

Baillie Gifford Developed Asia Pacific Fund

---

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

The Baillie Gifford Developed Asia Fund is a best ideas strategy that invests predominantly in Japan, Australia, New Zealand, Hong Kong and Singapore. We are bottom-up, growth-orientated, long-term investors. We back our judgement, running high conviction portfolios with relatively low turnover. We aim to add value through the use of proprietary, fundamental research, which prioritises the selection of individually attractive companies, rather than taking top-down industry or country bets.

## How We Make Investment Decisions

We have no preconceptions about which industries or countries will produce the most attractive growth companies of the future. Our aim is to identify businesses with attractive industry backgrounds, strong competitive positions within those industries, high-quality earnings and favourable attitudes towards shareholders. The financial factors considered in this bottom-up analysis include earnings growth, cash generation, profitability, returns on capital, interest coverage and balance sheet strength.

This fundamental company research is our primary focus and source of added value for clients and is the main activity of all members of the team. The Developed Asia Team does not seek to cover every possible opportunity across markets: we seek to generate original investment ideas from a variety of sources. The team leverage on the research capabilities offered by the Japanese Equities and Emerging Markets Equities teams. They are also challenged on positioning during a monthly portfolio review group which includes senior investors from both the Japanese Equities and Emerging Markets teams.

## 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.

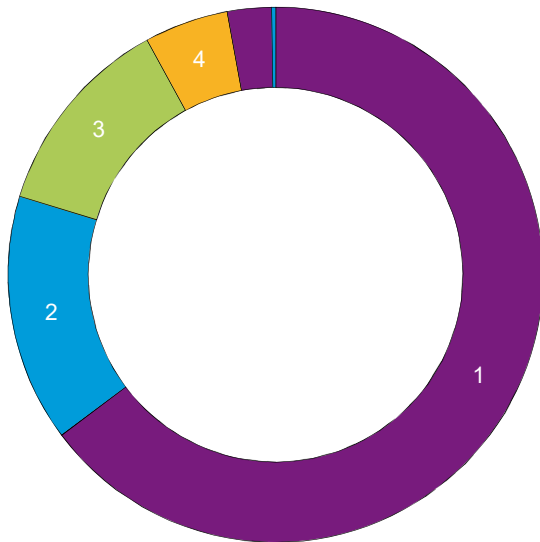
## Portfolio Composition

The Fund aims to invest in an actively managed portfolio of Developed Asian stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growth. The process is driven by rigorous, fundamental, bottom-up analysis directed at companies in Japan, Australia, New Zealand, Hong Kong and Singapore. (The Fund also invests in some Chinese businesses which are listed in Hong Kong and incorporated outside China.) This Fund lies within the Asia Pacific Including Japan sector. Unlike other funds within this sector, it does not have any holdings in emerging markets countries - this makes comparison with these funds less appropriate when returns are volatile.

## Top Ten Holdings

Asset Name	% of Portfolio
Baillie Gifford Japanese Smaller Companies Fund	5.9
United Overseas Bank	4.4
James Hardie Industries	4.2
SMC	4.0
MS&AD Insurance	3.9
SBI Holdings	3.5
SoftBank Group	3.5
Recruit Holdings	3.3
Shiseido	3.1
Olympus	3.1

## Geographic Analysis of Total Assets



	%
1 Japan	64.8
2 Australia	15.0
3 Hong Kong	12.3
4 Singapore	5.1
5 New Zealand	2.6
6 Cash	0.3

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

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	21

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	0.03
Implicit transaction costs	-0.03

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	BHP Group Limited, DENSO Corporation, Fanuc Corporation, Fast Retailing Co., Ltd., Kobe Bussan Co., Ltd., MS&AD Insurance Group Holdings, Inc., Tencent Holdings Limited, Unicharm Corporation, Washington H. Soul Pattinson and Company Limited
Social	Fanuc Corporation, Fast Retailing Co., Ltd., Nintendo Co., Ltd., Olympus Corporation, Recruit Holdings Co., Ltd., SBI Holdings, Inc., TechnoPro Holdings, Inc., Tencent Holdings Limited
Governance	BHP Group Limited, COSMOS Pharmaceutical Corporation, CyberAgent, Inc., Fanuc Corporation, Fast Retailing Co., Ltd., James Hardie Industries plc, MS&AD Insurance Group Holdings, Inc., Nidec Corporation, Nintendo Co., Ltd., Nippon Paint Holdings Co., Ltd., Olympus Corporation, Recruit Holdings Co., Ltd., SBI Holdings, Inc., SMC Corporation, SoftBank Group Corp., Techtronic Industries Company Limited, Tencent Holdings Limited, Treasury Wine Estates Limited, Xero Limited, IFAST Corporation Ltd.
Strategy	DENSO Corporation, Nidec Corporation

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 47	Companies 8	Companies 4
Resolutions 472	Resolutions 15	Resolutions 4

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
AIA Group	AGM 18/05/23 Resolution(s): 9	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Mesoblast	AGM 28/11/23 Resolution(s): 4B	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Techtronic Industries	AGM 12/05/23 Resolution(s): 3.A, 7, 8	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Tencent	EGM 17/05/23 Resolution(s): 1A-7	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Treasury Wine Estates	AGM 16/10/23 Resolution(s): 2D, 3	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Washington Soul Pattinson	AGM 08/12/23 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.

## Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
freee K.K.	AGM 28/09/23 Resolution(s): 3	We opposed the amendment to the restricted share plan proposal as it still includes independent outside directors. We do not believe granting restricted stock with a three year holding period is appropriate for independent outside directors, as it may compromise their independence. This resolution is significant because we opposed remuneration.
Galaxy Entertainment Group	AGM 22/05/23 Resolution(s): 3, 4	We opposed the election of two directors due to long tenure to encourage board refreshment. This resolution is significant because we opposed the election of a director.
Galaxy Entertainment Group	AGM 22/05/23 Resolution(s): 7.2, 7.3	We opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. This resolution is significant because it received greater than 20% opposition.
Galaxy Entertainment Group	AGM 22/05/23 Resolution(s): 8, 9	We opposed the Share Option Scheme due to poor disclosure, and the potential conflict of having the plan administrators eligible to participate in the plan. In addition we felt the level of dilution was not in the interests of shareholders. This resolution is significant because we opposed remuneration.
Mesoblast	AGM 28/11/23 Resolution(s): 7, 8	We opposed the grant of options to two non-executive directors due to concerns that it could compromise their independence. This resolution is significant because we opposed remuneration.
Tencent	AGM 17/05/23 Resolution(s): 5	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. This resolution is significant because it received greater than 20% opposition.

## Significant Abstentions

Company	Meeting Details	Voting Rationale
Denso	AGM 20/06/23 Resolution(s): 1.1	We abstained on the chair of the board because we believe that the company's climate targets are not ambitious enough. Demonstrating a high level of ambition on climate is linked to the investment case for this company. We have engaged to encourage improvements to the climate targets over the last two years but have not seen progress. This resolution is significant because we identified a material E, S or G issue which resulted in Baillie Gifford not supporting management.

## 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.

