

## Baillie Gifford International Fund

31 December 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

### Investment Proposition

The Fund invests in an actively managed portfolio of stocks from around the world (excluding the UK) with the aim of delivering significantly higher total returns than the corresponding index before fees. We focus on companies which we believe offer above average profit growth and we invest with a long-term (five year) perspective. The Fund's three dedicated investment managers draw on a combination of their own investment ideas and those of our various investment teams to produce a portfolio that typically holds 70-120 stocks.

### Fund Facts

Fund Launch Date	01 July 1980
Fund Size	£1221.0m
IA Sector	Global
Active Share	79%*
Current Annual Turnover	24%
Current number of stocks	87
Stocks (guideline range)	70-120

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

### Fund Manager

Name	Years' Experience
Malcolm MacColl*	25
Spencer Adair*	24
Helen Xiong*	16

\*Partner

## Fund Objective

To outperform (after deduction of costs) the MSCI ACWI ex UK Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Global Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

## Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	4.1	12.7	0.6	8.1
Index (%)*	6.4	20.5	8.7	12.1
Target (%)**	6.9	23.0	10.9	14.3
Sector Average (%)***	3.5	12.6	4.1	8.9

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.

Share class returns calculated using 10am prices, while the Index is calculated close-to-close.

Baillie Gifford operates a single swinging price for the Fund and, therefore, may apply a dilution adjustment to the price to protect long-term investors from the costs associated with buying and selling underlying investments that result from other investors joining or leaving the Fund. This adjustment will affect relative performance, either positively or negatively.

\*MSCI ACWI ex UK Index.

\*\*MSCI ACWI ex UK Index (in sterling) plus at least 2% per annum over rolling five-year periods.

\*\*\*IA Global Sector.

## Discrete Performance

	31/12/19- 31/12/20	31/12/20- 31/12/21	31/12/21- 31/12/22	31/12/22- 31/12/23	31/12/23- 31/12/24
Class B-Acc (%)	33.9	8.4	-20.4	13.5	12.7
Index (%)*	14.5	20.2	-8.2	16.2	20.5
Target (%)**	16.8	22.6	-6.3	18.6	23.0
Sector Average (%)***	15.3	17.7	-11.1	12.7	12.6

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.

Share class returns calculated using 10am prices, while the Index is calculated close-to-close.

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\*MSCI ACWI ex UK Index.

\*\*MSCI ACWI ex UK Index (in sterling) plus at least 2% per annum over rolling five-year periods.

\*\*\*IA Global Sector.

## Market environment

Global stock markets showed mixed performance over the quarter, with sustained outperformance seen particularly at some of the largest US technology companies, coupled with periods of volatility due to changing economic conditions and geopolitical uncertainties. Stock markets around the world responded to the US presidential election outcome, with businesses and sectors viewed as beneficiaries of Trump's likely policies rising in value, and those perceived as vulnerable selling off. Ongoing US-China trade tensions and their impact on global supply chains also continued to influence market dynamics, particularly in light of Trump announcing plans for potential new tariffs on Chinese imports.

## Performance

The Fund underperformed the MSCI AWCI ex UK Index over the quarter. Detractors from performance included the US health insurer Elevance Health, the Danish pharmaceutical business Novo Nordisk, and the US-based defence company AeroVironment.

Elevance Health has had a tough year. It has a large customer base of Medicaid customers, but this group has shrunk following the reintroduction of enrolment eligibility requirement that had been suspended during and immediately after the pandemic. The company's exposure to this part of the customer population appears to have been seen as a vulnerability in the aftermath of Trump's election. We view Elevance as a critical piece of US healthcare infrastructure that is expanding the range of services it can offer. We think it can return to steady compound growth as it works through a tricky adjustment.

During the quarter, Novo Nordisk released the eagerly awaited results of its late-stage clinical trial for its CagriSema product, heralded as a potentially higher-efficacy weight loss alternative to existing products. Trial results showed that CagriSema helped patients reduce their weight by 22.7%, below the 25% the company had forecast. As a leader in diabetes and metabolic disease, we expect Novo Nordisk to gain a significant share of the obesity market. We continue to believe the company has an under-appreciated competitive advantage in manufacturing that will be technically difficult and costly to replicate.

AeroVironment saw share price declines despite posting strong quarterly results. Total revenues were higher year-over-year, and the loitering munition systems segment doubled in size from the previous year due to increasing international

demand for its Switchblade drones. The uncrewed systems segment, however, saw a sharp decline in revenue due to a drop in sales to Ukraine. Over the longer term, our conviction remains high that AeroVironment will be a major beneficiary of the long-term structural trend of upgrading defence systems globally.

Contributors to performance include the e-commerce platform Shopify, which announced a strong financial update. Shopify is growing revenues quickly and is generating such strong cash margins that it plans to recycle further margin gains into investment in the business. Its artificial intelligence (AI) productivity tools for its merchant customers are making it easier to operate online stores and we expect Shopify to continue to innovate. We have taken the opportunity to moderate the position size following the jump in share price.

US food delivery giant DoorDash is going from strength to strength. Despite intense competition, it dominates the market, is achieving growth in subscriber members and is delivering growth not just in its core restaurant delivery platform but also through other new verticals (such as groceries) as it expands into adjacent categories. We retain high conviction in the long-term future for DoorDash to become the last-mile delivery partner for merchants across the US and beyond.

A new position for the Fund (purchased in September), the US coffee chain Dutch Bros saw its share price perform well following strong results that beat expectations. We believe the company's long-term goal of reaching over 4000 outlets over the next 10-15 years (from a base of around 950 today) - alongside the potential to improve what are already excellent store-level economics by introducing mobile order & pay and adding more food products to its menu - makes this a compelling investment case.

## Notable transactions

In the final quarter of the year, we bought one new position: Brookfield Corporation. Brookfield is one of the world's largest alternative investment management companies, investing in areas such as real estate, infrastructure, and renewables. The company's strong track record in directly managing real assets and its 'one-stop-shop' global scale leave it well-positioned to benefit from a boom in spending on infrastructure and private credit. We took advantage of an attractive entry price to bring this strong diversifier into the Fund.

We took the chance to moderate some position sizes this quarter (having added to them previously) as share prices have risen as a reflection of strong progress made. These include Shopify (see above) and advertising technology company The Trade Desk, which has seen robust demand for its programmatic advertising services. The position size of the heating, ventilation, and air conditioning business Comfort Systems was also reduced on share price strength, with the company benefiting from supportive legislation to replace and upgrade US infrastructure, the reshoring of US manufacturing, and the green energy transition.

### **Market Outlook**

In recent months, stock markets have focussed heavily on the potential winners and losers that may come from Trump's presidency, changes in interest rate expectations, and, of course, the deployment of artificial intelligence. We agree that these are important considerations, but we focus instead on our fundamental belief that share prices will follow earnings growth over the long term, as they have done for over a century. The companies we own are making solid and improving progress in pursuit of their own growth opportunities. This progress is supported by the breadth of growth drivers represented in the Fund, the diversity of which we have been increasing. Progress at a company level, combined with this wide range of growth drivers, gives us confidence in the outlook for the coming years.

## Stock Level Attribution

### Top and Bottom Ten Contributors to Relative Performance

#### Quarter to 31 December 2024

Stock Name	Contribution (%)
Shopify	0.6
Doordash Inc	0.4
Dutch Bros Inc.	0.3
Cloudflare Inc	0.3
Amazon.com	0.3
Block Inc	0.2
Netflix Inc	0.2
The Trade Desk	0.2
TSMC	0.2
Norwegian Cruise Line Holdings	0.1
Elevance Health Inc	-0.9
Tesla Inc	-0.5
Apple	-0.4
Novo Nordisk	-0.4
Broadcom Inc	-0.4
Prosus N.V.	-0.3
Aerovironment	-0.3
Advanced Drainage Systems	-0.3
Olympus	-0.3
Atlas Copco B	-0.3

#### One Year to 31 December 2024

Stock Name	Contribution (%)
Doordash Inc	0.7
Meta Platforms Inc.	0.7
The Trade Desk	0.6
TSMC	0.5
SEA Ltd	0.5
Spotify Technology SA	0.4
Comfort Systems USA	0.4
Shopify	0.4
CRH	0.3
CATL	0.3
Elevance Health Inc	-1.1
NVIDIA	-0.9
Ryanair	-0.7
Tesla Inc	-0.7
Novo Nordisk	-0.7
Broadcom Inc	-0.6
B3 S.A.	-0.5
BHP Group	-0.5
Apple	-0.5
Moderna Inc	-0.4

Source: Revolution, MSCI. Baillie Gifford International Fund relative to MSCI ACWI ex UK Index.

Some stocks may only have been held for part of the period.

All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing prices.

As Attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.

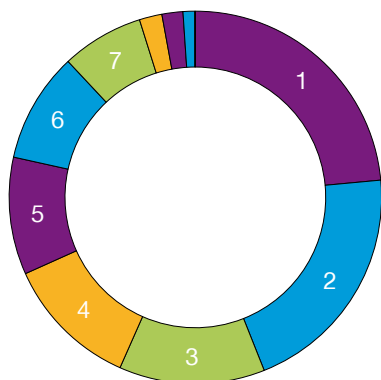
Transactions from 01 October 2024 to 31 December 2024.

New Purchases

Stock Name	Transaction Rationale
Brookfield Corp	<p>Brookfield Corporation is the holding company of one of the world's largest owners and operators of real and alternative assets. Almost half of its underlying assets are a controlling stake in Brookfield Asset Management (BAM), with the rest made up of operating businesses, such as its infrastructure, property and renewables divisions, and a growing wealth solutions business. From its origins as an industrial conglomerate, Brookfield began managing third-party assets in the 1990s and now has over \$1 trillion in assets under management. Its strong track record directly managing real assets and its 'one-stop-shop' global scale leave it well-positioned to benefit from a boom in spending on infrastructure and private credit. At the same time, its fee model means clients are 'locked-in' over long periods. Lastly, the complexity of the holding company assets means it currently trades at a large discount to the underlying asset value. This discount could narrow as the company lists the rest of its BAM shares. The combination of Brookfield's strong track record, structural growth, and an attractive entry price have led us to take an initial position in the company.</p>

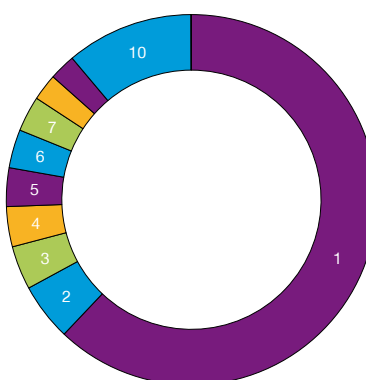
There were no complete sales during the period.

**Sector Exposure**



		%
1	Consumer Discretionary	23.5
2	Information Technology	20.5
3	Communication Services	12.7
4	Financials	11.7
5	Industrials	10.2
6	Health Care	9.6
7	Materials	7.1
8	Real Estate	2.0
9	Energy	1.8
10	Consumer Staples	1.0
11	Cash	0.0

**Geographic Exposure**



		%
1	United States	62.1
2	Netherlands	5.0
3	Ireland	3.8
4	Taiwan	3.5
5	Japan	3.4
6	China	3.4
7	Canada	3.1
8	Brazil	2.3
9	Sweden	2.3
10	Others	11.1
11	Cash	0.0

As well as cash in the bank, the cash balance includes unsettled cash flows arising from both shareholder flows and outstanding trades. Therefore, a negative balance may arise from timing differences between shareholder flows and security trading, and does not necessarily represent a bank overdraft.

**Top Ten Holdings**

Stock Name	Description of Business	% of Portfolio
Amazon.com	E-commerce, computing infrastructure, streaming and more	4.5
Microsoft	Technology company offering software, hardware and cloud services	4.3
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	4.2
Meta Platforms	Social media and advertising platform	4.2
TSMC	Semiconductor manufacturer	3.5
Martin Marietta Materials	Cement and aggregates manufacturer	3.1
Prosus	Portfolio of online consumer companies including Tencent	3.0
DoorDash	Provides restaurant food delivery services	2.8
Elevance Health Inc.	US health insurer	2.4
Service Corporation International	Funeral services operator	2.3
<b>Total</b>		<b>34.2</b>

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	10	Companies	2	Companies	None
Resolutions	84	Resolutions	9	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	AeroVironment, Inc., Amazon.com, Inc., Analog Devices, Inc., BHP Group Limited, Moderna, Inc., Neogen Corporation, PDD Holdings Inc., Samsung Electronics Co., Ltd., Sea Limited, Shopify Inc., The Trade Desk, Inc.
Social	Albemarle Corporation, Amazon.com, Inc., Cloudflare, Inc., CyberAgent, Inc., PDD Holdings Inc., Samsung Electronics Co., Ltd., Sea Limited, The Trade Desk, Inc.
Governance	AIA Group Limited, Albemarle Corporation, Amazon.com, Inc., Analog Devices, Inc., B3 S.A. - Brasil, Bolsa, BalcAo, CBRE Group, Inc., Compagnie Financière Richemont SA, CyberAgent, Inc., Kweichow Moutai Co., Ltd., Microsoft Corporation, Moderna, Inc., Moody's Corporation, Neogen Corporation, Olympus Corporation, Ryanair Holdings plc, Samsung Electronics Co., Ltd., Schibsted ASA, Shopify Inc., SiteOne Landscape Supply, Inc.
Strategy	Albemarle Corporation, B3 S.A. - Brasil, Bolsa, BalcAo, Cloudflare, Inc., Epiroc AB (publ), Moderna, Inc., Sea Limited, The Trade Desk, Inc.

For further details on company engagement please contact us. You can also find further information on how we integrate environmental, social and governance (ESG) matters into our investment approach, [here](#).



Asset Name	Fund %	Asset Name	Fund %
Amazon.com	4.5	Spotify	0.7
Microsoft	4.3	Eaton	0.7
NVIDIA	4.2	Datadog	0.7
Meta Platforms	4.2	Norwegian Cruise Line Holdings Ltd.	0.7
TSMC	3.5	Comfort Systems USA	0.7
Martin Marietta Materials	3.1	Kweichow Moutai	0.7
Prosus	3.0	Thermo Fisher Scientific	0.7
DoorDash	2.8	Schibsted	0.7
Elevance Health Inc.	2.4	CoStar	0.7
Service Corporation International	2.3	Stella-Jones	0.6
Mastercard	2.3	Builders FirstSource	0.6
Ryanair	2.3	ASM International	0.6
Shopify	2.0	Petrobras	0.6
The Trade Desk	1.8	Entegris	0.6
Alphabet	1.7	SMC	0.6
Block	1.7	Samsung Electronics	0.6
CRH	1.5	Nippon Paint	0.6
Novo Nordisk	1.5	SiteOne Landscape Supply	0.5
Netflix	1.5	Epiroc	0.5
Adyen	1.4	Brookfield Corporation	0.5
AutoZone	1.4	B3	0.5
Analog Devices	1.3	Rakuten	0.5
CBRE Group Inc	1.3	YETI Holdings	0.5
Cloudflare	1.3	Floor & Decor	0.5
MercadoLibre	1.2	Nexans	0.4
Reliance Industries	1.2	Soitec	0.4
CATL	1.2	LVMH	0.4
Richemont	1.1	Mobileye	0.3
S&P Global Inc	1.1	Albemarle	0.3
Moody's	1.1	Genmab	0.3
Olympus	1.1	Sartorius Stedim Biotech	0.3
AJ Gallagher	1.1	Shiseido	0.3
AIA	1.0	Brunswick Corp	0.3
Atlas Copco	1.0	Neogen Corporation	0.3
BHP Group	1.0	CyberAgent	0.3
Texas Instruments	1.0	Moderna	0.3
Markel	1.0	Sberbank	0.0
Sea Limited	0.9	Abiomed CVR Line	0.0
UnitedHealth Group	0.9	Cash	0.0
Royalty Pharma	0.9	<b>Total</b>	<b>100.0</b>
Chewy	0.9		
Coupang	0.9		
AeroVironment	0.9		
Dutch Bros	0.8		
Alnylam Pharmaceuticals	0.8		
Li Auto	0.8		
Advanced Drainage Systems	0.7		
PDD Holdings	0.7		
Walt Disney	0.7		

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Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Acc	01 July 1980	GB0005941272	0594127	0.57	0.60
Class B-Inc	04 October 1999	GB0005940316	0594031	0.57	0.60

The table displays the primary shares classes. Other share classes may be available for those investors who have a separate arrangement. Charges will reduce the value of your investment. Please refer to the Prospectus and Key Investor Information Document for further details. The Ongoing Charges Figure ('OCF') may be lower than previous declarations as a result of a revision to how the indirect fees associated with closed-ended investment companies need to be shown. This does not necessarily mean that fund expenses have gone down rather that we have reverted to how they have been calculated until 30 June 2022 to reflect the revised Investment Association's Guidance on Disclosure of Fund Charges and Costs (July 2020, updated January 2022, revised November 2023). A more detailed Costs and Charges disclosure is available upon request.

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#### **Additional Geographical Location Information**

**Israel:** This Report, as well as investment in the Fund described herein, is directed at and intended for Investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 (“Sophisticated Investors”); and (2) the First Schedule of the Investment Advice Law (“Qualified Clients”).

The Fund’s share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced.

As with any investment, the clients’ capital is at risk. Past performance is not a guide to future returns.

Throughout the report all figures are rounded, so any totals may not sum. Not all stocks mentioned may be held by the portfolio.

All information as at 31 December 2024 and source is Baillie Gifford & Co unless otherwise stated.