Baillie Gifford™

Baillie Gifford Emerging Markets Growth Fund

31 December 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	£533.1m
IA Sector	Global Emerging Markets
Active Share	69%*
Current Annual Turnover	23%
Current number of stocks	77
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 (%)	-3.0	5.5	-2.3	1.7
Index (%)*	-1.3	10.0	1.1	3.3
Target (%)**	-0.8	12.1	3.2	5.3
Sector Average (%)***	-0.9	8.2	-0.3	2.3

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

	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23	31/12/23-31/12/24
Class B-Acc (%)	26.6	-7.7	-18.4	8.3	5.5
Index (%)*	15.0	-1.3	-9.6	4.0	10.0
Target (%)**	17.3	0.7	-7.8	6.1	12.2
Sector Average (%)***	13.7	-0.5	-12.2	4.3	8.2

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

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.

Most recently, the news has also been focussed on South Korea's political turmoil which began with President Yoon's attempted martial law declaration. The fact that this was summarily blocked within hours by the National Assembly speaks volumes to the degree that democracy is now firmly embedded in the country. We expect the Fund's holdings to be largely unaffected in fundamental terms given the likes of Samsung Electronics and SK Hynix are more linked to global tech cycles, but we expect a political risk premium may cap multiples until a longer-term solution is found.

India has outperformed the rest of Emerging Markets 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.

Looking to Latin America, the Brazilian market has pretty much round-tripped this year. Gross domestic product (GDP) growth accelerated during the year, posting 4.0% year on year (YoY) growth in Q3 24. The Central Bank initially cut interest rates but raised them again due to the government's reluctance to make fiscal cuts. This affected the stock market, though the two largest holdings in the Fund, Petrobras and Mercadolibre, remained largely unaffected.

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 e-commerce platform Mercadolibre, which was a top detractor this quarter. However, e-commerce penetration in Latin America is only about 12-13% of retail sales, compared 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.

Bank Rakyat in Indonesia has also been a bit of a yo-yo through the year and is a detractor to performance over the most recent quarter. Indonesia has a population of ~276 million spreading 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.

Indian conglomerate Reliance Industries has also been amongst the top contributors in the year but is a top detractor in the most recent 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 longer term, the outlook looks brighter with the scheduled closure of capacity in the US and Europe. 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 Ltd has been one of the most consistent contributors throughout the year and is also a top contributor over the quarter. SEA is showing impressive momentum across its three businesses. Its flagship game FreeFire has rejuvenated itself by becoming more streamlined focussing on localised content; Shopee, its ecommerce business, and SeaMoney, its financial service arm, have both maintained their growth trajectory but also significantly improved profitability.

Accton, a networking solutions provider based in Taiwan, is also a top contributor this quarter. Over the past 5 years the company has successfully transformed its business from traditional network interface cards to advanced artificial intelligence (AI) accelerators, which now accounts for 40% of its revenue, up from 16% in 2019. Accton is a key supplier to Amazon. The strong demand for Amazon's AI accelerators as well as solid shipments of its datacentre switches have contributed to Accton's record high sales.

PB Fintech is another contributor to performance this quarter. The online insurance distributor reported another strong quarter of growth in revenue, with improving margin. The company is a force for positive change in the growing Indian insurance market, by offering a better and cheaper customer experience, and ultimately should be far more cost-effective than the traditional model of door-to-door insurance sales. We believe its scale-driven efficiency and productivity will continue to foster growth in an underpenetrated industry.

Stewardship

We continued our ongoing dialogue with Chinese copper and gold miner, Zijin Mining, a company with a significant growth opportunity ahead based on the importance of copper in the climate transition, but with challenges based around the nature and geography of its mining operations. Having visited the company's headquarters, and its mines in Xinjiang and Tibet in recent years, we met this quarter to better understand the company's influence at overseas mines where it has minority stakes. Knowing details of on-the-ground practices and how Zijin's overseas subsidiaries tackle social and environmental issues helped provide assurance that the company is upholding its commitments to sustainable mining. Our engagement also sought greater disclosure in future reports.

Notable transactions

During the quarter we added new holdings to the Fund: E Ink, Haidilao and Meituan.

E Ink is a global commercial leader in ePaper technology. It is a main supplier to the Amazon Kindle and other similar e-readers. The company has spent well over a decade honing its technology edge and we continue to be attracted by its leading position and financial returns, as well as the potential for new applications as the industry continues to develop.

Over the quarter we sold Zai Labs (China). This is a Sino-US biopharmaceutical company focusing on innovative therapies targeting significant unmet medical needs. Whilst the market opportunity remains vast, operational performance has lagged our expectations, and we are increasingly concerned about the regulatory tensions from both China and the US, so we decided to sell the holding.

Market outlook

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 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 stock market performance, but we can certainly anticipate it.

We remain enthusiastic about the spread and composition of the Fund. Obviously, there will be short term fluctuations performance 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 longer-term prospects of the companies in the Fund.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 31 December 2024

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

One Year to 31 December 2024

Stock Name	Contribution (%)
SEA Ltd	1.0
TSMC	0.6
Brilliance China Automotive	0.6
First Quantum Minerals	0.5
PDD Holdings	0.5
Valeura Energy	0.5
Tencent	0.4
Accton Technology	0.4
China Merchants Bank	0.3
PB Fintech	0.3
Samsung Electronics	-2.4
Meituan	-0.9
B3 S.A.	-0.7
Bank Rakyat Indonesia	-0.5
Grupo Financiero Banorte O	-0.5
Petrobras	-0.5
Raizen	-0.5
Xiaomi Corporation	-0.5
Natura & Co	-0.5
Silergy	-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 October 2024 to 31 December 2024.

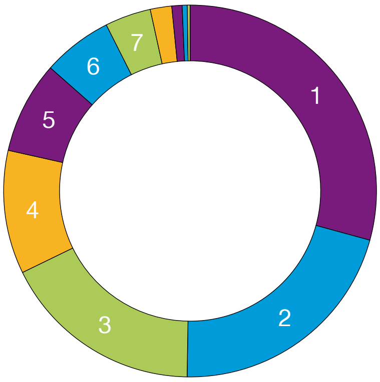
New Purchases

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

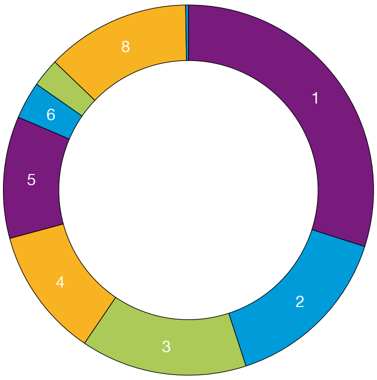
Stock Name	Transaction Rationale
Zai Lab HK Line	Zai Labs is a Sino-US biopharmaceutical company focusing on innovative therapies targeting significant unmet medical needs, in areas such as oncology and neurological conditions. Whilst the market opportunity remains vast, operational performance has lagged 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.

Sector Exposure



		%
1	Information Technology	29.4
2	Consumer Discretionary	21.1
3	Financials	17.6
4	Communication Services	10.8
5	Energy	8.0
6	Materials	6.1
7	Consumer Staples	4.0
8	Industrials	1.9
9	Real Estate	0.9
10	Health Care	0.4
11	Cash	-0.2

Geographic Exposure



		%
1	China	30.1
2	India	15.1
3	Taiwan	14.6
4	South Korea	11.4
5	Brazil	10.7
6	Mexico	3.3
7	Thailand	2.5
8	Others	12.6
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	9.7
Tencent	Technology conglomerate	6.8
Samsung Electronics	Producer of consumer and industrial electronic equipment	5.0
MercadoLibre	Latin American e-commerce and fintech platform	3.9
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	3.4
Alibaba	Chinese e-commerce, cloud infrastructure, digital media, and payments.	3.3
Petrobras	Oil exploration and production company	2.8
SK Hynix	Korean manufacturer of electronic components and devices	2.3
Meituan	Chinese online services platform	2.2
MediaTek	Taiwanese electronic component manufacturer.	2.2
Total		41.4

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	13	Companies	1	Companies	None
Resolutions	92	Resolutions	1	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

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	9.7
Tencent	6.8
Samsung Electronics	6.0
MercadoLibre	3.9
Petrobras	3.6
Reliance Industries	3.4
Alibaba	3.3
SK Hynix	2.3
Meituan	2.2
MediaTek	2.2
Accton Technology	2.0
Tata Consultancy Services	2.0
Axis Bank	1.9
Kweichow Moutai	1.8
First Quantum Minerals	1.7
Sea Limited	1.6
Midea	1.6
Hyundai Motor Company	1.5
Bank Rakyat Indonesia	1.5
Ping An Insurance	1.4
Tech Mahindra	1.4
China Merchants Bank	1.3
Anker Innovations	1.3
Coupang	1.3
Grupo Financiero Banorte	1.2
UltraTech Cement	1.1
Jio Financial Services Limited	1.1
Kotak Mahindra Bank	1.1
Silergy	1.0
Haier Smart Home	1.0
FEMSA	1.0
Luckin Coffee	1.0
Credicorp	1.0
JD.com	1.0
Impala Platinum	1.0
HDFC Life Insurance	1.0
Nu Holdings	1.0
PB Fintech	0.9
Baidu.com	0.9
KE Holdings	0.9
Fabrinet	0.9
B3	0.9
Saudi Tadawul Group	0.8
Mobile World Investment Corporation	0.8
Shenzhou International	0.8
Kaspi.kz	0.8
Allegro.eu	0.8
Copa Holdings	0.8
Delhivery	0.8

Asset Name	Fund %
E Ink	0.8
Tencent Music Entertainment Group	0.7
Walmex	0.7
Valeura Energy	0.6
FirstRand	0.6
Zijin Mining	0.6
Lundin Mining	0.6
Natura & Co.	0.6
Haidilao International	0.5
SCB X	0.5
Brilliance China Automotive	0.5
Banco Bradesco	0.5
BeiGene	0.4
PTT Exploration and Production	0.4
KGHM Polska Miedz	0.4
Kuaishou Technology	0.4
Cemex	0.4
Li Ning	0.4
Raizen	0.4
WNS Global Services	0.3
NAVER Corp	0.3
Soquimich	0.2
Hyundai Motor India Limited	0.2
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.

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