Baillie Gifford™

Baillie Gifford Sustainable Income Fund

31 December 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

Bespoke portfolios in each asset class are constructed specifically to meet the objectives of Sustainable Income. We believe a focus on income is essential in all aspects of portfolio construction, and we benefit from the depth of resource and expertise across Baillie Gifford in selecting individual securities from a global opportunity set. Getting the stock selection right and favouring resilient companies and countries that will not cut dividends or default on coupons is particularly important in limiting the income drawdown in extreme market conditions. Across all asset classes, each underlying investment is compatible with a sustainable economy.

Fund Facts

Fund Launch Date	31 August 2018
Fund Size	£159.5m
IA Sector	Mixed Investment 40-85% Shares

Fund Manager

Name	Years' Experience
Steven Hay	30
Lesley Dunn*	23
James Dow*	20
Nicoleta Dumitru	11

*Partner

Fund Objective

To produce monthly income, whilst seeking to maintain the value of that income and of capital in line with inflation (UK CPI) over five-year periods.

The Fund has no target. However, you may wish to assess performance of both income and capital against inflation (UK CPI) over five-year periods. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Mixed Investment 40-85% Shares Sector.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	5 Years
Class B-Inc (%)	-3.4	2.5	0.3	3.3
Sector Average (%)*	1.2	9.0	1.9	4.4

Source: FE. Total return net of charges, in sterling.
Share class and Sector returns calculated using 10am prices.
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.
Returns reflect the annual charges but exclude any initial charge paid.
*IA Mixed Investment 40-85% Shares Sector.

Discrete Performance

	31/12/19-31/12/20	31/12/20-31/12/21	31/12/21-31/12/22	31/12/22-31/12/23	31/12/23-31/12/24
Class B-Inc (%)	6.2	9.7	-9.6	8.9	2.5
Sector Average (%)*	5.3	10.9	-10.0	8.1	9.0

Source: FE. Total return net of charges, in sterling.
Share class and Sector returns calculated using 10am prices.
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Market environment

An eventful final quarter of 2024 saw President Trump's re-election in the US and the Republicans taking control of Congress. The incoming US administration is likely to enact various policies boosting economic growth, some of which could prove inflationary. In anticipation of a Trump victory, investors reappraised the outlook for US interest rates. Although the Federal Reserve cut rates in November and December, fewer rate cuts are now expected in 2025 owing to strong domestic growth and lingering concerns over the inflation outlook.

US equities defied the headwind of higher interest rate expectations and continued to make gains, outperforming almost all other asset classes. There was renewed investor exuberance following the US election result, and those gains were mainly enjoyed by high growth stocks, rather than more mature, dividend-paying companies.

The performance of other equity markets in other regions was more muted. European equities were impacted by political instability in its two largest economies, Germany and France. Meanwhile, stocks in Asia and Emerging Markets were hit by concerns over the impact of potential tariffs from the US.

In fixed income, the anticipation of continued high interest rates caused US Treasury bond yields to rise, which impacted valuations of other asset classes globally. We saw weakness in many government bond markets, even though changes in interest rate expectations were more modest outside the US. Corporate bonds proved to be resilient, with credit spreads of high yield issuers continuing to tighten in late 2024.

In real assets, property and infrastructure companies suffered drawdowns as changes in interest rate expectations impacted their share prices. We saw particular weakness among UK and European property and infrastructure companies, which faced a double headwind of higher interest rate expectations and faltering economic growth.

Performance

The Fund produced a total return of -3.4% during the quarter.

There were two key reasons behind the Fund's weak performance in late 2024. The first was the high allocation to property and infrastructure, both of which performed poorly because of the aforementioned increase in interest rate expectations. There were very few hiding places in either asset class. UK-listed investment trusts, such as Greencoat UK Wind and Renewables Infrastructure Group, tend to suffer drawdowns when gilt yields rise, as has happened recently Meanwhile, US names, including NextEra Energy, were weighed down by rising bond yields in America plus the risk of the incoming Trump administration slowing the clean energy transition.

The second reason for this quarter's weak returns was the Fund's significant underweight to equities, specifically US equities. Our equity allocation is invested in large, global companies that pay attractive dividends that can grow ahead of inflation over long periods of time. While a high proportion of their revenues are generated in the US, our allocation to US-listed companies is low compared with a global equity index. This is in part due to the very low dividend yields on American stocks. During a period of stark US outperformance, this was a major headwind.

Given the positive backdrop for equity and corporate credit markets during 2024, the Fund's total return of +2.5% for the year was disappointing. However, we believe the current mix of assets is well-placed to meet the Fund's objective going forward.

While capital returns have been below expectations of late, the Fund's income growth continues to exceed the rate of inflation. Last year, the monthly income distributions grew by 4.3% and we currently forecast distribution growth of 5-6%.

Positioning

The fund continues to have a balance today between equities, bonds and real assets. There is just under one-third of the Fund invested in each of those asset classes, along with a small cash balance.

Changes to asset allocation during the final quarter of 2024 were marginal. Our US infrastructure holdings performed particularly well last summer. We had some concerns over the potential volatility in these names during the US election and reduced this allocation in October as a result.

We used the proceeds to increase the allocation to emerging market debt in both local and hard currency. There is scope for interest rates and yields to fall in Colombia, and we added to hard and local currency bonds as a result. We made various changes in both hard and local currency during the quarter. We sold our position in Ukrainian bonds, which had recovered strongly leaving limited additional upside. We reduced our allocation to Brazil due to growing fiscal risks, though investors are very highly compensated for owning these bonds.

Turning to real assets, property and infrastructure valuations are compelling—particularly for companies with strong fundamentals that can withstand ongoing inflation and interest rate volatility. In property, US Real estate investment trusts (REITs) have proved more resilient than their UK and European counterparts, and we considered the relative weakness of non-US names to be a buying opportunity.

In property, we added a new position in Grainger, the UK's largest listed residential landlord. Grainger's current valuation represents a >20% discount to its net asset value, which we consider to be an attractive entry point for a business of this quality. The company is selling down its legacy properties with regulated tenancies to invest in new-build private rental properties. The yield on those new homes is double that of the legacy assets, so this should deliver attractive profit and dividend growth. Taking a long term view, UK rental growth tends to track wage growth, which ought to be at least in line with inflation. That makes it an ideal candidate for this Fund.

Finally, there was one new addition to the equity portfolio: Paychex. This is the US-listed provider of payroll and other human resources software, which has a high market share among domestically focused, small and medium-sized businesses in America. Paychex should compound its earnings and dividend growth at a high single-digit percentage rate over time, making it an ideal new addition to the Fund.

Market Outlook

The outlook for income growth is very encouraging for the year ahead. Our current estimates show the Fund's distributions should increase by approximately 5-6% in 2025, comfortably exceeding the expected rate of UK inflation.

Turning to total returns, the outlook for 2025 hinges on two questions for those investing across asset classes. Firstly, will the recent gains in equities extend to other asset classes? Secondly, will we see a broadening of equity market returns beyond the US?

We believe there is a strong case for answering 'Yes' to both questions. Today, interest rates in most regions are much higher than inflation, meaning there is a positive real return available from lower-risk asset classes. It may take a growth slowdown for the diversification benefits of these other asset classes to be felt.

Meanwhile, the demanding valuations of US equities are not replicated in most other stock markets. While American companies have generated higher and more dependable profit growth in recent years, the valuation gap between US and non-US equities is now at historically high levels. Although the economic fundamentals remain more favourable in America than elsewhere, this is largely reflected in share prices.

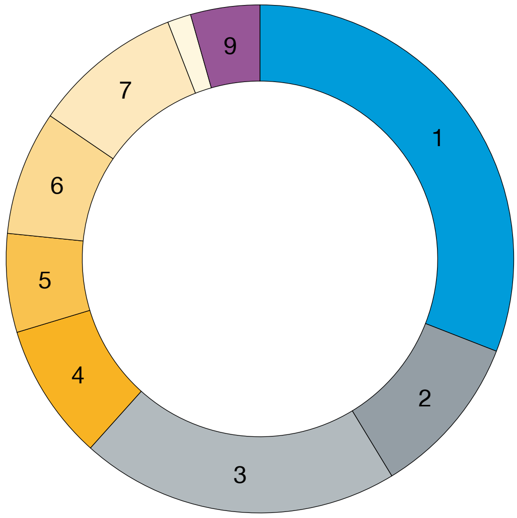
In fixed income, much will depend on the direction of the US Treasury bond market, from which many other asset valuations are determined. Recent evidence suggests that robust economic growth, coupled with sticky inflation and high levels of bond issuance, will demand higher interest rates for longer. The challenge for policymakers in other regions, including the UK and Europe, is that they do not enjoy the buoyant economic growth to justify maintaining high interest rates. The Bank of England, European Central Bank and others will be mindful of the risks of deviating too far from US interest rate policy.

Given that the additional yield available from corporate bonds—both investment grade and high yield—is low, these assets will likely need a boost from lower interest rate expectations to make significant further progress. However, they do remain an attractive source of resilient income.

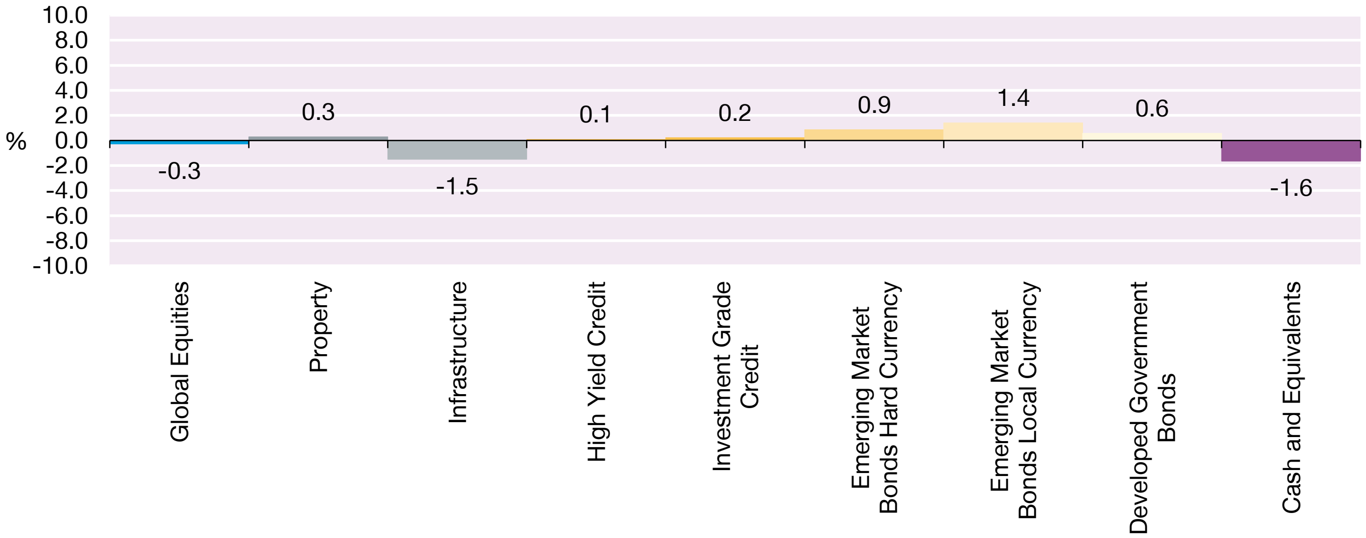
During the year ahead, we expect to see a recovery in the valuations of our property and infrastructure holdings. Both asset classes started to recover in 2024 before faltering towards the end of the year, as interest rate uncertainty increased. The Fund's allocation in these areas is to companies in strong financial health, with scarce assets that are in high demand. As a result, we expect their dividend growth to outpace inflation, and their share prices to follow these fundamentals over the long term.

Asset Allocation at Quarter End

		(%)
1	Global Equities	30.9
2	Property	10.4
3	Infrastructure	20.3
4	High Yield Credit	8.7
5	Investment Grade Credit	6.3
6	Emerging Market Bonds Hard Currency	7.9
7	Emerging Market Bonds Local Currency	9.6
8	Developed Government Bonds	1.5
9	Cash and Equivalents	4.4
	Total	100.0



Change in Asset Class Weights over the Quarter



Source: Baillie Gifford & Co

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	13	Companies	4	Companies	None
Resolutions	137	Resolutions	11	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	Analog Devices, Inc., CTP N.V., Edge Finco PLC
Social	Albemarle Corporation, B&M European Value Retail S.A., CTP N.V., Edge Finco PLC
Governance	Albemarle Corporation, Amadeus IT Group, S.A., Analog Devices, Inc., B&M European Value Retail S.A., B3 S.A. - Brasil, Bolsa, BalcAo, Burberry Group plc, CTP N.V., Close Brothers Group plc, Deutsche Börse AG, Edge Finco PLC, Eurofins Scientific SE, Foresight Environmental Infrastructure Limited, Medtronic plc, Microsoft Corporation, Schneider Electric S.E., Wolters Kluwer N.V.
Strategy	Albemarle Corporation, B3 S.A. - Brasil, Bolsa, BalcAo, CTP N.V., Edge Finco PLC, Epiroc AB (publ), Schneider Electric S.E.

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 %	Exposure (%)
Global Equities		
Microsoft	1.6	1.6
TSMC	1.5	1.5
Apple	1.4	1.4
Fastenal	1.3	1.3
Procter & Gamble	1.2	1.2
Watsco Inc	1.1	1.1
Novo Nordisk	1.0	1.0
Schneider Electric SE	1.0	1.0
Deutsche Boerse	1.0	1.0
Partners Group	0.9	0.9
Analog Devices	0.9	0.9
Pepsico	0.9	0.9
Wolters Kluwer NV	0.9	0.9
Atlas Copco A	0.8	0.8
Experian	0.7	0.7
CME Group Inc	0.6	0.6
Roche	0.6	0.6
Carsales.com	0.6	0.6
Admiral Group	0.6	0.6
Midea Group 'A'	0.6	0.6
AJ Gallagher & Co	0.6	0.6
UPS	0.6	0.6
SAP	0.5	0.5
Intuit	0.5	0.5
United Overseas Bank	0.5	0.5
Coloplast AS	0.5	0.5
Cisco Systems	0.5	0.5
L'Oreal	0.5	0.5
Edenred	0.5	0.5
Nestle	0.5	0.5
Amadeus IT Group SA	0.4	0.4
Epiroc B	0.4	0.4
Medtronic	0.4	0.4
ANTA Sports Products	0.4	0.4
NetEase HK Line	0.4	0.4
Starbucks Corp	0.4	0.4
AVI	0.4	0.4
Texas Instruments	0.3	0.3
Home Depot	0.3	0.3
Greencoat UK Wind	0.3	0.3
Hong Kong Exchanges & Clearing	0.3	0.3

Asset Name	Fund %	Exposure (%)
Kuehne & Nagel	0.3	0.3
T. Rowe Price	0.3	0.3
B3 S.A.	0.3	0.3
Albemarle	0.3	0.3
USS Co	0.3	0.3
Valmet Oyj	0.3	0.3
Eurofins	0.3	0.3
Cognex Corp	0.2	0.2
Paychex	0.2	0.2
TCI Co	0.2	0.2
Mobile Telesystems Ojsc	0.0	0.0
Alrosa	0.0	0.0
Total Global Equities	30.9	30.9

Property		
Assura Group	1.0	1.0
Ctp N.V.	0.9	0.9
American Tower Corp REIT	0.7	0.7
Unite Group	0.6	0.6
Equinix	0.6	0.6
Digital Realty Trust REIT	0.6	0.6
Equity Residential REIT	0.5	0.5
Tritax Big Box REIT	0.5	0.5
LondonMetric Property	0.5	0.5
Montea NV	0.5	0.5
Prologis Inc REIT	0.5	0.5
Assura Group	0.4	0.4
Segro Plc	0.4	0.4
Warehouses De Pauw	0.4	0.4
Target Healthcare Reit Plc	0.4	0.4
Healthpeak Properties Inc REIT	0.4	0.4
Crown Castle International REIT	0.4	0.4
Grainger PLC	0.3	0.3
Sun Communities Inc REIT	0.3	0.3
Rexford Industrial Realty REIT	0.2	0.2
Healthcare Realty Trust REIT	0.2	0.2
Total Property	10.4	10.4

Infrastructure		
Greencoat UK Wind	1.3	1.3
Greencoat Renewables	1.3	1.3
Renewables Infrastructure Group	1.2	1.2

Asset Name	Fund %	Exposure (%)
CENTERPOINT ENERGY INC	1.2	1.2
Exelon Corporation	1.1	1.1
Terna	1.1	1.1
Foresight Environmental Infrastructure Ltd	1.1	1.1
United Utilities	1.1	1.1
Severn Trent	1.1	1.1
Southern	1.0	1.0
WEC Energy Group	0.9	0.9
Consolidated Edison	0.9	0.9
Italgas S.p.A	0.8	0.8
Fortis	0.8	0.8
NextEra Energy	0.8	0.8
3i Infrastructure	0.8	0.8
TINC Comm. VA	0.8	0.8
Edison International	0.8	0.8
Aguas Andinas	0.7	0.7
Transurban Group	0.6	0.6
HKT Trust and HKT	0.6	0.6
Brookfield Renewable	0.6	0.6
Total Infrastructure	20.3	20.3
High Yield Credit		
CDIB ITRX Crossover GOS	2.1	2.1
Veritext 8.5% 2030 (144A) (144A)	0.4	0.4
Santander 9.625% 2029 Perp AT1	0.3	0.3
Evri 8.125% 2031	0.3	0.3
Barclays 7.125% 2025 Perp AT1	0.3	0.3
DaVita 6.875% 2032 (144A)	0.3	0.3
Kier Group 9% 2029	0.3	0.3
Neopharmed 7.125% 2030	0.3	0.3
Canpack 3.125% 2025 (144A)	0.3	0.3
Burford Capital 9.25% 2031 (144A)	0.3	0.3
IMA E+3.75% FRN 2029	0.3	0.3
Investec 10.5% 2030 Perp AT1	0.3	0.3
Solenis 9.625% 2028	0.3	0.3
Iceland Foods 10.875% 2027	0.3	0.3
Iliad 8.5% 2031 (144A)	0.3	0.3
La Doria E+4.5% 2029 FRN	0.3	0.3
Sally Beauty Holdings 6.75% 2032	0.3	0.3
Walgreen Co 8.125% 2029	0.3	0.3
Brightline East 11% 2030 (144A)	0.3	0.3
Venture Global Delta LNG 8.125% 2028 (144A)	0.3	0.3

Asset Name	Fund %	Exposure (%)
Organon & Co. 6.75% 2034 (144A)	0.3	0.3
Liberty Costa Rica 10.875% 2031 (Reg S)	0.2	0.2
Multiversity E+4.25% 2031 FRN	0.2	0.2
NCR Atleos 9.5% 2029 (144A)	0.2	0.2
Cushman & Wakefield 6.75% 2028 (144A)	0.2	0.2
Perrigo 4.9% 2044	0.2	0.2
Italmatch Chemicals 10% 2028	0.2	0.2
Banijay Gp 8.125% 2029 (144A)	0.2	0.2
Virgin Media 7.75% 2032 (144A)	0.2	0.2
Multi-Colour 9.5% 2028 (144A)	0.2	0.2
Cimpress 7.375% 2032 (144A)	0.2	0.2
FMG Resources 6.125% 2032 (144A)	0.2	0.2
B&M European Value Retail 8.125% 2030	0.2	0.2
Roquette Freres 5.494% 2030 Perp	0.2	0.2
Domestic & General 8.125% 2029	0.1	0.1
Cheplapharm 5.5% 2028 (144A)	0.1	0.1
CDIB ITRX Crossover GOS	-2.3	-2.3
Total High Yield Credit	8.7	8.7
Investment Grade Credit		
Weir Group 6.875% 2028	0.3	0.3
CaixaBank 6.875% 2028/33 T2	0.3	0.3
Pension Insurance Corp 8% 2033 T2	0.3	0.3
Marks and Spencer 7.125% 2037 (144A)	0.3	0.3
Annington Funding 2.308% 2032	0.3	0.3
Open Text 6.9% 2027 (144A)	0.3	0.3
Inchcape 6.5% 2028	0.3	0.3
Barclays 3.811% 2041-42 T2	0.3	0.3
International Workplace Group 6.5% 2030	0.3	0.3
Yorkshire Water 6.375% 2034	0.3	0.3
Nationwide 5.75% Perp AT1	0.3	0.3
CK Hutchison Telecom 2.625% 2034	0.3	0.3
Investec 9.125% 2027-33 T2	0.3	0.3
Burberry 1.125% 2025	0.3	0.3
Center Parcs 5.876% 2027	0.2	0.2
Pinewood Gp 3.625% 2027	0.2	0.2
Ford 9.625% 2030	0.2	0.2
Schroders 6.346% 2029/34 T2	0.2	0.2
Admiral Group 8.5% 2034 T2	0.2	0.2
Phoenix Group 7.75% 2033/53 T2	0.2	0.2
IQVIA 6.25% 2029	0.2	0.2
Berkeley Group 2.5% 2031	0.2	0.2

Asset Name	Fund %	Exposure (%)
Sealed Air 1.573% 2026 (144A)	0.2	0.2
TP ICAP Gp 7.875% 2030	0.1	0.1
Pershing Square Holdings 3.25% 2030	0.1	0.1
Close Brothers 7.75% 2028	0.1	0.1
Total Investment Grade Credit	6.3	6.3

Emerging Market Bonds Hard Currency		
USD Fwd Asset 23-Jan-2025 P	1.0	1.0
GBP Fwd Asset 23-Jan-2025 P	1.0	1.0
Turkiye 6.875% 17/03/2036 (USD)	0.6	0.6
North Macedonia 1.625% 10/03/2028 (EUR)	0.5	0.5
Colombia 3% 30/01/2030 (USD)	0.4	0.4
Abu Dhabi 3.125% 30/09/2049 (USD)	0.4	0.4
Ivory Coast 5.25% 2030 (EUR)	0.4	0.4
Mexico 6.75% 27/09/2034 (USD)	0.3	0.3
Oman 6.5% 08/03/2047 (USD)	0.3	0.3
Tajikistan 7.125% 14/09/2027 (USD)	0.3	0.3
Chile 4.34% 07/03/2042 (USD)	0.3	0.3
Hungary 3.125% 21/09/2051 (USD)	0.3	0.3
Uzbekistan 5.375% 20/02/2029 (USD)	0.3	0.3
Mexico 4.75% 27/04/2032 (USD)	0.3	0.3
Paraguay 5.4% 30/03/2050 (USD)	0.3	0.3
Argentina 5% 09/01/2038 (USD)	0.3	0.3
Sweihan 3.625% 2049	0.2	0.2
Ukraine 1.75% 01/02/2034 (USD)	0.2	0.2
Nigeria 7.625% 28/11/2047 (USD)	0.2	0.2
Bahamas 8.95% 15/10/2032 (USD)	0.2	0.2
Barbados 6.5% 01/10/2029 (USD)	0.2	0.2
Nigeria 8.375% 24/03/2029 (USD)	0.2	0.2
Egypt 5.875% 16/02/2031 (USD)	0.2	0.2
Uzbekistan 3.9% 19/10/2031 (USD)	0.2	0.2
Chile 2.55% 27/07/2033 (USD)	0.2	0.2
Dominican Republic 6.875% 29/01/2026 (USD)	0.2	0.2
Chile 3.5% 25/01/2050 (USD)	0.1	0.1
Ivory Coast 6.625% 2048 (EUR)	0.1	0.1
Dominican Republic 6% 19/07/2028 (USD)	0.1	0.1
Ukraine 1.75% 01/02/2035 (USD)	0.1	0.1
Dominican Republic 5.875% 30/01/2060 (USD)	0.1	0.1
Ukraine 1.75% 01/02/2036 (USD)	0.1	0.1
Sri Lanka 3.35% 15/03/2033 (USD)	0.1	0.1
Colombia 3.875% 15/02/2061 (USD)	0.1	0.1

Asset Name	Fund %	Exposure (%)
Sri Lanka 3.6% 15/02/2038 (USD)	0.1	0.1
Argentina 0.75% 09/07/2030 (USD)	0.0	0.0
Sri Lanka 4% 15/04/2028 (USD)	0.0	0.0
Mexico 5.75% 12/10/2110 (USD)	0.0	0.0
Sri Lanka 3.6% 15/06/2035 (USD)	0.0	0.0
Ukraine 0% 01/02/2034 (USD)	0.0	0.0
Sri Lanka 3.1% 15/01/2030 (USD)	0.0	0.0
Sri Lanka 3.6% 15/05/2036 (USD)	0.0	0.0
EUR Fwd Asset 23-Jan-2025 S	-1.0	-1.0
GBP Fwd Asset 23-Jan-2025 S	-1.0	-1.0
Total Emerging Market Bonds Hard Currency	7.9	7.9

Emerging Market Bonds Local Currency		
India 7.54% 23/05/2036	0.7	0.7
Peru 6.15% 12/08/2032	0.6	0.6
Indonesia 8.25% 15/05/2036	0.5	0.5
Dominican Republic 13.625% 03/02/2033	0.5	0.5
South Africa 8.75% 31/01/2044	0.5	0.5
Mexico 7.75% 13/11/2042	0.4	0.4
Indonesia 9% 15/03/2029	0.4	0.4
Poland 6% 25/10/2033	0.4	0.4
Uruguay 9.75% 20/07/2033	0.4	0.4
Thailand 1.25% IL 12/03/2028	0.4	0.4
Brazil 10% 01/01/2035	0.4	0.4
EBRD 0% 19/11/2034	0.3	0.3
South Africa 6.25% 31/03/2036	0.3	0.3
Malaysia 4.232% 30/06/2031	0.3	0.3
Brazil 10% 01/01/2027	0.3	0.3
Colombia 3% IL 25/03/2033	0.2	0.2
Nigeria OMO Bill 04/11/2025	0.2	0.2
Brazil 10% 01/01/2029	0.2	0.2
Colombia 6.25% 09/07/2036	0.2	0.2
Indonesia 7.125% 15/06/2042	0.2	0.2
Hungary 4.75% 24/11/2032	0.2	0.2
Poland 5% 25/10/2034	0.2	0.2
Poland 2.5% 25/07/2027	0.2	0.2
Mexico 8.5% 31/05/2029	0.2	0.2
South Africa 1.875% IL 31/03/2029	0.2	0.2
Colombia 7.5% 26/08/2026	0.1	0.1
Brazil 10% 01/01/2025	0.1	0.1
Romania 3.65% 24/09/2031	0.1	0.1
Mexico 7.5% 03/06/2027	0.1	0.1

Asset Name	Fund %	Exposure (%)
EBRD 20% 19/03/2025	0.1	0.1
Dominican Republic 11.25% 15/09/2035	0.1	0.1
Chile 5% 01/03/2035	0.1	0.1
Czech Republic 6% 26/02/2026	0.1	0.1
Chile 6% 01/01/2043	0.1	0.1
Colombia 7% 26/03/2031	0.1	0.1
EBRD 0% 2036 11/07/2036	0.1	0.1
South Africa 6.5% 28/02/41	0.0	0.0
Mexico 7.75% 23/11/2034	0.0	0.0
Czech Republic 2% 13/10/2033	0.0	0.0
Indonesia 7.5% 15/08/2032	0.0	0.0
Total Emerging Market Bonds Local Currency	9.6	9.6
Developed Government Bonds		
US Treasury 4.125% 15/11/2032	1.0	1.0
US Treasury 3.875% 15/08/2034	0.5	0.5
Total Developed Government Bonds	1.5	1.5
Total Cash and Equivalents	4.4	4.4
Total	100.0	100.0

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.

Fund Name	Update
Baillie Gifford Sustainable Income Fund	The fund continues to be well-balanced today between equities, bonds and real assets. The current allocation is: 31% equities, 34% bonds, 31% real assets and a 4% cash balance. The relatively low equity allocated dragged on returns during 2024, however there is a clear case for diversification today. Valuations in all other asset classes are less demanding and we can achieve positive 'real' income returns from all asset classes except equities. Changes to asset allocation during the final quarter of 2024 were marginal. Our US infrastructure holdings performed particularly well last summer. We had some concerns over the potential volatility in these names in the run-up to the US election and reduced this allocation in October as a result. We used the proceeds to increase the allocation to emerging market debt in both local and hard currency. There is scope for interest rates and yields to fall in Colombia, and we added to hard and local currency bonds as a result. We made various changes in both hard and local currency during the quarter. We sold our position in Ukrainian bonds, which had recovered strongly leaving limited additional upside. We reduced our allocation to Brazil due to growing fiscal risks, though investors are very highly compensated for owning these bonds. Although asset allocation changes were modest, we made various changes to the underlying portfolios in each asset class. During a period of strength for high yield bonds, we took the opportunity to lock in recent gains on various bonds where the investment case had played out. One example was McGraw-Hill Education, the US provider of software to schools and colleges. A strong earnings report caused the bonds to rally, and we sold in light of better opportunities emerging elsewhere. We participated in an attractively priced new bond issue by Evri, the UK parcel delivery company. The company is gaining market share and is highly cash generative, which should allow it to reduce leverage in the coming years. Turning to real assets, property and infrastructure valuations are compelling—particularly for companies with strong fundamentals that can withstand ongoing inflation and interest rate volatility. In property, US REITs have proved more resilient than their UK and European counterparts, and we considered the relative weakness of non-US names to be a buying opportunity. We added a new position in Grainger, the UK's largest listed residential landlord, to the Property portfolio. Grainger's current valuation represents a >20% discount to its net asset value, which we consider to be an attractive entry point for a business of this quality. The company is selling down its legacy properties with regulated tenancies to invest in new-build private rental properties. The yield on those new homes is double that of the legacy assets, so this should deliver attractive profit and dividend growth. On a long term view, UK rental growth tends to track wage growth, which ought to be at least in line with inflation. That makes it an ideal candidate for this Fund. In infrastructure, we sold our holding of Canadian-listed BCE in November. Our investment thesis assumed that as capital expenditure fell after the Canadian fibre rollout, BCE's leverage would fall, and the dividend payout ratio would improve. Although progress on this was slow, we were encouraged by the sale of BCE's non-core assets, including a Toronto-based hockey team. We sold BCE after it announced the acquisition of a US fibre business, Ziply. BCE has no presence in this market and no clear competitive advantage, which left us questioning the management team's capital allocation strategy. Finally, the equity portfolio saw one new addition and one sale. The new purchase was US-listed Paychex. This provider of payroll and other human resources software has a high market share among domestically focused small and medium-sized businesses in America. Paychex should compound its earnings and dividend growth at a high single-digit percentage rate over time, making it an ideal new addition to the Fund. We sold our position in Australian-listed Sonic Healthcare, which had been held in the portfolio since the Fund's inception. Our investment thesis was based on the company benefitting from a growing volume of lab tests, driven by an ageing population and the government's drive to outsource diagnostic testing. Despite a boost during the pandemic, Sonic's earnings growth has not met our expectations. We concluded that this is unlikely to change, given the cost inflation the company faces, as well as relentless downward pressure on fees from healthcare systems.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	31 August 2018	GB00BFXY2857	BFXY285	0.50	0.57
Class B-Acc	31 August 2018	GB00BFXY2964	BFXY296	0.50	0.57

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.

Index Data	No third party data provider ("Provider") makes any warranty, express or implied, as to the accuracy, completeness or timeliness of the data contained herewith nor as to the results to be obtained by recipients of the data. No Provider shall in any way be liable to any recipient of the data for any inaccuracies, errors or omissions in the index data included in this document, regardless of cause, or for any damages (whether direct or indirect) resulting therefrom. No Provider has any obligation to update, modify or amend the data or to otherwise notify a recipient thereof in the event that any matter stated herein changes or subsequently becomes inaccurate. Without limiting the foregoing, no Provider shall have any liability whatsoever to you, whether in contract (including under an indemnity), in tort (including negligence), under a warranty, under statute or otherwise, in respect of any loss or damage suffered by you as a result of or in connection with any opinions, recommendations, forecasts, judgments, or any other conclusions, or any course of action determined, by you or any third party, whether or not based on the content, information or materials contained herein.

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

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