

Baillie Gifford Emerging Markets Leading Companies Fund

30 September 2024

About Baillie Gifford

| | |
|--------------------|---|
| Philosophy | Long-term investment horizon A growth bias Bottom-up portfolio construction High active share |
| 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 aims to invest in an actively managed portfolio of emerging market stocks, focusing on larger and more liquid names. We invest on a long-term (5 year) perspective, and have a strong preference for growing companies, founded on the observation that returns follow earnings over the long-term in Emerging Markets. Many market participants favour the safety of steady predictable growth; we are willing to invest in companies where the outcomes are less certain, but where the potential returns are significant. The portfolio will typically hold between 35-60 stocks.

Fund Facts

| | |
|--------------------------|-------------------------|
| Fund Launch Date | 10 May 2005 |
| Fund Size | £705.2m |
| IA Sector | Global Emerging Markets |
| Active Share | 70%* |
| Current Annual Turnover | 27% |
| Current number of stocks | 49 |
| Stocks (guideline range) | 35-60 |

*Relative to MSCI Emerging Markets Index. Source: Baillie Gifford & Co, MSCI.

Fund Manager

| Name | Years' Experience |
|-----------------|-------------------|
| Will Sutcliffe* | 25 |
| Roderick Snell* | 18 |
| Sophie Earnshaw | 14 |

*Partner

Fund Objective

To outperform (after deduction of costs) the MSCI Emerging Markets Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Global Emerging Markets Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

Periodic Performance

| | 3 Months | 1 Year | 3 Years (p.a.) | 5 Years (p.a.) |
|-----------------------|----------|--------|-------------------|-------------------|
| Class B-Acc (%) | -0.4 | 12.0 | -2.5 | 4.5 |
| Index (%)* | 2.6 | 15.1 | 1.0 | 4.4 |
| Target (%)** | 3.1 | 17.4 | 3.0 | 6.5 |
| Sector Average (%)*** | 1.4 | 13.0 | -0.6 | 3.2 |

Source: FE, Revolution, MSCI. 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.

*MSCI Emerging Markets Index.

**MSCI Emerging Markets Index (in sterling) plus at least 2% per annum over rolling five-year periods.

***IA Global Emerging Markets Sector.

Discrete Performance

| | 30/09/19- 30/09/20 | 30/09/20- 30/09/21 | 30/09/21- 30/09/22 | 30/09/22- 30/09/23 | 30/09/23- 30/09/24 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Class B-Acc (%) | 17.9 | 13.7 | -22.3 | 6.6 | 12.0 |
| Index (%)* | 5.7 | 13.7 | -12.8 | 2.6 | 15.1 |
| Target (%)** | 7.8 | 16.0 | -11.0 | 4.7 | 17.4 |
| Sector Average (%)*** | 2.0 | 17.0 | -15.4 | 2.6 | 13.0 |

Source: FE, Revolution, MSCI. 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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***IA Global Emerging Markets Sector.

Market environment

The immediate focus of the Emerging Markets (EM) team is the impact of the Federal Reserve starting to cut interest rates. Is this a harbinger of lower inflation or lower growth in the US economy? Also under discussion are the underweight positions in China and India. In China, the geopolitical challenges notwithstanding, there is a compelling valuation opportunity and China remains largely the master of its own domestic trajectory. This view was backed up by the recent more targeted and coordinated stimulus, which led to a bounce in markets. Our inclination is to add to existing holdings where we are more clearly through regulatory 'rectification'. In India, we are increasingly frustrated by valuations which seem to be stretched, even in some of the existing holdings in the Fund. Where we can find decent growth companies at reasonable valuations, we are happy to invest to reduce the underweight. However, indiscriminately buying expensive shares in companies with modest long-term growth profiles seems a poor use of our clients' money.

Longer term, investors will still be cognisant of EM's modest returns relative to the World and especially the US indices over the last decade or more. Let's not forget that much of those superior returns were driven by quantitative easing, negative interest rates and yield curve control – it's amazing what free money will do for asset prices. In contrast, most EM countries have run orthodox monetary policies and conservative fiscal policies. To anchor off the more recent stockmarket performance is to risk fighting the last war, especially as we move from a fairly stable and predictable unipolar world to a more fluid and dynamic multi polar one.

Performance

The performance of the Fund was markedly skewed at the end of the quarter by what appeared to be the first attempt at a coordinated policy response by the Chinese authorities. The assorted measures that have been recently announced have increased liquidity significantly, which has been good for the domestic stockmarket. However, thus far there have only been hints that this will be backed up by the fiscal stimulus necessary to restore confidence in the economy. Without the latter there is a danger that this rally peters out like its recent predecessors. Nonetheless, over the last two weeks a number of China stocks leapt into the top contributors for the quarter. In the shorter term, whether this performance continues depends on the actions of the Chinese government.

Latin American ecommerce and fintech business Mercadolibre was amongst the main contributors to performance. Q224 results once again beat the markets expectations. Net revenue across its platform grew 42% Year on Year (YoY) to US\$ 5.1 billion and net income +103% YoY to US\$ 531 million. In ecommerce, Gross Merchandise Value ("GMV") grew +20% YoY to US\$ 12.6 billion while the number of

items sold rose +29% YoY to 420.9 million. On the fintech side, Total Payment Value ("TPV") was +36% YoY at 46.3 billion with Monthly Active users above 50 million for the first time having grown +37% YoY. However, it remains the case that ecommerce and financial penetration remain low in much of Latin America, giving ample scope for growth.

In a similar vein, South East Asia's gaming, ecommerce and fintech business SEA Limited was also a strong positive contributor. Again, strong 2Q24 results were the catalyst, with revenues +22% YoY and a return to profitability. On the ecommerce side, Shopee's GMV was US\$ 23.3 billion, +29% YoY, while in Fintech, SeaMoney accumulated 21mn consumer and Small and Medium-Sized Enterprises (SME) loan active users, up nearly 60% yoy. On the gaming side (Garena) its major title, 'Free Fire' maintained over 100 million Daily Active Users and was the most downloaded mobile game globally during the quarter. Fears of maturity in Free Fire look overdone, while it is anticipated that Shopee should be profitable by year end. These positives, combined with the momentum in fintech and a US\$ 9.0 billion cash pile suggests is well placed to continue to grow strongly.

Clearly sentiment has softened towards Artificial Intelligence (AI) recently and this has effected the share price of many of the semiconductor stocks, notably the Korean memory chip makers, SK Hynix and Samsung Electronics. Nvidia's AI chips need similarly powerful High Bandwidth Memory ("HBM") chips to support them. As things stand, HBM is sold out for 2024 and 2025 is mostly sold, but there are concerns about short-term demand for their more prosaic DRAM (PC) and NAND (smartphone) chips. This is a very cyclical industry but looking longer term if AI does prove to have utility then the ramification is that we will all have to buy new 'phones, tablets and laptops – a very big Tech cycle, which will benefit the South Korean memory chip makers.

Reliance Industries also detracted from performance this quarter. While Reliance is a diversified conglomerate it does have upstream gas assets and a large oil refining and petrochemicals business. The oil price has fallen from over US\$ 85/barrel in June to about US\$ 70/barrel by the end of the quarter. More directly, refining margins have fallen on weaker demand in China, weaker demand in India (diesel) and new capacity in Africa, the Middle East and Malaysia. Nonetheless, at the recent AGM, Chairman Mukesh Ambani reiterated his aim of doubling Reliance in size (implying CAGR of 12%) by 2030 driven by new energy investments as it ramps up its four gigafactories into 2027. Given Ambani's highly impressive track record of delivery (telecoms, retail), we are quite happy so look through any short-term volatility in the oil price and refining margins.

Kaspi, the Kazakh super app, recently returned to portfolios. Before re-investing we commissioned extensive due diligence on Kazakhstan (was it likely to

be sanctioned) and on the company itself. The company has recently been the subject of a short-seller attack to which the company has responded. It is alleged the company has taken Russian money; Kaspi have stated that only 1% of customer accounts are non-residents. It is also alleged that Kaspi has been used for money laundering; the company made clear that only an equivalent of US\$ 2,000 can be transferred each month, there is no access to Swift and no facility to open US\$ or GB£ accounts. The Kazakh regulator has come out in support of Kaspi and stated, "The Bank fully complies with the sanction's regime of the United States, the European Union and other foreign countries." We visited the company last month and we are currently sceptical about the allegations.

Notable transactions

During the quarter, we purchased one new holding for the Fund – Chroma ATE is a Taiwanese manufacturer of testing equipment that should benefit from secular growth in a number of its end markets, which includes electric vehicles, semiconductors and high-performance computing. A distinctive feature of the business is a very high degree of customer focus and a willingness to invest in niche solutions at an early stage over long time horizons, which has allowed them to build up a very strong reputation and referral network: for example, they were partnering with Tesla and Nvidia as early as 2006, while the fact that TSMC recently became a client appears a very strong validation of Chroma's success in helping their customers to improve yields. The business is inherently hard-to-model and doesn't appear well-understood by the sell-side, which is part of the investment appeal: as we have got to know the company better, we have been impressed by growing evidence of their edge and importance to end customers and have taken a holding for the Fund.

There was a complete sale of Brilliance China.

Stewardship

During the quarter we met with CEMEX to continue to assess the company's emissions reduction opportunities.

We met with Cemex's Head of Sustainability to learn more about the company's strategic priorities including decarbonisation and opportunities for waste reuse. With lots of demands on Cemex's capital, we also wanted to better understand how the decisions for investments work. They are investing in innovation and each year can surpass their targets. Emissions per ton of cement in 2023 were 455 kg CO₂/ton from 546 kg in 2022, and their 2030 target is 366 kg CO₂/ton. Clinker factor reduction and use of alternative fuels contributes to their increase in earnings. We also discussed how they are seeing water stress in certain locations leading to further action to optimise usage. Cemex is exposed to Emission Trading Schemes in the EU and in California and carbon tax mechanisms in other

markets. The company integrates carbon pricing in investment evaluations with an internal carbon price. The insights into the practical implementation of their plan assisted in understanding the opportunities and challenges for the company in different markets in relation to evolving market demands and regulatory landscapes. The company has a comprehensive approach to sustainability, from emissions reduction and innovative technology to investment decisions and executive compensation linked to CO₂ reduction targets.

Market Outlook

In decades past, perhaps many asset owners allocated to Emerging Markets as a high beta bet on global growth. For better or worse things are now more complex. A unipolar world is now bipolar or even multipolar. As a result, financial and trade flows are shifting which ultimately may reduce the volatility and increase the diversification of the asset class. These increased opportunities in Emerging Markets are reflected in a much broader and deeper opportunity set within the asset class. A combination of a stable top-down outlook and a plethora of great bottom-up opportunities could be looming.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2024

| Stock Name | Contribution (%) |
|-----------------------------|------------------|
| Ping An Insurance | 0.8 |
| MercadoLibre | 0.8 |
| Meituan | 0.5 |
| JD.com | 0.3 |
| Sea Ltd | 0.3 |
| CATL | 0.2 |
| Midea Group | 0.2 |
| Hon Hai Precision | 0.2 |
| MediaTek | 0.2 |
| Naspers | 0.1 |
| Samsung Electronics | -1.5 |
| Alibaba | -0.8 |
| SK Hynix Inc | -0.8 |
| Reliance Industries | -0.5 |
| Kaspi.kz | -0.4 |
| FEMSA | -0.3 |
| Brilliance China Automotive | -0.3 |
| Petrobras | -0.3 |
| Allegro.eu | -0.2 |
| Jio Financial Services Ltd | -0.2 |

One Year to 30 September 2024

| Stock Name | Contribution (%) |
|-----------------------------|------------------|
| MercadoLibre | 1.3 |
| TSMC | 1.1 |
| Brilliance China Automotive | 0.8 |
| Sea Ltd | 0.6 |
| KGHM Polska Miedz | 0.4 |
| Silergy | 0.3 |
| SK Hynix Inc | 0.3 |
| Tencent | 0.3 |
| Meituan | 0.3 |
| WuXi Biologics | 0.2 |
| First Quantum Minerals | -1.5 |
| Samsung Electronics | -1.4 |
| Alibaba | -0.9 |
| Samsung SDI | -0.8 |
| FEMSA | -0.6 |
| Natura & Co | -0.6 |
| Baidu.com | -0.5 |
| Kaspi.kz | -0.4 |
| Petrobras | -0.4 |
| Li Ning | -0.4 |

Source: Revolution, MSCI. Baillie Gifford Emerging Markets Leading Companies Fund relative to MSCI Emerging Markets Index.

Some stocks may only have been held for part of the period.

All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing prices.

As Attribution is shown relative to the benchmark, not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.

Transactions from 01 July 2024 to 30 September 2024.

Transactions from 01 July 2024 to 30 September 2024.

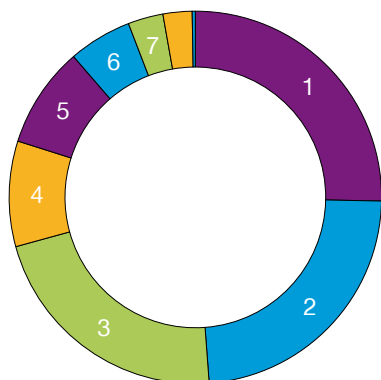
New Purchases

| Stock Name | Transaction Rationale |
|------------|---|
| Chroma ATE | Chroma ATE is a Taiwanese manufacturer of testing equipment that should benefit from secular growth in a number of its end markets, which includes electric vehicles, semiconductors and high-performance computing. A distinctive feature of the business is a very high degree of customer focus and a willingness to invest in niche solutions at an early stage over long time horizons, which has allowed them to build up a very strong reputation and referral network: for example, they were partnering with Tesla and Nvidia as early as 2006, while the fact that TSMC recently became a client appears a very strong validation of Chroma's success in helping their customers to improve yields. The business is inherently hard-to-model and doesn't appear well-understood by the sell-side, which is part of the investment appeal: as we have got to know the company better, we have been impressed by growing evidence of their edge and importance to end customers, and have taken a holding for the fund. |

Complete Sales

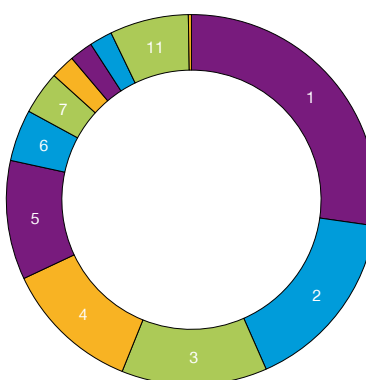
| Stock Name | Transaction Rationale |
|-----------------------------|---|
| Brilliance China Automotive | It has been a wild ride in Brilliance. Our original investment thesis - that Brilliance represented an attractive way to play BMW's growth in China as the German company's local JV partner - was badly undermined by the suspension of the shares in 2021, following the revelation of serious failures in governance and internal controls relating to debt guarantees that had been made to the company's state-owned parent. Since then, we have engaged with the company and the board to ensure that they implement the necessary remedial measures and improvements to permit a relisting; this was achieved in late 2022, and since then the shares have rebounded very strongly, supplemented by the payout of large special dividends. While we were pleased to have some reward for our patience, we no longer have much faith in the company's capital allocation, and have sold the shares. |

Sector Exposure



| | | % |
|---|------------------------|------|
| 1 | Information Technology | 25.5 |
| 2 | Financials | 23.6 |
| 3 | Consumer Discretionary | 22.0 |
| 4 | Communication Services | 9.2 |
| 5 | Energy | 8.8 |
| 6 | Materials | 5.5 |
| 7 | Consumer Staples | 3.1 |
| 8 | Industrials | 2.5 |
| 9 | Cash | -0.3 |

Geographic Exposure



| | | % |
|----|-------------|------|
| 1 | China | 27.4 |
| 2 | India | 16.2 |
| 3 | Brazil | 12.8 |
| 4 | South Korea | 12.0 |
| 5 | Taiwan | 10.5 |
| 6 | Mexico | 4.5 |
| 7 | Poland | 3.8 |
| 8 | Indonesia | 2.1 |
| 9 | Peru | 2.0 |
| 10 | Singapore | 2.0 |
| 11 | Others | 6.9 |
| 12 | Cash | -0.3 |

As well as cash in the bank, the cash balance includes unsettled cash flows arising from both shareholder flows and outstanding trades. Therefore, a negative balance may arise from timing differences between shareholder flows and security trading, and does not necessarily represent a bank overdraft.

Top Ten Holdings

| Stock Name | Description of Business | % of Portfolio |
|------------------------|---|----------------|
| TSMC | Semiconductor manufacturer | 9.3 |
| Samsung Electronics | Producer of consumer and industrial electronic equipment | 7.7 |
| Tencent | Technology conglomerate | 5.0 |
| MercadoLibre | Latin American e-commerce and fintech platform | 5.0 |
| Reliance Industries | Indian conglomerate in energy, textile, digital and financial services and more | 4.5 |
| Petrobras | Oil exploration and production company | 4.3 |
| Ping An Insurance | Provides insurance services in China | 3.7 |
| HDFC Bank | Indian banking and financial services | 3.2 |
| Meituan | Chinese online services platform | 2.8 |
| First Quantum Minerals | Mining company | 2.5 |
| Total | | 48.0 |

Voting Activity

| Votes Cast in Favour | Votes Cast Against | Votes Abstained/Withheld |
|----------------------|--------------------|--------------------------|
| Companies 9 | Companies 1 | Companies 1 |
| Resolutions 116 | Resolutions 4 | Resolutions 1 |

Company Engagement

| Engagement Type | Company |
|-----------------|---|
| Environmental | BYD Company Limited, CEMEX, S.A.B. de C.V., Contemporary AmpereX Technology Co., Limited, Coupang, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Petroleo Brasileiro S.A. - Petrobras |
| Social | BYD Company Limited, Contemporary AmpereX Technology Co., Limited, MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk |
| Governance | Axis Bank Limited, BYD Company Limited, Midea Group Co., Ltd., Naspers Limited, Natura &Co Holding S.A., Petroleo Brasileiro S.A. - Petrobras |
| Strategy | CEMEX, S.A.B. de C.V., MercadoLibre, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Tencent Holdings Limited |

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](#).

| Asset Name | Fund % | Cash | |
|---------------------------------|--------|-------|-------|
| TSMC | 9.3 | | -0.3 |
| Samsung Electronics | 7.7 | | |
| Tencent | 5.0 | | |
| MercadoLibre | 5.0 | | |
| Reliance Industries | 4.5 | | |
| Petrobras | 4.3 | | |
| Ping An Insurance | 3.7 | | |
| HDFC Bank | 3.2 | | |
| Meituan | 2.8 | | |
| First Quantum Minerals | 2.5 | | |
| Bank Rakyat Indonesia | 2.1 | | |
| Jio Financial Services Limited | 2.1 | | |
| SK Hynix | 2.1 | | |
| Credicorp | 2.0 | | |
| FEMSA | 2.0 | | |
| Silergy | 2.0 | | |
| Sea Limited | 2.0 | | |
| Allegro.eu | 2.0 | | |
| Infosys | 1.8 | | |
| KGHM Polska Miedz | 1.8 | | |
| PDD Holdings | 1.8 | | |
| Naspers | 1.7 | | |
| Axis Bank | 1.7 | | |
| ICICI Bank | 1.6 | | |
| Midea | 1.6 | | |
| JD.com | 1.6 | | |
| BYD Company | 1.5 | | |
| Copa Holdings | 1.5 | | |
| Samsung SDI | 1.4 | | |
| Baidu.com | 1.4 | | |
| Cemex | 1.3 | | |
| Kaspi.kz | 1.2 | | |
| Grupo Financiero Banorte | 1.2 | | |
| Haier Smart Home | 1.2 | | |
| Chroma ATE | 1.1 | | |
| CATL | 1.0 | | |
| Natura & Co. | 1.0 | | |
| Luckin Coffee | 1.0 | | |
| China Merchants Bank | 1.0 | | |
| Li Ning | 0.9 | | |
| B3 | 0.9 | | |
| Coupang | 0.8 | | |
| Banco Bradesco | 0.8 | | |
| Kuaishou Technology | 0.8 | | |
| ICICI Prudential Life Insurance | 0.7 | | |
| Itau Unibanco | 0.7 | | |
| HDFC Life Insurance | 0.5 | | |
| Norilsk Nickel | 0.0 | | |
| Sberbank | 0.0 | | |
| | | Total | 100.0 |

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.

| Share Class | Share Class Inception Date | ISIN | SEDOL | Annual Management Fee (%) | Ongoing Charge Figure (%) |
|-------------|----------------------------|--------------|---------|---------------------------|---------------------------|
| Class B-Inc | 19 July 2006 | GB00B06HZP43 | B06HZP4 | 0.72 | 0.80 |
| Class B-Acc | 03 January 2006 | GB00B06HZN29 | B06HZN2 | 0.72 | 0.80 |

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.

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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 September 2024 and source is Baillie Gifford & Co unless otherwise stated.