

Baillie Gifford Sustainable Multi Asset 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

Our investment approach is top-down, macroeconomic and research-led. The portfolio reflects views on the long-term return and risk characteristics of different asset classes but also incorporates an assessment of shorter-term prospects, current valuations and near-term market and economic conditions. The portfolio has an additional sustainability objective to ensure its carbon intensity remains below a carbon budget which is reduced by 7% per annum.

An asset class is included in the portfolio based on its ability to enhance returns and/or to reduce volatility. There is no fixed asset allocation benchmark. There are limits on the maximum exposure to individual asset classes in order to control risk, but no minimum exposure ensuring we are not compelled to own an asset class if we do not consider it to be attractive.

Baillie Gifford has managed multi-asset portfolios for many years, all of which are run by an experienced and well-resourced team of dedicated, multi-asset investors.

The team works closely with Baillie Gifford's Macro Focus Group as well as the Credit, ESG and Investment Risk, Analytics and Research teams. Also, it draws on the long-established stock-picking abilities and strong track record of our global and regional equity teams, our rates and currency specialists, and our property and commodity experts.

How We Make Investment Decisions

With respect to our Multi Asset portfolios, the key decision is asset allocation. Our investment process is designed to identify the most interesting and attractive asset classes and then combine these into a portfolio capable of delivering attractive returns with low volatility. There are a number of important aspects to our research work and portfolio construction:

Our long-term work assesses the return potential and attractiveness of the many asset classes available to us while understanding their risk profile and characteristics. We consider long-term thematic forces, what is fair value for asset classes, and determine when these assets can be expected to perform better or worse. This is formalised in our Long Term Return Expectations, a set of return forecasts for the next ten years. We update these regularly, and they drive our Strategic Asset Allocation (SAA).

Our near-term work focuses on the economic environment and those scenarios in which we wish our portfolios to maximise opportunities while remaining robust. Our macro research groups assess conditions and determine the driving forces, assigning probabilities and asset class forecasts to the most likely scenarios. These scenarios are extended across the full opportunity set by the Multi Asset Team in its quarterly Scenario Analysis and considered by the portfolio managers in their six-weekly asset allocation discussions. The portfolio managers responsible for each portfolio express their views on the near-term opportunities through their Tactical Asset Allocation, a set of positions that fit around the SAA.

Our bottom-up work involves researching stocks, bonds, funds, and other securities within asset classes. Asset class groups of three or four analysts research and debate these rigorously. Research generally takes the form of an eight-question investment note, a standardised set of questions applied to all potential investments, regardless of the asset class. Asset class groups select securities and propose models for what is owned within their areas, advising the portfolio managers on their asset class's attractiveness.

Prior to investing and as part of ongoing portfolio management, we assess the sustainability features of our investments. We use a proprietary framework which references the Sustainability Accounting Standards Board's (SASB) Materiality Map and categorise holdings as either Enabler (the top score), Leader, Neutral, Adapting or Unsustainable. Any holding categorised as 'Unsustainable' is excluded from the portfolio. We then apply a series of milestones to the investment case so that we have a clear path to sustainability and an effective tool for monitoring. To ensure application, we set specific engagement priorities with any holding which does not meet our milestones potentially being divested from.

Key Material Medium to Long Term Risks

The key material medium to long-term risks associated with the portfolio investments, including corporate governance matters and other risks are:

Baillie Gifford Sustainable Multi Asset Fund

Fundamental risk - the permanent loss of capital. We therefore place significant emphasis in our investment management process on understanding the fundamentals of the asset classes in which we invest, including environmental, social and governance factors (ESG), which may impact the sustainability of future returns.

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.

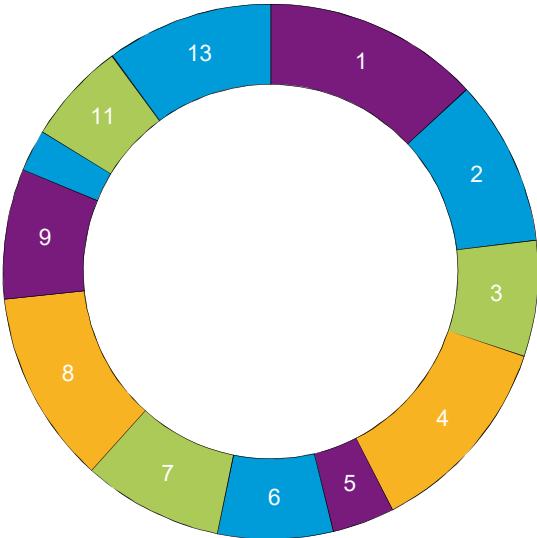
Portfolio Composition

The Fund is actively managed. When constructing the portfolio, we consider the associated returns and risks prospects for each asset class; consequently, asset allocation does vary over time depending on where we see the best opportunities. The Fund can invest in a wide range of different asset classes including, but not limited to, listed equities; developed market government and corporate bonds; emerging market debt; property; commodities; infrastructure and absolute return funds.

Top Ten Holdings

Asset Name	% of Portfolio
Baillie Gifford Worldwide Sustainable Emerging Markets Bond Fund	7.4
Baillie Gifford Emerging Markets Bond Fund	7.0
Plutus CLO Fund	3.4
Leadenhall UCITS ILS Fund	3.4
Galene Fund	3.0
Baillie Gifford Responsible Global Equity Income Fund	2.7
Aegon ABS Opportunity Fund Acc	2.6
UBS Cross Asset Trend Ex FF ETN	2.5
Baillie Gifford Emerging Markets Corporate	2.5
Scottish Mortgage Investment Trust	2.5

Asset Allocation



	%
1 Listed Equities	13.1
2 Property	10.1
3 High Yield Credit	7.0
4 Structured Finance	12.3
5 Commodities	3.8
6 Emerging Market Bonds Local Currency	7.0
7 Emerging Market Bonds Hard Currency	8.5
8 Infrastructure	11.7
9 Government Bonds	7.9
10 Absolute Return	2.5
11 Insurance Linked	6.2
12 Active Rates and Currency	-0.0
13 Cash and Equivalents	10.1

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

Turnover and Turnover (Transaction) Costs

We do not report turnover of our multi-asset strategies. Due to the use of instruments such as short-dated bonds included in cash and equivalents and currency forwards for hedging purposes, a portfolio turnover figure would overstate the natural turnover level for the Fund. We take a long-term approach to investing, looking at the fundamental merits of our underlying investments, rather than short-term trading.

Transaction costs:	%
Explicit transaction costs	0.08
Implicit transaction costs	0.22

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	Assura Plc, Greencoat UK Wind PLC, Leadenhall Ucits IIs Fund Plc, LondonMetric Property Plc, Prologis, Inc., TwentyFour Income Fund Limited, Ørsted A/S
Social	EDP Renovaveis, S.A., Leadenhall Ucits IIs Fund Plc, LondonMetric Property Plc, Prologis, Inc., Ørsted A/S
Governance	Accunia European CLO, Crown Castle Inc., EDP Renovaveis, S.A., Greencoat UK Wind PLC, Iberdrola, S.A., Leadenhall Ucits IIs Fund Plc, LondonMetric Property Plc, Prologis, Inc., Rexford Industrial Realty, Inc., TwentyFour Income Fund Limited, Warehouses De Pauw SA

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies	18 Companies	4 Companies
Resolutions	201 Resolutions	4 Resolutions

Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Ares Capital Corp	Annual 17/05/23 Resolution(s): 1c	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Golub Capital BDC Inc	Annual 07/02/23 Resolution(s): 1b	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
American Tower Corp REIT	Annual 24/05/23 Resolution(s): 2	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.
Prologis Inc REIT	Annual 04/05/23 Resolution(s): 2	We opposed executive compensation because we do not believe the performance conditions for the long term incentive plan are sufficiently stretching. This resolution is significant because it received greater than 20% opposition.
Rexford Industrial Realty REIT	Annual 05/06/23 Resolution(s): 3	We opposed the executive compensation policy as we do not believe the performance conditions are sufficiently stretching. This resolution is significant because we opposed remuneration.

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.

