

Baillie Gifford Japanese Smaller Companies Fund

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. This core philosophy has been particularly favourable to the Japanese Smaller Companies strategy, where we use proprietary, fundamental research to identify early stage growth businesses which we believe have the opportunity to disrupt large profit pools through entrepreneurial management and innovative business models.

How We Make Investment Decisions

We have no preconceptions about which industries will produce the 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 Japanese Team does not seek to cover every possible opportunity in the Japanese market: we seek to generate original investment ideas from a variety of sources. Around 60-80 of these ideas are discussed annually, at our Wednesday research meeting. While all members of the team bring ideas and views to the discussion, the manager takes full responsibility for the stock selection process and is accountable for investment performance.

Portfolio holding size is not formulaic but reflects the strength of conviction in a particular investment idea and an assessment of how much our view differs from the market. The lead portfolio manager may add to or reduce position sizes when conviction changes, though generally his tendency is to run winners.

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.

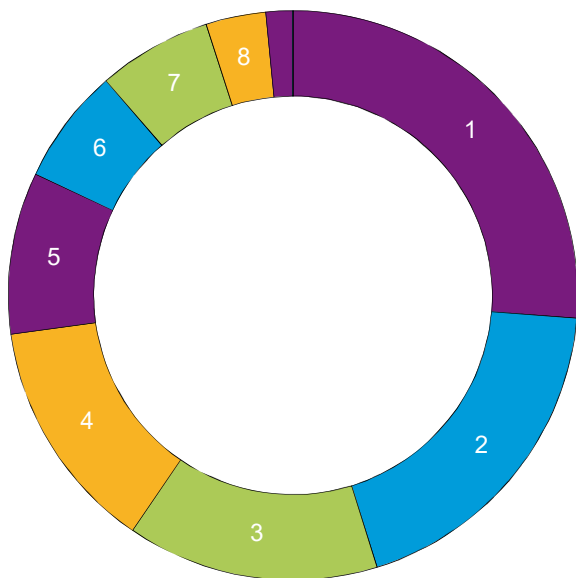
Portfolio Composition

We invest in attractively valued smaller companies that we believe offer good growth opportunities. Growth may come from innovative business models, disrupting traditional Japanese business practises, or market opportunities such as growth by Japanese companies outside Japan.

Top Ten Holdings

Asset Name	% of Portfolio
Lifenet Insurance	3.6
Katitas	3.4
Nifco Inc	3.3
Yonex	3.0
SWCC Showa Holdings Co	3.0
Megachips Corp	2.9
Wealthnavi Inc	2.9
JEOL	2.8
Cosmos Pharmaceutical	2.6
Noritsu Koki	2.5

Sector Analysis of Total Assets



	%
1 Industrials	26.3
2 Information Technology	18.9
3 Consumer Discretionary	14.3
4 Financials	13.3
5 Communication Services	9.2
6 Health Care	6.6
7 Consumer Staples	6.5
8 Real Estate	3.4
9 Materials	1.5
10 Cash	-0.0

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

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	16

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	0.02
Implicit transaction costs	0.11

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	Appier Group, Inc., Avex Inc., CellSource Co., Ltd., Demae-Can Co.,Ltd, JADE GROUP,Inc, Kamakura Shinsho, Ltd., Kohoku Kogyo CO.,LTD., MegaChips Corporation, Nikkiso Co., Ltd., Seria Co., Ltd., Shoei Co., Ltd., SpiderPlus & Co., Torex Semiconductor Ltd., Weathernews Inc., eGuarantee, Inc., istyle Inc.
Social	Appier Group, Inc., KH Neochem Co., Ltd., SWCC Corporation

Governance	Appier Group, Inc., Asahi Intecc Co., Ltd., Avex Inc., Bengo4.com, Inc., CellSource Co., Ltd., Demae-Can Co., Ltd., GA technologies Co., Ltd., GMO Financial Gate, Inc., GMO Payment Gateway, Inc., HORIBA, Ltd., Harmonic Drive Systems Inc., Infomart Corporation, Iriso Electronics Co., Ltd., JADE GROUP, Inc, JEOL Ltd., KATITAS CO., Ltd., KITZ Corporation, Kamakura Shinsho, Ltd., Kohoku Kogyo CO., LTD., Lifenet Insurance Company, MegaChips Corporation, MonotaRO Co., Ltd., Nakanishi Inc., Nifco Inc., Nikkiso Co., Ltd., Nippon Ceramic Co., Ltd., Nittoku Co., Ltd., OPTEX GROUP Company, Limited, OSG Corporation, Oisix ra daichi Inc., Raksul Inc., SHO-BOND Holdings Co., Ltd., SIIIX Corporation, SWCC Corporation, Seria Co., Ltd., Shima Seiki Mfg., Ltd., Shoei Co., Ltd., SpiderPlus & Co., Torex Semiconductor Ltd., Toyo Tanso Co., Ltd., WealthNavi Inc., Weathernews Inc., YONEX Co., Ltd., eGuarantee, Inc., istyle Inc., oRo Co., Ltd.
Strategy	Appier Group, Inc., CellSource Co., Ltd., GA technologies Co., Ltd., KH Neochem Co., Ltd., Kohoku Kogyo CO., LTD., Nakanishi Inc., SWCC Corporation

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 71	Companies 7	Companies 7
Resolutions 628	Resolutions 7	Resolutions 7

Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
M3	AGM 26/06/24 Resolution(s): 1.7	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because Baillie Gifford swung the vote.

Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
CellSource Co., Ltd.	AGM 25/01/24 Resolution(s): 2	We opposed the plan to issue share acquisition rights to outside partners because we believe that this has the potential to create conflicts of interest. This resolution is significant because we opposed remuneration.
Horiba	AGM 23/03/24 Resolution(s): 1.1	We opposed the election of the board chairman as we think the dividend payment is too low and the company does not offer shareholders a separate vote on the dividend. This resolution is significant because we opposed the election of a director.
Kitz Corp	AGM 28/03/24 Resolution(s): 2.1	We opposed the election of the Board Chair due to the absence of a shareholder vote on the dividend. 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.

