

Baillie Gifford Pacific 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 is positioned as a long-term Asian (ex Japan) growth fund. Our aim is to identify quality companies that will outperform over a 5 year (or longer) time horizon. We have a strong preference for growth. The Fund is relatively index and sector agnostic, as we primarily focus on finding the best long-term Asian (ex Japan) investments irrespective of their country or sector. The Fund benefits from Baillie Gifford's substantial global investment resources, helping to produce a portfolio that typically holds 50-100 stocks with low turnover.

Fund Facts

Fund Launch Date	17 March 1989
Fund Size	£3240.3m
IA Sector	Asia Pacific Excluding Japan
Active Share	69%*
Current Annual Turnover	27%
Current number of stocks	57
Stocks (guideline range)	50-100

*Relative to MSCI AC Asia ex Japan Index. Source: Baillie Gifford & Co, MSCI.

Fund Manager

Name	Years' Experience
Roderick Snell*	18
Ben Durrant	12

*Partner

Fund Objective

To outperform (after deduction of costs) the MSCI AC Asia ex Japan 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 Asia Pacific Excluding Japan 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 (%)	-3.0	14.8	-3.6	10.4
Index (%)*	4.2	17.7	1.2	5.1
Target (%)**	4.7	20.1	3.2	7.2
Sector Average (%)***	2.9	13.9	0.7	5.0

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.

*MSCI AC Asia ex Japan Index.

**MSCI AC Asia ex Japan Index (in sterling) plus at least 2% per annum over rolling five-year periods.

***IA Asia Pacific Excluding Japan 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 (%)	43.8	27.4	-21.6	-0.5	14.8
Index (%)*	12.6	10.0	-13.6	1.8	17.7
Target (%)**	14.9	12.2	-11.9	3.8	20.1
Sector Average (%)***	8.1	15.5	-10.5	0.2	13.9

Source: FE, Revolution. Total return net of charges, in sterling.

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**MSCI AC Asia ex Japan Index (in sterling) plus at least 2% per annum over rolling five-year periods.

***IA Asia Pacific Excluding Japan Sector.

Market Background

Two major events during the quarter have caused the performance divergence among Asian markets: the turmoil in global technology stocks and new stimulus measures announced by the Chinese government. Chinese equities have outperformed Taiwan and South Korea markets under this background.

In the past quarter, NVIDIA CEO Jensen Huang has rivalled Jay Powell as the voice of short-term influence in the global stock market. The Fund's semiconductor-related holdings – including foundry TSMC, memory chips maker SK Hynix, and Samsung Electronics – have all experienced a volatile period.

Is the Artificial Intelligence (AI) super-theme losing momentum? Amara's law suggests that people, and by extension the market, always tend to overestimate the impact of a new technology in the short term, while underestimating its long-run potential. We see little reason that the silicon intensity of the global economy won't further increase. For the 'picks and shovels' made by Asian manufacturers, their enduring significance remains intact despite cyclical fluctuations.

The Chinese government announced a series of new stimulus measures in the last week of the quarter, focused on three areas: 1) further easing monetary policy: interest rates and RRR cut (requirement rate for reserves for banks); 2) supporting the property sector: further reducing mortgage rate and downpayment requirement; 3) supporting the stock market/listed companies: setting up a central loan pool to lend to companies to buy back shares and reduce their cost of capital.

This bodes well for the Chinese stock market, which then delivered the best weekly return since 2008. The fact that the government is coming together with clear, coordinated policy communication could be enough to turn equity market sentiment, which has been extremely pessimistic in recent years. The Fund's holdings in Chinese platform companies have performed well. However, it's still pre-mature to say the worst is behind us regarding the structural challenges for the Chinese economy.

Performance

The Fund underperformed its benchmark during the quarter, while year-to-date and longer-term excess returns remain healthy.

JD.com is a high-quality online retailer in China. It had been caught in a perfect storm in recent years – regulatory scrutiny on the internet sector, increasing domestic eCommerce competition, and slow progress in its attempts to penetrate to lower tier cities. As a result its share price had fallen significantly. We appreciate that JD.com has built a reliable platform for higher-ticket items and maintained its strong brand despite competition. We believe its shares were

significantly undervalued and continue to hold. JD.com's share price rallied by 50% during the quarter and was one of the biggest contributors.

Meituan, food delivery company in China, added to performance this quarter. Meituan continues to show resilient growth despite the weaker macro conditions. Revenues are growing faster than order volumes given higher advertising demand from merchants in food delivery, and competition has become more rational in the in-store, hotel and travel sector. The announcement of an increase in the size of their share buyback reflects the company's confidence in its outlook and the cheap valuation.

CNOOC, China's largest offshore oil and gas producer, which had been a key performance contributor in the past several quarters, detracted this quarter due to lower oil price and concerns about slowing Chinese economy which may weigh on oil demand. CNOOC has been a top overweight in the Fund and has performed very well over the holding period. We have been gradually trimming the position and took profit.

Samsung Electronics, South Korea technology conglomerate, detracted this quarter. Samsung's share has been weak this year, which likely relates to investors' concerns regarding the memory chips cycle, with weaker demand on conventional chips, high inventory of HBM chips (high bandwidth memory), and a delay in the qualification of its next generation HBM chips.

We believe while the memory industry will remain cyclical, it could become the main value creator for Samsung, as supply remains consolidated. Only three companies globally can make HBM chips. There are growth drivers for the business elsewhere too – foundry and consumer electronics - and more broadly, Korean support for Samsung remains strong.

Notable Transactions

New Purchase: ASM Pacific Technology is a semiconductor equipment supplier with a broad portfolio of packaging and fabrication equipment technology. There is potential for strong growth in their advanced packaging division, coupled with a cyclical upturn in their more mature segments. The company has a long track record of attractive returns on investment and attention to shareholder interests.

Complete Sale: Kingdee is an enterprise resources planning (ERP) software provider in China. While we believe ERP will continue to gain traction in China, we see continued weakness of the Chinese economy and increasing state-owned competitors to Kingdee as risks to their ability to increase margins over the coming years. China Oilfield Services Limited (COSL) is a leading oil services company in China. Another holding of the Fund, CNOOC, the leading Chinese oil exploration and production company, is its parent and largest customer. We became more concerned that COSL will be unable to raise its service and rental rates

to the levels we had hoped for, therefore decided to sell the holding to fund higher conviction names elsewhere.

Market Outlook

We believe that today represents one of the most promising starting points of investing in Asia. There is a growing number of world-class growth companies emerging in the region, valuations are appealing, and the macro landscape is becoming increasingly resilient.

The shape of the Fund reflects our genuinely optimistic outlook for investing in Asian growth companies at the current juncture. Rather than being driven by a single theme, the Fund is supported by a diverse range of secular, cyclical, and idiosyncratic growth drivers - and it remains attractively valued. The MSCI Asia ex Japan index trades at on roughly half of the price to book value ratio of the MSCI all country world index. Meanwhile the Fund, which is set to deliver nearly double the forward earning growth of the MSCI Asia ex Japan index, is trading at a price-to-forward earnings ratio that is roughly on par with it. A peer comparison analysis also shows while the Fund ranks in the middle of the pack on valuations compared to others, it stands above the 90th percentile in terms of forward growth expectations.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 September 2024

Stock Name	Contribution (%)
JD.com	0.4
Meituan	0.4
Sea Limited	0.3
HD Bank	0.3
Ping An Insurance	0.2
Hon Hai Precision	0.2
Luckin Coffee	0.2
KE Holdings	0.2
ICICI Prudential Life Insuranc	0.2
Midea Group	0.1
CNOOC	-1.0
Samsung Electronics	-1.0
Alibaba	-0.9
Kaspi Bank	-0.7
SK Hynix	-0.6
Eo Technics	-0.4
Reliance Industries	-0.4
MMG Limited	-0.4
Mediatek	-0.3
Indiabulls Real Estate	-0.3

One Year to 30 September 2024

Stock Name	Contribution (%)
Phoenix Mills	1.1
CNOOC	0.8
Tata Motors Ltd	0.7
SEA Ltd	0.7
PB Fintech	0.6
DLF Ltd	0.5
ZiJin Mining	0.4
Mediatek	0.4
HDBank	0.3
Wuxi Biologics Cayman Inc	0.3
Samsung Electronics	-1.2
TSMC	-0.6
Merdeka Copper Gold	-0.5
Samsung Engineering Co Ltd	-0.5
Alibaba	-0.5
Baidu.com Group Holding	-0.5
Kaspi Bank	-0.4
Ping An Insurance	-0.4
China Oilfield Services	-0.4
PDD Holdings	-0.4

Source: Revolution. Baillie Gifford Pacific Fund relative to MSCI AC Asia ex Japan 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.

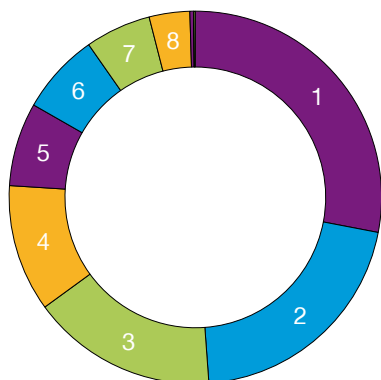
New Purchases

Stock Name	Transaction Rationale
ASM Pacific	We have made an investment in ASM Pacific, a semiconductor equipment supplier with a broad portfolio of packaging and fabrication equipment technology. There is potential for strong growth in their advanced packaging division, coupled with a cyclical upturn in their more mature segments. The company has a long track record of attractive returns on investment and attention to shareholder interests.

Complete Sales

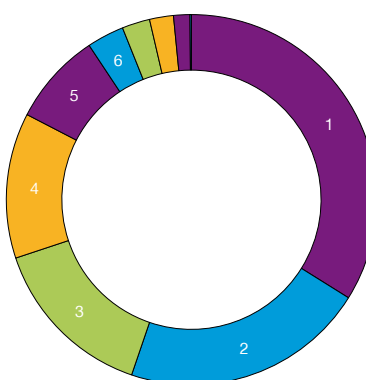
Stock Name	Transaction Rationale
China Oilfield Services	China Oilfield Services Limited (COSL) is a leading oil services company in China. Another holding in the Fund, CNOOC, the leading Chinese oil exploration and production company, is its parent and largest customer. As such, the future success of COSL is highly correlated to the spending plans of CNOOC, which in turn should be related to the level of oil prices and fulfilling China's long term strategic goal of energy security. Whilst these attractions remain in place, we have become more concerned that COSL will be unable to raise its service and rental rates to the levels we had hoped for, given CNOOC's continued dominance. We have therefore decided to sell the holding to fund higher convection names elsewhere.
Kingdee International Software Group	Having first purchased a stake in Kingdee in 2015, and taken out substantial profits over the intervening period, we have recently sold the last tranche of the investment in the company. We expect ERP software will continue to gain traction in China and Kingdee is now on a lower valuation compared to when we were last selling shares. However, we see continued weakness of the Chinese economy and state-owned competitors to Kingdee as risks to their ability to increase margins over the coming years, so fear profits will be hard to come by for the company. This has been a profitable investment and we now see better opportunities elsewhere

Sector Exposure



		%
1	Information Technology	28.1
2	Financials	20.9
3	Consumer Discretionary	16.2
4	Communication Services	11.1
5	Energy	7.3
6	Real Estate	7.1
7	Materials	5.7
8	Industrials	3.5
9	Consumer Staples	0.3
10	Health Care	0.0
11	Cash	-0.1

Geographic Exposure



		%
1	China	34.0
2	India	21.4
3	Taiwan	14.7
4	South Korea	12.7
5	Vietnam	8.1
6	Indonesia	3.3
7	Singapore	2.4
8	Kazakhstan	2.1
9	Others	1.4
10	Cash	-0.1

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	9.4
Tencent	Technology conglomerate	6.4
Samsung Electronics	Producer of consumer and industrial electronic equipment	3.9
Reliance Industries	Indian conglomerate in energy, textile, digital and financial services and more	3.8
CNOOC	Chinese oil and gas explorer and producer	3.3
Meituan	Chinese online services platform	2.9
Samsung Electronics	Producer of consumer and industrial electronic equipment	2.7
SK Hynix	Korean manufacturer of electronic components and devices	2.5
Zijin Mining	Chinese mining company	2.5
MMG Limited	Chinese mining company	2.4
Total		39.8

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	15	Companies	3	Companies	2
Resolutions	98	Resolutions	3	Resolutions	9

Company Engagement

Engagement Type	Company
Environmental	Coupang, Inc., PT Bank Rakyat Indonesia (Persero) Tbk, Zijin Mining Group Company Limited
Social	Accton Technology Corporation, PT Bank Rakyat Indonesia (Persero) Tbk, Zijin Mining Group Company Limited
Governance	ASMPT Limited, Accton Technology Corporation, DLF Limited, Ho Chi Minh City Development Joint Stock Commercial Bank, Jadestone Energy plc, Koh Young Technology Inc., MMG Limited, Midea Group Co., Ltd., Techtronic Industries Company Limited, Zijin Mining Group Company Limited
Strategy	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 %	Asset Name	Fund %
TSMC	9.4	Vietcombank	0.4
Samsung Electronics	6.6	Koh Young Technology	0.4
Tencent	6.4	Vinh Hoan	0.3
Reliance Industries	3.8	Viglacera	0.3
CNOOC	3.3	Li Ning	0.3
Meituan	2.9	Jadestone Energy	0.2
SK Hynix	2.5	Brilliance China Automotive	0.1
Zijin Mining	2.5	Eden Biologics Inc	0.0
MMG Limited	2.4	Cash	-0.1
Phoenix Mills	2.4	Total	100.0
Sea Limited	2.3		
PDD Holdings	2.2		
Jio Financial Services Limited	2.2		
DLF	2.1		
Kaspi.kz	2.1		
JD.com	2.0		
MediaTek	2.0		
Accton Technology	1.9		
Mobile World Investment Corporation	1.9		
HDFC Bank	1.9		
Indiabulls Real Estate	1.8		
HD Bank	1.8		
Ping An Insurance	1.8		
ICICI Bank	1.6		
Bank Rakyat Indonesia	1.6		
Bank Mandiri	1.6		
Tata Motors	1.6		
PB Fintech	1.6		
Luckin Coffee	1.5		
Midea	1.5		
Dragon Capital Vietnam Enterprise Investments	1.4		
EO Technics	1.4		
Silergy	1.4		
ICICI Prudential Life Insurance	1.3		
Kuaishou Technology	1.2		
Baidu.com	1.2		
Zhejiang Supor	1.1		
Military Commercial Joint Bank	1.1		
Delhivery	1.1		
Coupang	1.0		
SG Micro	0.9		
Chroma ATE	0.9		
SK Square	0.8		
Hoa Phat Group	0.8		
Techtronic Industries	0.8		
KE Holdings	0.7		
ASM Pacific Tech.	0.6		
Lufax Holding	0.5		
AirTAC International Group	0.5		

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Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	17 March 1989	GB0006063340	0606334	0.65	0.72
Class B-Acc	20 March 2000	GB0006063233	0606323	0.65	0.72

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.