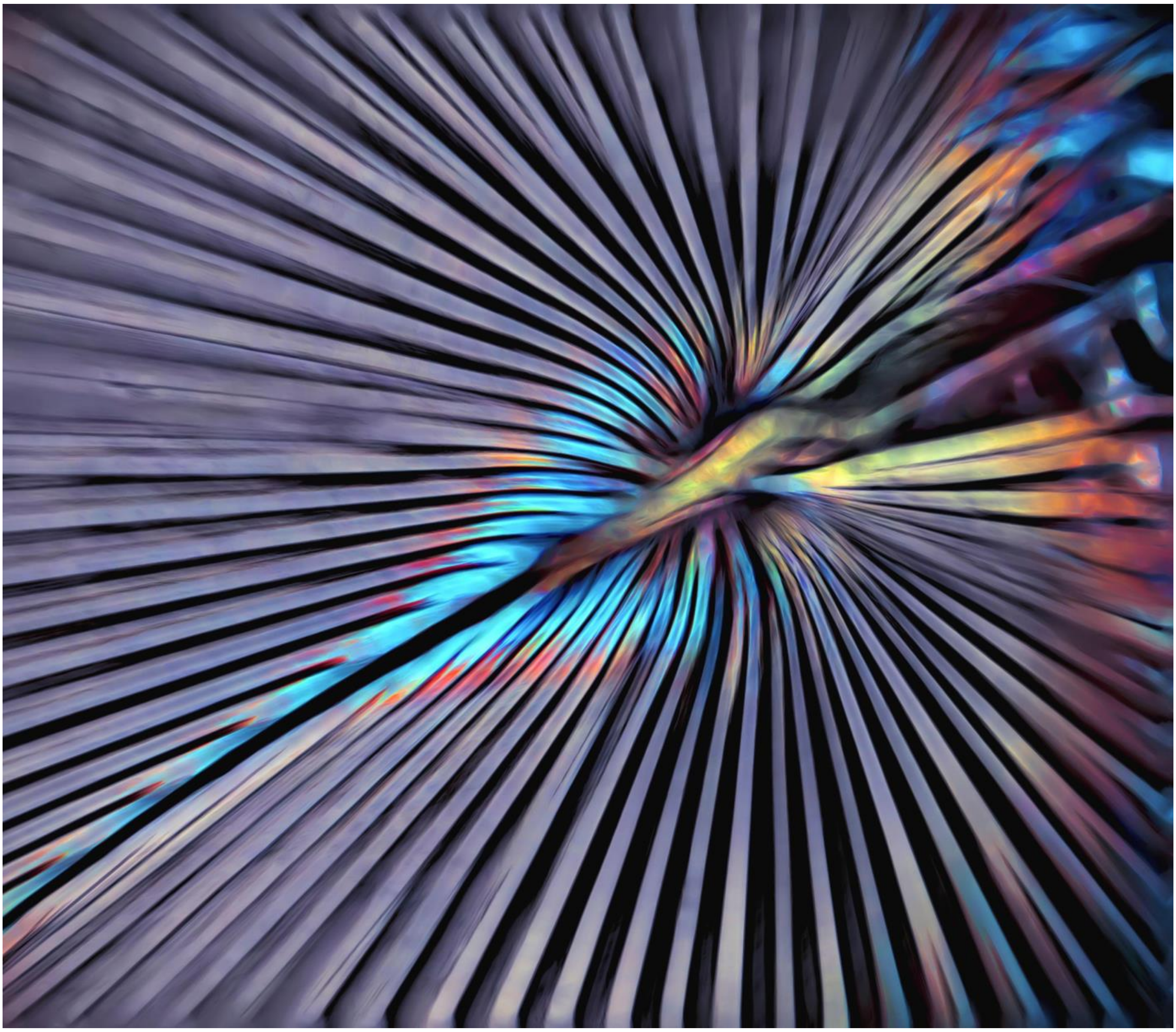
Baillie Gifford

Emerging Markets All Cap Quarterly Update

31 December 2024



This document 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.

Important Information and Risk Factors

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited is authorised and regulated by the Financial Conduct Authority.

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, Telephone +852 3756 5700.

Baillie Gifford Investment Management (Europe) Ltd (BGE) is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. BGE also has regulatory permissions to perform Individual Portfolio Management activities. BGE provides investment management and advisory services to European (excluding UK) segregated clients. BGE has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. BGE is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Persons resident or domiciled outwith the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

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 information is based on a representative portfolio, new client portfolios may not mirror the representative portfolio exactly. As at December 31, 2024, in US dollars and sourced from Baillie Gifford & Co unless otherwise stated.

South Africa

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North 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. Baillie Gifford Overseas Limited is registered with the SEC in the United States of 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.

Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-Discretionary Investment Adviser.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 bailliegifford.com

Ref: 137400

Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a "wholesale client" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this document be made available to a "retail client" within the meaning of section 761G of the Corporations Act. This material contains general information only. It does not take into account any person's objectives, financial situation or needs.

Israel

Baillie Gifford Overseas is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This document is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Singapore

Baillie Gifford Asia (Singapore) Private Limited is wholly owned by Baillie Gifford Overseas Limited and is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence to conduct fund management activities for institutional investors and accredited investors in Singapore. Baillie Gifford Overseas Limited, as a foreign related corporation of Baillie Gifford Asia (Singapore) Private Limited, has entered into a cross-border business arrangement with Baillie Gifford Asia (Singapore) Private Limited, and shall be relying upon the exemption under regulation 4 of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 which enables both Baillie Gifford Overseas Limited and Baillie Gifford Asia (Singapore) Private Limited to market the full range of segregated mandate services to institutional investors and accredited investors in Singapore. The information contained in this presentation is meant purely for informational purposes and should not be relied upon as financial advice.

Past Performance

Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document are gross of fees unless otherwise stated and reflect the reinvestment of dividends and interest.
Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results.
It should not be assumed that recommendations/ transactions made in the future will be profitable or will equal performance of the securities mentioned.

Potential for Profit and Loss

All investment strategies have the potential for profit and loss.

Stock Examples

Any stock examples, or images, used in this paper are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style. A full list of portfolio holdings is available on request.

The commentary relates to the above mentioned strategy and not all stocks mentioned may be held in the portfolio.

Financial Intermediaries

This document is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

Product Overview

Emerging Markets All Cap is a long-term, regional equity strategy that adds value through active management by identifying and exploiting inefficiencies through investment in global emerging markets encompassing Emerging Europe, Emerging Asia, the Middle East, Africa and Latin America.

Risk Analysis

Key Statistics	
Number of Holdings	77
Typical Number of Holdings	60-100
Active Share	68%*
Rolling One Year Turnover	16%

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

Geopolitically, 2025 is likely to be another volatile year for Emerging Markets

Regardless, the positive long-term structural trends in Emerging Markets will endure

The team are assessing a wide array of exciting opportunities

Baillie Gifford Key Facts

Assets under management and advice	US$272.3bn
Number of clients	613
Number of employees	1682
Number of investment professionals	375

President Xi "respects me and he knows I'm [expletive] crazy."
Donald Trump

It is the time of year when nearly every firm in the financial industry is writing 2025 outlook pieces for its clients. Whatever the politics, both friend and foe can agree on one thing about Donald Trump – he is unpredictable. The soon to be 47th President of the United States, still the most powerful office on earth, will be held from January next year by a man who by his own admission is somewhat unpredictable. In these circumstances, it is probably best that any opinions expressed on what 2025 might look like should be held pretty lightly.

At Baillie Gifford we have long acknowledged the difficulties of accurate short-term forecasting. For us it seems that anticipating inflection points and waiting patiently for them is much easier than attempting to precisely pick entry points. It also means that for us, recognising and investing in long term secular trends is a much more productive use of our time and our clients' money than attempting to accurately forecast a company's earnings for the next quarter or the next year. The result of this is that we are unashamedly long-term investors who try to appraise (not always successfully!) what a company will look like in five or ten years' time. This means that we will probably be looking to harvest the most successful investments we have made on our clients' behalf when the 48th and 49th US Presidents will be in office. Our focus remains on finding great companies that will adapt, whatever the political and geopolitical weather.

Given an uncertain short-term future, it is probably worth looking at what has happened in the largest Emerging Markets over the last year and whether this has changed our view from either a top down or a bottom-up perspective. After three years of decline, the Chinese market delivered a positive return in 2024. While a part of this may have been driven by speculation on the ultimate size of Beijing's stimulus package, we believe the coordinated announcements since September marked a significant policy pivot from the top, which should support growth and sentiment relative to a low baseline. China still trades at a significant discount compared to other emerging markets (and roughly a 50% compared to US) on a price-to-earnings basis.

We have consciously pursued a neutral position in China through 2024. While low valuations and wretched sentiment might have encouraged us to be overweight, the risk of geopolitical escalation has stayed our hands. However, where there have been complete sales or reductions in the Chinese holdings in the portfolio, these have typically been recycled into new holdings in China or additions to the remaining holdings. Given still attractive valuations and a Chinese government that appears to be to have re-prioritised growth, the sharp rally in September amply demonstrated the risks of being too underweight. In summary our view in China remains unchanged; in the shorter term we are optimistic; in the medium term we believe there are still selectively great bottom-up investment opportunities; in the longer-term Washington and Beijing want different things.

India has outperformed for four consecutive years. There is plenty of optimism surrounding India: a structural property boom, an increasingly affluent middle class, and strong diplomatic leverage on both sides of the geopolitical divide. However, high valuations have deterred us from closing the underweight position in India and we take comfort from the fact that higher growth potential is on offer at more attractive valuations elsewhere in Emerging Markets. We continued to take profits from some of our cyclical exposures in India, hold a modest underweight in the country, and remain selective. India boasted the largest number of IPOs globally in 2024 (327), and we recently participated in one of these – Hyundai Motor India.

Artificial Intelligence (AI) has obviously been a big driver of stock returns, no more so than in Taiwan, which has hit all-time highs and is the home of TSMC. TSMC recently reported very strong 3Q24 results, with notably strong margins. TSMC is now working with almost all the AI innovators which gives it unparalleled insight into the type and quantum of demand coming down its pipeline.

Foreign investors have had concerns over TSMC's Taiwan base given geopolitical and resource (electricity, water) issues. TSMC's foundry in Kumamoto, Japan began operations this year, with a second now planned to commence in 2027. In Phoenix, Arizona, TSMC has two facilities due to commence production in 2025 and 2028 with a third leading edge facility expected to be in operation by the end of the decade. Finally, TSMC also announced a new facility in Dresden, Germany with production to commence in 2027. While Hsinchu, Taiwan will remain at its core, geographical diversification is reducing the risks.

South Korea, by contrast has been the proverbial 'curate's egg.' Most recently the news has been focussed on President Yoon's attempt to impose martial law on the country. That this was summarily blocked within hours by the National Assembly speaks volumes to the degree that democracy is now firmly embedded in the southern part of the Korean peninsula. Otherwise, 2024 has been a tale of two tech companies. Memory chip maker SK Hynix has successfully ridden the demand for High Bandwidth Memory (HBM) chips used in AI accelerators and has seen revenues and margins benefit accordingly. In contrast its larger and more complex competitor, Samsung Electronics has struggled. It has struggled to qualify with Nvidia with its leading HBM chips at a time when the gap between its foundry business and TSMC has widened. In addition, its ubiquitous smartphone business is seeing greater competition from Chinese brands, particularly in the foldable screen segment. Samsung Electronics is currently being reviewed by the investment team, but a short note can be found here.

The Brazilian market has pretty much round-tripped this year. GDP growth accelerated during the year, posting 4.0% YoY growth in 3Q24. At the same time the Brazilian Central Bank was cutting interest rates as inflation fell. The potent positive combination was broken once it became clear that the government was reluctant to make the fiscal cuts necessary to reduce the deficit and to stop the upward march of public debt. Subsequently, the Central Bank has reinforced its independence credentials by responding to loose fiscal policy on the part of the government by raising interest rates again to tighten monetary policy. While this standoff has been unhelpful to stockmarket performance in general, the two largest Brazilian holdings have been largely unaffected; Petrobras' share price is typically driven by the oil price, while Mercadolibre is more exposed to the structural growth in ecommerce across Latin America.

In Mexico, the market sold off following the election of President Scheinbaum, protégé of outgoing President Andres Manuel Lopez Obrador. Such was the scale of her success and the Morena party, the market began to be concerned about constitutional changes for which she could command the necessary majority. President-elect Trump's pronouncements of tariffs, immigration and fentanyl have only deepened market gloom. Despite this gloom, the Mexican stocks in the portfolio have continued to perform decently in operational (if not in share price) terms. FEMSA continues to expand its chain of Oxxo convenience stores at a prodigious rate, while Banco Banorte has continued to see the benefits of global companies 'near-shoring' to the US in Mexico.

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

Performance

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

A notable recent example is Latin American platform, Mercadolibre. As a starting point ecommerce penetration in Latin America is about 12-13% of retail sales. This compares to over 25% in the US, over 30% in the UK and over 40% in China. While it will take time for Latin America to approach these levels, clearly there is scope for growth. In addition to its ecommerce business, Mercadolibre has a sizeable fintech business offering payments and credit services. Consider Mercadolibre's major markets; in Brazil ~16% of the population do not have a bank account; this rises to ~28% in Argentina and ~50% in Mexico. Again, plenty of scope for growth. Mercadolibre was weaker this quarter because its 3Q24 results disappointed on margins. These were compressed because the company decided to invest more in its businesses. Given the scale of the long-term opportunities outlined above, this seems a sensible use of shorter-term profits.

Bank Rakyat in Indonesia has also been a bit of a yo-yo through the year. Indonesia has a population of ~276 million spread over ~18,000 islands and perhaps unsurprisingly ~48% of the adult population do not have a bank account. Bank Rakyat has a clear mandate to increase financial inclusion to the extent that over 80% of its loan and financing book is lent to micro, small and medium sized businesses. To service its customers Bank Rakyat has invested in its own satellite and a series of 'floating' branches to service remote locations. Currently, Indonesian interest rates remain high but with a large proportion of fixed rate loans, Bank Rakyat will be a beneficiary once the cutting cycle begins in earnest.

Indian conglomerate Reliance Industries has also been amongst the top contributors and the top detractors depending on the quarter. However, it is fair to say that the short-term outlook for the company has deteriorated of late. Its refining and petrochemicals business has been hurt by Chinese exports though there has recently been a cut in the VAT rebate for fuel oil exports by the Chinese authorities, which will help at the margin. Longer term the outlook looks brighter with the scheduled closure of capacity in the US and Europe. For example, Grangemouth - Scotland's only and oldest refinery – is sadly scheduled to close in 2025 as it increasingly struggles to compete with bigger, more modern facilities in the Middle East, Asia, and Africa. Reliance's retail business is currently in consolidation mode following rapid expansion, while JIO, its telecoms business only recently applied a tariff hike. Growth in the coming years is likely to be driven by the nascent New Energy business, where visible progress would reignite Reliance's growth outlook.

In contrast to the above, SEA Limited has been one of the most consistent contributors through the year. In the last couple of years, the company has been through a tough period while its gaming blockbuster 'FreeFire' stalled, TikTok providing a serious challenge in ecommerce and higher interest rates impacted SeaMoney. Now SEA is showing impressive momentum across its three businesses. FreeFire has rejuvenated itself by becoming more streamlined focussing on localised content; Shopee, its ecommerce business is progressing smoothly in profitability, SeaMoney now has ~12 million people using its financial products. This is a stock where patience has been rewarded as the company navigated and adapted through a number of challenges but now appears to be powering ahead.

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

Performance Objective

To outperform the MSCI Emerging Markets Index over the long term.
The performance objective is aspirational and is not guaranteed. We don't use it to compile the portfolio and returns will vary. A single performance objective may not be appropriate across all vehicles and jurisdictions. We may not meet our investment objectives if, for example, our growth investment style is out of favour, or we misjudge the long-term earnings growth of our holdings.

Periodic Performance

GBP	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-2.5	-1.3	-1.2
1 Year	7.9	10.0	-2.1
3 Year	-1.5	1.1	-2.6
5 Year	2.1	3.3	-1.2
10 Year	7.4	6.3	1.1
Since Inception	8.5	5.6	2.9

USD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-9.0	-7.8	-1.1
1 Year	6.0	8.1	-2.0
3 Year	-4.1	-1.5	-2.6
5 Year	1.0	2.1	-1.1
10 Year	5.1	4.0	1.1
Since Inception	7.6	4.8	2.9

EUR	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-1.9	-0.7	-1.2
1 Year	13.1	15.3	-2.2
3 Year	-1.0	1.6	-2.7
5 Year	2.6	3.8	-1.2
10 Year	6.7	5.7	1.1
Since Inception	8.3	5.4	2.9

CAD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	-3.1	-1.9	-1.2
1 Year	15.6	17.9	-2.2
3 Year	0.2	2.9	-2.7
5 Year	3.1	4.2	-1.2
10 Year	7.4	6.3	1.1
Since Inception	7.9	5.0	2.9

AUD	Composite Net (%)	Benchmark (%)	Difference (%)
3 Months	2.0	3.3	-1.3
1 Year	16.8	19.1	-2.2
3 Year	1.2	3.9	-2.7
5 Year	3.6	4.7	-1.2
10 Year	8.1	7.0	1.1
Since Inception	8.3	5.4	2.9

Annualised periods ended 31 December 2024. 3 Month & 1 Year figures are not annualised.
Inception date: 30 September 1994
Figures may not sum due to rounding.
Benchmark is MSCI Emerging Markets Index.
Source: Revolution, MSCI.
The EM All Cap composite is more concentrated than the MSCI Emerging Markets Index.

Discrete Performance

GBP	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
Composite Net (%)	25.9	-7.7	-17.9	7.8	7.9
Benchmark (%)	15.0	-1.3	-9.6	4.0	10.0

USD	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
Composite Net (%)	29.9	-8.5	-27.1	14.2	6.0
Benchmark (%)	18.7	-2.2	-19.7	10.3	8.1

EUR	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
Composite Net (%)	19.1	-1.6	-22.3	10.4	13.1
Benchmark (%)	8.9	5.2	-14.5	6.5	15.3

CAD	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
Composite Net (%)	27.6	-9.3	-21.8	11.2	15.6
Benchmark (%)	16.6	-3.1	-13.9	7.3	17.9

AUD	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
Composite Net (%)	18.3	-2.9	-21.8	13.5	16.8
Benchmark (%)	8.1	3.8	-13.9	9.6	19.1

Benchmark is MSCI Emerging Markets Index.
Source: Revolution, MSCI.
The EM All Cap composite is more concentrated than the MSCI Emerging Markets Index.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2024

Stock Name	Contribution (%)
Accton Technology	0.6
TSMC	0.5
SEA Limited	0.3
Valeura Energy	0.3
PDD Holdings	0.2
Mediatek	0.2
Anker Innovations Technology	0.2
PB Fintech	0.2
Tech Mahindra	0.2
Petrobras	0.1
MercadoLibre	-0.4
Xiaomi Corporation	-0.4
Reliance Industries	-0.3
Samsung Electronics	-0.3
Meituan	-0.3
Alibaba	-0.2
Hyundai Motor	-0.2
Bank Rakyat Indonesia	-0.2
Allegro.eu	-0.2
China Construction Bank Corp	-0.2

One Year to 31 December 2024

Stock Name	Contribution (%)
TSMC	1.6
SEA Limited	1.0
Brilliance China Automotive	0.6
First Quantum Minerals	0.5
PDD Holdings	0.5
Tencent	0.4
Accton Technology	0.4
China Merchants Bank	0.3
PB Fintech	0.3
Vale	0.3
Samsung Electronics	-1.2
Meituan	-0.8
B3 S.A.	-0.6
Grupo Financiero Banorte O	-0.5
Bank Rakyat Indonesia	-0.5
Raizen	-0.5
Petrobras	-0.5
Xiaomi Corporation	-0.5
Natura & Co Hdg	-0.4
Silergy	-0.4

Source: Revolution, MSCI. EM All Cap composite relative to MSCI Emerging Markets Index.
The holdings identified do not represent all of the securities purchased, sold or held during the measurement period. Past performance does not guarantee future returns. A full list showing all holdings' contributions to the portfolio's performance and a description on how the attribution is calculated is available on request. Some stocks may not have been held for the whole 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.

Top Ten Largest Holdings

Stock Name	Description of Business	% of Portfolio
TSMC	Semiconductor manufacturer	14.2
Tencent	Technology conglomerate	6.7
Samsung Electronics	Producer of consumer and industrial electronic equipment	4.0
MercadoLibre	Latin American e-commerce and fintech platform	3.7
Petrobras	Oil exploration and production company	3.5
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	3.3
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	3.2
Meituan	Chinese online services platform	2.2
SK Hynix	Korean manufacturer of electronic components and devices	2.1
MediaTek	Taiwanese electronic component manufacturer.	2.0
Total		45.1

Top and Bottom Five Geographical Location Positions*

Geographical Location	% Difference
Brazil	6.2
Other Emerging Markets	1.7
Singapore	1.6
Mexico	1.3
China	1.1
India	-4.9
Saudi Arabia	-3.4
Malaysia	-1.5
South Africa	-1.4
United Arab Emirates	-1.4

Top and Bottom Five Industry Positions*

Industry	% Difference
Broadline Retail	9.8
Semiconductors & Semiconductor Equipment	5.6
Oil, Gas & Consumable Fuels	3.4
Interactive Media & Services	2.6
Household Durables	2.0
Banks	-8.2
Multiline Retail	-4.5
Wireless Telecommunication Services	-1.6
Electrical Equipment	-1.4
Chemicals	-1.4

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

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	None	Companies	None	Companies	None
Resolutions	None	Resolutions	None	Resolutions	None

Company Engagement

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

Company	Engagement Report
Impala Platinum Holdings Limited	Objective: To learn more about the strategy and priorities of the company and health and safety improvements. Discussion: Impala is the second largest producer of platinum group metals (PGMs) in the world. PGMs are traditionally used to reduce pollution in traditional internal combustion engines and which also have an important role in hybrids and fuel cell vehicles and other hydrogen related applications. We had a call with Impala's senior leaders and followed up by email with additional questions. The company is adjusting to weak PGM pricing by renegotiating contracts, reducing non-essential spending, and focusing on high-return projects. In 2023, an accident at Impala's Rustenburg mine resulted in 13 deaths and 75 injuries. Despite improvements in the lost-time injury frequency rate, fatalities remain a concern. We discussed their approach to enhancing safety culture with senior leaders. The company is implementing additional measures such as safety summits, an 8-point safety plan, leadership changes, and cultural transformation programs. They are also engaging industrial psychologists to improve safety culture and feedback mechanisms. While the number of accidents decreased Group-wide, their severity increased. Impala is intensifying communications, increasing senior manager visibility at each shaft, improving task planning and execution, and enhancing skills. They have also linked part of their remuneration policy to safety indicators. Recent efforts have led to double-digit improvements in key safety metrics, including total recordable injuries. Outcome: We are encouraged by the safety metric improvements over the past six months and will monitor these developments for sustained progress.
Kaspi.kz Joint Stock Company JSC	Objective: Investors visited Kazakhstan to carry out additional research assessing sanctions risk, the reputation of key personnel and controlling shareholders, and how Kaspi manage risk over and above regulation. Discussion: Two investors travelled to Kazakhstan for a week in September and met with a number of Kaspi's senior leaders and other stakeholders. We continue to be excited about Kaspi's growth opportunities as it plays a critical role in payments and e-commerce in Kazakhstan. We also recognise the inherent geopolitical and country risk. Kaspi has developed the leading apps in Kazakhstan and operates payments, marketplace and fintech platforms. The bank is the second largest bank in Kazakhstan in terms of assets, loan volume and deposit base. The Agency of the Republic of Kazakhstan for Regulation and Development of Financial Markets has emphasised the systematic importance of Kaspi for payments and consumer lending, and there are high levels of transparency and compliance with United States, European Union and other foreign country requirements. The company has continued to emphasise that it is not suitable for large scale money movements as products are designed with limits of 500 USD per transaction and 2000 USD per month. 3 percent of customer account balances are non-residents. The company continues to invest in products to meet evolving consumer demand. Meetings with other financial services companies in Kazakhstan were all supportive of Kaspi's relatively low risk position within the local banking sector. Conversations with regulators and politicians highlighted that they similarly see Kaspi as relatively low risk from a macroprudential perspective and that the company's services contribute positively to broader Kazakh society. Outcome: The trip provided further insights and assurances into Kaspi's corporate governance and controls in place.

Company	Engagement Report
Ping An Insurance (Group) Company of China, Ltd.	Objective: To deepen our understanding of Ping An's sustainability strategies and practices with a focus on its social inclusive finance products. Discussion: We met with Ping An Group's environmental, social and governance (ESG) manager and discussed how they design social inclusive finance into their business lines. We learned that Ping An adopt a dynamic model with careful considerations of the status quo in different cities and update the design of products to accommodate the needs of people in addition to the basic insurance provided by the government. The revitalisation assistance funds of RMB 40 billion are mostly social bank loans provided to rural state-owned enterprises (SOEs) and farmers with Ping An providing additional training to increase their financial literacy. Ping An also shared the latest numbers regarding hospitals and doctors in the health and senior care ecosystem that they have started building since 2014. Other topics we touched upon during the meeting included the impact of digitalisation on agents and business volumes, Ping An's traceability system to alert natural disasters, the disclosure of financed emissions of Ping An Bank, projects financed by Ping An on carbon capture technologies and biodiversity conservation, and the expertise of its supervisory committee. Outcome: We appreciate Ping An's efforts to offer assistance and training to rural recipients by leveraging its financial power. We now have a better understanding of the social welfare system in China and Ping An's role in bringing additional benefits to address the underprivileged groups. Ping An thanked us for our suggestion on disclosing the underperforming data which they found valuable. We believe Ping An's commitment to social and environmental aspects reinforces its long-term financial opportunity by aligning with stakeholders' interests and supporting a sustainable future operating environment.
Sea Limited	Objective: To discuss the company's vision and its approach to responsible lending and supporting micro- and small businesses which use its platform, both of which are important for its ability to sustain its competitive edge in its markets. Discussion: We heard how SeaMoney is well placed to leverage the data it has on merchants and consumers - a clear competitive advantage - to responsibly deliver an expanding range of credit and other financial services. Combining user data with credit bureau checks, SeaMoney has a 'low and grow' strategy, offering small amounts of credit on its ecommerce platform at first, with the opportunity for users to improve their risk profiles over time and then access bigger loans. It is committed to fee transparency and educating customers but accepts that its approach follows standard practices in different markets, which has drawn regulatory attention. The regulatory landscape is changing, but SeaMoney typically finds regulators are supportive as it serves an underbanked segment that traditional banks cannot, while replacing informal lending. We also discussed Sea's ecommerce platform, Shopee, where 70 per cent of Gross Merchandise Volume is from small merchants. Driven by local management teams, Shopee makes a point of providing online and offline training to help merchants sell and advertise online. Most importantly, Shopee is focused on keeping operating costs low, which customers generally prioritise over speed in its markets. To deliver this, it wants a majority of packages to be delivered by its own logistics service. This is progressing well, and Shopee has had no problems with attracting delivery workers, for whom it wants to enable safe and inclusive employment. Finally, we discussed some of Sea's environmental initiatives, which range from piloting the use of electric vehicles for deliveries to removing packaging altogether. The latter is extremely important in its regions where plastic waste is a major challenge. Outcome: We were encouraged by the steps Sea is taking to ensure that it is a responsible lender and that micro- and small businesses on its platform can maximise their opportunity of selling online. Unfortunately, its reporting on these areas is scant and we would like to see Sea publishing more about its approach to consumer protection.

Company	Engagement Report
Tencent Holdings Limited	Objective: To better understand Tencent's updated data management practices and suggest actions to align with the international best practices; to learn the company's signature value-added social projects. Discussion: We continue our dialogue on data management with Tencent as supportive shareholders who are challenged by their non-compliant list status at a third-party environmental, social and governance (ESG) rating agency. We discussed the international norms of data protection and the regulatory landscape of data in the People's Republic of China (PRC). Tencent has made significant progress in making the content policy transparent to its users and disclosing external requests for data for public scrutiny. The company reiterated that as a United Nations Global Compact (UNGC) signatory, it firmly upholds the commitments to data and privacy protection. The next steps will focus on further strengthening the technology power to prevent cybersecurity attacks, especially in gaming and its fintech services. We also discussed the signature projects conducted by Tencent's sustainable social value team. One example highlighted by the company is the cornerstone project with RMB 10 billion funding in to support Chinese young scientists in their fundamental research. Other topics we discussed during the meeting include Tencent's decarbonisation pathway and internal control of the anti-corruption campaign. Outcome: The meeting reassured us about the concrete practices on data protection. We believe the company respect and have sought a good balance between local laws and international norms. They will continue to improve data management as new challenges occur in the cyber world. We appreciate the company's mindset to carry on bigger social responsibility whenever they see a gap and their initiative to solve problems with stakeholders like the government and academia.
Zijin Mining Group Company Limited	Objective: To re-emphasize our expectations for disclosure on human rights auditing by April 2025 and to understand how Zijin influences overseas mines in which the company does not directly operate. Discussion: In addition to our previous thorough engagement on the Group's domestic sustainability practices, we discussed more about Zijin's overseas social and environmental challenges and how the company is overcoming them. Zijin stressed that community relationship building is and will always be the most material topic to gain the social license to operate and relentless efforts have been dedicated on this front, such as addressing the needs of the surrounding communities and seeking support from the local governments. Zijin is also working with international non-governmental organisations (NGOs) for constructive suggestions and managing its reputation. There are many mining projects globally in which Zijin is a shareholder rather than an operator. Take the Porgera mine in PNG as an example, Zijin has appointed two senior managers to sit on the board to influence the decisions. ESG matters are discussed at the board about twice every quarter. Barrick, the direct operator at the mine, has disclosed a roadmap to eliminate the problematic river tailings disposal method by 2028 partially thanks to Zijin's influence. Outcome: Knowing the details of on-the-ground practices of how Zijin's overseas subsidiaries tackle social and environmental issues is very helpful for us to be more assured that the company is upholding its commitments to sustainable mining. We appreciate the company's proactive approaches to reaching out to external NGOs and agencies for suggestions and reputation management. Zijin is well aware of our expectations for human rights-related disclosure and our timeline for it. The company promised to report once the information is reviewed by its US legal counsels. We will look out for the disclosure in the next year's reporting season

Votes Cast in Favour

We did not vote in favour of any resolutions during the period.

Votes Cast Against

We did not vote against any resolutions during the period.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

New Purchases

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

Complete Sales

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

MSCI	Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.