

## Baillie Gifford Positive Change 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

Positive Change is a global equity strategy which has two equally important objectives: to generate attractive investment returns and to contribute towards a more sustainable world for current and future generations.

We are long-term investors who aim to hold 25 - 50 companies within the Positive Change portfolio. We select these companies based on fundamental, bottom-up research. We have a positive and proactive approach, focusing our investment on companies that are addressing society's challenges, rather than simply excluding companies that cause harm. We believe companies that are solving societal challenges should see rising demand for their products and services and are naturally growth companies. By focusing on a subgroup of those companies that enjoy sustainable competitive advantages and are run by committed management teams, we should be able to deliver attractive investment returns over the long term.

Making a positive impact can be subjective, so to frame our thinking we adopt themes to bring consistency to how we think about challenges and assess the impact of companies. We currently have four themes which are Social Inclusion & Education, Environment & Resource Needs, Healthcare & Quality of Life, and Base of the Pyramid.

Through investing in companies whose products address the four themes we aim to achieve both attractive long-term returns and contribute towards a more sustainable world.

## How We Make Investment Decisions

Positive Change is managed by five decision makers: three investment managers and two senior impact analysts.

The Positive Change team meet regularly to discuss new ideas for the portfolio and discuss the progress of existing holdings. In order for a company to enter the portfolio, it must meet both objectives - there are no compromises. The decision makers need to have conviction that the companies in the portfolio are able to address one of our four thematic global challenges and have the potential to deliver attractive investment returns over the long term.

Prior to investing in a company, two pieces of research are carried out by the Positive Change team to inform their decision making. Firstly, a piece of Fundamental Investment Research is carried out by one of the investment managers or investment analysts in the Positive Change team. Secondly, an in-depth Impact Analysis is undertaken by one of the impact analysts.

The conviction in both the impact and investment potential of a company is taken into consideration when making portfolio decisions. Investment decisions are made by the decision makers with a bias to backing the enthusiasm of the individuals who are responsible for the investment and impact analysis. We think this process allows us to harness diverse perspectives while also retaining conviction and accountability of individual decision-making and reducing personal bias.

We will carefully monitor the companies in which we invest through ongoing research and engagement with management teams. It is inevitable that companies will have setbacks and we are happy to own companies through periods of short-term operational weakness. However, if longer-term concerns develop that are not addressed by management or, if we detect a deterioration in the fundamental investment case, for either element of our dual objectives, we will sell a holding.

## Key Material Medium to Long Term Risks

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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.

Impact risk - a failure to invest in companies which have a positive impact through their products and services, or in the worse cases, the risk of investing in companies which have a negative impact. We explicitly address the company's societal impact in our impact analysis framework. Our ongoing monitoring, formal company reviews, and our engagement with company management help to mitigate these risks for existing holdings.

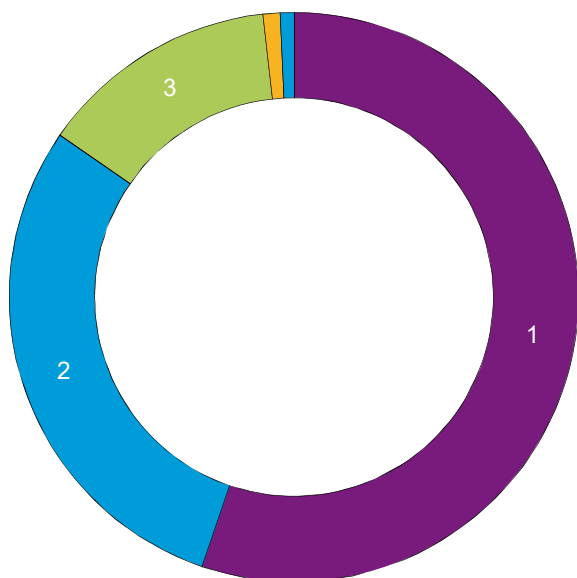
## Portfolio Composition

The Fund invests in an actively managed portfolio of 25-50 global high quality growth companies which can deliver positive change in one of four current areas: Social Inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life; and Base of the Pyramid (addressing the needs of the world's poorest populations). The Positive Change Decision Makers generate ideas from a diverse range of sources. With a focus on fundamental in-house research, the team complete a two stage analysis of all holdings, looking at both the financial and positive change aspects case for each stock using a consistent framework. The output is a high conviction and differentiated portfolio. We aim for a low turnover, around 20% per annum over the long run.

## Top Ten Holdings

Asset Name	% of Portfolio
TSMC	7.8
MercadoLibre	6.2
Shopify 'A'	6.1
Duolingo Inc	5.0
ASML	5.0
Autodesk	4.4
HDFC Bank	4.2
Bank Rakyat Indonesia	3.9
Alnylam Pharmaceuticals	3.7
Ecolab	3.6

## Geographic Analysis of Total Assets



	%
1 North America	55.2
2 Emerging Markets	29.4
3 Europe (ex UK)	13.6
4 UK	1.0
5 Cash	0.8

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

## Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	24

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	0.05

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., Ecolab Inc., Insulet Corporation, Moderna, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Remitly Global, Inc., Savers Value Village, Inc., Sea Limited, Shopify Inc., Taiwan Semiconductor Manufacturing Company Limited, Tesla, Inc., Xylem Inc.
Social	DexCom, Inc., Grab Holdings Limited, Insulet Corporation, MercadoLibre, Inc., Novonosis A/S, PT Bank Rakyat Indonesia (Persero) Tbk, Remitly Global, Inc., Rivian Automotive, Inc., Sea Limited,

	Taiwan Semiconductor Manufacturing Company Limited, Tesla, Inc., Vertex Pharmaceuticals Incorporated
Governance	ASML Holding N.V., Alnylam Pharmaceuticals, Inc., Autodesk, Inc., Deere & Company, DexCom, Inc., Epiroc AB (publ), HDFC Bank Limited, Illumina, Inc., Microsoft Corporation, Moderna, Inc., Novonosis A/S, PT Bank Rakyat Indonesia (Persero) Tbk, Remitly Global, Inc., Rivian Automotive, Inc., Sartorius Aktiengesellschaft, Schneider Electric S.E., Sea Limited, Shopify Inc., Soitec SA, Taiwan Semiconductor Manufacturing Company Limited, Tesla, Inc., Vertex Pharmaceuticals Incorporated, Xylem Inc.
Strategy	ASML Holding N.V., AbCellera Biologics Inc., Autodesk, Inc., Coursera, Inc., Deere & Company, DexCom, Inc., Ecolab Inc., Epiroc AB (publ), Grab Holdings Limited, Illumina, Inc., Insulet Corporation, Joby Aviation, Inc., MercadoLibre, Inc., Moderna, Inc., Novonosis A/S, Nu Holdings Ltd., PT Bank Rakyat Indonesia (Persero) Tbk, Remitly Global, Inc., Rivian Automotive, Inc., Sartorius Aktiengesellschaft, Schneider Electric S.E., Sea Limited, The New York Times Company, Vertex Pharmaceuticals Incorporated, Xylem Inc.

## Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 27	Companies 7	Companies 2
Resolutions 293	Resolutions 15	Resolutions 3

## Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
10X Genomics Inc Class A	Annual 11/06/24 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 per cent opposition.
Autodesk	Annual 16/07/24 Resolution(s): 5	We supported a shareholder resolution requesting shareholders owning fifteen per cent of the company's shares be able to call a special meeting. We believe this threshold strikes an appropriate balance between enhancing shareholder rights and the protection of long-term shareholder interests. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Dexcom Inc	Annual 22/05/24 Resolution(s): 5	We supported the shareholder proposal on the political donations report, as the company are permitted to make such donations, but does not report on that. They are also lagging behind their peers. This resolution is significant because Baillie Gifford swung the vote. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Ecolab	Annual 02/05/24 Resolution(s): 11	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Shopify 'A'	Annual 04/06/24 Resolution(s): 3-5	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.

Company	Meeting Details	Voting Rationale
Tesla Inc	Annual 13/06/24 Resolution(s): 1a, 1b, 4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.
Tesla Inc	Annual 13/06/24 Resolution(s): 6	We supported the shareholder resolution requesting a reduction in director terms. We are supportive of annual elections as it increases accountability to shareholders and works to reduce entrenchment. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Tesla Inc	Annual 13/06/24 Resolution(s): 7	We supported a shareholder resolution requesting the company adopt a majority voting standard and remove the supermajority voting standard. We are generally supportive of the removal of the supermajority provision as its presence makes the passing of other governance-positive amendments to bylaws improbable. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Tesla Inc	Annual 13/06/24 Resolution(s): 8	We supported the shareholder resolution requesting additional disclosure on the company's efforts to address harassment and discrimination in the workplace. We believe quantitative disclosure would help us understand and monitor the company's efforts. This is consistent with how we have voted on this resolution previously. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Umicore	MIX 25/04/24 Resolution(s): A7.1	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20 per cent opposition.

### Significant Votes Cast Against

Company	Meeting Details	Voting Rationale
10X Genomics Inc Class A	Annual 11/06/24 Resolution(s): 4	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.
Bank Rakyat Indonesia	AGM 01/03/24 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 01/03/24 Resolution(s): 7	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.

Company	Meeting Details	Voting Rationale
Deere & Co	Annual 28/02/24 Resolution(s): 6	We opposed a shareholder proposal requesting the company put any senior manager severance package over a certain threshold to shareholder vote. We currently do not have any concerns with how the company remunerates its executives or employees and think this proposal would provide unwarranted distraction from focussing on the long-term growth of the business. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Ecolab	Annual 02/05/24 Resolution(s): 3	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.
Ecolab	Annual 02/05/24 Resolution(s): 4	We opposed the shareholder resolution requesting the board adopt a policy requiring an independent chair. We agree with the board that this policy could limit flexibility in appointing the best candidate and believe the company has sufficient safeguards in place to ensure independent and objective judgement. This resolution is significant because it received greater than 20 per cent opposition.
Illumina	Annual 16/05/24 Resolution(s): 11	We opposed the re-election of one director in their capacity as chair of compensation committee. We have ongoing concerns with compensation practices and the decisions being made including the committee's responsiveness to shareholder dissent at last year's AGM. This resolution is significant because we opposed the election of a director.
Illumina	Annual 16/05/24 Resolution(s): 3	We opposed executive compensation as we have ongoing concerns with the stringency of targets under the long-term incentive plan. Further, we continue to have concerns with compensation practices and the decisions being made including the committee's responsiveness to shareholder dissent at last year's AGM. This resolution is significant because we opposed remuneration.
Tesla Inc	Annual 13/06/24 Resolution(s): 9	We opposed the shareholder resolution requesting the company adopt a policy on freedom of association and collective bargaining. These rights are enshrined in the National Labor Relations Act and like any US company, Tesla must comply with the law and this is not a matter for company policy. This is consistent with how we have voted on this resolution previously. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.
Xylem	Annual 16/05/24 Resolution(s): 3	We opposed the executive compensation as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.



## Significant Abstentions

Company	Meeting Details	Voting Rationale
Dexcom Inc	Annual 22/05/24 Resolution(s): 4	We abstained on the shareholder proposal requesting for an unadjusted pay gap report. We believe it is a good principle, but we also recognise that the company has progressed on this issue and released the adjusted pay gap data. We have been engaging with the company on this topic and will continue to do so encourage further transparency. This resolution is significant because it was submitted by shareholders and received greater than 20 per cent support.

## 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.

