

## Baillie Gifford European Fund

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### Shareholder Rights Directive Annual Disclosure for the period 01 January 2024 to 31 December 2024



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 bottom-up, growth-orientated, long-term investors. We back our judgement, running reasonably concentrated portfolios and focus on being long-term co-owners of businesses, typically with an investment horizon of 5-10 years. We want to identify Europe's outliers, the rare companies which can go on to dominate stock market returns. These companies typically have large growth opportunities, the potential to expand their profit margins, an enduring ability to maintain competitive advantages over other companies and exhibit a high degree of alignment with us as shareholders as well as its broader stakeholders. Ultimately, we are exploiting the lack of imagination and short-termism in the market rather than waiting for valuations of slower growing companies to re-rate. The aim of our investment process is to produce above average long-term returns by managing a committed portfolio which is significantly different from its benchmark and that should add considerable value for clients over the long-term.

## How We Make Investment Decisions

Our investment process is patient and repeatable, and provides the foundation for high conviction, bottom up stock-picking. It is designed to identify stocks with the potential to generate asymmetric returns and to own them for the long-term. We believe that diverse teams generally make better decisions than individuals, but that large teams can suffer from indecision and hesitancy. All members of our European team are responsible for researching stocks and every investor contributes to the generation of new ideas, stock research and stock discussions, which occur on a weekly basis. In addition, the team has a dedicated ESG Analyst who is responsible for working collaboratively with the investment managers, providing ESG research reports that both challenge and contribute to the investment decision making process. The Europe ex UK strategy is managed by three decision makers whose job it is to take the team's research output and translate this into a high conviction portfolio. In order to mitigate group-think and encourage dissent, we seek to back individual convictions, meaning that we do not require consensus for ultimate decision making.

## 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.

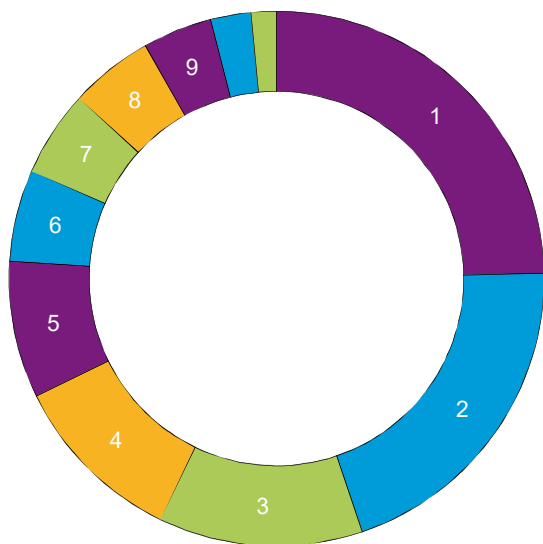
## Portfolio Composition

The Fund aims to produce long-term returns by investing in a concentrated portfolio of European stocks, constructed with little regard for the index. The Fund adopts a long-term time horizon of five years and beyond and positioning is based on bottom up stock selection. We are growth investors and invest in companies that have the potential to grow sustainably over the long-term.

## Top Ten Holdings

| Asset Name            | % of Portfolio |
|-----------------------|----------------|
| DSV                   | 6.3            |
| Prosus N.V.           | 5.8            |
| Topicus.Com Inc       | 5.3            |
| Ryanair               | 5.1            |
| Schibsted B           | 5.0            |
| Spotify Technology SA | 4.0            |
| ASML                  | 3.9            |
| Novo Nordisk          | 3.5            |
| Nexans                | 3.5            |
| Reply Spa             | 3.3            |

## Geographic Analysis of Total Assets



|               | %    |
|---------------|------|
| 1 Netherlands | 24.7 |
| 2 Sweden      | 20.1 |
| 3 Denmark     | 12.4 |
| 4 France      | 10.6 |
| 5 Ireland     | 8.3  |
| 6 Norway      | 5.5  |
| 7 Italy       | 5.2  |
| 8 Switzerland | 5.1  |
| 9 Poland      | 4.2  |
| 10 Germany    | 2.4  |
| 11 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 | 33 |

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 | 0.08 |
| Implicit transaction costs | 0.09 |

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   | ASML Holding N.V., Adyen N.V., Beijer Ref AB (publ), Instalco AB (publ), Kingspan Group plc, Moncler S.p.A., Nexans S.A., Ryanair Holdings plc |
| Social          | Adyen N.V., DSV A/S, Ryanair Holdings plc  |

|            |   |
|------------|---|
| Governance | ASML Holding N.V., ASSA ABLOY AB (publ), Adyen N.V., Allegro.eu S.A., AutoStore Holdings Ltd., Avanza Bank Holding AB (publ), Beijer Ref AB (publ), Camurus AB (publ), Compagnie Financière Richemont SA, DSV A/S, Epiroc AB (publ), Exor N.V., Genmab A/S, IMCD N.V., Kinnevik AB, LVMH Moët Hennessy - Louis Vuitton, Societe Europeenne, Moncler S.p.A., Nexans S.A., Novo Nordisk A/S, Prosus N.V., Reply S.p.A., Ryanair Holdings plc, Sartorius Stedim Biotech S.A., Schibsted ASA, Soitec SA |
| Strategy   | ASML Holding N.V., Adyen N.V., Avanza Bank Holding AB (publ), Beijer Ref AB (publ), Epiroc AB (publ), Kingspan Group plc, Moncler S.p.A., Ryanair Holdings plc  |

### Voting Activity

| Votes Cast in Favour |     | Votes Cast Against |    | Votes Abstained/Withheld |   |
|----------------------|-----|--------------------|----|--------------------------|---|
| Companies            | 38  | Companies          | 14 | Companies                | 4 |
| Resolutions          | 820 | Resolutions        | 44 | Resolutions              | 6 |

### Significant Votes Cast in Favour

| Company                | Meeting Details  | Voting Rationale   |
|------------------------|--|--|
| adidas                 | AGM<br>16/05/24<br>Resolution(s): 5, 7.1               | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| Allegro.eu             | AGM<br>26/06/24<br>Resolution(s): 6                    | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| CRISPR Therapeutics AG | Annual<br>30/05/24<br>Resolution(s): 4b, 4e, 6b-6e, 10 | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| DSV                    | AGM<br>14/03/24<br>Resolution(s): 5                    | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| DSV                    | AGM<br>14/03/24<br>Resolution(s): 8.4                  | We supported the shareholder resolution asking for a report on DSV's efforts and risks related to human and labour rights, as we believe that additional transparency would be beneficial for stakeholders. Our decision also aligns with management recommendation.<br>This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support. |
| Hypoport               | AGM<br>04/06/24<br>Resolution(s): 6                    | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| IMCD Group NV          | AGM<br>14/05/24<br>Resolution(s): 2.c                  | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| Moncler                | AGM<br>24/04/24<br>Resolution(s): 30, 50               | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition.   |

| Company               | Meeting Details                              | Voting Rationale   |
|-----------------------|--|--|
| Wizz Air Holdings Plc | AGM<br>25/09/24<br>Resolution(s): 3, 4, 8, 9 | We voted in favour of routine proposals at the aforementioned meeting(s).<br>This resolution is significant because it received greater than 20 per cent opposition. |

### Significant Votes Cast Against

| Company                | Meeting Details                                  | Voting Rationale   |
|------------------------|--|--|
| CRISPR Therapeutics AG | Annual<br>30/05/24<br>Resolution(s): 14          | We opposed this resolution as the content of issues that might arise cannot be known at this time.<br>This resolution is significant because it received greater than 20 per cent opposition.  |
| CRISPR Therapeutics AG | Annual<br>30/05/24<br>Resolution(s): 5a, 5c      | We opposed four resolutions to elect a director to the Compensation Committee because of concerns with executive pay.<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| CRISPR Therapeutics AG | Annual<br>30/05/24<br>Resolution(s): 6f, 7       | We opposed the executive compensation as the company granted retention awards during the year which we do not believe are aligned with shareholders' best interests.<br>This resolution is significant because we opposed remuneration.  |
| CRISPR Therapeutics AG | Annual<br>30/05/24<br>Resolution(s): 8           | We opposed the resolution to approve an increase in conditional capital for employee equity plans as we believe the request to be excessive and not aligned with shareholders' best interests.<br>This resolution is significant because we opposed remuneration.  |
| Dassault Systemes      | MIX<br>22/05/24<br>Resolution(s): 17, 18, 21, 22 | We opposed six resolutions on delegation of authority to the board to conduct mergers and related activities. We do not believe it is in the best interests of shareholders to delegate authority on these matters.<br>This resolution is significant because we opposed a merger/acquisition.   |
| Dassault Systemes      | MIX<br>22/05/24<br>Resolution(s): 19, 20         | We opposed six resolutions on delegation of authority to the board to conduct mergers and related activities. We do not believe it is in the best interests of shareholders to delegate authority on these matters.<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| Dassault Systemes      | MIX<br>22/05/24<br>Resolution(s): 6, 8-10        | We opposed four resolutions relating to executive compensation due to concerns with the complexity of variable compensation.<br>This resolution is significant because we opposed remuneration.  |
| Eurofins               | MIX<br>25/04/24<br>Resolution(s): 9              | We opposed the remuneration policy as we do not believe the performance conditions attached to the new long-term incentive award are sufficiently stretching.<br>This resolution is significant because we opposed remuneration.   |
| Evotec                 | AGM<br>10/06/24<br>Resolution(s): 2.1            | We opposed the ratification of the acts of the former CEO, Werner Lathaler, for the past fiscal year, due to concerns relating to an ongoing investigation regarding purported actions carried out by him during his tenure.<br>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  |
|----------------|---|---|
| EXOR           | AGM<br>28/05/24<br>Resolution(s): 10            | We opposed the remuneration report due to the discretionary cash payments made to the former and current chairs, which are not accompanied by a convincing rationale.<br>This resolution is significant because we opposed remuneration.  |
| EXOR           | AGM<br>28/05/24<br>Resolution(s): 50            | We have opposed the remuneration policy due to concerns over the uncapped discretion to make off-cycle awards to directors. This decision is also based on the precedence of awarding such payments in the past.<br>This resolution is significant because we opposed remuneration.   |
| Kingspan Group | AGM<br>26/04/24<br>Resolution(s): 8             | We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| LVMH           | MIX<br>18/04/24<br>Resolution(s): 10-12, 14, 15 | We opposed five resolutions relating to executive compensation. We continue to have concerns with a lack of disclosure of performance targets and believe better disclosure would allow shareholders to assess the stringency of target setting and ultimately the alignment between pay and performance. Furthermore, we are concerned by the company's lack of response to minority shareholder dissent to executive compensation at recent annual general meetings.<br>This resolution is significant because we opposed remuneration.   |
| Mettler-Toledo | Annual<br>09/05/24<br>Resolution(s): 3          | We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching.<br>This resolution is significant because we opposed remuneration.   |
| Prosus N.V.    | AGM<br>21/08/24<br>Resolution(s): 3             | We opposed the resolution to approve the remuneration report because of concerns with quantum and misalignment between pay and performance. Our concern also relates to the stretch of targets under the long-term incentive plan, all of which we do not deem to be in the best interest of long-term shareholders.<br>This resolution is significant because we opposed remuneration.   |
| Prosus N.V.    | AGM<br>21/08/24<br>Resolution(s): 8             | We opposed the resolution to approve the remuneration policy because of concerns with a special 'moonshot' award for the CEO, in addition to the regular long-term incentive plan. We do not believe that the conditions attached to the award promotes appropriate pay for performance.<br>This resolution is significant because we opposed remuneration.   |
| Reply Spa      | EGM<br>17/09/24<br>Resolution(s): 10            | We voted against the amendment to the articles as it will allow the company to continue to hold shareholder meetings exclusively through a proxyholder, which will limit shareholder participation. We believe shareholder participation in shareholder meetings is a fundamental and important shareholder right and without reassurances that this provision will only be used in exceptional circumstances we do not think it is in shareholders' best interests to support this amendment.<br>This resolution is significant because it received greater than 20 per cent opposition. |

| Company                  | Meeting Details                        | Voting Rationale   |
|--------------------------|--|--|
| Reply Spa                | EGM<br>17/09/24<br>Resolution(s): 20   | We opposed the amendments to the articles of association which would enhance the increased voting rights mechanism at the company. The resolution would allow shareholders who have shares carrying double voting rights to gain a supplementary voting right for every twelve additional months of possession, up to a maximum of ten votes per share. While we support the principle of rewarding long-term shareholders, given the company is controlled already, we believe this could further entrench management.<br>This resolution is significant because it received greater than 20 per cent opposition. |
| Reply Spa                | EGM<br>17/09/24<br>Resolution(s): 30   | We opposed the resolution which sought authority to issue equity without pre-emptive rights because the potential dilution levels are not in the interests of shareholders.<br>This resolution is significant because it received greater than 20 per cent opposition.   |
| Richemont                | AGM<br>11/09/24<br>Resolution(s): 5.17 | We opposed the election of a non-executive director because of concerns relating to their suitability to chair the audit committee having previously been an employee of the company.<br><br>This resolution is significant because we opposed the election of a director.   |
| Richemont                | AGM<br>11/09/24<br>Resolution(s): 9.3  | We opposed the approval of executive variable remuneration due to ongoing concerns with remuneration practices which we do not believe are in the best long-term financial interests of shareholders. Concerns include poor disclosure and a lack of responsiveness to previous shareholder dissent.<br>This resolution is significant because we opposed remuneration.  |
| Sartorius Stedim Biotech | MIX<br>26/03/24<br>Resolution(s): 5    | We opposed the remuneration report because the aggregate fees paid to the board of directors in 2023 exceeded the maximum amount approved by shareholders at the 2023 AGM, which we consider to be poor governance.<br>This resolution is significant because we opposed remuneration.   |
| Wizz Air Holdings Plc    | AGM<br>25/09/24<br>Resolution(s): 27   | We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.<br>This resolution is significant because it received greater than 20 per cent opposition.  |

### Significant Abstentions

| Company   | Meeting Details                       | Voting Rationale  |
|-----------|---------------------------------------|---|
| Reply Spa | AGM<br>23/04/24<br>Resolution(s): 100 | We abstained on two resolutions relating to the remuneration policy due to a lack of disclosure.<br>This resolution is significant because it received greater than 20 per cent opposition. |
| Reply Spa | AGM<br>23/04/24<br>Resolution(s): 110 | We abstained on the remuneration report due to a lack of disclosure.<br>This resolution is significant because it received greater than 20 per cent opposition.                             |



## 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.

