

## Baillie Gifford Emerging Markets 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

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 discussions 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\$728.1m
Benchmark	MSCI Emerging Markets Index
Current Active Share	68%*
Current Annual Turnover	19%
Style	Growth
Stocks (guideline range)	60-100
Current Number of Stocks	75

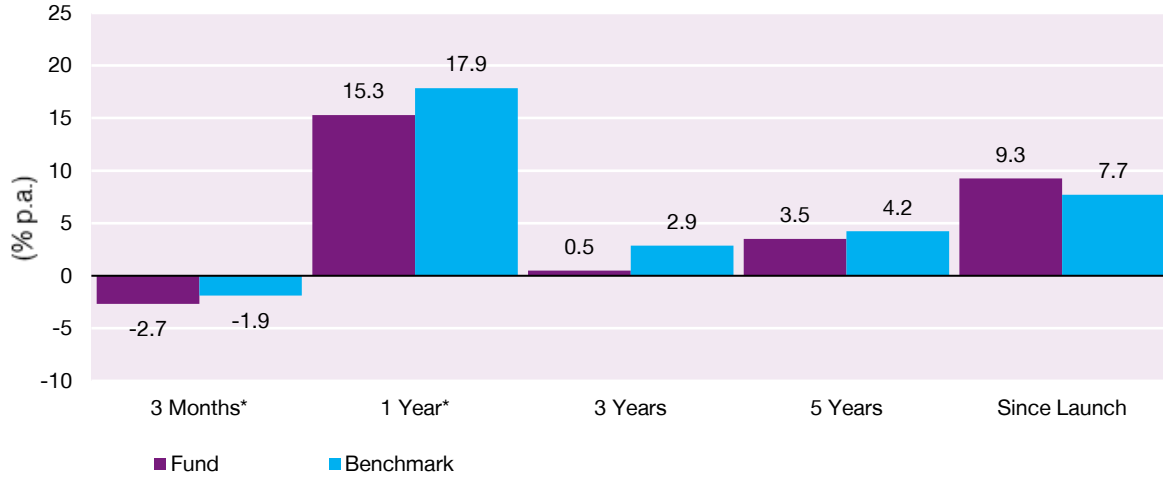
\*Relative to MSCI Emerging Markets Index. Source: Baillie Gifford & Co, MSCI.

### 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**

	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 %	28.3	-8.7	-21.6	12.2	15.3
Benchmark %	16.6	-3.1	-13.9	7.3	17.9

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: 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 December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Accton Technology	0.6
TSMC	0.5
SEA Limited	0.3
Valeura Energy	0.3
PDD Holdings	0.2

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-0.4
Xiaomi Corporation	-0.4
Reliance Industries	-0.3
Samsung Electronics	-0.3
Meituan	-0.3

One Year to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
TSMC	1.5
SEA Limited	0.9
Brilliance China Automotive	0.5
First Quantum Minerals	0.5
PDD Holdings	0.5

### Bottom Five Contributors

Asset Name	Contribution (%)
Samsung Electronics	-1.2
Meituan	-0.8
B3	-0.6
Grupo Financiero Banorte	-0.5
Raizen	-0.5

Five Years to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Petrobras	5.8
MercadoLibre	2.9
TSMC	2.8
Mediatek	1.6
First Quantum Minerals	1.0

### Bottom Five Contributors

Asset Name	Contribution (%)
Sberbank	-2.8
Norilsk Nickel	-2.5
CNOOC	-1.3
Banco Bradesco	-1.2
Ping An Insurance	-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

Given an uncertain short-term future, it is probably worth looking at what has happened in the largest Emerging Markets over the last year and whether this has changed our view from either a top down or a bottom-up perspective.

After three years of decline, the Chinese market delivered a positive return in 2024. While a part of this may have been driven by speculation on the ultimate size of Beijing's stimulus package, we believe the coordinated announcements since September marked a significant policy pivot from the top, which should support growth and sentiment relative to a low baseline.

Most recently, the news has also been focussed on South Korea's political turmoil which began with President Yoon's attempted martial law declaration. The fact that this was summarily blocked within hours by the National Assembly speaks volumes to the degree that democracy is now firmly embedded in the country. We expect the Fund's holdings to be largely unaffected in fundamental terms given the likes of Samsung Electronics and SK Hynix are more linked to global tech cycles, but we expect a political risk premium may cap multiples until a longer-term solution is found.

India has outperformed the rest of Emerging Markets for four consecutive years. There is plenty of optimism surrounding India: a structural property boom, an increasingly affluent middle class, and strong diplomatic leverage on both sides of the geopolitical divide. However, high valuations have deterred us from closing the underweight position in India and we take comfort from the fact that higher growth potential is on offer at more attractive valuations elsewhere in Emerging Markets.

Looking to Latin America, the Brazilian market has pretty much round-tripped this year. Gross domestic product (GDP) growth accelerated during the year, posting 4.0% year on year (YoY) growth in Q3 24. The Central Bank initially cut interest rates but raised them again due to the government's reluctance to make fiscal cuts. This affected the stock market, though the two largest holdings in the Fund, Petrobras and Mercadolibre, remained largely unaffected.

### Performance

2024 has been marked by the same companies often yo-yoing from the top contributors to the top detractors (and vice versa) on a quarterly basis. Given that little has usually changed in terms of the long-term prospects for these companies, it highlights once again the vagaries of paying too much attention to short term share price performance.

A notable recent example is Latin American e-commerce platform Mercadolibre, which was a top detractor this quarter. However, e-commerce penetration in Latin America is only about 12-13% of retail sales, compared to over 25% in the US, over 30% in the UK, and over 40% in China. While it will take time for Latin America to approach these levels, clearly there is scope for growth.

Bank Rakyat in Indonesia has also been a bit of a yo-yo through the year and is a detractor to performance over the most recent quarter. Indonesia has a population of ~276 million spreading over ~18,000 islands, and perhaps unsurprisingly, ~48% of the adult population do not have a bank account. Bank Rakyat has a clear mandate to increase financial inclusion to the extent that over 80% of its loan and financing book is lent to micro, small and medium sized businesses.

Indian conglomerate Reliance Industries has also been amongst the top contributors in the year but is a top detractor in the most recent quarter. However, it is fair to say that the short-term outlook for the company has deteriorated of late. Its refining and petrochemicals business has been hurt by Chinese exports. Though longer term, the outlook looks brighter with the scheduled closure of capacity in the US and Europe. Growth in the coming years is likely to be driven by the nascent New Energy business, where visible progress would reignite Reliance's growth outlook.

In contrast to the above, SEA Ltd has been one of the most consistent contributors throughout the year and is also a top contributor over the quarter. SEA is showing impressive momentum across its three businesses. Its flagship game FreeFire has rejuvenated itself by becoming more streamlined focussing on localised content; Shopee, its ecommerce business, and SeaMoney, its financial service arm, have both maintained their growth trajectory but also significantly improved profitability.

Accton, a networking solutions provider based in Taiwan, is also a top contributor this quarter. Over the past 5 years the company has successfully transformed its business from traditional network interface cards to advanced artificial intelligence (AI) accelerators, which now accounts for 40% of its revenue, up from 16% in 2019. Accton is a key supplier to Amazon. The strong demand for Amazon's AI accelerators as well as solid shipments of its datacentre switches have contributed to Accton's record high sales.

PB Fintech is another contributor to performance this quarter. The online insurance distributor reported another strong quarter of growth in revenue, with improving margin. The company is a force for positive change in the growing Indian insurance market, by offering a better and cheaper customer experience, and ultimately should be far more cost-effective than the traditional model of door-to-door insurance sales. We believe its scale-driven efficiency and productivity will continue to foster growth in an underpenetrated industry.

### **Stewardship**

We continued our ongoing dialogue with Chinese copper and gold miner, Zijin Mining, a company with a significant growth opportunity ahead based on the importance of copper in the climate transition, but with challenges based around the nature and geography of its mining operations. Having visited the company's headquarters, and its mines in Xinjiang and Tibet in recent years, we met this quarter to better understand the company's influence at overseas mines where it has minority stakes. Knowing details of on-the-ground practices and how Zijin's overseas subsidiaries tackle social and environmental issues helped provide assurance that the company is upholding its commitments to sustainable mining. Our engagement also sought greater disclosure in future reports.

### **Notable transactions**

During the quarter we added new holdings to the Fund: E Ink, Haidilao and Meituan.

E Ink is a global commercial leader in ePaper technology. It is a main supplier to the Amazon Kindle and other similar e-readers. The company has spent well over a decade honing its technology edge and we continue to be attracted by its leading position and financial returns, as well as the potential for new applications as the industry continues to develop.

Over the quarter we sold Zai Labs (China). This is a Sino-US biopharmaceutical company focusing on innovative therapies targeting significant unmet medical needs. Whilst the market opportunity remains vast, operational performance has lagged our expectations, and we are increasingly concerned about the regulatory tensions from both China and the US, so we decided to sell the holding.

### **Market Outlook**

What will happen in 2025 is impossible to foretell, what the world will look like in 2030 or 2035 is somewhat easier. The scope and scale of AI is likely to grow and with its demand for the 'picks and shovels' that are largely manufactured in Emerging Market countries. The energy transition will continue unevenly, perhaps driven by national security as well as environmental concerns. This will require significantly more raw materials, such as copper, which are mostly found in Emerging Market countries. Large swathes of the world remain unconnected, unbanked and underserved. The scope for local champions to fill these needs present huge opportunities for local entrepreneurs and businesses. We cannot know for sure when these powerful trends translate into stock market performance, but we can certainly anticipate it.

We remain enthusiastic about the spread and composition of the Fund. Obviously, there will be short term fluctuations in performance which, in all honesty, we have little control. However, in the long-term share prices ultimately follow earnings growth (in hard currency terms) and we continue to be excited about the longer-term prospects of the companies in the Fund.

Transactions from 01 October 2024 to 31 December 2024.

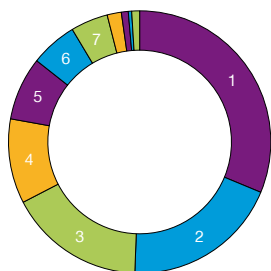
### New Purchases

Stock Name	Transaction Rationale
E Ink Holdings	E Ink is a Taiwanese technology business with a strong position in the 'electronic paper' industry, where it is still a major supplier to the Amazon kindle and other similar e-readers. The company has spent well over a decade honing its technology edge, with many would-be competitors failing to challenge at volume. More recently the company has also won significant contracts in electronic labels in the supermarket industry, which should represent a step change in business scale. We continue to be attracted by the leading technology position and financial returns, as well as the potential for new applications as the industry continues to develop.
Haidilao Intl	Haidilao is one of the leading Chinese restaurant chains, specialising in Hot Pot cuisine. This business has the potential for many years of strong growth, driven by both new store openings and higher average customer spending. Its brand has been proven over a number of years and it has a reputation for delivering a customer experience that makes it a 'go to' eating destination. These factors combine with a very low valuation given the poor sentiment towards the Chinese market. In short, we believe that the 'market' is giving you an opportunity to invest in a high quality franchise at a very attractive price.
Hyundai Motor India	Hyundai Motor India (HMI) is the Indian operation of Hyundai Motor Group, the Korean automotive giant. The opportunity for growth is driven by a low but rising auto penetration rate and a strong premiumisation trend, both underpinned by rising wealth levels and an increasingly affluent middle class. Placed as the second largest brand in the market, boasting a broad and deep dealer, distribution and service network as well as a wide variety of drive train options, HMI is well placed to capitalise on this outlook. Further, the company benefits from a continued healthy relationship with its parent company and a return structure that ensures that growth will be significantly value accretive. Given these feature we decided to participate in the IPO.
Meituan	We have decided to buy a position in Meituan, the Chinese food delivery and local services business. Having previously been concerned by the intensifying competitive environment and challenges with domestic demand, we have been impressed with how the company has navigated these issues. Competition now appears to be receding, and there are ever clearer signs that the regulatory challenges in recent years are fading. We also note that the Chinese domestic demand environment has been very weak and this is likely more cyclical than structural. Taking these factors together, there is an opportunity to invest in one of the world's leading platform businesses at a modest multiple given the financial characteristics and growth prospects.

### Complete Sales

Stock Name	Transaction Rationale
Zai Lab HK Line	Zai Labs is a Sino-US biopharmaceutical company focusing on innovative therapies targeting significant unmet medical needs, in areas such as oncology and neurological conditions. Whilst the market opportunity remains vast, operational performance has lagged our lofty expectations and we are increasingly concerned about the regulatory tensions from both China and the US. Having dropped to a very small position through share price underperformance, we have decided to sell the holding and invest the proceeds in higher conviction ideas elsewhere.

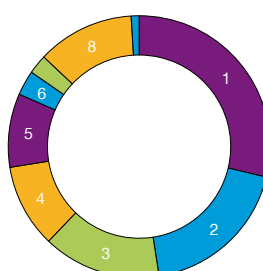
**Sector Analysis (%)**



1	Information Technology	31.3
2	Consumer Discretionary	19.3
3	Financials	16.8
4	Communication Services	10.4
5	Energy	7.8
6	Materials	5.8
7	Consumer Staples	4.6
8	Industrials	1.7
9	Real Estate	0.9
10	Health Care	0.4
11	Cash	1.0

Total may not sum due to rounding.

**Geographic Analysis (%)**



1	China	28.7
2	Taiwan	18.8
3	India	14.6
4	Brazil	10.3
5	South Korea	9.1
6	Mexico	3.1
7	Thailand	2.4
8	Others	12.0
9	Cash	1.0

Total may not sum due to rounding.

**Top Ten Holdings**

Holdings	Fund %	
1	TSMC	14.1
2	Tencent	6.6
3	Samsung Electronics	4.0
4	MercadoLibre	3.7
5	Petrobras	3.5
6	Reliance Industries	3.2
7	Alibaba	3.2
8	Kweichow Moutai	2.5
9	Meituan	2.2
10	SK Hynix	2.1

**Portfolio Characteristics**

Number of holdings	75
Number of countries	19
Number of sectors	10
Number of industries	30
Active Share	68%*
Annual Turnover	19%

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

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	13	Companies	1	Companies	None
Resolutions	92	Resolutions	1	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	PT Bank Rakyat Indonesia (Persero) Tbk, Ping An Insurance (Group) Company of China, Ltd., Samsung Electronics Co., Ltd., Sea Limited, Tencent Holdings Limited, Zijin Mining Group Company Limited
Social	Impala Platinum Holdings Limited, PT Bank Rakyat Indonesia (Persero) Tbk, Ping An Insurance (Group) Company of China, Ltd., Samsung Electronics Co., Ltd., Sea Limited, Tencent Holdings Limited, Zijin Mining Group Company Limited
Governance	Allegro.eu S.A., B3 S.A. - Brasil, Bolsa, BalcAo, Fabrinet, Impala Platinum Holdings Limited, Kaspi.kz Joint Stock Company JSC, Kweichow Moutai Co., Ltd., Ping An Insurance (Group) Company of China, Ltd., Samsung Electronics Co., Ltd., Tech Mahindra Limited, Zijin Mining Group Company Limited
Strategy	B3 S.A. - Brasil, Bolsa, BalcAo, Impala Platinum Holdings Limited, Kaspi.kz Joint Stock Company JSC, Ping An Insurance (Group) Company of China, Ltd., Sea Limited, Tencent Holdings Limited, Zijin Mining Group Company Limited



Asset Name	Fund %
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Tencent	6.6
Samsung Electronics	4.0
MercadoLibre	3.7
Petrobras	3.5
Reliance Industries	3.2
Alibaba	3.2
Kweichow Moutai	2.5
Meituan	2.2
SK Hynix	2.1
MediaTek	2.1
Accton Technology	1.9
Tata Consultancy Services	1.9
Axis Bank	1.9
First Quantum Minerals	1.7
Sea Limited	1.5
Midea	1.5
Hyundai Motor Company	1.5
Bank Rakyat Indonesia	1.5
Ping An Insurance	1.4
Tech Mahindra	1.4
China Merchants Bank	1.3
Anker Innovations	1.2
Coupang	1.2
Grupo Financiero Banorte	1.1
UltraTech Cement	1.1
Jio Financial Services Limited	1.1
Kotak Mahindra Bank	1.0
Silergy	1.0
Haier Smart Home	1.0
Credicorp	0.9
FEMSA	0.9
JD.com	0.9
Impala Platinum	0.9
HDFC Life Insurance	0.9
PB Fintech	0.9
Nu Holdings	0.9
Baidu.com	0.9
KE Holdings	0.9
Fabrinet	0.8
B3	0.8
Saudi Tadawul Group	0.8
Mobile World Investment Corporation	0.8
Shenzhen International	0.8
Allegro.eu	0.7
Kaspi.kz	0.7

Asset Name	Fund %
Delhivery	0.7
E Ink	0.7
Copa Holdings	0.7
Tencent Music Entertainment Group	0.7
Walmex	0.6
FirstRand	0.6
Valeura Energy	0.6
Zijin Mining	0.6
Lundin Mining	0.5
Natura & Co.	0.5
Haidilao International	0.5
SCB X	0.5
Banco Bradesco	0.5
Brilliance China Automotive	0.5
PTT Exploration and Production	0.4
BeiGene	0.4
KGHM Polska Miedz	0.4
Kuaishou Technology	0.4
Cemex	0.4
Li Ning	0.4
Raizen	0.3
WNS Global Services	0.3
NAVER Corp	0.3
Soquimich	0.2
Hyundai Motor India Limited	0.2
Lufax Holding	0.1
Norilsk Nickel	0.0
Sberbank	0.0
Moscow Exchange	0.0
Cash	1.0
<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.

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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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## Contacts

### Anthony Spagnolo

Tel: (416) 505 5927

email: [Anthony.Spagnolo@bailliegifford.com](mailto: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](mailto:CanadaClientService@bailliegifford.com)