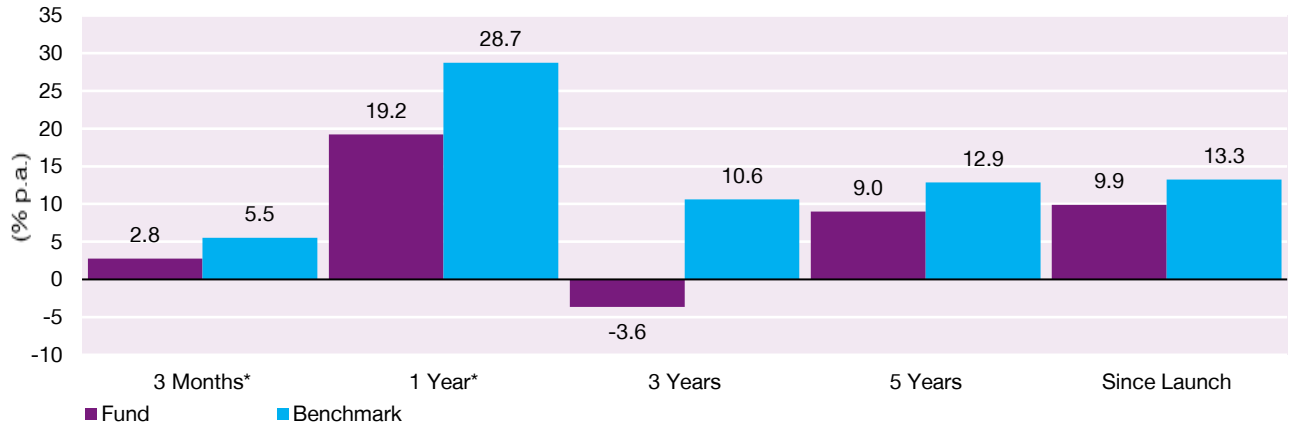
*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

Sustainable Growth Portfolio Construction Group

Name	Job Title	Years' Experience
Toby Ross*	Investment Manager	18
Katherine Davidson	Investment Manager	16

*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 %	71.4	0.3	-37.7	20.5	19.2
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: November 02, 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 (%)
Wise	0.8
Spotify	0.6
Shopify	0.6
Warby Parker	0.6
Recruit Holdings	0.4

Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-0.6
Tesla Inc	-0.5
Atlas Copco	-0.5
Advanced Drainage Systems	-0.5
NVIDIA	-0.4

One Year to December 31, 2024

Top Five Contributors

Asset Name	Contribution (%)
Spotify	1.9
TSMC	1.1
Recruit Holdings	1.1
The Trade Desk	0.7
Warby Parker	0.5

Bottom Five Contributors

Asset Name	Contribution (%)
Tesla Inc	-1.0
L'Oreal	-1.0
MarketAxess	-0.9
Prudential	-0.8
Spirax	-0.8

Since Inception* to December 31, 2024

Top Five Contributors

Asset Name	Contribution (%)
Tesla Inc	8.1
Shopify	5.0
NVIDIA	2.4
Spotify	2.3
The Trade Desk	2.1

Bottom Five Contributors

Asset Name	Contribution (%)
Apple	-3.1
Illumina	-2.4
Twilio	-2.4
Microsoft	-2.3
Prudential	-2.0

*November 02, 2018

Source: Revolution, MSCI. Baillie Gifford Sustainable 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

The tale of the final quarter of the year largely mirrors the year as a whole, with tech-focused US businesses leading the way and European industrials lagging. The only slight narrative change was that small companies outperformed larger ones in the US, most likely in anticipation of lower taxes and a bonfire of regulation during Donald Trump's second presidential term.

Performance

Over the period, the fund delivered decent absolute returns, chalking up double-digit gains for the year. However, from the perspective of relative performance, it lags a highly concentrated index.

Top performer over the quarter was fintech platform, Wise - international money transfer facilitator. The share price has steadily risen over recent months due to operational progress evidenced through robust results. Cross-border volumes have been rising, as have active customer numbers, and revenues. We believe that the company is leading the way in making overseas transactions easier, faster, and more transparent for millions. Furthermore, there remains a large growth runway ahead. Today, it serves around 5% of the world's international money transfers by volume for individuals (in a market that has been expanding at 19% p.a. since 2022) and only around 0.5% - 1% of transactions for small businesses. By reducing remittance costs and easing the financial burden of living across borders, the company fosters greater financial inclusion.

Shopify and Spotify were also both top contributors in the period, benefitting from strict cost control measures. After divesting from its logistics arm, Shopify is now a pure-play in ecommerce software and is beginning to earn software-like margins. And Spotify has seen revenues increase +20% year-on-year when it reported in November, reflected in gross margin expansion.

With US technology firms performing so strongly, what we don't own was again a drag on performance this quarter, with index-heavyweights NVIDIA and Tesla two of the largest detractors from relative returns.

And Latin American e-commerce and fintech company, MercadoLibre, also detracted over the period. This was primarily driven by a weaker earnings report in the third quarter, which fell short of analyst expectations. Investors reacted negatively to margin compression driven by increased investments in expanding its credit and logistics operations. As long-term shareholders, we believe these investments are evidence of the company's forward-looking, expansion strategy which should bear fruit in the years to come.

Stewardship

Being long-term shareholders allows us to build up strong lines of communication with management of our investee companies. Amazon has been held in the Fund since inception and as such we've had numerous meetings with senior management across a plethora of topics. Our most recent interaction involved meeting with Amazon's experienced environmental, social and governance (ESG) team to discuss several ongoing sustainability concerns. The areas of discussion included employee engagement, supply chain transparency, human rights implications with cloud-hosting, artificial intelligence (AI) governance and commitment to decarbonisation.

The open and frank discussion enabled us to understand the company's position on a variety of subjects. For each concern raised, we were provided with numerically supported evidence to robustly defend the company's position and counter suggestions of unsustainable practices. We heard about various company-wide initiatives to support employee engagement, including the company's 'Dragonfly' software tool that records employee safety-related feedback to turn into measurable action. The company's efforts to meaningfully improve working conditions have reduced recorded injury rates to substantially below the industry average. We also learned about efforts to engage and monitor the company's vast supply chain to reduce the risk of human rights abuses. We were informed about the company's continued, substantial decarbonisation ambitions, including contracting 28GW of renewable power in 2023, equivalent to more than 50 per cent of the installed capacity in the whole of the UK. Finally, the company highlighted the recent board appointment of Stanford University adjunct professor Dr. Andrew Ng. He was previously the head of Google Brain, Baidu's chief scientist and is currently the managing partner of an AI venture fund. His appointment will help to inform the board's perspective on the opportunities and challenges that AI presents from both a social and commercial perspective.

Given the scale and complexity of the company's operations, we expect to continue regularly engaging with the company on a number of sustainability challenges. Unlike some of Amazon's technology peers, the company continues to listen and engage with long-term investors on challenging topics. We were able to hear the company's thoughts on different subjects that have regularly appeared on shareholder proposals and we will continue to constructively engage and thoughtfully vote on each proposal.

Notable transactions

We exited our position in Denali Therapeutics, the biotech focused on neurodegeneration. Denali's mission to get a large molecule drug across the blood-brain barrier to treat diseases like Alzheimer's and Parkinson's remains an admirable one. However, progress through medical trials has been slower than we would have hoped and there is a little in the development pipeline that gets us excited.

We also chose to move on from Chinese ecommerce company, JD.com and European sportswear giant, adidas. In both cases we had waning conviction in the sustainability case as intensifying competition is likely to be prioritised over missions to improve outcomes for people or the planet.

In their place we've added a new position in US cold storage logistics business Lineage. It has acquired a 30% market share, double its nearest competitor. This scale provides resilience against market cycles and enables significant automation investments. Globally, 14% of food is lost between harvest and retail, with a quarter due to lack of refrigeration. Lineage's efficiency improvements could significantly improve this problem, potentially helping to reduce food waste that could feed over a billion people annually.

The other new purchase this quarter is Edwards Lifesciences. Founded in 1958, it is a pioneer in minimally invasive treatments for structural heart diseases. Its key innovation is the transcatheter aortic valve replacement technique, which offers a less invasive alternative to open heart surgery for treating a condition affecting 5% of Americans over 65. Despite recent hospital staffing challenges impacting short-term growth, the company has significant long-term potential for expansion, both in treating moderate heart disease cases and in international markets. A recent share price drop of about one-third presented an attractive investment opportunity.

Market Outlook

The Index's strong return over the past quarter, and the year, has been driven primarily by valuation multiple expansion while earnings growth has been the dominant factor in the fund's return. As we move into 2025, we expect other investors to begin detecting the fundamental strength we perceive in our holdings, leading to improved share price outcomes across a wider spectrum of growth opportunities.

Our approach to investment maintains various points of contact with diverse growth opportunities across sectors and regions. While the market's current narrow focus is on US tech and AI, our broader perspective reveals a rich landscape of operational progress and emerging opportunities. We believe this multi-dimensional view gives us a more complete picture of the investment environment and positions us well for the years ahead.

Transactions from 01 October 2024 to 31 December 2024.

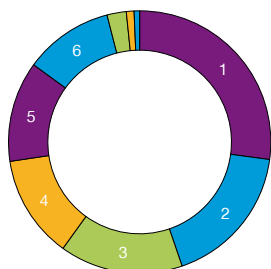
New Purchases

Stock Name	Transaction Rationale
Edwards Lifesciences Corp	Edwards Lifesciences has established itself as a leader in addressing a growing market for structural heart diseases, particularly through its Transcatheter Aortic Valve Replacement (TAVR) and Transcatheter Mitral and Tricuspid Therapies (TMVT). Both are minimally invasive procedures used to treat heart disease without the need for open-heart surgery. Currently, over 75% of revenues are tied to its TAVR franchise, where it is the market leader. We believe it is able to maintain this position based on its track record of innovation, R&D spend (which is three times higher than that of its nearest competitor), as well a growing target addressable market where currently only 13% of people with severe heart disease are receiving the appropriate treatment. As for its TMVT business, there are over 4 million patients with Mitral and Tricuspid valve issues, and thus this area could potentially be as large as the TAVR opportunity. The company is well-positioned for future growth as ageing populations expand its addressable market, new applications unlock larger patient populations and markets outside of the US adopt its technologies. Short-term headwinds in the healthcare market sent the shares lower recently, offering us an attractive entry point.
Lineage Inc	We have taken a new holding in Lineage Logistics, a US-based company specialising in temperature-controlled transportation and storage. The cold storage sector is fragmented owing to its local nature and high set-up costs. Lineage has pioneered a more professional approach to the cold chain. It acquires and integrates businesses, increasing their efficiency through automation and technology, improving the service proposition and widening its competitive moat. As Lineage's network grows, so does its value to customers. Better transport, storage availability, and technology enable Lineage to be a supply chain partner to its customers rather than just a warehouse supplier. This offering becomes increasingly difficult to replicate as it expands. Lineage can carry on its disciplined business acquisition for years, contributing to attractive revenue and profit growth. Better efficiency and a more integrated cold chain should help reduce food waste, tackling a global challenge while saving customers money.

Complete Sales

Stock Name	Transaction Rationale
adidas	We have sold the position in German sportswear company, adidas. In recent years, adidas has endured a difficult period of trading. In part this has been due to matters beyond its control, such as the supply chain disruption that happened during the Covid-19 pandemic. However, there have also been a number of strategic missteps. One example is the 'Yeezy' partnership with Kanye West, which had to be concluded early and left the company with unsold inventory, which weighed significantly on profitability. While adidas plays an important role in encouraging its customers to exercise more and is a strong advocate for equality of access to sport, we have less conviction in the company's ambition to prioritise such initiatives going forward. A turnaround has begun under new CEO Bjorn Gulden. With early signs being positive, the valuation has risen and we have decided to use this as an opportunity to fund other ideas where our conviction in the business and its commitment to sustainability is stronger.
Denali Therapeutics	Biotech company, Denali Therapeutics, focuses on developing treatments for neurodegenerative diseases. Its primary goal is to address conditions like Alzheimer's and Parkinson's disease. Growth largely relies on success in its blood-brain barrier (BBB) delivery system. The BBB is a protective layer that shields the brain from harmful substances, and Denali's treatment uniquely allows for specific proteins to be transported across it. However, Denali's share price has been weak reflecting disappointing progress with recent trials and lack of further treatments in the pipeline. Furthermore, competition continues apace, making recruiting patients or market share gains more challenging going forward. As such, we've decided to sell out of the holding, investing instead in companies where growth from here is better understood.
JD.com	We have decided to exit the holding in Chinese e-commerce company, JD.com. Over the last few years, the share price has been trending downwards reflecting a weaker consumer spending environment in China. JD.com is also losing market share to competitor Pinduoduo, is politically exposed to the risk of rapid regulatory changes by the Chinese state, and we have questions around alignment with majority stakeholders. After recent stimulus measures announced by the state, the share price bounced and is up over +60% year-to-date. We saw this as a good time to exit the holding and recycle the proceeds into higher conviction areas.

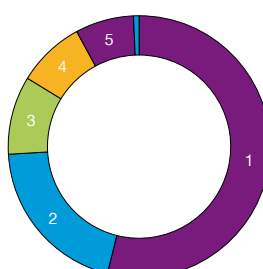
Sector Analysis (%)



1	Industrials	27.1
2	Information Technology	17.6
3	Health Care	15.2
4	Financials	12.7
5	Communication Services	12.4
6	Consumer Discretionary	11.0
7	Consumer Staples	2.4
8	Real Estate	0.9
9	Cash	0.7

Total may not sum due to rounding.

Geographic Analysis (%)



1	North America	53.9
2	Europe (ex UK)	20.2
3	Emerging Markets	9.7
4	Developed Asia Pacific	8.4
5	UK	7.2
6	Cash	0.7

Total may not sum due to rounding.

Top Ten Holdings

Holdings	Fund %	
1	Microsoft	4.6
2	TSMC	4.2
3	Alphabet	3.9
4	Recruit Holdings	3.4
5	Illumina	3.3
6	Spotify	3.2
7	MercadoLibre	3.1
8	Mastercard	2.9
9	UnitedHealth Group	2.7
10	DSV	2.7

Portfolio Characteristics

Number of holdings	57
Number of countries	14
Number of sectors	8
Number of industries	28
Active Share	89%*
Annual Turnover	32%

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

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	4	Companies	1	Companies	None
Resolutions	32	Resolutions	7	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Amazon.com, Inc., Moderna, Inc., Shopify Inc., The Trade Desk, Inc.
Social	Amazon.com, Inc., The Trade Desk, Inc.
Governance	AIA Group Limited, Amazon.com, Inc., Eurofins Scientific SE, GMO Payment Gateway, Inc., Illumina, Inc., MarketAxess Holdings Inc., Microsoft Corporation, Moderna, Inc., Prudential plc, Schneider Electric S.E., Shopify Inc., Warby Parker Inc
Strategy	Epiroc AB (publ), Illumina, Inc., Moderna, Inc., Schneider Electric S.E., The New York Times Company, The Trade Desk, Inc.

Asset Name	Fund %
Microsoft	4.6
TSMC	4.2
Alphabet	3.9
Recruit Holdings	3.4
Illumina	3.3
Spotify	3.2
MercadoLibre	3.1
Mastercard	2.9
UnitedHealth Group	2.7
DSV	2.7
Texas Instruments	2.6
Shopify	2.5
Edwards Lifesciences	2.5
Workday	2.4
Wise	2.4
Wabtec	2.4
The Trade Desk	2.3
Beijer, G & L AB	2.2
Atlas Copco	2.0
Marsh & McLennan	1.9
New York Times Co	1.8
Experian	1.8
MarketAxess	1.8
Amazon.com	1.7
Warby Parker (JAND)	1.7
L'Oréal	1.7
Prudential	1.6
Eurofins	1.5
Starbucks Corp	1.5
MSA Safety	1.5
Spirax Sarco	1.5
Advanced Drainage Systems	1.3
AIA	1.3
IMCD	1.3
Schneider Electric	1.3
Cognex Corp	1.3
Sartorius Stedim Biotech	1.2
Metso	1.1
Carlisle Companies	1.1
Nintendo	1.1
bioMerieux S.A.	1.0
Watsco	1.0
Lineage, Inc.	0.9
Inspire Medical Systems	0.9
Centre Testing International	0.9
Rakuten	0.9

Asset Name	Fund %
Epiroc	0.8
GMO Payment Gateway	0.8
Kubota	0.8
Moderna	0.8
YETI Holdings	0.8
Meituan	0.8
Exact Sciences	0.7
Raia Drogasil	0.7
Savers	0.4
STAAR Surgical	0.4
Abiomed CVR Line*	0.0
Cash	0.7
Total	100.0

Total may not sum due to rounding.

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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

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

Sustainable Growth Fund Management Fees

0.50% first \$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: 0.40%

Expense Cap: 0.09%

The Manager has agreed to bear the expenses of the Fund above the Expense Cap. The Funds operating expenses are all expenses the Fund incurs in its daily operations excluding transaction fees based on the actual expenses for the fiscal year to December 31, 2023. The expense cap has been approved until 31 December 2024.

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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Contacts

Anthony Spagnolo

Tel: (416) 505 5927

email: Anthony.Spagnolo@bailliegifford.com

Baillie Gifford International LLC
161 Bay Street, Suite 2700,
Toronto, Ontario, M5J 2S1

Canada Client Service Team

email: CanadaClientService@bailliegifford.com