Baillie Gifford™

Baillie Gifford Diversified Growth Fund

30 June 2024

About Baillie Gifford

Philosophy	Long-term investment horizon A growth bias Top-down, macroeconomic and research-led approach Active management with a flexible approach to asset allocation
Partnership	100% owned by 58 partners with average 20 years' service Ownership aligns our interests with those of our clients Enables us to take a thoughtful, long-term view in all that we do Stability, quality and consistency

Investment Proposition

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.

Fund Facts

Fund Launch Date	22 December 2008
Fund Size	£1337.7m
Index	UK Base Rate

Fund Manager

Name	Years' Experience
Scott Lothian	24
James Squires*	18
Felix Amoako-Kwarteng	13
Nicoleta Dumitru	11

*Partner

Fund Objective

To achieve (after deduction of costs):

- an annualised return over rolling five-year periods that is at least 3.5% more than UK Base Rate
- a positive return over rolling three-year periods
- annualised volatility of returns over rolling five-year periods that is below 10%

There is no guarantee that a positive return will be achieved over rolling three-year periods, or any time period, and capital may be at risk.

The manager believes these are appropriate targets given the investment policy of the Fund and the approach taken by the manager when investing.
There is no guarantee that these objectives will be achieved over any time period and actual results may differ from these objectives, particularly over shorter time periods.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years (p.a.)
Class B-Acc (%)	1.5	7.1	-1.9	1.0
Index (%)*	1.3	5.3	2.9	1.9
Target (%)**	2.2	8.8	6.4	5.4

Source: FE, Revolution. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
Baillie Gifford operates a single swinging price for the Fund and, therefore, may apply a dilution adjustment to the price to protect long-term investors from the costs associated with buying and selling underlying investments that result from other investors joining or leaving the Fund. This adjustment will affect relative performance, either positively or negatively.
*UK Base Rate.
**UK Base Rate (as stated in sterling) +3.5% per annum over rolling five-year periods.

Discrete Performance

	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22	30/06/22-30/06/23	30/06/23-30/06/24
Class B-Acc (%)	-2.3	14.0	-10.2	-2.0	7.1
Index (%)*	0.6	0.1	0.4	3.3	5.3
Target (%)**	4.1	3.6	3.9	6.7	8.8

Source: FE, Revolution. Total return net of charges, in sterling.
Share class returns calculated using 10am prices, while the Index is calculated close-to-close.
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*UK Base Rate.
**UK Base Rate (as stated in sterling) +3.5% per annum over rolling five-year periods.

Delivered Volatility

	%
Class B2-Acc	8.9

Annualised volatility, calculated over five years to 30 June 2024.
Source: Moody's Analytics UK Limited.

A recent *Financial Times* article highlighted the challenges of compiling official inflation data, noting that amongst the reference items over the last few years were an orange priced at £39 (presumably destined for a Premier League team's half time refreshments table!) and freestanding shelving units priced anywhere from £15 to £7,500 (if you're going to spend £39 on an orange, you'd better have an expensive trophy cabinet…). And yet markets hang on every 0.1% variation in the official data.

That official data still shows inflation as being stubbornly high in much of the world, but we still expect it to moderate towards central banks' targets as labour market pressures ease. Over the last quarter, progress in this regard has allowed for policy rate cuts in Canada, Sweden and the Eurozone. The Federal Reserve has deferred taking any decisions on US interest rates until it has definitive data, but we can already see that nominal average hourly earnings are falling towards more normal levels, which should allow rate cuts to start to come through within the next year.

The consumer remains strong on both sides of the Atlantic, supporting growth, confidence, and asset prices. Most asset classes have had positive starts to the year. Even those that are more sensitive to the 'stickiness' of inflation through their interest rate duration have generally made more income than they have lost to the modest repricing of Treasuries.

Portfolio performance

In this environment, the portfolio has recorded another quarter of positive returns, maintaining that positive momentum since the end of 2023.

Pleasingly, even as markets have had their occasional bouts of panic on inflation; growth and geopolitics, the delivery of that return has been steady. Largely, this is a result of our diverse portfolio, with several less-traditional asset classes receiving substantial allocations and so contributing returns from very different sources.

Over the most recent quarter, the principal contributors to returns have been Active Rates & Currencies, Commodities, Infrastructure, and Structured Finance.

Within Active Rates & Currencies, our macroeconomic view of Japan and a belief that its monetary policy needs to be tightened, which will lead yields to rise, has led us to have a substantial Interest Rate Swap investment that benefits from rising yields. Yields duly rose over the last three months, following an interest rate rise at the end of the first quarter and the unveiling of clear plans to start unwinding the country's large quantitative easing program.

Commodities had an excellent quarter. China has been moving to stimulate its economy and, between that and continuing demand for key materials to support the energy transition, the price of most commodities increased over the three months to June. The Fund's investments in aluminium, copper and carbon credits all benefited from this supportive backdrop.

Infrastructure is the Fund's largest asset class by allocation. Investments here are generally characterised by being existing operational assets, such as electricity grid operators and water companies, that produce stable cash flows with a good degree of inbuilt inflation protection. However, we do also have a few 'economic infrastructure' investments which are in developers of infrastructure assets, such as new wind farms, or their suppliers. This latter category has performed particularly well over the most recent quarter as progress has been made on financing and permitting a large backlog of new planned projects in the US. Examples of beneficiaries include Brookfield Renewables, a new asset developer for renewable power and decarbonisation solutions, and Prysmian, a speciality cable supplier.

Finally, Structured Finance has continued its recent trend of delivering strongly every quarter. Our ultimate investments here are in mezzanine tranches of collateralised loan obligations (CLOs) and other similar instruments. Those investments continue to generate high yields with limited credit risk and no underlying defaults. Structured Finance has offered an attractive mispricing ever since regulation was tightened after the Financial Crisis and, whilst the extent of that mispricing is narrowing, it remains an attractive asset class.

Long-term returns

At this time of year, we refresh our long-term return expectations for all asset classes to understand how pricing changes, such as that narrowing, and evolutions in the economic environment and fundamental data are affecting the attractiveness of those asset classes over the next ten years.

In our view, there are a few asset classes that stand out as being particularly appealing. Infrastructure appears to us to offer the highest returns, with an enviable combination of stable cash flows, inflation protection and structural demand for new projects and upgrades to assist the energy transition combining to drive the opportunity. Just behind infrastructure, we also see room for property; loans; emerging market debt and equities; structured finance and insurance linked securities (ILS) to perform particularly well. ILS is notable for having risen up these rankings over the last twelve-months as reinsurance premiums have expanded markedly.

Given these strong return expectations and the wide range of diversification associated with the underlying investments, we continue to make substantial allocations to all of these asset classes.

Notable transactions

The Fund added to ILS in the second quarter by purchasing two new bonds issued through the International Bank of Reconstruction and Development (IBRD), a World Bank institution: IBRD Jamaica 2024 A and IBRD Mexico 2024 A. These offer attractive yields for insuring the named countries against windstorm and earthquake risks, respectively.

The Fund also added to loans within high-yield credit through new investments in US business development companies (BDCs). A BDC is a legal structure, much like a real estate investment trust (REIT), that allows access to private credit issues with daily liquidity. Over the quarter, we made investments in three of these: Blackstone Secured Lending, Golub Capital, and Sixth Street Specialty Lending.

These new loan investments were funded by reductions to our Baillie Gifford High Yield Bond Fund – on a view that credit spreads in traditional markets offer little value just now. We also exited our investment in the Ashmore Asian High Yield Bond Fund – on a view that the opportunity in Chinese property bonds is now weaker than in BDCs – and reduced structured finance. Whilst structured finance remains attractive in yield terms and our overall allocation remains substantial, the narrower premium, combined with a tendency for sharp sell-offs in moments of market panic, makes the asymmetry of returns now less favourable than it was. This prompts some caution on our part and a modest trimming of the position size.

Within emerging markets (EM), we sold our passive investment in the iShares EM UCITS ETF in favour of specific investments made into the Indian and Vietnamese markets through a trio of investment trusts trading at discounts to their net asset values. We believe that India and Vietnam offer high growth at reasonable valuations, supported by political reform and their geopolitical alignment with both the US and China.

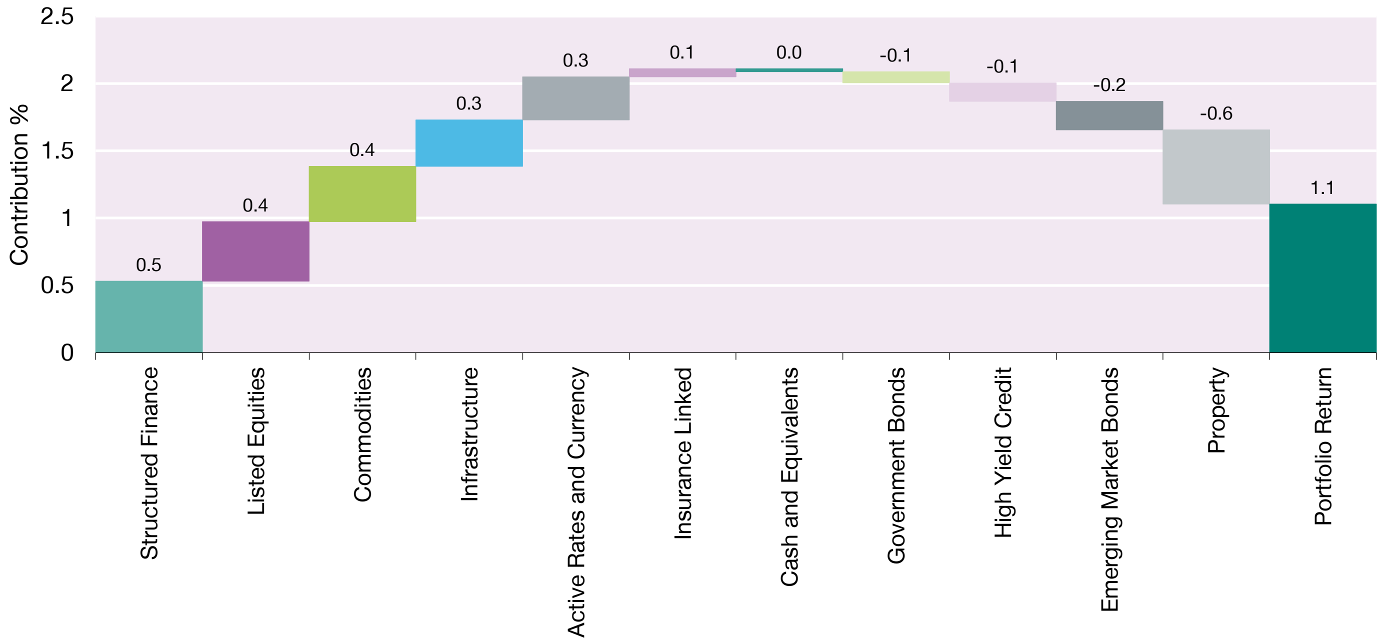
On the debt side, we have moved from owning EM bonds through two Baillie Gifford OEICs (the Emerging Market Bond Fund and Sustainable Emerging Market Debt Fund) to holding those same bonds directly. While this makes for a longer portfolio listing, it also gives us the opportunity to tailor the portfolio to best suit the fund's needs and risk profile.

Finally, we made a new investment into the Dimensional Global Value Fund. As a systematic fund, from a manager with a clear approach and a strong foundation in academia, we regard this as an upgrade on the passive iShares Edge MSCI World Value ETF which it replaced in the Fund.

Whilst this commentary describes a few changes within asset classes, the overall allocation picture has not changed much over the quarter. The Fund remains well diversified, with its largest positions being across several of the less traditional asset classes, particularly those that offer a good level of (inflation-protected) income and have opportunities for structural growth supported by key long-term themes or positive revaluation. That allocation makes for a robust portfolio with a good opportunity to deliver strong returns in a range of economic and alternative scenarios.

Asset Class Contributions to Performance

Quarter to 30 June 2024



% Ave. Exposure	12.4	14.6	6.2	21.7	-1.4	9.1	5.1	3.5	4.9	12.3	10.0
% Return	4.4	3.3	5.5	1.4	0.3	0.6	1.3	-2.6	-2.4	-1.4	-4.8

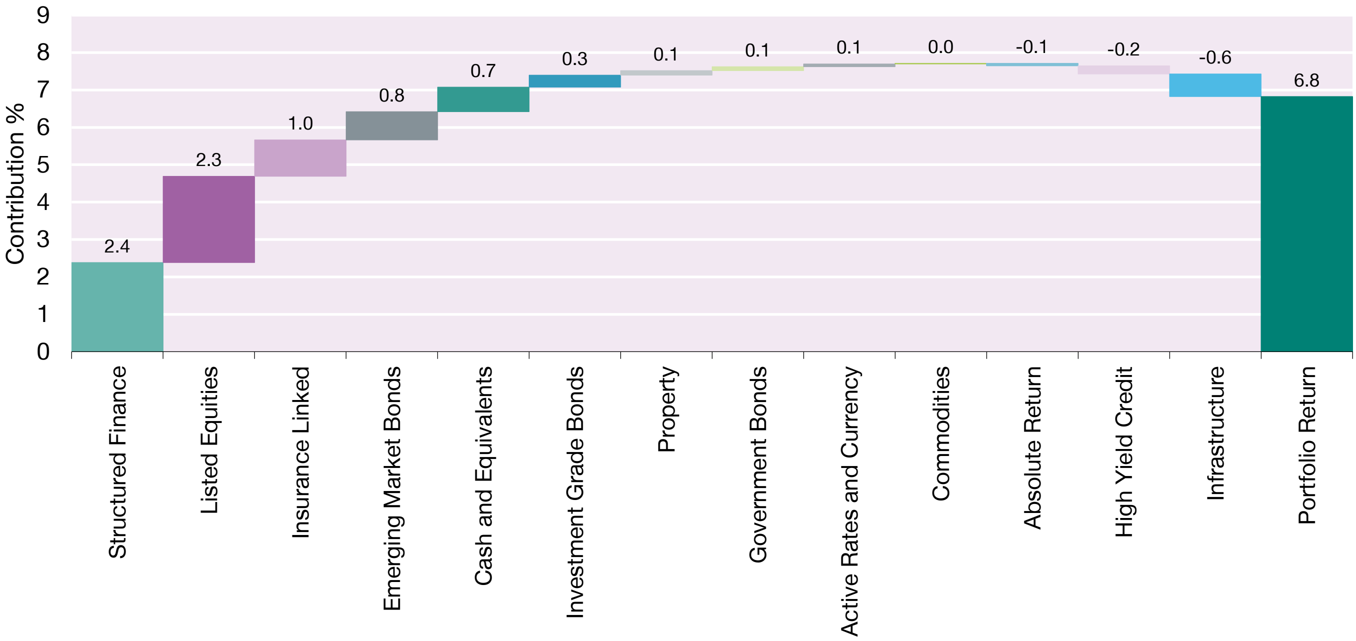
Source: Revolution, gross of fees in sterling. Totals may not sum due to rounding

Average exposure includes all futures positions shown at their average net exposure.

Active Rates and Currency exposure includes the net unrealised profit or loss of open positions in the Fund.

The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

One Year to 30 June 2024



% Ave. Exposure	13.0	13.2	7.1	15.1	5.9	3.4	8.2	8.4	-1.2	5.2	0.5	5.8	14.6
% Return	19.6	16.3	15.1	7.0	5.3	7.1	4.7	2.0	0.1	-3.0	-0.5	-0.7	-6.9

Source: Revolution, gross of fees in sterling. Totals may not sum due to rounding

Average exposure includes all futures positions shown at their average net exposure.

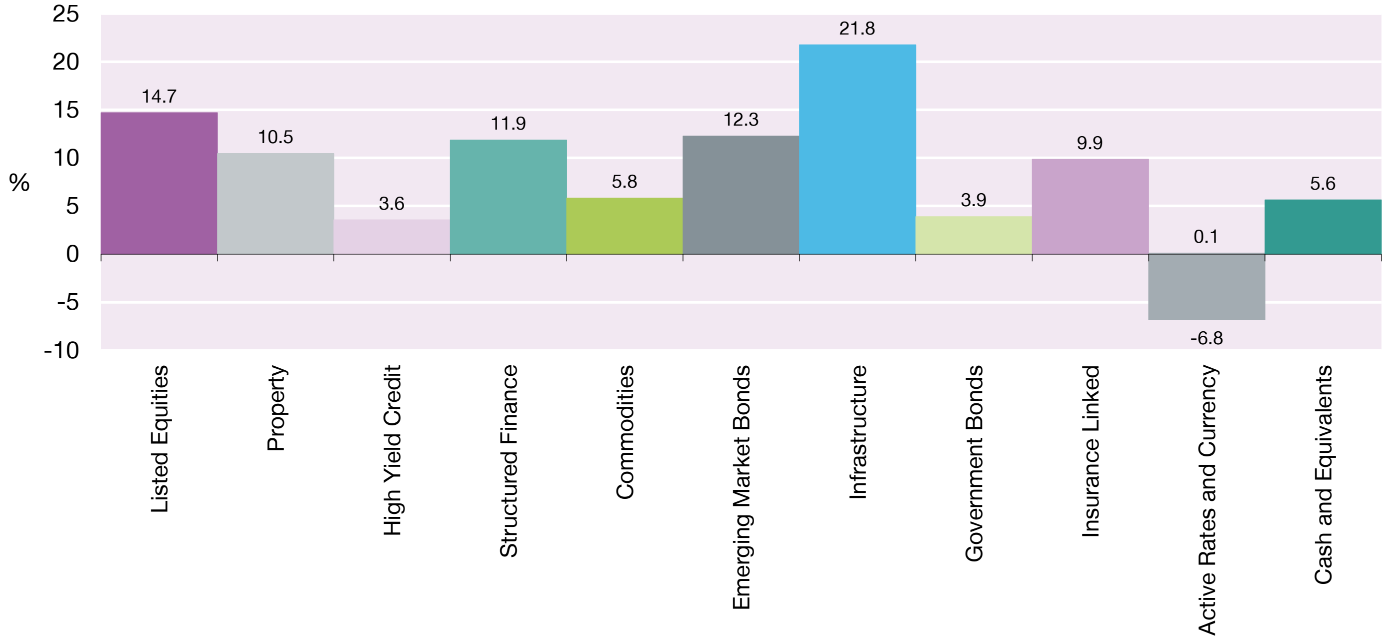
Active Rates and Currency exposure includes the net unrealised profit or loss of open positions in the Fund.

The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

Asset Allocation at Quarter End

		(%)
1	Listed Equities	14.7
2	Property	10.5
3	High Yield Credit	3.6
4	Structured Finance	11.9
5	Commodities	5.8
6	Emerging Market Bonds	12.3
7	Infrastructure	21.8
8	Government Bonds	3.9
9	Insurance Linked	9.9
10	Active Rates and Currency	0.1
11	Cash and Equivalents	5.6
	Total	100.0

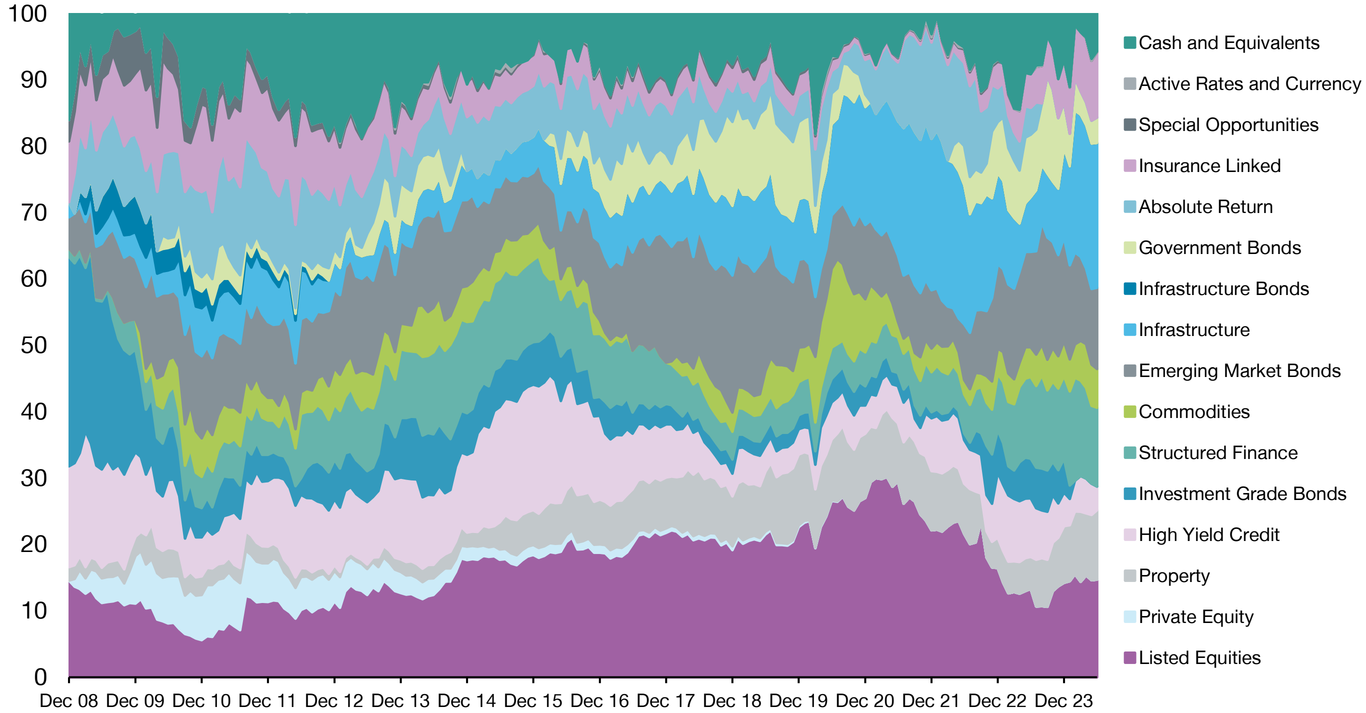
Asset Class Exposures at Quarter End



Total may not sum due to rounding

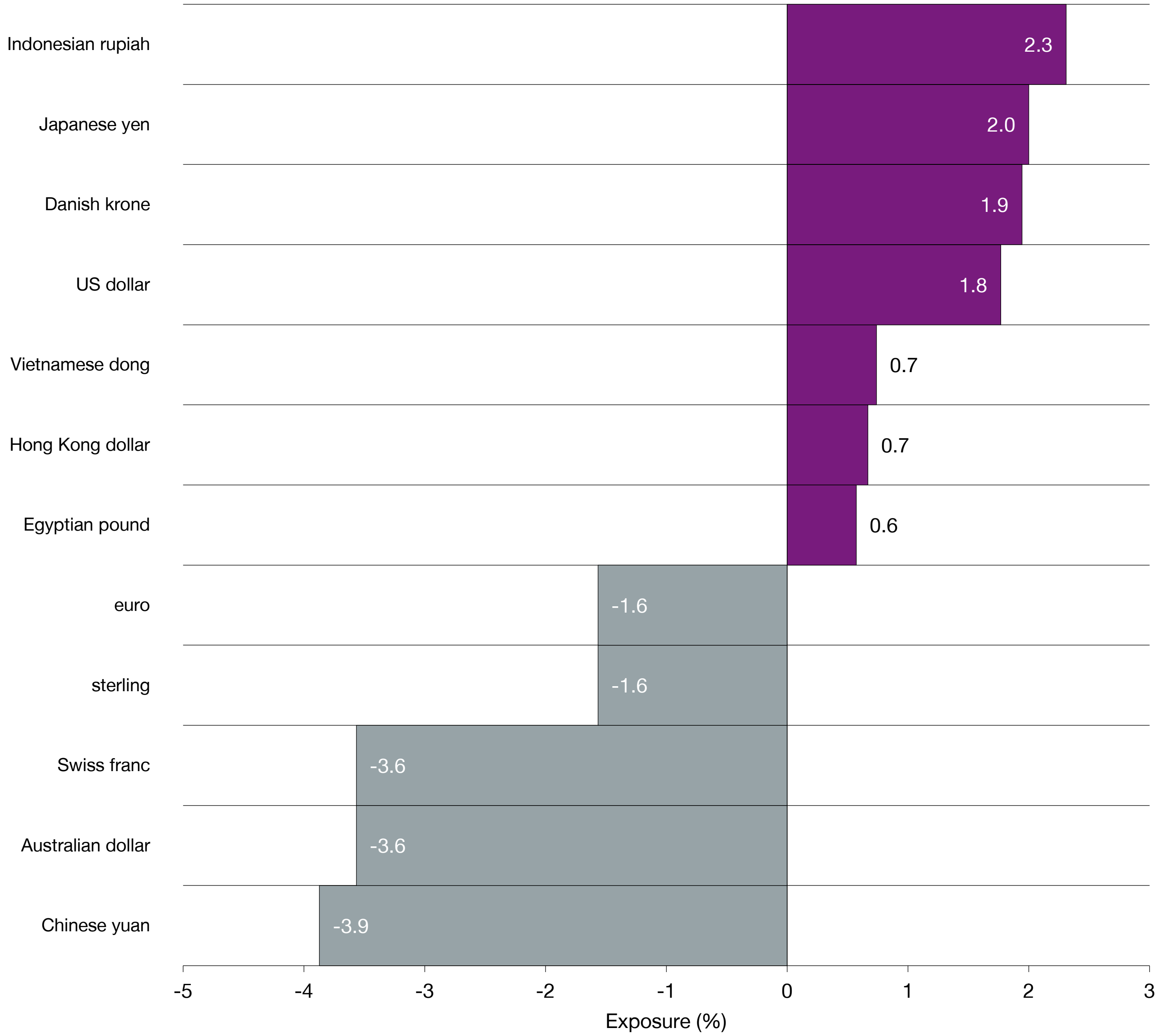
Any difference between the weight of an asset class (as shown in the Asset Allocation at Quarter End table above) and its exposure relates to future positions, as do any negative exposures. The weight shown against Active Rates and Currency reflects the net unrealised profit or loss of open positions in the Fund. In other asset classes, any negative exposures relate to futures positions.

Changes in Asset Allocation Since Launch of the Fund† (%)



† 22 December 2008

Net Currency Exposures at Quarter End



Source: Baillie Gifford & Co. Only includes relative currency positions greater than +/- 0.5%.

The chart shows material currency positions in the Fund relative to the sterling denominated index.

The bars represent net long and short currency positions held in the portfolio including:

- Exposures gained through unhedged investments in non-sterling assets, and;
- Active Currency: currency exposures which may be return-seeking or portfolio hedges.

Asset Name	Weight (%)	Exposure (%)
Listed Equities		
Baillie Gifford EM Lead Co Fund C Accum	6.0	6.0
Baillie Gifford Global Income Growth Fund C Acc	2.8	2.8
Baillie Gifford LTGG Investment Fund C Acc	2.3	2.3
Dimensional Global Value Fund	2.1	2.1
Ashoka India Equity Investment Trust	0.8	0.8
Vinacapital Vietnam Opportunities	0.4	0.4
Vietnam Enterprise	0.4	0.4
Eurovestech	0.0	0.0
Total Listed Equities	14.7	14.7
Property		
Ctp N.V.	1.1	1.1
American Tower Corp REIT	1.1	1.1
Prologis Inc REIT	1.0	1.0
Segro Plc	1.0	1.0
Warehouses De Pauw	0.9	0.9
Equinix	0.8	0.8
Rexford Industrial Realty REIT	0.7	0.7
Unite Group	0.7	0.7
LondonMetric Property	0.6	0.6
Assura Group	0.5	0.5
Crown Castle International REIT	0.5	0.5
Tritax Big Box REIT	0.4	0.4
Sun Communities Inc REIT	0.4	0.4
Montea NV	0.3	0.3
Life Science Reit Plc	0.2	0.2
Target Healthcare Reit Plc	0.2	0.2
Impact Healthcare REIT	0.2	0.2
Total Property	10.5	10.5
High Yield Credit		
Baillie Gifford High Yield Bond Fund C Acc	1.0	1.0
Sequoia Economic Infrastructure Income Fund	0.8	0.8
Ares Capital Corp	0.8	0.8
Blackstone Secured Lending Fund	0.4	0.4
Sixth Street Specialty Lending	0.3	0.3
Golub Capital BDC Inc	0.3	0.3
Total High Yield Credit	3.6	3.6

Asset Name	Weight (%)	Exposure (%)
Structured Finance		
Plutus CLO Fund	3.2	3.2
Galene Fund	3.0	3.0
Aegon ABS Opportunity Fund Acc	2.6	2.6
Accunia European CLO Fund EUR	1.5	1.5
HSBC Global Asset Backed High Yield Bond Fund	0.9	0.9
TwentyFour Income Fund	0.7	0.7
Total Structured Finance	11.9	11.9
Commodities		
WisdomTree Aluminium ETC (c)	1.9	1.9
SparkChange Physical Carbon ETC (c)	1.5	1.5
Lynas Corporation	0.9	0.9
MP Materials	0.8	0.8
WisdomTree Copper ETC (c)	0.7	0.7
Total Commodities	5.8	5.8
Emerging Market Bonds		
Egypt T Bill 11/03/2025	0.6	0.6
Ukraine Float 01/08/2041 (USD)	0.5	0.5
Chile 4.34% 07/03/2042 (USD)	0.4	0.4
Mexico 3.5% 12/02/2034 (USD)	0.4	0.4
Nigeria 8.375% 24/03/2029 (USD)	0.3	0.3
Oman 6.5% 08/03/2047 (USD)	0.3	0.3
Brazil 10% 01/01/2035	0.3	0.3
North Macedonia 3.675% 03/06/2026 (EUR)	0.3	0.3
Hungary 6.75% 25/09/2052 (USD)	0.3	0.3
Indonesia 4.35% 11/01/2048 (USD)	0.3	0.3
Mexico 5.75% 12/10/2110 (USD)	0.2	0.2
Peru 8.75% 21/11/2033 (USD)	0.2	0.2
Romania 1.75% 13/07/2030 (EUR)	0.2	0.2
Mexico 6.35% 09/02/2035 (USD)	0.2	0.2
Poland 2.5% 25/07/2027	0.2	0.2
Mexico 4.75% 08/03/2044 (USD)	0.2	0.2
Uzbekistan 3.9% 19/10/2031 (USD)	0.2	0.2
Serbia 3.125% 15/05/2027 (EUR)	0.2	0.2
Dominican Republic 6% 19/07/2028 (USD)	0.2	0.2
Dominican Republic 4.875% 23/09/2032 (USD)	0.2	0.2
Sweihan 3.625% 2049	0.2	0.2
Colombia 7% 26/03/2031	0.2	0.2
Mexico 7.75% 23/11/2034	0.2	0.2

Asset Name	Weight (%)	Exposure (%)
Serbia 2.05% 23/09/2036 (EUR)	0.2	0.2
Angola 8.25% 09/05/2028 (USD)	0.2	0.2
Tajikistan 7.125% 14/09/2027 (USD)	0.2	0.2
Kenya 7% 22/05/2027 (USD)	0.2	0.2
Hungary 5.5% 16/06/2034 (USD)	0.2	0.2
Indonesia 8.375% 15/04/2039	0.2	0.2
Dominican Republic 7.45% 30/04/2044 (USD)	0.2	0.2
Ivory Coast 6.625% 2048 (EUR)	0.2	0.2
Hungary 4.5% 23/03/2028	0.2	0.2
Malaysia 3.906% 15/07/2026	0.2	0.2
South Africa 5.875% 2030 (USD)	0.2	0.2
Uzbekistan 5.375% 20/02/2029 (USD)	0.2	0.2
Peru 6.9% 12/08/2037	0.2	0.2
Ivory Coast 5.25% 2030 (EUR)	0.2	0.2
Mexico 8.5% 31/05/2029	0.1	0.1
Nigeria 7.875% 16/02/2032 (USD)	0.1	0.1
Instituto Costarricense Elctdad 6.375% 2043	0.1	0.1
Philippines 5% 17/07/2033 (USD)	0.1	0.1
Indonesia 5.25% 17/01/2042 (USD)	0.1	0.1
Romania 2% 28/01/2032 (EUR)	0.1	0.1
Zambia 5.75% 30/06/2033 (USD)	0.1	0.1
Ghana 8.125% 26/03/2032 (USD)	0.1	0.1
Chile 2.55% 27/07/2033 (USD)	0.1	0.1
South Africa 8.5% 31/01/2037	0.1	0.1
Senegal 5.375% 08/06/2037	0.1	0.1
South Africa 6.5% 28/02/41	0.1	0.1
Czech Republic 0.25% 10/02/2027	0.1	0.1
Dominican Republic 11.25% 15/09/2035	0.1	0.1
Bharti Airtel 5.65% 2025 Perp	0.1	0.1
Indonesia 9% 15/03/2029	0.1	0.1
Thailand 2% 17/06/2042	0.1	0.1
Ivory Coast 6.875% 17/10/2040 (EUR)	0.1	0.1
Brazil 7.125% 13/05/2054 (USD)	0.1	0.1
Oman 7.375% 28/10/2032 (USD)	0.1	0.1
Argentina 1% 09/07/2029 (USD)	0.1	0.1
Argentina 0.75% 09/07/2030 (USD)	0.1	0.1
EBRD 0% 10/11/2030	0.1	0.1
Ukraine 7.375% 25/09/2034 (USD)	0.1	0.1
Uruguay 8.25% 21/05/2031	0.1	0.1
Romania 3.65% 24/09/2031	0.1	0.1
Poland 4.25% 14/02/2043 (EUR)	0.1	0.1
Sri Lanka 6.2% 11/05/2027 (USD)	0.1	0.1

Asset Name	Weight (%)	Exposure (%)
Poland 6% 25/10/2033	0.1	0.1
Zambia 0.5% 31/12/2053 (USD)	0.1	0.1
Pakistan 6.875% 05/12/2027 (USD)	0.1	0.1
Serbia 5.875% 08/02/2028	0.1	0.1
Ukraine 6.75% 20/06/2028 (EUR)	0.1	0.1
Ecuador 3.5% 31/07/35 (USD)	0.1	0.1
Ecuador 0% 31/07/30 (USD)	0.1	0.1
Oman 6.25% 25/01/2031 (USD)	0.1	0.1
Poland 4.875% 04/10/2033 (USD)	0.0	0.0
Dominican Republic 5.875% 30/01/2060 (USD)	0.0	0.0
Thailand 3.775% 25/06/2032	0.0	0.0
Egypt T Bill 04/03/2025	0.0	0.0
Total Emerging Market Bonds	12.3	12.3

Infrastructure		
Iberdrola SA	1.8	1.8
Terna	1.7	1.7
3i Infrastructure	1.6	1.6
Renewables Infrastructure Group	1.4	1.4
Greencoat UK Wind	1.4	1.4
Orsted	1.3	1.3
Severn Trent	1.2	1.2
United Utilities	1.1	1.1
Octopus Renewables Infrastructure	0.9	0.9
Enel SpA	0.9	0.9
John Laing Environmental Assets Group	0.9	0.9
Eversource Energy	0.9	0.9
NextEra Energy	0.9	0.9
RWE	0.9	0.9
Aquila European Renewables Income	0.7	0.7
Prysmian	0.6	0.6
US Solar Fund	0.6	0.6
EDP Renovaveis	0.5	0.5
NKT Holding AS	0.5	0.5
Brookfield Renewable	0.5	0.5
Nexans	0.5	0.5
WEC Energy Group	0.4	0.4
Fortis	0.3	0.3
Hydro One	0.2	0.2
Total Infrastructure	21.8	21.8

Asset Name	Weight (%)	Exposure (%)
Government Bonds		
Australia 1.75% 21/06/2051	1.2	1.2
Australia 3% 21/03/2047	1.2	1.2
US Treasury 3% 15/08/2052	0.7	0.7
US Treasury 2.875% 15/05/2052	0.7	0.7
Total Government Bonds	3.9	3.9
Insurance Linked		
Leadenhall UCITS ILS Fund	3.8	3.8
Hestia Re 2022-1 A	0.9	0.9
IBRD Jamaica A 2024 (144A)	0.7	0.7
Catahoula Re 2022-1 A (144A)	0.7	0.7
IBRD Mexico 2024 - 1 A (144a)	0.6	0.6
Mystic Re IV 2023-1 A	0.5	0.5
Winston Re 2024-1 A (144A)	0.4	0.4
MetroCat 2023-1 Class A	0.4	0.4
Montoya 2022-2 Class A	0.4	0.4
Ursa Re II 2022 AA (144A)	0.4	0.4
Sanders Re III 2022-1 B	0.4	0.4
Ursa Re II 2022 C (144A)	0.3	0.3
Vitality Re XV 2024 B (144A)	0.2	0.2
Vitality Re XIV 2023 B (144A)	0.2	0.2
Sanders Re 2019-1 B	0.0	0.0
Total Insurance Linked	9.9	9.9
Total Active Rates and Currency	0.1	-6.7
Total Cash and Equivalents	5.6	5.6
Total	100.0	93.2

Totals may not sum due to rounding.

Futures positions are included at their net exposure weight in the portfolio exposure column, and cash includes collateral held to back all long futures positions. Therefore total portfolio exposure may not sum to 100%.

The weight shown against Total Active Rates and Currency reflects the net unrealised profit or loss of open positions in the Fund. Any difference between the weight of an asset class and its exposure relates to futures positions, as do any negative exposures.

Please note the fund information contained within this document is proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

Fund Name	Update
Baillie Gifford Diversified Growth Fund	The portfolio's asset allocation has remained broadly stable over the past three months, with relatively modest changes within asset classes. Within listed equities we have added new investments in both India and Vietnam, accessed via third-party, actively managed funds. The case for India is based on its strong domestic economic growth, favourable demographics, and ongoing policy reforms. For Vietnam, we see this as a growing and dynamic economy with strong links to global superpowers, offering reasonable market valuations, especially through discounted listed investment vehicles. While acknowledging the risks - not least of which are geopolitical - the potential return on offer, alongside government efforts to improve market conditions, presents an attractive opportunity. We have also added to the Dimensional Global Value Fund. This was partly funded by the sale of the iShares Edge MSCI World Value ETF and partly by reducing our exposure to growth equities via a partial sale of the Baillie Gifford Long Term Global Growth fund. The Dimensional Global Value Fund is a low-cost, systematically driven global value fund focused on developed markets. Managed by Dimensional Fund Advisors, it biases its diversified portfolio towards mid-cap value stocks while looking to minimize implementation costs. Within high yield credit we have sold the remaining exposure to the Ashmore Asian High Yield Bond Fund and reduced our internal high yield bond fund. While we have had constructive conversations with Ashmore, the ongoing erosion of value in the Chinese property sector has created a challenging outlook. We understand the challenges they are facing, but we think there are better ways to deploy the capital invested. We have used the proceeds to add to our high yield loan exposure, taking an initial holding in the Blackstone Secured Lending Fund and Golub Capital BDC Inc. The Blackstone fund has an emphasis on non-cyclical sectors with higher margins, whereas Golub Capital is a credit manager specialising in lending to US middle market companies. We have also made a small reduction to mezzanine structured finance and our commodity allocation. For structured finance, this involved a modest pro-rata reduction across a small number of externally managed funds held in the portfolio. This asset class has done very well, though the opportunity from here looks a little more challenging. For commodities, both copper and aluminium have had a very good start to the year, so this is more about taking some of the profit on offer by reducing the allocation back to the initial purchase level. We have, however, retained an allocation to both metals as we think there is more upside to go for, with such a catalyst coming from continued strength in the global economy, an improving outlook in China and lower interest rates (vis-à-vis a weaker US dollar environment). For insurance linked securities, two new catastrophe bonds have been added to the portfolio. The International Bank for Reconstruction and Development (IBRD) provides insurance for emerging and developing economies, and in this instance, we have added bonds covering named storm insurance for Jamaica, and earthquake insurance for Mexico. Any potential payments are based on parametric ratings, i.e. the occurrence of the event - a named storm or an earthquake - actually happening. The Jamaica bond offers a cash+6.25 % return, with an expected loss of 1.6%, while the Mexican bond offers cash+3.9% with an expected loss of 0.9%. Lastly, as our view on the outlook for developed market growth has continued to move towards one of stability over a recession, we are comfortable in further reducing our duration view. This follows on from the reduction we started late last year, this time reducing the exposure to Canadian bonds: the big downside surprise to Canadian CPI led to the outperformance of Canadian rates given that markets had pulled forward their expectation of further rate cuts.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	34	Companies	10	Companies	4
Resolutions	467	Resolutions	13	Resolutions	9

Company Engagement

Engagement Type	Company
Environmental	Ares Capital Corporation, MP Materials Corp., NextEra Energy, Inc., Prysmian S.p.A., Sequoia Economic Infrastructure Income Fund Limited, Target Healthcare REIT Limited
Social	Ares Capital Corporation, Prysmian S.p.A., Sequoia Economic Infrastructure Income Fund Limited
Governance	Accunia European CLO, Ares Capital Corporation, CTP N.V., Enel SpA, NextEra Energy, Inc., Prologis, Inc., Prysmian S.p.A., Sequoia Economic Infrastructure Income Fund Limited, Sun Communities, Inc.

For further details on company engagement please contact us. You can also find further information on how we integrate environmental, social and governance (ESG) matters into our investment approach, here.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	09 March 2011	GB00B3FD0V53	B3FD0V5	0.55	0.71
Class B-Acc	05 January 2016	GB00BYQCYV62	BYQCYV6	0.55	0.71

The table displays the primary shares classes. Other share classes may be available for those investors who have a separate arrangement. Charges will reduce the value of your investment. Please refer to the Prospectus and Key Investor Information Document for further details. The Ongoing Charges Figure ('OCF') may be lower than previous declarations as a result of a revision to how the indirect fees associated with closed-ended investment companies need to be shown. This does not necessarily mean that fund expenses have gone down rather that we have reverted to how they have been calculated until 30 June 2022 to reflect the revised Investment Association's Guidance on Disclosure of Fund Charges and Costs (July 2020, updated January 2022, revised November 2023). A more detailed Costs and Charges disclosure is available upon request.

Additional Geographical Location Information

Israel: This Report, as well as investment in the Fund described herein, is directed at and intended for Investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 (“Sophisticated Investors”); and (2) the First Schedule of the Investment Advice Law (“Qualified Clients”).

The Fund’s share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced.

As with any investment, the clients’ capital is at risk. Past performance is not a guide to future returns.

Throughout the report all figures are rounded, so any totals may not sum. Not all stocks mentioned may be held by the portfolio.

All information as at 30 June 2024 and source is Baillie Gifford & Co unless otherwise stated.

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