

# Baillie Gifford™

## Baillie Gifford Overseas 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 equities outside the U.S. and Canada. Performance will be measured against the MSCI EAFE Index.

### Investment Proposition

The Fund aims to represent the best international growth investments from across Baillie Gifford's research teams. The Fund is constructed on a bottom-up basis and aims to invest in companies that enjoy sustainable competitive advantages in their industries and which we believe will grow faster than the market average over time. We aim to take a genuinely long-term investment perspective with the resolve to ignore short-term market distractions. Baillie Gifford's culture and stable partnership structure is fundamental in allowing this philosophy to flourish.

### Fund Facts

Launch Date	March 31, 1998
Fund Size	C\$179.7m
Benchmark	MSCI EAFE Index
Current Active Share	86%*
Current Annual Turnover	21%
Style	Long term, bottom-up growth
Stocks (guideline range)	60-90
Current Number of Stocks	68

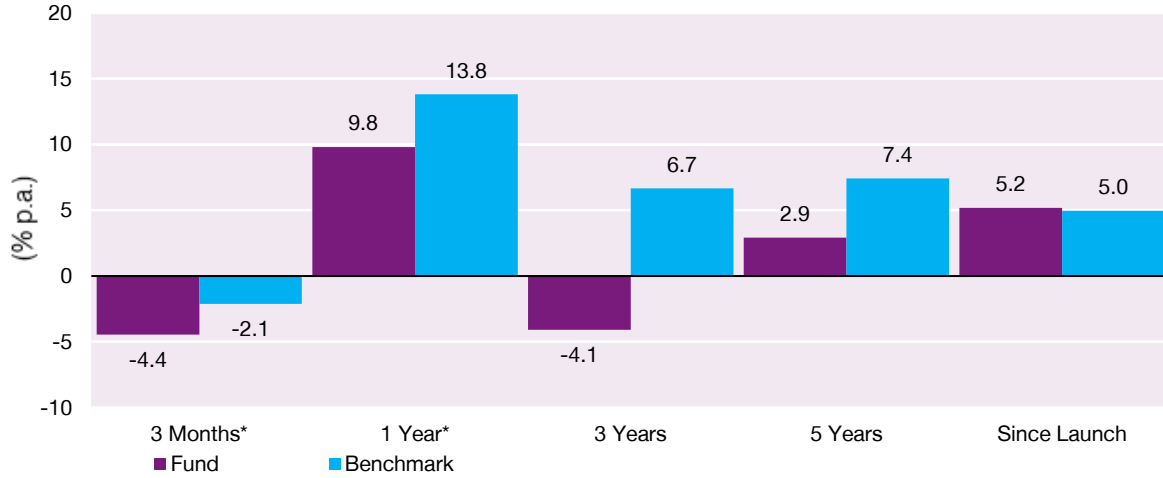
\*Relative to MSCI EAFE Index. Source: Baillie Gifford & Co, MSCI.

### International All Cap Portfolio Construction Group

Name	Job Title	Years' Experience
Joe Faraday	Investment Manager	22
Iain Campbell*	Investment Manager	20
Stephen Paice*	Investment Manager	19
Milena Mileva*	Investment Manager	15
Sophie Earnshaw	Investment Manager	14
Alex Summers	Investment Manager	11

\*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 %	26.4	3.5	-25.8	8.3	9.8
Benchmark %	6.4	10.8	-7.8	15.7	13.8

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: March 31, 1998.

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 (%)
TSMC	0.8
United Overseas Bank	0.5
Wise	0.5
Games Workshop	0.4
Novo Nordisk	0.4

### Bottom Five Contributors

Asset Name	Contribution (%)
Unicharm	-0.3
Shiseido	-0.3
Atlas Copco	-0.3
Shimano	-0.3
MercadoLibre	-0.3

One Year to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
TSMC	2.2
Spotify	1.2
United Overseas Bank	0.7
Nestle	0.6
Games Workshop	0.5

### Bottom Five Contributors

Asset Name	Contribution (%)
Sartorius	-0.9
Remy Cointreau	-0.7
Shiseido	-0.7
SMC	-0.7
Jeronimo Martins	-0.6

Five Years to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
TSMC	3.3
Spotify	1.4
Nibe Industrier	1.1
Mettler-Toledo	1.0
Richemont	1.0

### Bottom Five Contributors

Asset Name	Contribution (%)
Shiseido	-2.6
Farfetch	-1.5
Alibaba	-1.2
Auto1	-1.2
Remy Cointreau	-1.1

Source: Revolution, MSCI. Baillie Gifford Overseas Fund relative to MSCI EAFE 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

Following the US presidential election, the divergence between US and international equity markets has intensified, with the valuation gap reaching its highest point in two decades. Our investment philosophy is to invest in individual companies, not markets. Overall, the recent operational performance of the fund's holdings has been positive, and it has been particularly pleasing to see this being rewarded in terms of share prices. We maintain our unwavering focus on identifying companies with exceptional growth potential that can become the leaders of tomorrow.

## Performance

Detractors over the period included Atlas Copco, Unicharm and Shiseido.

Atlas Copco's revenue growth showed signs of moderation in the quarter, with projected Q4 sales representing a slight decrease from the previous quarter. However, the company maintained strong earnings before interest and tax margin of around 16%, indicating continued operational efficiency. Atlas Copco has repeatedly demonstrated its ability to navigate global economic uncertainties while maintaining profitability, and the company's ongoing investments in research and development, which remained steady at around 4% of revenue, give us confidence in the company's long-term growth prospects.

Unicharm manufactures a variety of products for the home, hygiene and pet care markets. The weakness in its share price this quarter was linked to its latest results falling short of analysts' expectations. Overall revenues were flat, but there was a contraction in both net income and profit margin over the period. The weaker Japanese market inevitably didn't help, and the recovery in baby care has been hampered by stiff competition. However, with steady expansion in other areas, such as feminine care, expansion into areas such as India and Africa and leveraging digital efficiencies, we believe Unicharm is still well positioned for growth in the coming years.

Shiseido's share price in Q4 2024 was affected by its financial performance and strategic initiatives. Shiseido's full-year 2024 revenue forecast suggested only a modest 1% growth from 2023. Shiseido's ongoing efforts to restructure its business, focus on premium brands, and expand in key markets such as China sound sensible, but the market requires to see some evidence of traction before too long.

Positive influences on performance this quarter included TSMC, United Overseas Bank (UOB) and Games Workshop.

TSMC saw strong performance in the quarter, driven by continued robust demand for artificial intelligence chips. The company reported a 34% year-over-year increase in consolidated revenue. TSMC's leadership in advanced process nodes like 5nm and 3nm, as well as its focus on advanced packaging services for artificial intelligence applications, contributed to its solid results. The company's stock price demonstrated strong performance, reinforcing investor confidence despite broader economic uncertainties.

UOB's share price was positively influenced by its upward revision of Vietnam's 2024 gross domestic product growth forecast to 6.4% from 5.9%. This revision came after Vietnam's surprisingly strong Q3 2024 economic performance, which saw 7.4% growth despite the impact of typhoon Yagi. The bank's confidence in Vietnam's economic resilience and the continued strength of the manufacturing and services sectors provided a boost to sentiment towards UOB, given its exposure to the Southeast Asian market.

Games Workshop experienced a significant uplift in share price during the final quarter of the year, driven by strong financial performance. The company's shares surged 14% following an update that showed core revenue growth of 11% to at least £260 million for the six months to December 1, 2024. This performance, coupled with increased licensing revenue from the launch of the Space Marine 2 video game, propelled Games Workshop's market value higher. The company's unique business model and efficient cost optimization continue to impress, and we believe there is much more to come from the business.

## Notable transactions

New purchases in the quarter included TotalEnergies and Chugai Pharmaceuticals.

TotalEnergies is a leading diversified energy company. Total is well placed to benefit from the ongoing use of oil and the push towards greater adoption of renewables and liquefied natural gas. It has a strong long-term track record of deploying significant capital and we regard its management team highly. We believe Total will perform well in both orderly and disorderly energy transition scenarios.

Chugai has a strong track record of innovative drug discovery which we think is due to its unusual culture (a function of the Roche ownership, its founders influence and its early experience in biologics). We think its pipeline is interesting with several bispecific anti-bodies coming to market, exposure to obesity and, towards the end of the 2020s, a number of peptide-based drugs.

We have sold the position in precision weighing equipment manufacturer, Mettler-Toledo. Its valuation looks stretched and we believe the probability of a further doubling in value looks limited.

## Market Outlook

In periods of political transition, markets often fixate on short-term volatility, but exceptional companies have consistently demonstrated their ability to generate sustainable growth regardless of who occupies positions of power. The most compelling investment opportunities emerge from businesses that fundamentally disrupt existing paradigms through innovation and sustainable competitive advantages. These companies don't merely react to external circumstances - they actively shape their destinies through visionary leadership and innovative solutions, creating enduring value across market cycles. By focusing on businesses with the potential to deliver decade-long profitable growth and maintaining a patient, long-term investment horizon, we seek to capitalise on the market's persistent inefficiency in pricing sustained excellence. These

transformative companies, driven by skilled management and durable franchises, often deliver asymmetric returns by reshaping entire industries and generating significant earnings growth that transcends short-term political or macroeconomic fluctuations.

Transactions from 01 October 2024 to 31 December 2024.

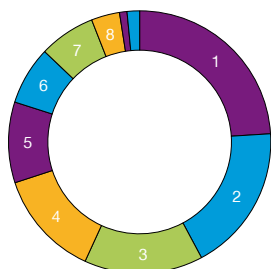
### New Purchases

Stock Name	Transaction Rationale
Chugai Pharmaceutical	We took a new holding in a Japanese pharmaceutical company, Chugai. It has a strong track record of innovative drug discovery which we think is due to its unusual culture. This culture is a function of Roche's influence as a large shareholder and strategic partner, its founder's influence and its early experience in biologics. We think its pipeline is interesting with several bispecific anti-bodies coming to market, exposure to obesity via orforglipron and GYM329 and towards the end of the 2020s a number of peptide-based drugs. We have been following this for a while and recent share price weakness has given us the opportunity to buy it for the fund.
DSV B Temp Line	We participated in a placing to help fund the acquisition of the German logistics business, DB Schenker.
SEB Bank	We have taken a new holding for the fund in Swedish bank, SEB. We think this is an unusually resilient bank, something which is a function of its ownership (Wallenberg family via Investor AB) and conservative approach to lending and capital. This is demonstrated in its low average loan losses and high tier 1 capital ratio. We expect it to grow above the average European bank as a result of its skew towards corporate lending, while it may also benefit from a more capital-intensive decade of growth in Europe, its exposure to more rapidly growing Baltic markets and its expertise in Green Lending. The bank has excess capital which adds the prospect of a period of capital returns through dividends and buybacks. The starting valuation reflects some uncertainty around Nordic real estate, changing capital requirements, and falling interest rates. However, based on our expectation of a mid-teens return on equity and capital returns we think there is scope to double our money on a 5-year view.
TotalEnergies	TotalEnergies is a leading diversified energy company. Total is well placed to benefit from the ongoing use of oil and the push towards greater adoption of renewables and liquefied natural gas. It has a strong long-term track record of deploying significant capital and we regard its management team highly. We believe Total will perform well in both orderly and disorderly energy transition scenarios and have therefore taken a holding for the fund.

### Complete Sales

Stock Name	Transaction Rationale
Mettler-Toledo	We have sold the position in precision weighing equipment manufacturer, Mettler-Toledo. Its valuation looks stretched and we believe the probability of a further doubling in value looks limited.
Reliance Industries Ltd	We have sold the shares in Indian conglomerate, Reliance. It has proved a poor proxy for the development of the Indian economy and we have concerns about the strength of its retail business.

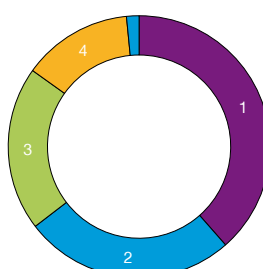
**Sector Analysis (%)**



1	Industrials	24.0
2	Financials	18.2
3	Information Technology	14.6
4	Consumer Discretionary	13.1
5	Consumer Staples	10.0
6	Communication Services	7.2
7	Health Care	6.9
8	Materials	3.5
9	Energy	0.9
10	Cash	1.5

Total may not sum due to rounding.

**Geographic Analysis (%)**



1	Europe (ex UK)	38.5
2	Developed Asia Pacific	26.1
3	UK	20.3
4	Emerging Markets	13.6
5	Cash	1.5

Total may not sum due to rounding.

**Top Ten Holdings**

Holdings	Fund %	
1	TSMC	5.0
2	United Overseas Bank	3.9
3	ASML	2.9
4	Investor	2.7
5	Auto Trader	2.5
6	MercadoLibre	2.5
7	Atlas Copco	2.5
8	DSV	2.2
9	Lonza	2.2
10	AIA	2.2

**Portfolio Characteristics**

Number of holdings	68
Number of countries	20
Number of sectors	9
Number of industries	33
Active Share	86%*
Annual Turnover	21%

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

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 7	Companies 1	Companies None
Resolutions 51	Resolutions 1	Resolutions None

Company Engagement

Engagement Type	Company
Environmental	BHP Group Limited, Samsung Electronics Co., Ltd., Tencent Holdings Limited, TotalEnergies SE
Social	LY Corporation, Samsung Electronics Co., Ltd., Tencent Holdings Limited, TotalEnergies SE
Governance	AIA Group Limited, ASML Holding N.V., B3 S.A. - Brasil, Bolsa, BalcAo, Burberry Group plc, Compagnie Financière Richemont SA, Games Workshop Group PLC, LY Corporation, Nemetschek SE, Olympus Corporation, Ryanair Holdings plc, Samsung Electronics Co., Ltd.
Strategy	B3 S.A. - Brasil, Bolsa, BalcAo, Epiroc AB (publ), Tencent Holdings Limited



Asset Name	Fund %
TSMC	5.0
United Overseas Bank	3.9
ASML	2.9
Investor	2.7
Auto Trader	2.5
MercadoLibre	2.5
Atlas Copco	2.5
DSV	2.2
Lonza	2.2
AIA	2.2
Experian	2.2
Games Workshop	2.1
Richemont	2.1
Recruit Holdings	2.0
Jeronimo Martins	2.0
Unilever	1.9
Techtronic Industries	1.8
Weir	1.7
Adyen	1.7
Exor N.V.	1.6
Assa Abloy	1.6
Bunzl	1.6
Rightmove	1.4
LVMH	1.4
Olympus	1.4
Ryanair	1.4
Tencent	1.4
Air Liquide	1.4
Keyence	1.3
SMC	1.3
Ashtead	1.3
AB InBev	1.3
Nemetschek	1.3
Wise	1.3
IMCD	1.3
Spotify	1.3
Systemex	1.3
Intertek	1.2
BHP Group	1.2
Partners	1.2
Sartorius Group	1.2
Tokyo Electron	1.1
Unicharm	1.1
Epiroc	1.1
Shimano	1.1
HDFC Bank	1.1

Asset Name	Fund %
Hong Kong Exchanges & Clearing	1.0
Prosus	1.0
Greggs	1.0
Nippon Paint	1.0
Murata Manufacturing	0.9
Shiseido	0.9
Total	0.9
Cosmos Pharmaceutical	0.9
SEB	0.9
Chugai Pharmaceutical	0.9
Trainline	0.9
Softcat	0.7
CATL	0.7
Samsung Electronics	0.6
FEMSA	0.6
Remy Cointreau	0.6
LY Corporation	0.6
Soitec	0.6
Midea	0.6
Raia Drogasil	0.6
B3	0.6
Burberry	0.5
Cash	1.5
<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

### Overseas Fund Management Fees

0.52% first C\$150m

0.40% next C\$450m

0.30% next C\$900m

0.25% 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 0.11%, 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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