

**Baillie Gifford™**

Baillie Gifford American Fund

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Shareholder Rights Directive Annual Disclosure  
for the period 01 January 2023 to 31 December 2023



This disclosure is produced to meet our obligation to provide enhanced reporting under the Shareholder Rights Directive (SRD) requirements. It is not marketing material. This document is solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.

## Our Investment Strategy

We aim to deliver outstanding investment performance by identifying the exceptional growth businesses in America and owning them for long enough that the advantages of their business models and strength of their cultures become the dominant drivers of their stock prices.

An exceptional growth business is a company with a special culture that is addressing a large market opportunity and possesses an edge that will allow it to deliver high future returns. These opportunities are rare, especially when we demand a clear distinction between our view of the opportunity and that implied by the market price. We run concentrated portfolios as we do not want to dilute the impact of such companies in the name of diversification. We do not attempt to predict or control for short-term price changes; looking beyond the immediate environment is a central part of our process.

## How We Make Investment Decisions

The full investment team has input in to the portfolio construction process through portfolio review meetings, which occur approximately every 7 weeks. Investment decisions are taken by the team's fund managers at implementation meetings and discussions. We aim to invest in a concentrated portfolio of companies which we believe individually have the potential to produce a 2.5x return over the next 5 years; holding sizes reflect the potential upside for an investment and the likelihood of it being realised. We do not seek consensus in the decision-making process and believe it is necessary to be prepared to back individual portfolio manager judgement when strength of conviction merits it. Even if only one of the managers wants to buy a stock then we will take a holding if the stock fits our investment philosophy and any key questions have been answered. Controversial ideas can be the most rewarding and this is particularly powerful when the potential gains are so much larger than losses. Our process is oriented around owning future outliers, including through periods of weakness. We consider selling stocks only when we can no longer see a likely enough path to sufficient upside from the current share price, or when an idea we have higher conviction in requires funding. We are wary of prematurely reducing holdings in successful stocks and we consider price moves in the context of evolving growth opportunities.

## Key Material Medium to Long Term Risks

Fundamental risk - the permanent loss of capital and the risk of missing out on companies which subsequently post strong returns. We therefore place significant emphasis in our investment management process on understanding the fundamentals of the companies in which we invest, including environmental, social and governance factors (ESG), which may impact the sustainability of future growth.

Portfolio risk - a failure to maintain an appropriate level of diversification at the strategy level. A series of investment guidelines are in place which are intended to ensure that there is a sufficient level of diversification.

Liquidity risk - a failure to maintain appropriate level of liquidity at the strategy level. We have a series of guidelines that ensure the strategy remains sufficiently liquid to enable positions to be exited or client cash flows to be managed with minimal impact.

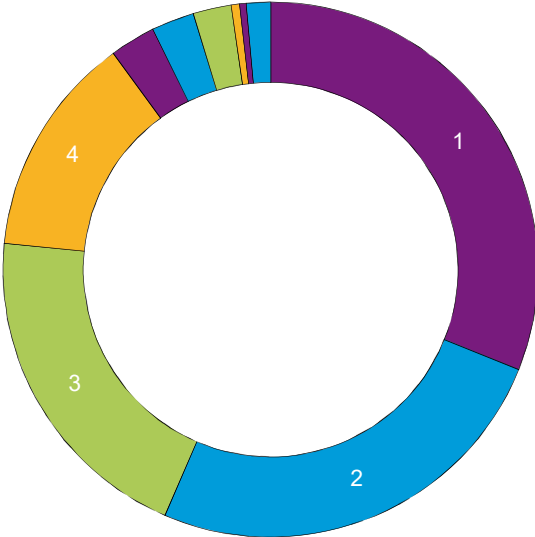
**Portfolio Composition**

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.

**Top Ten Holdings**

Asset Name	% of Portfolio
Shopify 'A'	7.9
NVIDIA	7.2
The Trade Desk	6.8
Amazon.com	6.8
Tesla Inc	5.1
Netflix Inc	4.0
Doordash Inc	3.7
Workday Inc	3.5
Cloudflare Inc	3.3
Meta Platforms Inc	3.1

**Sector Analysis of Total Assets**



	%
1 Information Technology	31.1
2 Consumer Discretionary	25.4
3 Communication Services	20.1
4 Health Care	13.4
5 Real Estate	2.8
6 Industrials	2.6
7 Financials	2.3
8 Consumer Staples	0.5
9 Materials	0.4
10 Cash	1.5

Source: Baillie Gifford & Co.  
Please note that totals may not add due to rounding.

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	18

Rolling One Year Turnover is calculated as the lesser of the sum of all purchases and the sum of all sales in each month divided by the monthly average market value, summed over 12 months. Turnover is a measure of average investment horizon, the lower the turnover the longer the average investment horizon.

Transaction costs:	%
Explicit transaction costs	0.01
Implicit transaction costs	0.07

Explicit costs are directly observable and include broker commissions and transaction taxes and fees. Implicit costs are the indirect costs associated with buying and selling of securities. Specifically, implicit costs represent the differential between the actual transaction price (excluding taxes and commissions) and the mid-market price of the asset when the order to transact was transmitted to a third-party. Due to the methodology used, overall transaction costs may be 'negative' if individual securities are purchased below the prevailing mid-price or conversely sold above the mid-price. Current MiFID II guidance requires us to disclose these costs, even if they result in a negative figure (i.e. an implicit gain to the investor).

Our Governance and Sustainability Approach

We look beyond current financial performance, undertaking proprietary research to build up an in-depth knowledge of an individual company and a view on their long-term prospects, including material governance and sustainability factors which we believe will positively or negatively affect the financial returns of an investment. In keeping with our decentralised and autonomous culture, we are comfortable with our various investment strategies taking different approaches to reach the same goal of properly assessing and weighing up governance and sustainability considerations in the investment process. Further information regarding our approach is detailed in our Governance and Sustainability Principles and Guidelines available in the About Us section of our website.

Our Approach to Voting and Engagement

Thoughtful voting of our clients' holdings is an integral part of our commitment to stewardship. Our Governance and Sustainability team oversees our voting analysis and execution in conjunction with our investment managers. Unlike many of our peers, we do not outsource the responsibility of voting to third-party suppliers. We utilise research from proxy advisers for information only. Additionally, Baillie Gifford does not lend securities on behalf of our clients. Where a client chooses to lend securities, we may consider requesting that clients recall any securities on loan to enable us to vote if we deem a meeting to be significant or contentious.

We engage regularly with management and board members to identify and understand issues and to monitor performance. Analysts from the Governance and Sustainability team regularly join our investors for these meetings, in addition to meetings that they will arrange directly with company representatives to discuss specific issues. Further details of Baillie Gifford's approach to voting and engagement is outlined in our Governance and Sustainability Principles and Guidelines document available in the About Us section of our website.

Detailed below are the engagements and the most significant votes we have carried out.

## Company Engagement

Engagement Type	Company
Environmental	10x Genomics, Inc., Amazon.com, Inc., CoStar Group, Inc., Coursera, Inc., Moderna, Inc., NVIDIA Corporation, Roblox Corporation, Roku, Inc., Samsara Inc., Shopify Inc., Snowflake Inc., Sweetgreen, Inc., Tesla, Inc., Twilio Inc., Watsco, Inc., Wayfair Inc.
Social	10x Genomics, Inc., Amazon.com, Inc., Chegg, Inc., CoStar Group, Inc., Coursera, Inc., Meta Platforms, Inc., Moderna, Inc., Netflix, Inc., Pinterest, Inc., Roblox Corporation, Shopify Inc., Tesla, Inc.
Governance	10x Genomics, Inc., Alnylam Pharmaceuticals, Inc., Amazon.com, Inc., Chegg, Inc., Cloudflare, Inc., CoStar Group, Inc., Coursera, Inc., Meta Platforms, Inc., Moderna, Inc., NVIDIA Corporation, Netflix, Inc., Pinterest, Inc., Roblox Corporation, Samsara Inc., Shopify Inc., Snowflake Inc., Tesla, Inc., The Trade Desk, Inc., Twilio Inc., Workday, Inc.
Strategy	Amazon.com, Inc., Tesla, Inc.

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 43	Companies 16	Companies 4
Resolutions 289	Resolutions 34	Resolutions 4

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Amazon.com	Annual 24/05/23 Resolution(s): 10	We supported a shareholder resolution requesting a report on how the company's climate strategy is consistent with a 'just' transition. Amazon's pledge to reach net zero by 2040 suggests dramatic transformations are imminent. We believe they should carefully consider the impacts their climate strategy will have on stakeholders and any barriers to implementation. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Amazon.com	Annual 24/05/23 Resolution(s): 12	We supported a shareholder resolution requesting a report on how its lobbying is consistent with its climate commitments. We would like to see the company expand on their current reporting, specifically regarding risk assessment and procedures. We believe ensuring congruence between their stated commitments and their actions will support them in achieving sustainable long term growth. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Amazon.com	Annual 24/05/23 Resolution(s): 13	We supported a shareholder resolution on gender/racial pay gap reporting. We have supported this resolution at Amazon for the last three years. We believe that women and minorities are underrepresented in leadership positions compared with the broader workforce, and reporting the unadjusted median gap would help to assess structural bias regarding job opportunity and pay. We believe a diverse workforce supports future business growth. This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Company	Meeting Details	Voting Rationale
Amazon.com	Annual 24/05/23 Resolution(s): 16	We supported a shareholder resolution on freedom of association. In light of several recent high profile controversies, we believe that shareholders would benefit from a more thorough examination of the compliance of the company's policies and practices with international fundamental rights. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Amazon.com	Annual 24/05/23 Resolution(s): 1g, 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Amazon.com	Annual 24/05/23 Resolution(s): 22	We supported a shareholder resolution requesting a report on plastic use. Plastic pollution poses financial, operational and reputational risks to the company. While we continue to believe that Amazon are making progress, we think more could be done particularly with regards to how they influence their manufacturers in reducing their usage. We also believe the company lags peers who disclose total plastic use and reduction targets. Better addressing this issue will help position the company for long term future growth. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Chegg	Annual 07/06/23 Resolution(s): 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Cloudflare Inc	Annual 01/06/23 Resolution(s): 1.001	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Coursera Inc	Annual 23/05/23 Resolution(s): 2	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Moderna Inc	Annual 03/05/23 Resolution(s): 1.001, 1.003	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Netflix Inc	Annual 01/06/23 Resolution(s): 1c, 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Netflix Inc	Annual 01/06/23 Resolution(s): 8	We supported a shareholder resolution requesting that the company adopt and disclose a freedom of association and collective bargaining policy. Labour issues are identified as a material risk in the company's financial statements and we believe that shareholders would benefit from a greater understanding of Netflix's policy and approach to this matter. Its lack of policy lags other large technology companies and may open it up to increased reputational risk, particularly in light of past and ongoing controversies. This resolution is significant because it was submitted by shareholders and received greater than 20% support.

Company	Meeting Details	Voting Rationale
Novocure Ltd	Annual 07/06/23 Resolution(s): 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Shopify 'A'	Annual 27/06/23 Resolution(s): 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Tesla Inc	Annual 16/05/23 Resolution(s): 1.2	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Twilio Inc	Annual 13/06/23 Resolution(s): 1.003, 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.

## Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
10X Genomics Inc Class A	Annual 14/06/23 Resolution(s): 3	We opposed executive compensation due to concerns with the grant of equity awards with share price hurdles. We do not believe that share price is an appropriate performance metric or that these particular awards will necessarily reward a long term, sustained growth in share price, and therefore do not believe that these awards are in the best interests of shareholders. This resolution is significant because we opposed remuneration.
Amazon.com	Annual 24/05/23 Resolution(s): 21	We opposed a shareholder resolution requesting a third-party audit on warehouse working conditions. We opposed this resolution last year and believe the company have continued to improve and enhance their disclosures, for example now disclosing injury rates. We believe the enhanced disclosure will allow us to monitor progress on this issue and don't think additional disclosure is necessary at this time. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Amazon.com	Annual 24/05/23 Resolution(s): 23	We opposed a shareholder resolution on customer use of certain technologies. We think the company has demonstrated adequate responsiveness to the concerns and requests outlined by the proponent. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Amazon.com	Annual 24/05/23 Resolution(s): 7	We opposed a shareholder resolution requesting a report on customer due diligence. The company continues to demonstrate they are being proactive and we do not share the proponent's concerns. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Carvana	Annual 01/05/23 Resolution(s): 4	We opposed the amended Omnibus Stock Plan as we believed that its conditions were not in the best interest of clients. This resolution is significant because we opposed remuneration.

Company	Meeting Details	Voting Rationale
Cloudflare Inc	Annual 01/06/23 Resolution(s): 3	We opposed the executive compensation as we do not find that option repricing and lowering of targets undertaken this year is aligned with the long-term interests of shareholders. This resolution is significant because it received greater than 20% opposition.
CoStar Group	Annual 08/06/23 Resolution(s): 5	We opposed the shareholder resolution requesting the company set GHG emission reduction targets because the company has broadly fulfilled the request of the proponent by signing an SBTi commitment letter. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Illumina	AGM 25/05/23 Resolution(s): 3	We opposed executive compensation as we did not agree with the decision to make one-off retention grants to named executive officers, in addition to annual variable incentive grants, given recent company performance. This resolution is significant because we opposed remuneration.
MarketAxess Holdings	Annual 07/06/23 Resolution(s): 2	We opposed the ratification of the auditor because of the length of tenure. We believe it is best practice for the auditor to be rotated regularly as this works to ensure independent oversight of the company's audit process and internal financial controls. This resolution is significant because we opposed the election of auditors.
Netflix Inc	Annual 01/06/23 Resolution(s): 5	We opposed a shareholder resolution to amend the requirements for shareholders to call a special meeting. We do not agree that removing the requirement to have held stock for at least a year is in the interests of long term shareholders. This resolution is significant because it was submitted by shareholders and received greater than 20% support.
Roku	Annual 08/06/23 Resolution(s): 3	We opposed executive compensation as we believe the salary amount for one named executive officer is particularly excessive. We are concerned that this does not provide for alignment between pay and company performance. This resolution is significant because it received greater than 20% opposition.
Zoom	Annual 15/06/23 Resolution(s): 3	We opposed executive remuneration due to concerns over the inappropriate use of discretion. We believe that the large off-cycle payments made to the executives during the year do not reflect the experience of long-term shareholders, nor underpin future long-term performance due to the absence of performance targets attached. This resolution is significant because it received greater than 20% opposition.

### Significant Abstentions

There were no significant abstentions



## Conflicts of Interest

Baillie Gifford maintains a firm-wide Conflicts Matrix, which identifies conflicts and potential conflicts of interest that exist within the firm, and the procedures and controls that have been adopted to manage these conflicts. Baillie Gifford's firm wide conflict of interest disclosure is available in the Important Disclosures area of our website

We recognise the importance of managing potential conflicts of interest that may exist when we engage with or vote at a company with whom we have a material business or personal relationship and the Governance and Sustainability team is responsible for monitoring these possible material conflicts of interest.

The Governance and Sustainability team's approach to dealing with conflicts of interest in relation to voting and engagement can be found in our Investment Stewardship Activities report which is available in the Governance and Sustainability area of our website.

