

**Baillie Gifford™**

Baillie Gifford Emerging Markets Leading Companies  
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

We are long-term, active, growth investors focused on identifying those companies that can grow their earnings, in hard currency, faster than the market over the long-term. Stock prices are wildly unpredictable in the short-term, however, ultimately, share prices do reflect the earnings capability of a company over the long-term. So when we find a company that has the potential to grow its profits significantly over time, we must invest with the patience that allows a good decision to prove its worth. To this end, we ask clients to judge us over a 5 year plus time frame, over which period our aim is to outperform the MSCI Emerging Markets Index, after fees.

### How We Make Investment Decisions

All investment ideas, whether existing holdings or new ideas, are discussed by the Emerging Markets Equity Team, at the weekly stock meeting. This is the opportunity to challenge and explore the research, drawing on the collective experience of the team.

The decision as to whether to buy or sell a stock is taken by the smaller portfolio construction group, comprising three experienced investment managers. They typically meet on a monthly basis to discuss portfolio construction. Stock weightings are determined by a combination of the conviction in the investment case, the scale and probability of the relative expected return and the context of the holding in relation to the rest of the portfolio. We appoint a lead portfolio manager, who has ultimate responsibility for the strategy.

Our sell discipline is triggered if a company no longer meets our growth hurdle, if the investment case no longer stands up to scrutiny, if the valuation no longer leaves sufficient upside or if there are significantly better ideas elsewhere.

### 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.

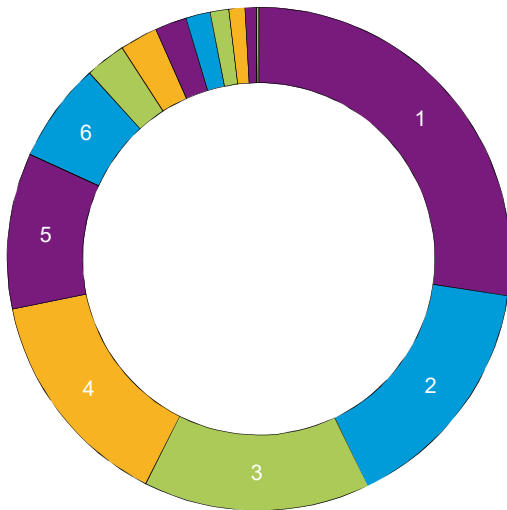
## Portfolio Composition

The Fund aims to invest in an actively managed portfolio of emerging market stocks, focusing on larger and more liquid names. 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 35-60 stocks.

## Top Ten Holdings

Asset Name	% of Portfolio
Samsung Electronics	10.4
TSMC	10.0
MercadoLibre	5.2
Petrobras Common ADR	5.1
Reliance Industries Ltd	4.7
HDFC Bank	4.4
Tencent	4.3
Alibaba Group Holding	3.6
Ping An Insurance	3.1
Bank Rakyat Indonesia	2.6

## Geographic Analysis of Total Assets



	%
1 China	27.3
2 South Korea	15.6
3 India	14.5
4 Brazil	14.4
5 Taiwan	10.0
6 Mexico	6.4
7 Indonesia	2.6
8 Poland	2.4
9 Panama	2.0
10 South Africa	1.6
11 Peru	1.2
12 Other Emerging Markets	1.0
13 Singapore	0.7
14 Russia	0.0
15 Cash	0.1

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

## Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	13

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	0.06
Implicit transaction costs	-0.04

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	BYD Company Limited, Brilliance China Automotive Holdings Limited, CEMEX, S.A.B. de C.V., Contemporary Amperex Technology Co., Limited, Copa Holdings, S.A., First Quantum Minerals Ltd., JD.com, Inc., Li Ning Company Limited, Meituan, MercadoLibre, Inc., Petroleo Brasileiro S.A. - Petrobras, Reliance Industries Limited, Samsung Electronics Co., Ltd., Tencent Holdings Limited
Social	BYD Company Limited, Baidu, Inc., CEMEX, S.A.B. de C.V., First Quantum Minerals Ltd., HDFC Life Insurance Company Limited, JD.com, Inc., Li Ning Company Limited, Meituan, PT Bank Rakyat Indonesia (Persero) Tbk, Petroleo Brasileiro S.A. - Petrobras, Reliance Industries Limited, Samsung Electronics Co., Ltd., Tencent Holdings Limited
Governance	Alibaba Group Holding Limited, Allegro.eu SA, B3 S.A. - Brasil, Bolsa, BalcAo, BYD Company Limited, Baidu, Inc., Brilliance China Automotive Holdings Limited, CEMEX, S.A.B. de C.V., China Merchants Bank Co., Ltd., Contemporary Amperex Technology Co., Limited, Copa Holdings, S.A., Coupang, Inc., First Quantum Minerals Ltd., Fomento Economico Mexicano, S.A.B. de C.V., HDFC Bank Limited, HDFC Life Insurance Company Limited, JD.com, Inc., Jio Financial Services Limited, Li Ning Company Limited, Meituan, PDD Holdings Inc., Petroleo Brasileiro S.A. - Petrobras, Reliance Industries Limited, Samsung Electronics Co., Ltd., Sea Limited, Silergy Corp., Taiwan Semiconductor Manufacturing Company Limited, Tencent Holdings Limited
Strategy	BYD Company Limited, Brilliance China Automotive Holdings Limited, Copa Holdings, S.A., First Quantum Minerals Ltd., Reliance Industries Limited

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies	38	12
Resolutions	542	29
		4
		13

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Brilliance China Automotive	AGM 20/06/23 Resolution(s): 2.B, 2.C, 4.A, 4.C	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Byd Company 'H'	AGM 08/06/23 Resolution(s): 9, 10	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
First Quantum Minerals	AGM 04/05/23 Resolution(s): 1, 5	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Haier Smart Home 'H'	AGM 26/06/23 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.
Li Ning	AGM 14/06/23 Resolution(s): 3.1B, 3.1C	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.

Company	Meeting Details	Voting Rationale
Samsung SDI Co Ltd	AGM 15/03/23 Resolution(s): 2.1	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Silergy	AGM 26/05/23 Resolution(s): 6	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Tencent	AGM 17/05/23 Resolution(s): 5	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.

## Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
B3 S.A.	AGM 27/04/23 Resolution(s): 11	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because we opposed the election of a director.
B3 S.A.	AGM 27/04/23 Resolution(s): 5	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because we opposed the election of a director.
B3 S.A.	EGM 01/06/23 Resolution(s): 3	We opposed a resolution to confer our votes on unknown directors should the slate of directors change. This resolution is significant because it received greater than 20% opposition.
Bank Rakyat Indonesia	AGM 13/03/23 Resolution(s): 3	We opposed the remuneration for the board as independent directors and commissioners receive incentive-based pay which we believe could compromise their objectivity. This resolution is significant because we opposed remuneration.
Bank Rakyat Indonesia	AGM 13/03/23 Resolution(s): 8	We opposed the changes to the composition of the company's management due to lack of disclosure of the changes. This resolution is significant because we opposed the election of a director.
Byd Company 'H'	AGM 08/06/23 Resolution(s): 7	We opposed two resolutions to approve the provision of guarantees which together with existing guarantees would exceed the company's net assets and pose a risk to shareholders. This resolution is significant because it received greater than 20% opposition.
Cemex ADR	Annual 23/03/23 Resolution(s): 6D, 6E, 8B, 9A	We opposed four resolutions relating to the election of two independent directors to the board and board committees. These directors both have long tenures which we believe could act to compromise their independence. This resolution is significant because we identified a material E, S or G issue which resulted in Baillie Gifford opposing management.

Company	Meeting Details	Voting Rationale
Cemex ADR	Annual 23/03/23 Resolution(s): 6G	We opposed two resolutions relating to the election of an independent director to the board and a board committee. The director serves on six other public boards as well as serving on the company's board. We are concerned that he is overcommitted and does not have sufficient time to effectively discharge his duties at CEMEX. This resolution is significant because we opposed the election of a director.
China Merchants Bank 'H'	AGM 27/06/23 Resolution(s): 6	We opposed the auditor's reappointment due to the lack of disclosure around high level of non-audit fees, which raises concern over the independence and objectivity of the auditor. This resolution is significant because we opposed the election of auditors.
China Merchants Bank 'H'	AGM 27/06/23 Resolution(s): 9	We opposed the election of a director as despite not being independent, they will join the audit committee, contrary to our expectation for such a committee to be fully independent. This resolution is significant because we opposed the election of a director.
First Quantum Minerals	AGM 04/05/23 Resolution(s): 4	We opposed executive remuneration as we did not find long-term targets sufficiently stretching. This resolution is significant because we opposed remuneration.
KGHM Polska Miedz	AGM 21/06/23 Resolution(s): 12	We opposed the remuneration report due to the lack of clarity of the link between pay and performance, which does not allow us to assess whether the remuneration outcomes are aligned with the financial results and experience of all stakeholders. This resolution is significant because it received greater than 20% opposition.
Li Ning	AGM 14/06/23 Resolution(s): 7	We opposed the amendments to the articles of association because the provision to shorten meeting notification is not in the best interests of shareholders. This resolution is significant because it received greater than 20% opposition.
Li Ning	EGM 14/06/23 Resolution(s): 1, 2	We opposed the Share Option Scheme and Share Award Scheme due to the inclusion of single trigger change in control provisions and because the potential dilution levels are not in the interests of shareholders. This resolution is significant because we opposed remuneration.
Petrobras Common ADR	Annual 27/04/23 Resolution(s): 10	We opposed the resolution to allow our votes to be recast on the slate of directors should the slate change due to concerns regarding unknown candidates being added. This resolution is significant because we opposed the election of a director.
Petrobras Common ADR	Annual 27/04/23 Resolution(s): 12	We opposed remuneration due to a lack of disclosure regarding how awards are treated when executives leave the business. This resolution is significant because we opposed remuneration.
Petrobras Common ADR	Annual 27/04/23 Resolution(s): 3	We opposed the slate of directors electing instead to vote on the individual candidates via cumulative voting. This resolution is significant because we opposed the election of a director.

Company	Meeting Details	Voting Rationale
Petrobras Common ADR	Annual 27/04/23 Resolution(s): 7	We opposed the election of the chairman due to ongoing governance concerns and a lack of independent directors on the board. This resolution is significant because we opposed the election of a director.

### 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.



