

Order execution and trade handling policy

June 2024

Contents

Introduction	01
Scope	02
Order execution	03
Choice of venues and entities for execution	03
Trading methods, associated costs and best execution	04
(i) Equities	
(ii) Bonds	
(iii) OTC derivatives	
(iv) Listed derivatives	
(v) Spot FX	
(vi) Collective investment vehicles	
Review, governance and oversight	08
Definitions	11
Information to clients	12
Appendix – execution and trading venues	13
A. Equities	
B. Equity algorithmic trading	
C. Fixed income counterparties	
D. Derivative and FX counterparties	
E. Electronic trading venues	

Introduction

Baillie Gifford invests in various asset classes, including equities, bonds, foreign exchange, futures, swaps and other derivative instruments on behalf of our clients, as part of the investment management services which we provide. This will include both MiFID and non-MiFID instruments. In carrying out this activity, we act in accordance with the best interests of our clients when we execute orders and transmit or place orders on their behalf with other entities for execution. Consequently, we have established an order execution and trade handling policy to comply with our overarching best execution obligation and to promote transparency so that clients can better understand our trading practices and the related charges and costs associated with that trading. Baillie Gifford only undertakes orders on behalf of ‘professional clients’ and does not consider the rules relating to retail client orders, in respect to its trading operations.

This document sets out Baillie Gifford’s approach to achieving the best execution for its clients in accordance with the regulatory requirements to which it is subject, including the rules of the UK Financial Conduct Authority (FCA) and all applicable rules and regulations across the jurisdictions in which Baillie Gifford conducts business. The policy is subject to regular review to ensure it remains accurate and up to date. It is overseen by our Best Execution Group (‘BExG’) and is reviewed and approved at least annually, or promptly should there be any material change in the interim. The review, oversight and governance around best execution is covered in more detail within section six (see page 08).

The policy is required to include information on each class of financial instrument we trade in. The same process for multiple classes of financial instruments is combined to avoid unnecessary duplication.

Scope

This Policy applies to Baillie Gifford & Co and Baillie Gifford Overseas Limited, ('BGO'), through which investments are made on behalf of institutional clients, including a range of pooled investment vehicles operated by Group entities. All trading is executed through BGO and Baillie Gifford Asia (Hong Kong) Limited ('BGA(HK)'), as Baillie Gifford & Co has delegated this activity to its affiliates. BGA(HK) has adopted this Policy to meet its trade execution obligations.

Baillie Gifford Investment Management (Europe) Limited ('BGE') has delegated portfolio management to BGO and has adopted this Policy, to meet its obligations under the Alternative Investment Fund Managers Directive and UCITS Regulation. It has also adopted this Policy to meet its obligations as a financial service provider under the Swiss Financial Services Act (FinSA). Baillie Gifford & Co Limited has delegated portfolio management to Baillie Gifford & Co and BGO however, in order to meet its requirements under the Alternative Investment Fund Managers Directive/the UK AIFMD regime, it has adopted this Policy. They are also required to provide appropriate information to investors in UK UCITS/EEA UCITS Scheme.

Baillie Gifford International LLC utilises personnel and resources of BGO for portfolio management under a 'participating affiliate' arrangement with BGO. Baillie Gifford International LLC has adopted this Policy, to meet its obligations as an Investment Adviser.

References to 'Baillie Gifford', 'we', 'us' or 'our' are to these entities. References to 'client(s)' and 'fund(s)' may be used interchangeably depending on the type of account being traded for.

Direct responsibility for best execution

We believe that where we are executing client orders directly, the responsibility for best execution lies solely with Baillie Gifford. Examples of this include:

01. In equity markets where we request a broker or other liquidity provider to use its own capital in providing liquidity for trades by dealing as principal;
02. In dealer markets where we request a price quotation from a broker or other counterparty (this includes bond trades, over-the-counter derivatives and some types of foreign exchange transactions); and
03. In fixed income and FX trades, we trade directly in the market as a participant in a Multi-Lateral Trading Facility or other trading venue.

When we request a price quotation in thinly traded instruments, we may be limited in the number of counterparts from whom we can request a quotation. In these instances, we will have a legitimate reliance on the counterparts selected to provide accurate price discovery and, therefore, assist us in achieving best execution. Our trader's selection of which trading counterpart to request price discovery from will include factors such as its degree of specialisation in the instrument traded; any trade flows or trading history it is disclosing; the likelihood of execution and the probability of efficient settlement.

Indirect responsibility for best execution

It is Baillie Gifford's responsibility to take sufficient steps to ensure our clients receive best execution consistently. When we place or transmit orders for clients (rather than executing them ourselves), we place reliance on brokers and other counterparties to execute orders on an agency basis with the same level of fiduciary responsibility. In these circumstances, Baillie Gifford is responsible for overseeing and monitoring the the execution quality of the broker or other counterparty.

When best execution may not apply or only applies in limited circumstances

We recognise that specific instructions from our clients fulfil part of Baillie Gifford's best execution requirements when placing an order with another entity for execution. This includes where we are given specific instructions to use a specific broker. Where any instruction relates to only part of the order, we will continue to apply our order execution policy to those aspects of the order not covered by the specific instruction. In any situation where our ability to provide best execution is limited, we will always apply the principle of best efforts to try and achieve the best outcome for clients.

Order execution

When providing portfolio management services to clients, we must act in accordance with the best interests of all our clients. This applies when placing orders with trading entities or using venues for the execution of trades which result from our investment decisions for clients. We take all sufficient steps to obtain the best possible result ('best execution') for our clients taking into account all relevant factors, including:

- costs (implicit and explicit);
- price;
- size;
- speed;
- likelihood of execution;
- likelihood of settlement;
- the nature of the order;
- the ability to retain anonymity in the market; and
- the prevention of information leakage.

The relative importance of each of these factors within our trading process will vary depending upon a number of criteria, namely:

01. the investment intent of the investment manager at Baillie Gifford;
02. the characteristics of financial instruments that are the subject of that order; and
03. the characteristics of the execution venues to which that order can be directed.

Each client order that our traders transact is inherently unique in its characteristics, and market conditions are never constant. The relative importance of the execution factors is, therefore variable. That said, the particular combination of total consideration (price of the instrument and costs of execution, both implicit and explicit) and size are usually the most considered factors when setting our execution strategy. Where an instrument is less liquid, then the likelihood of execution becomes a more important consideration. Another factor relevant to best execution is counterparty risk, particularly in instruments not settled by delivery versus payment. Under this scenario, our credit risk assessment might impact on our selection of who we trade with.

Regulatory requirements provide that 'best execution' does not demand that firms achieve the best possible result with every trade but that the focus is on taking sufficient steps to obtain the best possible result consistently.

Our policy is to have a process that ensures that every client order is treated in a way that aims to maximise the chance of getting the best set of results when trading. For more details, please refer to the supplemental note on 'Conflicts of Interest'.

Choice of venues and entities for execution

We operate centralised trading desks in Edinburgh, Hong Kong and New York, dedicated to achieving the best execution for our clients' orders and our policy is to maintain a choice of venues and entities to ensure our traders have sufficient execution arrangements to comply with our best execution obligations when we place, transmit or execute orders which allow Baillie Gifford to obtain the best possible result for their clients on a consistent basis. Baillie Gifford does not receive any third-party payment or inducement from any execution or trading venue.

Trading objective

Market impact, as an indirect cost of transacting, often exceeds the direct costs of transacting (commission and fees) especially on larger deals. Depending on the trading objective, the primary focus in minimising overall transaction costs is to choose a venue where natural liquidity can be accessed to minimise market impact. If the key execution factor is speed, then it might be necessary to trade either using a trading counterpart's risk capital or on trading venues where, in the opinion of the trader, the order would be executed expeditiously.

Execution venues

There is a wide choice of execution venues or entities that we can utilise to achieve best execution. Baillie Gifford is not affiliated with any investment bank or broker and has not entered into any agreements with any trading counterparty with regard to trading volumes or commitments. The traders are free to use their judgement to select a venue to trade where the best overall terms can be achieved for our clients. Venue selection has become increasingly relevant as market volumes have fragmented into a wider number of trading platforms resulting from greater competition and innovation. To achieve the best execution, our traders look for counterparties with the required technology to reach all potential sources of liquidity, but at the same time, ensure that the handling and routing of our orders does not result in too much risk of signalling our trading intentions to the wider market. Whether or not we are dealing with a MiFID Investment Firm, we expect and will exercise the same duty of care to ensure our commitment to achieving best execution.

For equity trading we have relationships with a number of brokerage firms who transact on our behalf on primary global stock exchanges and other regulated markets, either on an agency basis (working the orders against market liquidity) or on a principal basis (using their own capital to facilitate our orders). Our traders also access algorithmic trading suites supplied by an approved list of providers. In addition, Baillie Gifford might choose to trade on a number of Trading Venues including Systematic Internalisers (SI), Multi-Lateral Trading Facilities (MTF) and Organised Trading Facilities (OTF), and these are listed in the Appendix.

In equities and listed futures, we will typically access trading venues through an executing broker, whereas in OTC markets, we might choose to execute directly on a venue.

Trading with affiliates

Baillie Gifford does not trade on its own account, except in very limited circumstances where it provides initial seeding for new funds or new share classes. Therefore, there is a lower risk of conflicts of interest arising within our trading process. [For more details, refer to the supplemental note on 'Conflicts of Interest'.]

A list of our trading counterparts, providers of algorithmic trading products and trading venues we access is contained in the appendix.

Trading methods, associated costs and best execution

i. Equities

Our strategy is to track a wide variety of trading venues and entities for equity trades and to select the venues or entities that our traders deem appropriate on a trade-by-trade basis. Examples of venues or entities that might be used include:

01. Broking firms where we instruct them to work an order on an agency basis. The broker then owes a duty of care to transact orders on behalf of our clients and shares best execution obligations jointly with the Baillie Gifford traders.
02. Broking firms where we ask them to provide risk pricing on a principal basis, using the broker's own capital to facilitate our orders. Where Baillie Gifford's traders ask for and accept a risk price, the responsibility for best execution solely rests with us.
03. Algorithmic trading, where we trade an order in line with specific parameters, (e.g., a set percentage of traded volume etc.) using a number of broker provided trading algorithms. We have procedures for the use of Electronic Trading Systems which covers for example, due diligence and training.

04. Equity Capital Market (ECM) Desks. From time to time, Baillie Gifford might choose to approach or be approached by a broker's ECM desk regarding the placing of stock. ECM desks typically sit on the non-public or 'insider' side of their business. Any approaches to us will typically go through our Compliance Department, which will determine if the information constitutes inside information. If it does, then the Compliance Department will take the necessary steps as required in our policies around handling inside information, which would include placing a restriction on our buying and selling the affected security during the closed period.

Execution strategy

Before any trade is undertaken, our traders use their experience and available market intelligence to decide how and where to trade. As a general rule, unless speed is the key execution factor, which it rarely is, we will try to identify venues which are sources of natural liquidity before entering an order into the market. Finding a matching buyer or seller eliminates the spread cost between bid and offer prices and helps reduce market impact. When we have large single stock orders to transact, particularly in a size that is greater than the average daily volume, we typically use block trading venues to try and find a size match for our business with a natural counter trade. The negotiated price will be based on the prevailing best bid and offer price on show in the market. In this situation, the relative importance of size is a key factor, although the possibility of trading at the mid-price or better eliminates any spread cost. If a natural counterparty does not exist for the order, our traders will select an execution venue to work an order for us, typically on an agency basis but occasionally asking the broker to commit risk capital. When working on an agency order, the traders are cautious not to expose too much of our order to the market, to avoid information leakage leading to an unnecessary additional impact cost. This is a general strategy adopted when speed is a less important factor than price or the ability to retain anonymity.

We believe that the ability to source liquidity is a key factor in determining best execution and the brokers that consistently provide us with liquidity at the right price to transact our orders will inevitably rise towards the top of our trading list. We give our traders discretion to deal wherever they can to obtain the best liquidity and the lowest transaction costs.

Risk capital

When we have orders that require immediate execution, the relative importance of speed will be the top execution factor, although price will always remain a very important consideration. In these situations, our traders would weigh the merits of using the broker's capital in the form of a principal risk trade, where the guarantee of completion outweighs the cost of a discount or premium attached to that risk. As discussed earlier in the document, when a decision is made to trade against a risk price made by one of our approved trading counterparts, then the responsibility for best execution stays with our trader.

Algorithmic trading

We typically use algorithmic trading primarily for orders that do not require a 'high-touch' execution service from our brokers. For example, a relatively small order in a liquid security can be worked in the market against a suitable benchmark with the minimum cost or market impact. The broker's 'smart order router' will define the optimum amount to trade at the best price and on which venue, subject to the parameters we have adopted with the algorithmic strategy chosen. We select our brokers for algorithmic trading based on previous execution performance and the transparency of their order-handling processes.

The HK trading desk will ensure our algorithmic trading procedures adhere to the Securities and Futures Commission's Guidelines for Electronic Trading. This includes the relevant requirements for management and supervision, system adequacy, record keeping, and risk management. Our HK traders will conduct an annual certification for each algorithmic trading provider in a due diligence questionnaire to acknowledge our understanding of the algorithms. We require our algorithmic trading providers to provide annual training to the desk each year.

Program trading

Our traders also use Program Trading extensively when investing new money for clients, dealing with client outflows or implementing asset allocation changes. When trading in multiple securities for one client simultaneously, a program trade will typically be a more efficient and a cost-effective way of transacting, through lower execution commissions. Traders might choose to remove trades from a program to be worked as single stock orders. The reason for doing so would be because that particular instrument has a different liquidity profile from the rest of the instruments being

traded or because there are already large orders being worked in that name for other clients. When the trader chooses to execute a risk Program Trade (where the broker is asked to use its proprietary capital in facilitating the trade), we generally ask two or more brokers to compete for the business.

Timeliness of execution

The time taken to execute each order depends on its size and the natural liquidity in the market. Our traders are mandated to complete the trade as soon as practicable under the existing market conditions, aiming to minimise market impact and obtain best execution. Based on these factors, our traders have the discretion to set price limits and quantities to be traded, and they liaise with the portfolio managers during an order.

Crossing between clients or funds

Our traders generally refrain from crossing stock between clients owing to the potential conflict of interest which this involves. On the rare occasions that crossing is in the interests of both parties, is permitted and the trade meets best execution requirements for both clients, the agency cross would be executed in a timely manner through a broker in the market.

Application for new issues

We apply the same investment criteria in the primary and secondary markets and will only apply to investments we believe will offer long-term returns. Under no circumstances will we enter into any agreement around future trading volumes to secure a greater allocation. Our traders will make the final application on our client's behalf. Occasionally, we will consider becoming a cornerstone investor in a deal. We will only do this for clients that do not prohibit us from doing so, accepting that cornerstoning a deal usually involves a lock-up period during which we may not sell any of these shares. Similarly we would only consider sub-underwriting a deal for clients that permit us to do so.

Variation in rates of equity commission

The majority of our equity transactions are conducted on an agency basis and, as a result, bear commission charges. Execution-only commission rates are negotiated on a market-by-market basis and, outside of exceptional circumstances are applied across all trading counterparts. Commission rates are reviewed periodically based on independent surveys, third-party analysis from Transaction Cost Analysis ('TCA') vendors, and general market intelligence which are overseen by the BEXG.

Program trading involves combining a basket of stocks into a single trade and can also lead to a variation in commission rates. Program trades are carried out through a broker working either as a principal, or as an agent. When a broking firm acts as principal it takes on the risk of a trade and thus eliminates our clients' exposure to market movements. When the broker acts as an agent, the risk of the market moving against us remains with the client until the trade is completed. The commission or 'mark-up' for a principal risk program trade is typically higher than an agency program trade as the broker takes the trades on risk. However, when market volatility is high, a principal trade completed immediately at a higher mark-up may be cheaper from a total cost perspective than an agency trade, which may take a few days to complete.

Algorithmic trading allows our traders to directly use broker-supplied trading algorithms without any additional execution services from the broker, such as capital commitment or sales trader contact. Where our traders believe it will provide the best overall outcome for our clients, they will choose to use a broker's proprietary algorithmic platform. The commission rate charged on algorithmic trades is slightly lower than that charged when an order is routed to a sales trader, but we will also be judging ex-ante the total cost of trading, including impact cost when deciding on the appropriate trading strategy.

Commission recapture and directed brokerage

Baillie Gifford no longer take on requests for new commission recapture programs. We still honour existing arrangements operated by our clients, although very few of our brokers now participate in such arrangements. As a result, we cannot guarantee that specific amounts will be returned to the client from these programs.

We will accept client-directed brokerage arrangements to brokerage houses of the client's choice, as long as the brokerage houses are on our list of approved brokers. We will assume the responsibility to override a client's instruction for directed brokerage if it is not in the client's best interest to trade with that broker from a best execution perspective. Occasionally, a client who has requested directed brokerage will be unable to participate in block or aggregated trades, which might adversely impact the price or the commission the client pays.

Higher levels of recapture and directed trades may affect the commission rates paid and ultimately impact the prices at which trades are executed, impeding overall performance.

Trading systems

All equity orders are sent to brokers or crossing networks electronically via Bloomberg's Electronic Management System (EMSX), using FIX protocol. Foreign Exchange deals are also sent electronically from our internal Order Management Systems (OMS) to FX Connect using FIX protocol. Fixed income orders are sent to a range of electronic trading platforms depending on the bond's asset class and liquidity profile.

A full description of the oversight of execution quality across all instrument types is detailed on page 08.

ii. Bonds

The execution model in fixed income instruments combines bilateral risk pricing executed by voice and electronic trading on the venue. The choice of counterparty, strategy for trading and platform selection will be determined by our trader depending on the asset class and liquidity of the instrument involved.

Where we trade more liquid instruments, we execute electronically using 'request for quote' (RFQ), 'request for market' (RFM) or 'All to All' (A2A) functionality. The number of counterparties we put in competition will depend on the order size and the instrument's liquidity profile. Venue selection will depend on the asset class and the trading tools available to suit the order flow. Trading on a venue provides the opportunity to become a price-maker and a price-taker, helping to create additional liquidity and save on the spread cost between the bid and the ask price. It also allows us to reach a wider pool of counterparties.

When handling multiple orders for the same account, the trader may use a Portfolio Trading strategy tool. This minimises information leakage and guarantees execution. In less liquid markets our traders will use pre-trade data to help determine the best counterparty to approach. We will always look to source natural flow to match our trading. Where there is no natural flow, our traders will use their discretion to select a counterparty to work the order through various messaging systems at an agreed price limit.

There are no explicit trading fees in Fixed Income markets. Brokers executing and working our orders may add a spread to the price for matching the buyer and seller or for taking risks on their books. As with all cases, where we trade directly on a trading venue, the responsibility for best execution lies with Baillie Gifford, and the trader is responsible for ensuring we only trade against an entity on our approved counterparty list.

Crossing between clients or funds

On the rare occasions that buying and selling a bond between two funds is in the interests of both parties, is permitted and the trade meets best execution requirements for both funds, our traders will cross between funds at a mid-market price. Our chosen provider to support these trades is ICAP's Cross Trade platform as we believe their fair value price is determined through independent data sourcing (ICE Data Services) and offers a robust price discovery tool.

A fee is charged on either side of the trade, built into the executing price. Where ICAP is not confident in the price, our traders will speak to at least 3 banks to determine the correct bid-offer spread and execute at the mid-price paying a small fee to the executing counterparty or platform for facilitating the trade.

Primary markets

Investment banks bring new issues to the market to allow companies to either refinance existing debt or raise new funds. Should we wish to participate in such a transaction, we will place an order with the lead manager(s) on the deal. Orders for new issues need to be placed manually. We continue working with the industry to find a solution to automate this workflow. Should we receive a partial allocation, the investment team is responsible for deciding whether to purchase more bonds in the secondary market to supplement our new issue allocation. This will typically depend upon the price movement and the availability of bonds in the market after the issue. Baillie Gifford does not offer investment banks any inducement in the form of an agreement for future trading flow to influence any allocation received but may engage with the issuer's management at a fundamental level.

Auctions are a common way to invest in Government Bond Markets where secondary liquidity is often poor. Our traders will place the order at a specified yield with a counterparty who is supporting the deal. Generally, no fees are charged for placing the order.

iii. OTC derivatives

All derivatives must be traded under industry legal documentation. This means our choice of counterparty for voice trading interest rate swaps (IRS), inflation swaps, credit default swaps (CDS), and currency forward contracts is limited to banks with the required documentation. As with the process for bond trading detailed above, how we execute a derivatives trade will depend on the size (DV01) of the transaction and the liquidity available.

Emerging Market IRS trading commonly takes place by voice on a bilateral basis as many of the markets are not clearable and unsupported on electronic trading platforms. For currencies that are available to clear and for those funds set up for clearing, we use Tradeweb as our execution platform.

LCH is our chosen clearing house, and once a trade is executed, the transaction is passed to HSBC, our central clearer. We have CDEA documentation (Cleared Derivative Execution Agreements) in place with several counterparties, allowing us to get competing quotes by voice for cleared currencies that are not supported on Tradeweb. Our CDS contracts are traded bilaterally and executed by voice with banks with which we have ISDA agreements in place. All currency forward trading, whether for hedging or as part of an active currency overlay programme, is executed via the FX Connect MTF platform with our ISDA counterparties.

iv. Listed derivatives

Listed futures in both equity and bond contracts are placed with an approved trading counterpart, who will then trade these on a trading venue. The executed trades are then passed to UBS, which acts as our Futures Clearing Member.

v. Spot FX

Where Baillie Gifford retains responsibility for foreign exchange trading, spot FX trades are executed with our clients' appointed custodian bank or with a bank from Baillie Gifford's approved list of third-party counterparties. Baillie Gifford undertakes an active negotiation process with regard to those direct FX transactions it executes for clients. To avoid doubt, Baillie Gifford shall not employ 'best execution' or actively negotiate rates regarding those indirect FX transactions executed for clients by third parties such as the clients' custodian. Indirect FX transactions are those undertaken without Baillie Gifford's active involvement, such as income repatriation and restricted currency trades. Indirect FX transactions arise as a result of standing instructions at the custodian or if Baillie Gifford trades in a market where local requirements dictate that any FX trade or income related to it has to be traded by a local party, typically the client's custodian or sub-custodian. Checks are performed to ensure direct and indirect custodians subscribe to the FX Global Code, an industry-wide set of guiding principles and standards for adherence by FX market participants.

All foreign exchange spot trading is executed via the FX Connect MTF platform, which allows electronic routing and execution of trades. Prior to trading, and where permitted, our currency exposure is netted as much as possible to ensure we are trading cost-efficiently.

Depending on the currency pair, size of trade and prevailing market conditions, Baillie Gifford traders may decide to place banks in competition with each other. Using the Request For Streaming (RFS) Functionality, we can ask a maximum of six banks to quote on each trade. Trades of larger size may be executed using a single counterparty that has been selected by our trader based on a number of factors including previous execution quality. All rates offered by our banks are checked against live prices from Bloomberg. Any unsatisfactory rates quoted are immediately challenged for improvement by our traders. Our policy is not to speculate on currency movements; therefore, we will trade our FX business as soon as we know it is required.

Our FX Operations team monitors clients' cash positions throughout the day, using information sourced directly from our internal accounting system. Our internally developed Mercury FX System generates FX trades for execution throughout the day. Ad-hoc trades can also be created and executed when required.

vi. Collective investment vehicles

Where Baillie Gifford wishes to deal in a third-party managed collective investment vehicle on behalf of clients, our policy is to route the orders to the Transfer Agent of the underlying fund.

When one of our strategies wishes to invest in a Baillie Gifford managed fund, the traders electronically route the orders to our in-house platform.

Review, governance and oversight

The BExG is chaired by the Head of UK and Group Policy Compliance and is responsible for the oversight and governance for the policies, procedures and practices governing the Best Execution arrangements for Baillie Gifford. The BExG reports to BGO (which is responsible for our trading arrangements) and has an escalation point to the Operational Compliance Committee. The BExG meets on a quarterly basis. The Head of Trading is a Director of BGO.

As referred to earlier, our Best Execution Policy is formally reviewed at least annually or promptly should there be any material change in the interim, as explained in more detail below. The review aims to assess Baillie Gifford's execution arrangements to ensure they are reasonably designed to enable the firm to obtain the best possible result for executing its client orders.

This review will include consideration of including additional or different execution venues or entities; removing of any existing execution venues or entities that we believe should no longer be used for trading, and making any required modifications to this Policy, including determining the relative importance of the best execution factors.

These changes result from feedback on client experiences from our oversight of best execution, including data from trading analytics and qualitative input from the traders based on changes to either market structure or general trading conditions.

The Policy will also be reviewed on the occurrence of a material change in our trading arrangements or a material change in our underlying regulatory obligations. For the purposes of the Policy, a material change means a significant event of an internal or external nature that could impact factors or parameters of best execution, such as cost, price, speed, likelihood of execution, likelihood of settlement, the ability to retain anonymity in the market, prevention of information leakage, size, nature of the order or any other consideration relevant to the execution of the order.

The Policy is a 'living document' and will be periodically updated based on client experience and as a result of our best execution oversight. We will also update the list of execution venues and entities when necessary. We will only notify clients of any material changes to our execution arrangements or the Policy. Clients will not be notified separately of anything deemed non-material. For instance, adding or removing a broker from our approved list would not typically be deemed a material change.

Monitoring adherence to this policy

We monitor our adherence to the Policy and our regulatory obligations in this area through the firm's compliance risk assessment framework and monitoring programme, with oversight from the BExG.

Monitoring of trading

The purpose of our monitoring programme is twofold: first, to test the effectiveness of our overall execution arrangements and, second, to oversee our regulatory obligations regarding best execution.

We monitor our internal processes to ensure the selection of appropriate venues to enable the achievement of 'best execution' for the trading we actively undertake by using TCA tools to identify any trends or outliers against relevant benchmarks, e.g. indicative market rate and internal Volume Weighted Average Price. We also evaluate the order execution arrangements of the counterparts through whom we actively trade on behalf of clients (for example, by receipt and review of their execution policies where governed by MiFID).

A summary of results is presented to the BExG quarterly, and any exceptions are also included in the reporting to the Operational Compliance Committee.

Broker selection

Our Policy is to take all sufficient steps to determine that when transmitting or placing an order with another entity to execute, it has arrangements that will enable Baillie Gifford to comply with the overarching best execution obligation.

In the case of an entity subject to MiFID requirements, we will seek to obtain and review appropriate information on their execution policy and execution arrangements and ensure that we are treated as a Professional Client of that entity.

In the case of entities not subject to MiFID, we must take all sufficient steps to satisfy ourselves that the entity has execution arrangements that allow them to comply with the overarching best execution requirement. In any case where we cannot satisfy ourselves with the above matters, it is our policy not to use that entity.

Baillie Gifford has relationships worldwide with a large number of brokerage firms. Our Business Risk Department maintains a central list of approved brokers with whom orders can be placed.

Brokerage firms are placed on this list subject to an authorisation and ongoing monitoring process, which includes but is not limited to the broker's credit worthiness and financial stability, a review of the performance of execution services provided by the broker, and the broker's ability to trade effectively on our clients' behalf. Limits on counterparty risk are also set for individual brokers and our Business Risk Department reviews and monitors exposures against these limits daily.

Broker selection for trading is determined entirely by the requirement to achieve the best execution for our clients. Members of our trading team regularly conduct a formal evaluation of our main brokers' services. We also meet with each of our main brokers regularly. During these meetings, we discuss any specific service issues that our traders have encountered during the period.

We utilise execution-only commission rates to compensate brokers for trading, as opposed to the 'bundled' format, and therefore, client dealing commission does not include an element for permitted research services in addition to execution.

Trade monitoring

Transaction costs can be broken down into two components: explicit costs of trading including commissions and taxes, whilst implicit costs include market impact and opportunity costs. The implicit costs arising from the poor timing of orders can far exceed the explicit costs.

Explicit costs

As noted earlier, we periodically review our clients' rates of commission paid against the industry averages, against information supplied by independent sources, as well as our own market intelligence and will negotiate with the brokers and other entities used to retain rates that are competitive in each market. Baillie Gifford does not trade synthetically (for example, through the use of Contracts For Difference (CFDs) to avoid any tax liability).

Implicit costs

We define market impact as the difference between the price of a financial instrument when an order is placed with a broker and the price when the transaction is finally executed. Similarly, we define opportunity cost as the difference between the price of a share when an investment manager decides to transact and the price of a share when the order is placed with a broker.

Baillie Gifford employs a Trading Data Analyst within its Trading team and subscribes to trading analytics supplied by TCA providers covering equity, fixed income, foreign exchange and derivative transactions executed by Baillie Gifford traders. In some markets, the analysis is still in its infancy.

The TCA vendors have been chosen for their ability to provide deep best execution analysis across a broad array of metrics. The oversight will deliver meaningful management information to Trading, Compliance, Risk and Baillie Gifford's governing bodies on the quality and appropriateness of our execution arrangements and policies, as well as informed reporting to our clients.

The Baillie Gifford Trading desk monitors the effectiveness of our order execution arrangements during the order's life cycle. Trading data provided by our TCA providers and from within our Execution Management System allows the traders to measure the effectiveness of our order execution arrangements on an ex-ante and an ex-post basis. Throughout the lifetime of the trade, the traders maintain an appropriate level of dialogue with the investment team. On occasion, Baillie Gifford's active investment style and concentrated position sizes will have a negative impact on transaction costs, and in particular on indirect costs.

The BExG also undertakes a quarterly review of the performance of all trading undertaken by Baillie Gifford on behalf of its clients, regardless of how it was executed. This includes trades executed through approved broker Algorithms and other Electronic Trading platforms. Any issues identified which indicate the potential that clients may be due compensation or a change in our processes may be warranted will be investigated and tracked by the BExG through to conclusion.

On top of the review of our existing execution arrangements, it is also important for us to consider the potential performance benefits and execution capabilities of new trading and execution venues. This can be achieved partly through the use of data but also through industry engagement through various trading related forums as well as through bodies such as the Investment Association. The Trading Team also meets regularly to discuss its processes; lessons learned from notable trades and how we are implementing change.

As a firm we rely heavily on the experience of our trading team to minimise transaction costs. Good communication between our investment managers and traders has also proved to be vital to effective trading.

Ongoing learning and development

Each member of our trading team is subject to Continued Professional Development. This includes, but is not limited to, mandatory Compliance training. Our training is theme based with the intention of gold-plating global regulation. Our traders also complete annual refresher training with each of our providers of algorithmic trading products.

Incident resolution

Baillie Gifford has incident reporting, escalation and resolution policies.

It is our expectation that our trading counterparty has sufficiently robust Client Order Handling Policies covering both primary and secondary trading so, in line with our own allocation policy, the broker's clients are all treated fairly. Should we find this not be the case and our traders believe the counterparty has behaved poorly then we will first look to resolve the matter bilaterally before escalating it as deemed appropriate in the context at that time. An example of what we would consider poor market behaviour would be where Baillie Gifford's client allocations are negatively impacted by the broker sharing our trade with a counterparty who had not left them with a firm order or where that client was given a greater allocation than the order they had given to the broker. It should be noted that such behaviour will be judged in the context of the circumstances at that time, as in some circumstances it could be deemed appropriate.

Similarly in the case of any trade dispute, the traders will first look to resolve the issue with the trading counterparty before escalating it within both firms. In no situation will the Baillie Gifford trading team undertake to a broker to provide future order flow or other compensation in respect of the remediation of any trading error.

Definitions

In this document, the following definitions will apply:

Agency cross – when a buyer and a seller trade with each other in size within the bid/ask spread (usually done at the middle price).

Algorithmic trading – the use of a broker's electronic proprietary tools to allow a manager to run trading strategies for their orders (such as matching the volume weighted average price or trading a percentage of daily volume).

Best execution – under MiFID, investment firms are required to take all sufficient steps to obtain, when executing orders, the best possible result for their clients, taking into account price, costs (implicit and explicit), speed, likelihood of execution and settlement, size, nature, the ability to retain anonymity in the market or any other consideration relevant to the execution of the order. The obligation requires firms to obtain the best possible result on a consistent basis, but not on an order-by-order basis.

Bid/ask spread – the difference between the market price quotations for buying and for selling particular securities.

Commission recapture – the process whereby a client directs a manager to place trades through a specific broker, in exchange for which the client will receive a rebate of a portion of the total commission paid, assuming that the particular broker has agreed to take part in a recapture programme. Our ability to achieve the best possible result i.e. best execution and hence our obligation to do so, will be limited to the extent that we are following a specific instruction from our clients when placing an order with another entity for execution.

Crossing network – an electronic execution venue that enables asset managers to match buying and selling orders in securities directly with other asset managers and occasionally other brokers and market participants, away from the primary exchange, but using the best bid and offer price from the market as a reference.

Execution venue – we define an execution venue as either a broker we have given an order to work or a market maker we have traded against on risk.

Explicit costs – means direct costs such as a trading commission, ad valorem tax or other fee.

FIX – the Financial Information Exchange protocol is a technical specification for the sending and receiving of electronic trading information between buyers and sellers in the market.

Implicit cost – this refers to the market impact of the execution. For equities, this is the difference between the price of a financial instrument when an order is placed with a broker and the price of the when the transaction is finally executed.

MiFID – (MiFID/ MiFID Org Regulation) - the Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 and Commission Regulation (EC) No 600/2014 of 15 May 2014 and any applicable implementing EU legislation, delegated acts (directives or regulations) and technical standards and the UK version of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing MiFID of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 (EUWA).

Multi-Lateral Trading Facility (MTF) – means a multi-lateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in the system and in accordance with its nondiscretionary rules in a way that results in a contract in accordance with the provisions of Title II of MiFID.

Opportunity cost – the loss (or gain) incurred as a result of delay in completion of a transaction following a portfolio manager's initial decision to trade.

Organised Trading Facility (OTF) – a multilateral system that is not a Regulated market or MTF. Within an OTF, multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in a way that results in a contract. Equities are not permitted to be traded through an OTF.

Program trade – is a basket of multiple securities all being executed with a defined benchmark. These may be executed on an agency or principal basis.

Regulated market – a multi-lateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID.

Request For Market (RFM) – refers to a process where counterparts are invited to provide a two-way quote, protecting the client and the winning bank from market leakage by not disclosing to the losing banks which side of the trade was executed.

Request For Quote (RFQ) – refers to a process where trading counterparts are invited to quote a price to either buy or sell a particular financial instrument in an agreed quantity.

Request For Stream (RFS) – refers to a process where banks who have been selected and placed in competition with one another, provide access to rates that are subject to frequent updates during an inquiry, allowing the opportunity to execute at the most competitive rate available.

Smart order router – the routing technology used by a broker to send parts or full orders to the venues it chooses in order to obtain the best result for its clients. Dynamic routing is automated to allow the routing engine to move orders quickly from one venue to another to maximise the best outcomes based on prices and volumes.

Systematic Internalisers (SI) – investment firms which, on an organised, frequent, systematic and substantial basis, deal on own account by executing client orders outside a regulated market, MTF or OTF without operating a multilateral system.

Trading venue – a regulated market, MTF or OTF acting in its capacity as such, and, where appropriate, a system outside the UK/EU with similar functions to a regulated market MTF, or OTF.

VWAP – Volume Weighted Average Price. This is the average price of a stock over a particular time period, weighted by the volume traded at each price over that period.

Information to clients

We are obliged to provide appropriate information to our clients about our Execution Policy which is designed to highlight the key aspects of our Policy. In addition, we have to notify our clients of a material change as described earlier in this Policy.

This disclosure is initially provided to a new client as part of the investment management agreement, in order that we can evidence the provision of appropriate information in good time before the provision of the service and we also request the client's consent to the Policy and prior express consent to the execution of orders outside a Trading Venue.

This Policy has been prepared as at 26 June 2024

Appendix – execution and trading venues

Please note that arrangements may vary depending on contractual arrangement with clients.

A. Equities

The approved counterparty list as at the date of this Policy is set out below. Reference to a parent company includes subsidiaries and affiliates of that trading counterpart.

Allen & Company LLC	Investec Capital Services (India) Pvt Ltd	Raymond James Financial International Limited
Banco Santander, S.A.	Itau BBA USA Securities Inc	RBC Europe Limited
Bank of Montreal	J&E Davy	Redburn Atlantic
Barclays Bank Plc	J.P. Morgan Securities Australia Ltd	Robert W. Baird & Co. Incorporated
Barclays Capital Securities Limited	J.P. Morgan Securities (Far East) Ltd	Royal Bank of Canada
Barrenjoey Markets Pty Limited	J.P. Morgan Securities PLC	Samsung Securities Co., Ltd
Bernstein Autonomous LLP	Jane Street Financial Limited	Sanford C. Bernstein (Hong Kong) Limited
Bernstein Institutional Services LLC	Jarden Australia Pty Ltd	Sanford C. Bernstein (India) Private Limited
BNP Paribas	Jefferies (Australia) Securities Pty Ltd	SBI Securities (Hong Kong) Limited
BofA Securities India Limited	Jefferies Hong Kong Limited	Shore Capital Stockbrokers Limited
BTG Pactual US Capital, LLC	Jefferies India Private Limited	Sinopac Securities Corporation
BTIG Hong Kong Limited	Jefferies International Limited	SMBC Bank International plc
BTIG Singapore Pte. Ltd	Jefferies Japan Limited	SMBC Nikko Capital Markets Limited
BTIG, LLC	Jefferies LLC	SSI Securities Corporation
Canaccord Genuity Limited	Joh.Berenberg, Gossler & Co. KG	Stifel Nicolaus Europe Limited
Cantor Fitzgerald Europe	JPMorgan Chase Bank, National Association	The Bank of Nova Scotia
Carnegie Investment Bank AB	Kepler Cheuvreux	Themis Trading LLC
Cavendish Securities Plc	Korea Investment & Securities Co Ltd	UBS AG
CICC (HK) Ltd (China International Capital Corporation Hong Kong Securities Limited)	Kotak Securities Limited	UBS Securities Asia Ltd
CICC (UK) Ltd (China International Capital Corporation (UK) Limited)	Liberum Capital Limited	Viet Capital Securities Joint Stock Company
CICC Ltd	Liquidnet Asia Limited	Virtu ITG Europe Limited
CICC US Securities, Inc.	Liquidnet Europe Limited	Virtu ITG Hong Kong Limited
CITIC Securities	Luminex Trading & Analytics LLC	Wells Fargo Securities, LLC
Citigroup	M.M. Warburg & Co (AG & Co.) Kommanditgesellschaft auf Aktien	William Blair & Company, L.L.C.
CLSA (UK)	Macquarie Capital (Europe) Limited	Winterflood Securities Limited
Daiwa Capital Markets Europe Limited	Macquarie Securities (Australia) Limited	
Danske Bank A/S	Merrill Lynch International	
Equita SIM S.p.A. (Equita Societa' Di Intermediazione Mobiliare S.P.A)	Mischler Financial Group, Inc.	
Goldman Sachs International	Mizuho International plc	
Goodbody Stockbrokers UC	Montrose Securities International	
Haitong International Securities Company Limited	Morgan Stanley & Co. International PLC	
Ho Chi Minh City Securities Corporation (HSC)	Motilal Oswal Financial Services Ltd	
HSBC Bank Plc	MUFG Securities EMEA PLC	
HSBC Limited	Nomura International Plc	
ICICI Securities Limited	Nplus1 Singer Capital Markets Limited	
Instinet Europe Limited	Numis Securities Limited	
Instinet Pacific Limited	Optiver V.O.F	
Investec Bank PLC	Panmure Gordon (UK) Limited	
	Peel Hunt LLP	
	PGM Global Inc.	
	Piper Jaffray & Co.	

B. Equity algorithmic trading

We use algorithmic trading tools provided by the following brokers to assist us for certain types of trade:

Jefferies

Liquidnet

Morgan Stanley

UBS

Virtu ITG Europe Limited

C. Fixed income counterparties

Aon Securities Inc.

ANZ Banking Group Limited

Balanz Capital UK LLP

Banco Santander, S.A.

Bank of Montreal

Barclays Bank Plc

Barclays Capital Securities Limited

BBVA (Banco Bilbao Vizcaya Argentaria Sociedad Anonima)

BCP Securities LLC

Beech Hill Securities, Inc.

BGC Brokers L.P.

BNP Paribas

BTIG, LLC

Cambridge International Securities, LLC

CIMB Bank Berhad

Citadel Securities (Europe) Limited

Citigroup

Citigroup Global Markets Inc

Commerzbank Aktiengesellschaft

Daiwa Capital Markets Europe Limited

Deutsche Bank Aktiengesellschaft

Flow Traders B.V.

Flow Traders U.S. Institutional Trading LLC

Goldman Sachs International

Guy Carpenter & Co LLC

Howden Tiger Capital Markets & Advisory LLC

HSBC Bank Plc

HSBC Limited

ICAP Securities Limited

ICBC Standard Bank PLC

Imperial Capital (International) LLP

ING Bank N.V.

Intesa Sanpaolo SPA

Jane Street Financial Limited

Jefferies International Limited

JB Drax Honore (UK) Limited

JPMorgan Chase Bank, National Association

J.P. Morgan Securities Asia Private Limited

Kepler Cheuvreux

Liquidnet Europe Limited

Lloyds Banking Group Plc

MarketAxess Capital Limited

Merrill Lynch International

Millennium Advisors LLC

Mizuho International plc

Morgan Stanley & Co. International PLC

MUFG Securities EMEA PLC

National Australia Bank Limited

NatWest Markets PLC

Nomura International Plc

Rabobank (Cooperatieve Rabobank U.A.)

RBC Europe Limited

Ria Capital Markets Limited

Robert W. Baird & Co. Incorporated

Royal Bank of Canada

Seaport Global Securities LLC

Societe Generale Investments (U.K.) Limited

Standard Chartered Bank

State Street Global Markets LLC

Stifel Nicolaus Europe Limited

SumRidge Partners, LLC

Swiss Re Capital Markets Limited

The Bank of Nova Scotia

The Seaport Group Europe LLP

The Toronto-Dominion Bank

TPCG Financial Services Agente de Valores S.A.

Tradeweb Europe Limited

Truist Securities, Inc.

Tullett Prebon (Securities) Limited

U.S. Bancorp Investments, Inc.

UBS AG

UniCredit Bank AG

Wells Fargo Securities, LLC

Westpac Banking Corporation

Willis Securities, Inc.

Zürcher Kantonalbank

D. Derivative and FX counterparties

Exchange traded derivatives

Baillie Gifford has clearing and execution related arrangements with the following investment banks:

Clearing

HSBC Bank

UBS

Execution

Goldman Sachs

HSBC Bank

UBS

Over-the-counter bilateral derivatives (swaps and currency forwards)

Barclays

Brown Brothers Harriman

Citigroup

Deutsche Bank

Goldman Sachs

HSBC Bank

J.P. Morgan Securities

Merrill Lynch International

National Australia Bank Ltd

NatWest Markets

Royal Bank of Canada

Standard Chartered

State Street Bank

UBS

Credit default swap counterparties

Barclays Bank plc

Citigroup

Goldman Sachs

HSBC Bank plc

J.P. Morgan Securities

Merrill Lynch International

Over-the-counter cleared derivatives (swaps)

Clearing

HSBC Bank

Execution

Banco Santander

Barclays

BBVA

Citigroup

Deutsche Bank

Goldman Sachs International

HSBC Bank

J.P. Morgan Securities

Merrill Lynch International

Morgan Stanley

NatWest Markets

Royal Bank of Canada

Santander

Standard Chartered Bank

UBS

Spot foreign exchange trades

Client appointed global custodian bank and the following banks for third party trading where permitted.

Bank of New York Mellon

BNP Paribas

Brown Brothers Harriman

Citigroup

Deutsche Bank

Goldman Sachs

HSBC

J.P. Morgan Securities

National Australia Bank

NatWest Markets

Royal Bank of Canada

State Street

The Northern Trust Company

UBS

E. Electronic trading venues

Baillie Gifford will also execute trades on the following venues:

Fixed Income

Bloomberg

Liquidnet

MarketAxess

Tradeweb

Trumid

Collective investment schemes

For the trading of collective investment schemes, the following electronic trading platform is used:

BBH Worldview

FundSettle

Foreign exchange

The trading of foreign exchange is executed on the following venue:

FX Connect