

Baillie Gifford Global Discovery 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 invests in companies that offer significant growth prospects with an emphasis on companies operating in industries with potential for structural change and innovation. The Fund's holdings will, by their nature, offer a wide range of potential outcomes. We aim to embrace this uncertainty and believe it is important that the portfolio is adequately diversified by name and thematic influence; and sufficiently broad so as to be open to the inclusion of new ideas. The Fund has a bias towards smaller companies.

Fund Facts

Fund Launch Date	01 May 2011
Fund Size	£500.7m
IA Sector	Global
Active Share	99%*
Current Annual Turnover	10%
Current number of stocks	80
Stocks (guideline range)	80-125

*Relative to S&P Global Small Cap Index. Source: Baillie Gifford & Co, S&P.

Deputy and Fund Managers

Name	Years' Experience
Douglas Brodie*	23
Luke Ward	12
Svetlana Viteva	12

*Partner

Fund Objective

To outperform (after deduction of costs) the S&P Global Small Cap 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 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 (%)	-3.9	-13.2	-26.5	-6.3
Index (%)*	-2.3	10.5	2.0	7.1
Target (%)**	-1.8	12.5	4.0	9.1
Sector Average (%)***	0.7	14.9	5.1	9.0

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 Global Small Cap Index.

**S&P Global Small Cap Index (in sterling) plus at least 2% per annum over rolling five-year periods.

***IA Global 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 (%)	36.4	33.1	-50.0	-8.3	-13.2
Index (%)*	-2.8	36.8	-11.3	8.2	10.5
Target (%)**	-0.9	38.7	-9.4	10.4	12.5
Sector Average (%)***	5.4	25.9	-8.8	10.8	14.9

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 Global Sector.

Market environment

Small-cap equity markets have remained volatile during the quarter. Much attention remains focused on the possible commencement of US Federal Reserve interest rate cuts. In the meantime, return-seeking capital seems drawn to a small handful of themes: Artificial Intelligence (AI) infrastructure, Bitcoin, and anti-obesity drugs. This has led to strong price appreciation among a small handful of companies, significantly outstripping index returns leading to historical concentration levels in indices such as the S&P500. This thinness of growth has tended to favour larger, mega-cap businesses, and we've seen large-cap indices again outperform small.

Looking ahead, there are reasons to be bullish on the prospects for small-cap performance. Valuations for the asset class continue to look attractive compared to long-term historical averages and relative to larger businesses. Additionally, while the timing of interest rate cuts remains uncertain, we should expect small-cap equities to respond favourably.

Performance

Over the quarter, holdings in Alnylam Pharmaceutical, AeroVironment, and American Superconductor (AMSC) were among the most significant positive contributors to fund relative performance. Alnylam, a clinical biotech developing a range of treatments based on a singular approach to gene silencing, is the fund's largest holding. Shares in the company rallied significantly on positive news from the phase three trial of its treatment for patients with Transthyretin amyloidosis (ATTR) with cardiomyopathy (a progressive and deadly form of heart disease). Alnylam plans to proceed with global regulatory submissions later this year. If approved, it is expected to generate between \$2-4bn in annual sales (a considerable increase on Alnylam's current \$1.5bn annual sales). We are delighted by the results, as it should unlock a significant commercial opportunity that will generate cash to facilitate the push of other assets through the pipeline (e.g., in Alzheimer's and hypertension). Shares in AeroVironment, the manufacturer of advanced drones primarily for military purposes, were also strong over the quarter. The company is experiencing heightened product demand, with the US Department of Defence placing several large orders. This has resulted in rapid sales growth, expanding margins, and a burgeoning order backlog. The company have issued encouraging guidance for

Fiscal year (FY) 2025, suggesting between 10-15% top-line growth and decent profitability. Over the quarter, AMSC, a solutions provider for the wind and power industries, delivered pleasing results that offered surprises on both the top and bottom lines. Reported sales came in ahead of previously issued guidance and consensus expectations. The company highlighted diversifying demand across renewables, industrial and the US Navy as the driver for this. Simultaneously, the business reported positive non-GAAP EPS (Generally Accepted Accounting Principles Earnings Per Share) and operating cash flow when expectations had been for continued losses. While this is encouraging, we're excited about what's to come, with the company highlighting opportunities across data-centre development, modular power substations, and grid resilience.

Holdings in Exact Sciences, Sprout Social and Ocado were among the most prominent detractors to relative performance. Exact has developed a stool-based colorectal cancer test (Cologuard) and several other tests which inform the treatment of cancers. The market is concerned by several competitive threats facing Exact, with the US Food and Drug Administration (FDA) recently approving Geneoscopy's colorectal cancer test and Guardant's blood screening test. Cologuard remains leading in its ability to detect earlier-stage cancers, but competing tests could take some share due to superior convenience. With Exact's ten years of experience in colorectal screening and its entrenched sales force, it has a more defensible lead than is appreciated. Sprout Social is a software business whose products help companies to manage their social media presence. Shares fell materially during the quarter due to disappointing results, which reveal ongoing sales execution challenges. Sprout has attempted to re-orientate the company to a high-value, enterprise customer segment. While this has reduced customer numbers, it was hoped that larger customers would more than offset any lost revenue. Thanks to a tie-up with Salesforce and a robust competitive position, the business was expected to gain momentum through the year. This has, however, yet to materialise, signified by a 5% reduction in full-year guidance and narrative around continued sales difficulties. This is highly disappointing, and we will keenly watch the upcoming results before making any decisions regarding the position. Ocado, the UK grocer and international grocery fulfilment business, has had a challenging quarter. Shares traded lower on the news that one of its global partners, Sobeys in Canada, was pausing the

rollout of further fulfilment centres and concluding its partnership. While disappointing, the deal with Sobeys was always less significant than that with Kroger in the US. Encouragingly, the Kroger chief executive office (CEO) has spoken positively over the quarter about their partnership with Ocado and the planned collaboration for further growth.

Notable transactions

New buys: E-Ink, Raspberry Pi Foundation, Sweetgreen. Complete sales: C4X Discovery, Chegg, Fiverr, HashiCorp, M3, MonotaRo, Shockwave Medical, Stratasys.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2024

Stock Name	Contribution (%)
Alnylam Pharmaceuticals	4.0
American Superconductor Corp	1.4
TransMedics Group	1.1
AeroVironment	0.8
Staar Surgical	0.7
Twist Bioscience	0.7
PeptiDream	0.5
Hashicorp	0.4
Sweetgreen	0.3
Veeco Instruments	0.3
Ocado	-1.2
Exact Sciences	-1.2
Sprout Social	-1.1
Schrodinger	-0.8
Appian	-0.7
Quanterix Corporation	-0.6
DLocal	-0.5
Oxford Nanopore Tech	-0.5
Adaptimmune Therapeutics	-0.5
PureTech Health	-0.5

One Year to 30 June 2024

Stock Name	Contribution (%)
American Superconductor Corp	1.9
AeroVironment	1.8
Alnylam Pharmaceuticals	1.5
Twist Bioscience	1.1
TransMedics Group	1.0
Axon Enterprise	0.8
EverQuote	0.6
JFrog	0.5
Veeco Instruments	0.4
Sweetgreen	0.3
Schrodinger	-2.8
Ocado	-2.5
Oxford Nanopore Tech	-2.4
Exact Sciences	-2.3
Novocure	-1.7
Appian	-1.6
Staar Surgical	-1.0
Kingdee International Software	-0.9
Ambarella	-0.8
Sprout Social	-0.8

Source: Revolution, S&P. Baillie Gifford Global Discovery Fund relative to S&P Global Small Cap 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.

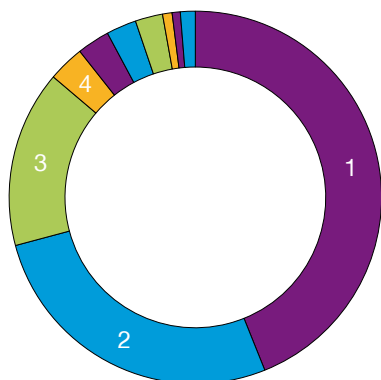
New Purchases

Stock Name	Transaction Rationale
E Ink	E Ink is the category-defining e-paper maker. By digitising traditionally static surfaces, the company enables products like e-book readers, Electronic Shelf Labels (ESL), and broader Internet of Things uses. With an upstream monopoly over this technology, it's the current leader of a maturing ecosystem, and it is set to benefit as e-paper commercialises across numerous applications. While synonymous with e-books, we believe the recent Walmart ESL deal and an expanding pipeline of use cases, such as education tablets, are catalysing the product's growth inflection and improving E Ink's margin profile.
Raspberry Pi Foundation	We have taken an initial position in Raspberry Pi, a British company that makes low-cost, compact single-board computers and computing modules. Originally designed to appeal to educators and hobbyists, these general-purpose computers have seen strong traction with a growing number of industrial customers for which they act as the "brains" in factories and end products. The company enjoys high organic awareness and a strong community of loyal users, which positions them front of mind among professional engineers. The depth and breadth of the software ecosystem around these computers, coupled with the company's investment in owning more of the hardware itself, have further strengthened its competitive moat. They remain early in monetising the opportunity with industrial customers. Still, the demand for Raspberry Pi computers and compute modules is expected to grow, underpinned by secular drivers like the Internet of Things and Edge AI.
Sweetgreen	We have taken a new holding in Sweetgreen for the portfolio. Sweetgreen sells salads to a fast food model and is part of the structural consumer trend towards healthier eating. The company is early in its opportunity - they have a little over 200 stores in the US, with a long-run target of 1000+ stores in a decade. There are multiple levers management can pull for growth beyond store expansion: increased customer engagement, expanding channels, and driving store profitability through automation. It has positive store economics and plans to hold general and administrative costs flat while increasing store count, driving leverage and the company towards profitability. We are also encouraged by Sweetgreen's shift toward a suburban store mix alongside in-store automation, which brings stronger margins. The company has built up a strong network of local suppliers over the last decade, and we are impressed by the long-term mindset of the three founders who still run the business and the experienced team they have built around them to scale to the next level.

Complete Sales

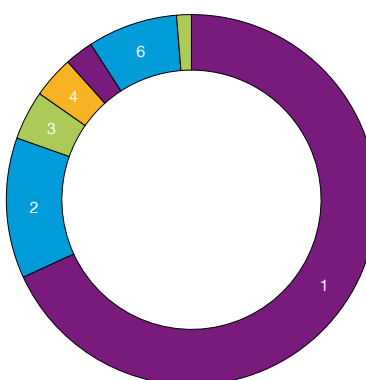
Stock Name	Transaction Rationale
C4X Discovery	C4X Discovery has decided to pursue a path forward as a private company and has, therefore, elected to de-list from the stock exchange. The Global Discovery OEIC cannot hold illiquid private companies and was thus in the position of having to exit its C4X Discovery position before the de-listing date.
Chegg	We have sold the position in the education business, Chegg. The company supports learners at schools, colleges, and universities through its study resources, online tutoring, and learning tools. It has made a substantial shift online from its printed study guide heritage. Still, we have been disappointed by the company's progress when challenged first by the disruption to students caused by Covid and then by the emergence of artificial intelligence competition. From here, we have not been able to build investment conviction in the management team's strategy. Amidst underwhelming current financial progress, we decided to sell this position from the portfolio.
Fiverr	Fiverr is a global freelancing website principally catering to small businesses, offering them the ability to outsource digital tasks typically of low value (average ticket <\$200). Following several team debates around the impact of generative AI, we believe Fiverr's core business is on the wrong side of this disruption and that this has the potential to jeopardise its long-term growth prospects. We have, therefore, sold the position.
Hashicorp	HashiCorp provides a suite of software tools designed to simplify and secure software management across customers' computing infrastructure. 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.
M3	M3 operates Japan's largest online drug advertising and marketing platform. Its primary service is delivering drug information to doctors. It also operates in adjacent areas, such as clinical trial services and specialist job search. The growth runway for the core medical portal business remains strong as more pharmaceutical companies shift their marketing budgets online. However, as the company diversifies into new geographies and services, and makes more significant acquisitions, the business is becoming more complex to manage, resulting in greater execution risk. This is compounded by poor transparency. Despite a de-rating in the shares, we have decided to sell the position.
MonotaRO	We have sold the shares in MonotaRO Co, a Japanese e-commerce company that sells industrial supply products. A long-standing position for the strategy, it remains a high-quality business, but ultimately, its growth has been slowing for the last few years. Following its release of uninspiring guidance for FY2024, we decided to take advantage of the resilient market rating to exit the position.
ShockWave Medical	We reduced Shockwave to fund other areas of high conviction in the portfolio after the company was acquired by Johnson & Johnson, the pharmaceutical giant. The acquisition is due to be completed at the end of May.
Stratasys	Stratasys manufactures three-dimensional (3D) printers and 3D-production systems. Our conviction in the company's ability to execute its vision of making 3D printing mainstream and disrupting manufacturing supply chains has decreased. This stems from what we see as self-imposed harm from poor integration of acquisitions and the associated negative impact on internal culture, which may prove to be irreversible. Additionally, the demand for additive manufacturing seems to have stalled, yet competition has increased. We have, therefore, decided to sell the holding.

Sector Exposure



		%
1	Health Care	43.9
2	Information Technology	26.9
3	Industrials	15.4
4	Financials	3.2
5	Real Estate	2.8
6	Consumer Discretionary	2.6
7	Consumer Staples	2.4
8	Materials	0.8
9	Communication Services	0.7
10	Cash	1.3

Geographic Exposure



		%
1	United States	68.1
2	UK	12.3
3	China	4.3
4	Israel	3.7
5	Japan	2.5
6	Others	7.9
7	Cash	1.3

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
Alnylam Pharmaceuticals	Drug developer focussed on harnessing gene silencing technology	6.9
AeroVironment	Small unmanned aircraft and tactical missile systems	4.8
STAAR Surgical	Ophthalmic implants for vision correction	3.3
American Superconductor Corp	Designs and manufactures power systems and superconducting components.	3.2
LiveRamp	Marketing technology company	3.0
Appian	Enterprise software developer	2.9
JFrog	A software development company	2.9
Zillow	US online real estate services	2.8
Axon Enterprise	Law enforcement equipment and software provider	2.8
Oxford Nanopore Tech	Biotech company	2.4
Total		35.1

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	59	Companies	18	Companies	7
Resolutions	623	Resolutions	22	Resolutions	8

Company Engagement

Engagement Type	Company
Environmental	Ambarella, Inc., Axon Enterprise, Inc., MP Materials Corp.
Social	Axon Enterprise, Inc.
Governance	Anylam Pharmaceuticals, Inc., Ambarella, Inc., Angelalign Technology Inc, Axon Enterprise, Inc., Kingdee International Software Group Company Limited, PureTech Health plc, STAAR Surgical Company, Trupanion, Inc., Zai Lab Limited, Zillow Group, Inc.
Strategy	Ambarella, Inc., Kingdee International Software Group Company Limited, MercadoLibre, 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 %	Asset Name	Fund %
Alnylam Pharmaceuticals	6.9	Renishaw	0.7
AeroVironment	4.8	IP Group	0.7
STAAR Surgical	3.3	Cosmo Pharmaceuticals	0.7
American Superconductor Corp	3.2	QuantumScape Corporation	0.7
LiveRamp	3.0	MercadoLibre	0.6
Appian	2.9	BlackLine	0.6
JFrog	2.9	SkyWater Technology	0.5
Zillow	2.8	Cardlytics	0.5
Axon Enterprise	2.8	Silex Systems Limited	0.5
Oxford Nanopore Tech	2.4	Sutro Biopharma	0.5
Ocado	2.4	AbCellera Biologics	0.4
PureTech Health	2.4	ITM Power	0.4
Upwork	2.3	Tandem Diabetes Care	0.4
TransMedics Group	2.3	freee K.K	0.4
Schrödinger	2.2	Sensirion	0.4
Twist Bioscience	2.2	Infomart	0.4
Exact Sciences	2.1	New Horizon Health	0.3
Kingdee International Software	1.8	Codexis	0.3
Sprout Social	1.8	Catapult Group	0.3
Novocure	1.8	Raspberry Pi	0.3
PeptiDream	1.7	Avacta	0.2
MarketAxess	1.7	EverQuote	0.2
IPG Photonics	1.6	Ilika	0.2
Doximity	1.5	Expensify	0.2
Progyny	1.5	Collectis	0.2
Genmab	1.4	Akili Interactive Labs	0.1
Zuora	1.4	NuCana	0.0
Sweetgreen	1.4	Angelalign Technology	0.0
Zai Lab	1.3	China Lumena New Materials	0.0
Digimarc	1.3	4D pharma	0.0
Nanobiotix	1.2	Chinook Therapeutics	0.0
Pacira BioSciences	1.2	C4X Discovery	0.0
Veeco Instruments	1.2	Cash	1.3
RxSight, Inc	1.0	Total	100.0
Confluent	1.0		
Ambarella	0.9		
Adaptimmune Therapeutics	0.9		
Genus	0.9		
Beam Therapeutics	0.8		
Aehr Test Systems	0.8		
MP Materials	0.8		
Quanterix Corporation	0.8		
Trupanion	0.8		
Hua Medicine	0.8		
CyberArk	0.8		
Xero	0.7		
E Ink	0.7		
Ceres Power	0.7		
DLocal	0.7		

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.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Acc	03 May 2011	GB0006059330	0605933	0.75	0.83
Class B-Inc	03 May 2011	GB0006059223	0605922	0.75	0.84

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.

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