Baillie Gifford

Baillie Gifford Emerging Markets Growth 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

The Fund aims to invest in an actively managed portfolio of emerging market stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growing companies, founded on the observation that returns follow earnings over the long-term in Emerging Markets. Many market participants favour the safety of steady predictable growth; we are willing to invest in companies where the outcomes are less certain, but where the potential returns are significant. The portfolio will typically hold between 60-100 stocks.

Fund Facts

Fund Launch Date	03 March 1997
Fund Size	£706.3m
IA Sector	Global Emerging Markets
Active Share	69%*
Current Annual Turnover	22%
Current number of stocks	73
Stocks (guideline range)	60-100

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

Fund Manager

Name	Years' Experience
Andrew Stobart	33
Mike Gush*	21
Ben Durrant	12

*Partner

Fund Objective

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

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Global Emerging Markets 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 (%)	6.8	14.7	-4.6	3.7
Index (%)*	5.0	13.6	-1.8	3.6
Target (%)**	5.6	15.9	0.2	5.7
Sector Average (%)***	4.2	11.7	-2.7	2.7

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
Baillie Gifford operates a single swinging price for the Fund and, therefore, may apply a dilution adjustment to the price to protect long-term investors from the costs associated with buying and selling underlying investments that result from other investors joining or leaving the Fund. This adjustment will affect relative performance, either positively or negatively.
*MSCI Emerging Markets Index.
**MSCI Emerging Markets Index (in sterling) plus at least 2% per annum over rolling five-year periods.
***IA Global Emerging Markets 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 (%)	3.6	33.6	-27.1	3.7	14.7
Index (%)*	-0.1	26.4	-14.7	-2.4	13.6
Target (%)**	1.9	29.0	-13.0	-0.4	15.9
Sector Average (%)***	-2.9	27.8	-17.2	-0.3	11.7

Source: FE, Revolution, MSCI. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
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***IA Global Emerging Markets Sector.

Market environment

In previous quarters we have discussed how many Emerging Market economies have pursued conservative fiscal policies and orthodox monetary policies for much of the last decade. This is in stark contrast to many Developed Market economies which have done whatever it takes to avoid the unpleasant effects of a recession, be it covid-induced, or otherwise. The consequences of this have started to show up in the relative strength of Emerging Market (EM) currencies and bonds, though they have yet to set EM equities alight. Why is this? I was recently at a conference and in a poll fully half the attendees cited 'geopolitical risk' as their biggest concern. Given the headlines, this is entirely rational, especially given the rivalry between the US and China. However, dig a bit deeper and (by my back of the envelope calculations) ~60% of the MSCI EM index constituents (by population) are democratic. Recently, we have seen a smooth transition of power in India, Indonesia, Mexico and South Africa to name some of the most populous. China and the Middle East aside, the majority of the Emerging Markets countries are fully functioning democracies. At a time when Western elections have become increasingly polarised, do Emerging Markets continue to warrant a significant political discount?

We remain cautious on the longer-term outlook of US-China relations; Washington and Beijing clearly want different things. However, in the medium term we are a little more sanguine; valuations in China are attractive and sentiment remains pretty downbeat, the recent rally notwithstanding. The government has started to act, first by attempting to put a floor under the stock market and next by removing virtually all the restrictions in residential property. The key test will be the Third Plenum in July when we will see if the government is prepared to do some heavy lifting in terms of policy; without it, it seems likely that Chinese stocks will return to their slough of despond. However, two thoughts or perhaps speculations: the Chinese government is not as monolithic as it appears. While by no means democratic, popular discontent can provoke a response be it rolling back zero covid overnight, or protecting individual's wealth by supporting the stock and property markets. The second point is that much is made of China's demographics, but typically people save (~US$ 19 trillion at the end of last year) when they are working and spend when they retire. Forget GenZ or Millennials, China's 'silver surfers' could be the dominant force in domestic consumption for decades to come. There are still opportunities in China: for example we recently purchased Luckin Coffee, a special situation that has recently overtaken Starbucks as the largest coffee company in China.

Performance

The Fund continues to be barbelled with a well-diversified range of idiosyncratic positions. The halo of Artificial Intelligence (AI) continues to impact the Fund with TSMC once again a positive contributor. TSMC has always been very careful not to gouge its customers, but it seems likely that some price rises may be in order by the end of the year. Such price rises are likely to be focussed on leading edge products used in AI servers where it represents a relatively small component of the overall cost. The company is likely to be more conservative with its smartphone customers (Apple, Qualcomm and Mediatek) where it is a larger element of the cost and where nascent 'edge' applications have yet to drive a meaningful replacement cycle. Nonetheless, successful price rises will inevitably lead to an upgrade in earnings forecasts, potentially driving the share price higher in a stock that is already ~9% of the MSCI Index. This focuses debate within the team on whether we are at peak valuations, or merely in the foothills of a very large and enduring Tech cycle. For the time being we are giving more weight to the latter than the former.

SEA Limited has continued to be a robust contributor to performance again this quarter. The share price reached its recent nadir in mid-January since then it has approximately doubled. In truth, there had been some confusion within the market as to whether the company was prioritising growth or profitability. A recent dinner in Edinburgh with the management clarified that ultimately they were pragmatic when it came to prioritisation. This has manifested itself in two decent quarters which has done much to restore the market's confidence. 1Q24 results saw revenues growing at 23% YoY while the ecommerce business, Shopee showed faster than expected progress towards break-even while the Gaming and the Fintech businesses remain profitable. The company retains an US$ 8.6 billion cash position which puts it in an enviable position to invest at a time when some of its competitors are constrained by higher capital costs.
First Quantum Minerals also continued to contribute again this quarter. This has largely

been the result of the surge in copper prices which peaked at over US$ 5/lbs in May before correcting into the quarter end. The copper price tends to react to short term economic noise and is currently at a level which appears insufficient to prompt renewed investment but is not so high as to start provoking substitution (by Aluminium). Nonetheless, most forecasts suggest a supply deficit in the coming years both because of the energy transition but also because the power demands of AI are just beginning to be recognised. It is worth remembering that turning copper discoveries into producing assets can take decades; the supply response it likely to be slow and uneven, creating bottlenecks. First Quantum still has to try and negotiate the re-opening of its Cobre mine in Panama, which now has a new President-elect Jose Raul Mulino. One of his first priorities will be the budget given traffic in the Canal is restricted because of drought and Cobre (the second biggest contributor to government finances) is currently operating on a ‘care and maintenance basis’. Fitch downgraded Panama’s sovereign rating from BB+ from BBB- in March this year.

Bank Rakyat in Indonesia has been amongst the detractors this quarter. Rather against the run of play in Emerging Markets, the Bank of Indonesia raised its benchmark interest rates 25 basis points to 6.25% in April. This was unwelcome for Bank Rakyat which was already suffering from rising credit costs in its small business and micro loan Fund. Correspondingly, management lowered guidance for its loan growth, margins and credit costs for 2024. We regard these as relatively short-term issue, as micro-lending is by its very nature a volatile business. The bank has moved quickly, hiring approximately 1,000 additional loan officers (to about 27,000) to improve collection and has significantly tightened credit controls. While these process improvements are welcome, micro loans make up almost half of its loan book, a high proportion of which are fixed-rate loans. Accordingly, the Bank should benefit when the Indonesian rate cycle turns.

We have written in our most recent monthly about elections in Emerging Markets. There are of course exceptions, but generally most governments are neither as good as hoped or as bad as feared. One country that has seen a short-term impact is Mexico. The new President, Claudia Sheinbaum, is very much a protégé of the outgoing incumbent, AMLO, and is very much seen as the continuity candidate. However, fears that her supermajority will allow her to pursue the more radical parts of her agenda has spooked markets. Equities have sold off, including conglomerate FEMSA and Banco Banorte, which are in the Fund. We see nothing at present to suggest that either company’s long term prospects have been affected by Sheinbaum’s ascendancy, especially as her initial cabinet appointments reflect a measure of continuity and moderation. It is likely that Mexico’s economic fortunes will ultimately be more greatly influenced by the outcome of the US elections in November.

Notable transactions

During the quarter, we purchased six new holdings for the Fund – Impala Platinum, Kaspi.kz, Axis Bank, Mobile World Investment, Luckin Coffee and Saudi Tadawul Group. Established in 2007, Saudi Tadawul Group (STG) operates a fully integrated securities exchange in Saudi Arabia, allowing it to capture value from trading, listing, clearing and settlement activities. It covers all major financial instruments, including equities, Real Estate Investment Trusts (REITs), exchange-traded funds (ETFs), bonds, sukuks and derivatives. The government's Saudi Vision 2030 targets will directly benefit STG through its privatisation programme and expansion of the equity market. Other areas for growth include greater foreign participation in Saudi markets and further variety of products and services offered. While the revenues of any exchange are volatile, we believe that there are several strong, diverse, long-term drivers of growth for STG.
There were no complete sales over the quarter.

Stewardship

During the quarter we met with SEA Limited to continue discussing board composition and remuneration and hear an update on the company's developing climate strategy.
Our engagement focused on board recruitment, including management's considerations and efforts in recruiting new board members, focusing on finding individuals with the correct skill set. We also discussed remuneration, particularly a recent executive compensation cap. SEA clarified its remuneration approach and reassured that employee pay is competitive. The meeting also provided an opportunity to question the company's climate change strategy. While there are no immediate plans to set decarbonisation targets, SEA has considered climate and has published scope 1 and scope 2 emissions data, indicating relatively low emissions. Future

emissions reductions are expected to result from broader operational improvements. Overall, our engagement highlighted ongoing efforts and challenges in board recruitment, which we will continue to monitor. Sea Limitied’s actions reflect responsiveness to investor concerns and a willingness to improve governance and environmental stewardship.

Market Outlook

We continue to be positive on the Emerging Markets asset class with Funds positioned accordingly. We are continuing to find a wide variety of opportunities in countries that are beneficiaries of supply chain re-alignment, that have critical commodity resources and those that have large and under-served domestic markets. Competition for capital within the Fund remains fierce.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
Brilliance China Automotive	0.5
SK Hynix	0.4
Hyundai Motor	0.3
Silergy	0.3
First Quantum Minerals	0.2
SEA Limited	0.2
Tencent	0.2
Fabrinet	0.2
Axis Bank	0.2
Accton Technology	0.1
Bank Rakyat Indonesia	-0.5
Samsung Electronics	-0.4
Grupo Financiero Banorte	-0.4
Fomento Economico Mexicano Sab	-0.3
B3	-0.3
Hon Hai Precision	-0.3
Natura & Co Hdg	-0.2
Kweichow Moutai	-0.2
Cemex	-0.2
Raizen	-0.2

One Year to 30 June 2024

Stock Name	Contribution (%)
SK Hynix	1.2
MercadoLibre	0.9
Brilliance China Automotive	0.9
TSMC	0.7
Mediatek	0.5
Reliance Industries	0.5
Ozon Holdings	0.5
Hyundai Motor	0.4
Petrobras	0.4
Valeura Energy	0.4
First Quantum Minerals	-0.9
B3	-0.7
Baidu.com Group Holding	-0.5
Bank Rakyat Indonesia	-0.5
Kweichow Moutai	-0.5
Raizen	-0.5
Hon Hai Precision	-0.4
Ping An Insurance	-0.4
PDD Holdings	-0.4
Samsung SDI	-0.4

Source: Revolution, MSCI. Baillie Gifford Emerging Markets Growth Fund relative to MSCI Emerging Markets 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.

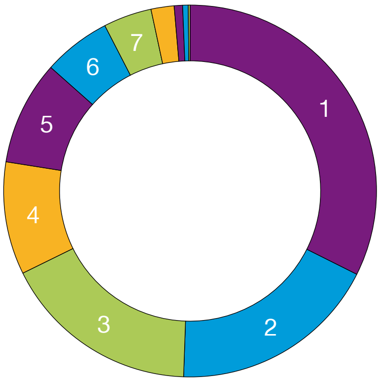
Transactions from 01 April 2024 to 30 June 2024.

New Purchases

Stock Name	Transaction Rationale
Axis Bank	Axis Bank is a medium-sized private sector bank in India, founded in 1994. It has successfully grown the scale and quality of its bank deposit franchise. It is now focusing on expanding its retail and small business loan books, particularly diversifying away from its core corporate credit franchise. It has also invested heavily in its digital capabilities to provide excellent customer service. Management is focused on growing the bank profitably and sustainably, while the valuation is reasonable, particularly in an Indian context.
Impala Platinum Holdings	Impala Platinum is a South African producer of platinum group metals (PGMs) with mining operations in South Africa, Zimbabwe and Canada. PGM prices have been weak in recent years. Most palladium is used in catalytic converters for diesel vehicles, while platinum has more end-uses with catalytic converters for gasoline cars being the most significant. The common heuristic is that growth in electric vehicles will translate into much lower PGM demand and hence weak PGM prices. The reality is more nuanced than that. Hybrid electric vehicles still need PGMs, while platinum electrolysers may be widely used in green hydrogen. Impala has significant leverage to an increase in PGM prices. After a period of significant share price weakness, we bought a holding
Kaspi.kz	Kaspi's combination of lending, e-commerce and payments has driven strong growth, and its competitive position in Kazakhstan is unrivalled. Continued operational progress and still-low valuations have warranted us revisiting the investment case. Our conversations with management have reassured us that a sizeable growth opportunity remains. The alignment between the government, the company, and shareholders appears stable. While we cannot rule out political or geopolitical risks, they have diminished. We believe the shares are attractive and have bought a holding.
Luckin Coffee	Luckin is the largest coffee company in China, having recently overtaken Starbucks. In 2020, the company was delisted, and the founder was expelled after fraudulent sales were revealed. However, the new management team, backed by new investors, have stabilised the business and built an exceptional mass-market beverages brand. We met some of the new management recently, and believe that the company has a long growth runway ahead of it, with the scope to increase profitability too. As a result of its fraud, the company is still traded off-exchange in the US, but ample liquidity is available to make an investment. Luckin continues to meet all SEC requirements and is considering a full listing in the US or Hong Kong in future. Continued operational growth and the potential for a substantial re-rating of the shares make this an attractive investment.
Mobile World Investment	We have purchased a new holding in Mobile World Corp, a Vietnamese retailer. We have long admired its dominance in electronics retailing in the country, and more recently how it has out-competed e-commerce operators and also managed the volatility during the pandemic. They have used this core retailing competence to build out a 2,000-strong chain of modern grocery stores. However, the last year has been challenging for the company operationally. It has faced price competition due to inventory oversupply across all Vietnamese consumer electronics retailers. Secondly, Vietnam has faced a broader economic slowdown, which has resulted in slowing consumer spending in grocery. However, we believe this to be a classic capital cycle: the fundamentals of both of its businesses remain intact, competition has been weakened, and as a result the company will come out stronger in the long term. We also believe the shares are now considerably undervalued.
Saudi Tadawul Group	Established in 2007, Saudi Tadawul Group (STG) operates a fully integrated securities exchange in Saudi Arabia, allowing it to capture value from trading, listing, clearing and settlement activities. It covers all major financial instruments, including equities, REITs, exchange-traded funds, bonds, sukuks and derivatives. The government's Saudi Vision 2030 targets will directly benefit STG through its privatisation programme and expansion of the equity market. Other areas for growth include greater foreign participation in Saudi markets and further variety of products and services offered. The Saudi bond and derivatives markets are still both relatively small. While the revenues of any exchange are volatile, we believe that there are several strong, diverse, long-term drivers of growth for STG.

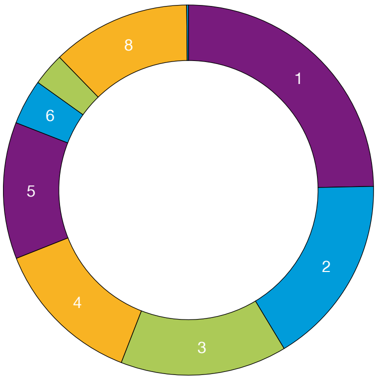
There were no complete sales during the period.

Sector Exposure



		%
1	Information Technology	32.4
2	Consumer Discretionary	18.2
3	Financials	17.2
4	Energy	9.8
5	Communication Services	9.1
6	Materials	5.9
7	Consumer Staples	4.2
8	Industrials	2.0
9	Real Estate	0.7
10	Health Care	0.5
11	Cash	0.2

Geographic Exposure



		%
1	China	24.7
2	South Korea	16.7
3	India	14.6
4	Taiwan	13.1
5	Brazil	11.9
6	Mexico	3.9
7	Thailand	2.9
8	Others	12.1
9	Cash	0.2

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
TSMC	Semiconductor manufacturer	9.5
Samsung Electronics	Producer of consumer and industrial electronic equipment	9.1
Tencent	Technology conglomerate	5.4
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	4.2
Petrobras	Oil exploration and production company	4.2
SK Hynix	Korean manufacturer of electronic components and devices	3.8
MercadoLibre	Latin American e-commerce and fintech platform	3.8
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments	2.4
Hyundai Motor Company	Korean auto manufacturer	2.3
MediaTek	Taiwanese electronic component manufacturer	2.1
Total		46.8

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	44	Companies	9	Companies	5
Resolutions	547	Resolutions	21	Resolutions	16

Company Engagement

Engagement Type	Company
Environmental	CEMEX, S.A.B. de C.V., HDFC Life Insurance Company Limited, KGHM Polska Miedz S.A., Raizen S.A., Samsung Electronics Co., Ltd., Sea Limited, Taiwan Semiconductor Manufacturing Company Limited, Valeura Energy Inc.
Social	Anker Innovations Limited, CEMEX, S.A.B. de C.V., HDFC Life Insurance Company Limited, PT Bank Rakyat Indonesia (Persero) Tbk, Samsung Electronics Co., Ltd., Taiwan Semiconductor Manufacturing Company Limited, Valeura Energy Inc.
Governance	Anker Innovations Limited, CEMEX, S.A.B. de C.V., First Quantum Minerals Ltd., Fomento Economico Mexicano, S.A.B. de C.V., HDFC Life Insurance Company Limited, KGHM Polska Miedz S.A., Raizen S.A., Samsung Electronics Co., Ltd., Sea Limited, Taiwan Semiconductor Manufacturing Company Limited, Valeura Energy Inc., Zai Lab Limited
Strategy	MercadoLibre, Inc., Nu Holdings Ltd., Raizen S.A., Valeura Energy Inc.

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

Asset Name	Fund %
TSMC	9.5
Samsung Electronics	9.1
Tencent	5.4
Reliance Industries	4.2
Petrobras	4.2
SK Hynix	3.8
MercadoLibre	3.8
Alibaba	2.4
Hyundai Motor Company	2.3
MediaTek	2.1
Tata Consultancy Services	1.9
Axis Bank	1.8
First Quantum Minerals	1.7
Jio Financial Services Limited	1.6
Accton Technology	1.5
Bank Rakyat Indonesia	1.4
Tech Mahindra	1.4
Grupo Financiero Banorte	1.4
Midea	1.4
Kweichow Moutai	1.4
FEMSA	1.2
Coupang	1.2
Silergy	1.2
China Merchants Bank	1.2
Nu Holdings	1.2
Ping An Insurance	1.1
Sea Limited	1.1
Allegro.eu	1.1
UltraTech Cement	1.1
PTT Exploration and Production	1.1
Kaspi.kz	1.0
Shenzhou International	1.0
Fabrinet	1.0
Anker Innovations	1.0
Brilliance China Automotive	1.0
Haier Smart Home	1.0
B3	1.0
Saudi Tadawul Group	0.9
Tencent Music Entertainment Group	0.9
Baidu.com	0.9
HDFC Life Insurance	0.9
Credicorp	0.9
Copa Holdings	0.8
Walmex	0.8
Delhivery	0.8
Luckin Coffee	0.8
Natura & Co.	0.8
Lundin Mining	0.7
KE Holdings	0.7

Asset Name	Fund %
JD.com	0.7
Zijin Mining	0.7
FirstRand	0.6
Mobile World Investment Corporation	0.6
PB Fintech	0.6
Banco Bradesco	0.6
KGHM Polska Miedz	0.6
Raizen	0.5
Impala Platinum	0.5
Ping An Bank	0.5
Cemex	0.5
Kuaishou Technology	0.5
SCB X	0.4
Li Ning	0.4
BeiGene	0.4
Valeura Energy	0.3
WNS Global Services	0.3
NAVER Corp	0.3
Zai Lab	0.1
Lufax Holding	0.1
Norilsk Nickel	0.0
Sberbank	0.0
Massa Falida Companhia Lorenz	0.0
Moscow Exchange	0.0
Cash	0.2
Total	100.0

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	03 March 1997	GB0006020530	0602053	0.72	0.81
Class B-Acc	20 December 1999	GB0006020647	0602064	0.72	0.81

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.

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.

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.

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