

Baillie Gifford™

Baillie Gifford UK Equity Alpha 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 active, bottom-up, growth investors and aim to generate positive, market-beating long-term investment returns through investing in UK equities. We believe there are some tremendously exciting British businesses that are true world leaders in their fields with enviable competitive positions. Our goal is to identify these companies and invest in them as stewards of our client's capital for periods of five years and longer, as we believe that share prices will ultimately follow fundamentals over the long term.

How We Make Investment Decisions

First and foremost, all members of the UK Equity team are responsible for carrying out fundamental, company-specific research. Ideas are raised at our six-weekly 'Prospects Meeting' and over the intervening weeks, analysts will write deliberately succinct research reports which are circulated to the wider team. The reports follow a set structure, answering five key questions which focus the author on critical issues they are accompanied by a Devil's Advocate piece written by another member of the team to ensure that 'group think' is avoided.

The weekly stock discussions have a formal agenda and are the setting for the team to debate freely and form a view on individual stocks. Different perspectives are heard, and ideas robustly challenged.

The lead manager takes the final decision as to what investments are held and in what size. Importantly though, all of our specialist UK Equity strategies are the collective responsibility of the team, and performance-orientated incentives are based on all of the assets managed by the team. This helps to ensure a sense of ownership, enthusiasm and team engagement, whilst avoiding the pitfalls and constraints of consensus 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 an 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.

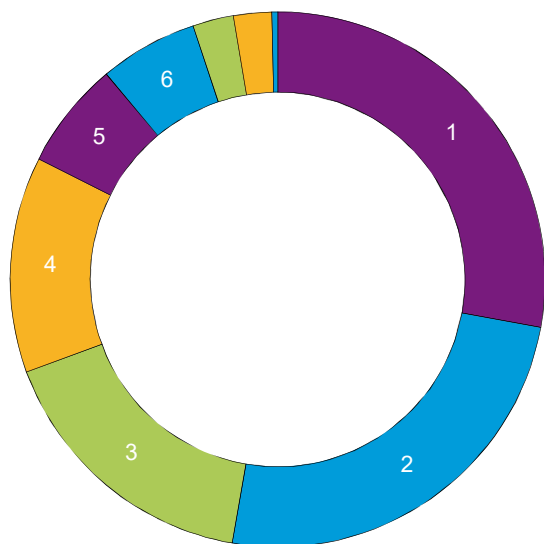
Portfolio Composition

The Fund adopts a long-term, low turnover investment approach and aims to hold between 30-50 high quality, growth companies which are principally listed in the UK and are capable of growing their earnings faster than the market average. It is a concentrated portfolio of our best ideas, which is highly differentiated from the benchmark, the FTSE All-Share Index.

Top Ten Holdings

Asset Name	% of Portfolio
Games Workshop Group	7.7
Auto Trader	7.2
Experian	7.0
4imprint	6.4
Wise Plc	5.4
Ashtead	3.5
Renishaw	3.4
AJ Bell	3.3
Genus	3.2
Softcat	3.1

Sector Analysis of Total Assets



	%
1 Industrials	28.1
2 Consumer Discretionary	25.0
3 Technology	16.8
4 Financials	13.1
5 Health Care	6.6
6 Consumer Staples	6.0
7 Real Estate	2.5
8 Basic Materials	2.3
9 Cash	-0.3

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

Turnover and Turnover (Transaction) Costs

	%
Rolling One Year Turnover	7

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	0.04
Implicit transaction costs	0.01

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	Ashtead Group plc, Rio Tinto Group, Spirax-Sarco Engineering plc, Wizz Air Holdings Plc
Social	Rio Tinto Group, Wizz Air Holdings Plc, boohoo group plc
Governance	Auto Trader Group plc, Baltic Classifieds Group, Exscientia, Hargreaves Lansdown plc, Howden Joinery Group Plc, Oxford Instruments plc, Prudential plc, Rio Tinto Group, Softcat plc, Spirax-Sarco Engineering plc, St. James's Place plc, Wizz Air Holdings Plc, boohoo group plc
Strategy	Diageo plc

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 43	Companies 21	Companies 2
Resolutions 795	Resolutions 26	Resolutions 3

Significant Votes Cast in Favour

Company	Meeting Details	Voting Rationale
Abcam Plc ADR	Annual 17/05/23 Resolution(s): 18	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Burberry	AGM 12/07/23 Resolution(s): 13	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
First Derivatives	AGM 20/07/23 Resolution(s): 4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Hargreaves Lansdown	AGM 08/12/23 Resolution(s): 11-13, 15, 16, 18-20, 22	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Molten Ventures	EGM 14/12/23 Resolution(s): 1	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
On The Beach	AGM 27/01/23 Resolution(s): 2	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Renishaw	AGM 29/11/23 Resolution(s): 5, 6	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Rio Tinto	AGM 06/04/23 Resolution(s): 21	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
St. James's Place	AGM 18/05/23 Resolution(s): 4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Trainline Plc	AGM 29/06/23 Resolution(s): 4	We voted in favour of routine proposals at the aforementioned meeting(s). This resolution is significant because it received greater than 20% opposition.
Wizz Air Holdings Plc	AGM 02/08/23 Resolution(s): 3, 4	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
Boohoo	OGM 08/03/23 Resolution(s): 1	We have significant concerns regarding the Growth Plan's overall structure, potential quantum, lack of long-term alignment, and recipients. We believe that remuneration plans should support management in prioritising long-term value creation and it is questionable that the proposed Growth Plan would do so. This resolution is significant because we opposed remuneration.
Boohoo	AGM 22/06/23 Resolution(s): 2	We opposed the remuneration report due to a number of concerns. We disagree with the committee's decision to exercise its discretion to increase the annual bonus outcome, when financial targets were not achieved, for the second year in a row. Further we have concerns with the increase in the cap for the annual bonus plan, and with the structure of the Growth Share Plan. This resolution is significant because it received greater than 20% opposition.
Howden Joinery Group	AGM 04/05/23 Resolution(s): 2	We opposed the remuneration report due to concerns over the long-term performance targets. This resolution is significant because we opposed remuneration.
Ocado	AGM 02/05/23 Resolution(s): 2	We opposed the remuneration report due to concerns over the tranche of the VCP and the lowered targets, which we do not find sufficiently stretching. This resolution is significant because it received greater than 20% opposition.
Smart Metering Systems	AGM 18/05/23 Resolution(s): 8	We opposed the resolution to approve the remuneration report because the long term incentive plan allows for performance conditions to be re-tested which is contrary to best practice. This resolution is significant because we opposed remuneration.
Standard Chartered	AGM 03/05/23 Resolution(s): 3	We opposed the resolution to approve the remuneration report because we have concerns with how the company is choosing to calculate pension contribution and variable incentives. This resolution is significant because we opposed remuneration.

Company	Meeting Details	Voting Rationale
Wizz Air Holdings Plc	AGM 02/08/23 Resolution(s): 2	We opposed the remuneration report due to concerns with the use of discretion during the year to change the performance metrics attached to the annual bonus which we did not consider to be reflective of the company's performance. This resolution is significant because it received greater than 20% opposition.
Wizz Air Holdings Plc	AGM 02/08/23 Resolution(s): 28	We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders. This resolution is significant because it received greater than 20% opposition.

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.

