

Baillie Gifford American Fund

30 June 2024

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 58 partners with average 20 years' service Ownership aligns our interests with those of our clients Enables us to take a thoughtful, long-term view in all that we do Stability, quality and consistency

Investment Proposition

We are bottom-up, growth investors with a long-term horizon. We back our judgement, running a concentrated portfolio (usually between 30-50 stocks), with low turnover. The team aims to outperform by harnessing the asymmetry of returns inherent in equity markets. We believe we will maximise our chances of achieving this aim by identifying the exceptional growth businesses in America and owning them for long enough that the advantages of their business models and cultural strengths become the dominant drivers of their stock prices. We take a five year view when investing in stocks and are not driven by short-term trends.

Fund Facts

Fund Launch Date	31 July 1997
Fund Size	£2900.3m
IA Sector	North America
Active Share	85%*
Current Annual Turnover	22%
Current number of stocks	45
Stocks (guideline range)	30-50

*Relative to S&P 500 Index. Source: Baillie Gifford & Co, S&P.

Fund Manager

Name	Years' Experience
Dave Bujnowski*	28
Tom Slater*	24
Gary Robinson*	21
Kirsty Gibson	12

*Partner

Fund Objective

To outperform (after deduction of costs) the S&P 500 Index, as stated in sterling, by at least 1.5% per annum over rolling five-year periods.

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

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

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	0.6	20.4	-13.3	10.2
Index (%)*	4.2	25.3	13.3	15.2
Target (%)**	4.5	26.8	14.9	16.7
Sector Average (%)***	1.7	21.3	9.6	12.6

Source: FE, Revolution, S&P. Total return net of charges, in sterling.

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

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

*S&P 500 Index.

**S&P 500 Index (in sterling) plus at least 1.5% per annum over rolling five-year periods.

***IA North America Sector.

Discrete Performance

	30/06/19- 30/06/20	30/06/20- 30/06/21	30/06/21- 30/06/22	30/06/22- 30/06/23	30/06/23- 30/06/24
Class B-Acc (%)	53.6	61.9	-56.0	23.1	20.4
Index (%)*	10.7	25.9	1.7	14.2	25.3
Target (%)**	12.2	27.5	3.0	15.9	26.8
Sector Average (%)***	8.4	27.2	-3.3	12.1	21.3

Source: FE, Revolution, S&P. Total return net of charges, in sterling.

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

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***IA North America Sector.

Market environment

US equity markets continued to rise during the quarter. The rising market was principally driven by narrow enthusiasm for a few perceived beneficiaries of Artificial Intelligence. Market concentration has risen to a level not seen in our investment careers, and there are plenty of column inches devoted to the ebbs and flows of the "Magnificent Seven". Or, latterly, the "Fab Five" to suit the current share price narrative. Analysis of technology revolutions supports market narrowness at the earlier stages of a revolution, plus periods of turbulence as technologies are unevenly deployed across industries.

This has been a difficult environment for the fund; most companies are underperforming in a market rally driven by a few large businesses, but we are excited about what should happen next. Technology revolutions always broaden to a bigger population of winners over time. Change creates opportunities, which can be within an existing industry structure or because of an emerging new order. We believe there are emerging, strengthening opportunities as technology transforms industries, including healthcare, entertainment, transport, enterprise technology and e-commerce.

Performance

The fund was behind the market in the quarter. Notable detractors from performance included merchant services company Shopify, restaurant order delivery company DoorDash and medical device company Inspire Medical Systems.

Shopify's share price fell in reaction to lower-than-expected financial guidance. Shopify has increased its marketing spending as new Artificial Intelligence capabilities have enabled it to better forecast campaign performance, impacting near-term profitability. We support Shopify's investment in areas where they see attractive future payoffs. These help Shopify to expand user reach, further broadening its platform's appeal to merchants and shoppers.

DoorDash's share price fell after it forecasted lower order growth. It is delivering robust revenue growth and has pushed costs down, driving other players out as borrowing costs have risen. This strengthened position enables it to improve its marketplace further through improved fees, selection and delivery person payments. It can drive growth through further expansion in restaurant delivery and adjacent areas like grocery delivery.

Medical device company Inspire Medical Systems addresses sleep apnea. The share price fell, driven by dissatisfaction with its latest quarterly earnings results and weight-loss drug concerns. We remain enthusiastic about Inspire's return potential. Its device delivers a superior sleep experience and better outcomes. It can capture a growing share of a still substantial sleep apnea market.

Notable contributors to performance included microchip designer NVIDIA, biotechnology company Alnylam and advertising technology company The Trade Desk.

NVIDIA delivered strong results owing to Graphics Processing Unit (GPU) sales. These chips create and run a growing range of Artificial Intelligence software applications. Its customer types are also diversifying, with large cloud customers now a lesser proportion of its overall revenues. NVIDIA's hardware, software and manufacturing advantages will be difficult to challenge, and it can deliver strong growth as companies seek ever greater energy efficiency and computing power advantages.

Biotechnology company Alnylam's share price rose strongly following clinical trial results for its RNAi treatment tackling ATTR-CM, a rare heart condition. The results improved on currently available treatment for this condition, further validating RNAi as a platform technology. Alnylam can use this to develop new medicines faster and more frequently than previous development approaches.

The Trade Desk (TTD) delivered strong online advertising growth through its digital advertising auction platform. More promising is its internet-enabled TV (CTV) opportunity. Half of TV viewing time has migrated there from linear TV, but only around a third of the ad dollars. TTD aims to integrate Netflix advertising inventory, broadening its appeal. This integration furthers advertiser and publisher consolidation around TTD's platform.

Stewardship

We met Ryan Watts, CEO of biotechnology company Denali Therapeutics, to discuss its clinical research progress and financial strategies to support long-term growth. Denali expects accelerated approval for its Hunter syndrome candidate, paving the way for other programmes. The meeting deepened our understanding of

Denali's clinical development progress, financial position, and long-term growth prospects.

We met Scott Wheeler, Co-Star's outgoing Chief Financial Officer (CFO), to discuss its growth opportunity and succession plans. CoStar is aggressively pursuing residential real estate growth through the listings portal Homes.com and sees succession as critical to future success. The meeting underscored CoStar's innovative digital real estate approach. Once appointed, we will look to meet its next CFO as soon as practicable.

Notable transactions

The fund initiated a position in Tempus Ai at its initial public offering. Tempus provides genomic testing and data insights to healthcare providers. Tempus can grow its appeal to customers as its testing data expands, making its results and recommendations more accurate.

The fund took a new holding in financial services company Block. Block offers merchant payment processing via Square, a consumer services app called CashApp, and a buy-now-pay-later lending offering through Afterpay. Founder Jack Dorsey has reorganised this business, which we believe will drive greater integration and financial discipline. Block may eventually build a closed-loop financial network rivalling the likes of Visa and Mastercard.

Funding came from reductions to NVIDIA, The Trade Desk and Shopify. Conviction remains in these, which are among the fund's largest holdings.

The fund also sold HashiCorp, which computing conglomerate IBM is taking over. HashiCorp had a substantial opportunity to facilitate enterprises' computing transition to data centres through software. With the IBM acquisition underway, there is little further to gain from holding the company.

Market Outlook

We are excited by the potential for undervalued growth amidst the market's myopic focus on a few exceptionally successful businesses. Companies held within the fund that had to adjust to a higher cost of capital are now getting back to focusing on growth. Tougher, leaner operations are now emerging. Importantly, they are still investing at high rates in their own businesses. Our opportunity set may never have been wider than it is right now. The US remains a hub of innovation and the best

place in the world for companies to grow. While the recent limelight has been occupied by large technology companies, that won't be restricted to the few for long. This makes now an exciting time to be long-term US growth investors.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
NVIDIA	0.9
Alnylam Pharmaceuticals	0.8
The Trade Desk	0.6
Chewy	0.5
Pinterest	0.4
Sweetgreen	0.3
Guardant Health Inc	0.3
Netflix Inc	0.2
Tesla Inc	0.2
Hashicorp Inc	0.2
Shopify	-1.5
Doordash Inc	-1.1
Apple	-1.0
CoStar Group	-0.8
Workday Inc	-0.7
Inspire Medical Systems	-0.7
Cloudflare Inc	-0.7
Alphabet	-0.6
Coursera Inc	-0.6
Wayfair Inc	-0.5

One Year to 30 June 2024

Stock Name	Contribution (%)
NVIDIA	4.1
Apple	1.0
Sweetgreen	0.9
Netflix	0.9
Duolingo	0.7
Amazon.com	0.7
DoorDash	0.6
Pinterest	0.6
Meta Platforms	0.5
Affirm	0.4
Tesla Inc	-1.5
Shopify	-1.3
CoStar	-1.1
Moderna	-1.0
Penumbra	-1.0
Chewy	-0.9
Snowflake	-0.8
10X Genomics	-0.8
Alphabet	-0.8
Wayfair Inc	-0.8

Source: Revolution, S&P. Baillie Gifford American Fund relative to S&P 500 Index.

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

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

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

Transactions from 01 April 2024 to 30 June 2024.

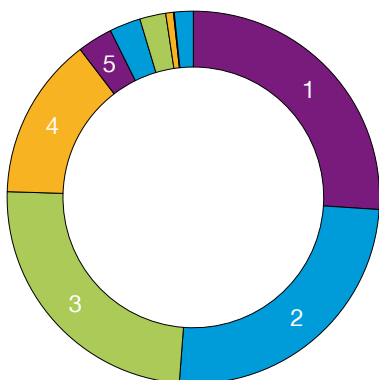
New Purchases

Stock Name	Transaction Rationale
Block	Block is a collection of financial services businesses linked by a common mission: to advance economic empowerment and inclusion. The two most important businesses today are Square, which enables merchants to accept card payments and provides ancillary software services, and Cash App, a personal payment app. Both have attractive competitive positions and growth trajectories. Square can continue to drive penetration in merchants, offer more software services, and expand internationally, which should be helped by the company's acquisition of buy-now-pay-later firm AfterPay. Cash App is still in its infancy, and we think that Block's efforts to grow merchant acceptance for its nascent card service will drive rapid growth. Increased focus and financial discipline should help Block to become profitable as it expands, with attractive operating margins possible within our investment time horizon.
Tempus Ai Inc	Tempus Ai uses artificial intelligence to analyse health data. This analysis helps its customers to make diagnosis more accurate, improve treatment outcomes, and make medicine more personalised. Having already established a strong presence in oncology, Tempus can expand into more sizeable disease areas like cardiology and neurology. Tempus' market opportunity is significant, given the growing demand for precision medicine and increasing reliance on data-driven insights in healthcare. Tempus' potential to drive advancements in medical research and patient care mean it can deliver significant long-term growth.

Complete Sales

Stock Name	Transaction Rationale
HashiCorp	HashiCorp provides a suite of software tools designed to make managing software across customers' computing infrastructure simpler and more secure. Computing conglomerate IBM announced in April that it would acquire HashiCorp. We have decided to sell the shares rather than wait for the acquisition to complete.

Sector Exposure



	%
1 Information Technology	26.0
2 Consumer Discretionary	25.2
3 Communication Services	24.3
4 Health Care	14.1
5 Financials	3.1
6 Industrials	2.7
7 Real Estate	2.3
8 Consumer Staples	0.7
9 Materials	0.1
10 Cash	1.6

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

Top Ten Holdings

Stock Name	Description of Business	% of Portfolio
NVIDIA	Designer of Graphics Processing Units and accelerated computing technology	8.7
Amazon.com	E-commerce, computing infrastructure, streaming and more	8.4
The Trade Desk	Advertising platform	7.8
Meta Platforms	Social media and advertising platform	5.8
Netflix	Streaming platform	4.8
Shopify	Cloud-based commerce platform provider	4.6
Moderna	Biotechnology developing mRNA-based therapeutics	4.0
Tesla Inc	Electric vehicles, autonomous driving technology and energy solutions	3.9
DoorDash	Provides restaurant food delivery services	3.8
Cloudflare	Web infrastructure and cybersecurity provider	3.6
Total		55.5

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	36	Companies	6	Companies	2
Resolutions	248	Resolutions	23	Resolutions	2

Company Engagement

Engagement Type	Company
Environmental	NVIDIA Corporation, Roku, Inc.
Social	Oddity Tech Ltd.
Governance	10x Genomics, Inc., Affirm Incorporated, Alnylam Pharmaceuticals, Inc., CoStar Group, Inc., Denali Therapeutics Inc., Meta Platforms, Inc., Moderna, Inc., Oddity Tech Ltd., Pinterest, Inc., Roku, Inc., Tesla, Inc., The Trade Desk, Inc.
Strategy	10x Genomics, Inc., CoStar Group, Inc., Denali Therapeutics Inc., Ginkgo Bioworks Holdings, Inc., Oddity Tech Ltd.

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

Asset Name	Fund %
NVIDIA	8.7
Amazon.com	8.4
The Trade Desk	7.8
Meta Platforms	5.8
Netflix	4.8
Shopify	4.6
Moderna	4.0
Tesla Inc	3.9
DoorDash	3.8
Cloudflare	3.6
Pinterest	2.8
Workday	2.7
Watsco	2.7
Duolingo	2.7
Datadog	2.5
CoStar	2.3
Alnylam Pharmaceuticals	2.1
Sweetgreen	2.1
Roblox	1.9
Wayfair	1.5
Snowflake	1.4
Insulet Corporation	1.4
Affirm	1.4
Block	1.3
Chewy	1.2
Roku	1.2
Samsara	1.1
Inspire Medical Systems	1.1
Guardant Health	1.1
Tempus AI Inc	1.0
Denali Therapeutics	1.0
Doximity	0.8
YETI Holdings	0.8
Penumbra	0.7
Aurora	0.7
Oddity	0.7
Sprout Social	0.6
Coursera	0.5
Recursion Pharmaceuticals	0.4
Lemonade	0.4
10x Genomics	0.3
Rivian Automotive	0.2
Sana Biotechnology	0.2
Ginkgo Bioworks	0.1
Abiomed CVR Line*	0.0
Cash	1.6
Total	100.0

Please note the fund information contained within this document is proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

*Abiomed was acquired in December 2022 by Johnson and Johnson. Holders received a cash allocation plus non-tradable contingent value rights (CVRs).

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Acc	28 March 2002	GB0006061963	0606196	0.50	0.53
Class B-Inc	31 July 1997	GB0006061856	0606185	0.50	0.53

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

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Additional Geographical Location Information

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

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

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

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

All information as at 30 June 2024 and source is Baillie Gifford & Co unless otherwise stated.

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