Baillie Gifford™

Baillie Gifford Sustainable Income 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

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	£172.1m
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 (%)	4.6	14.2	3.1	4.5
Sector Average (%)*	1.6	13.9	2.4	4.6

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

	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-Inc (%)	2.1	11.1	-9.4	5.9	14.2
Sector Average (%)*	-0.2	16.6	-10.2	5.1	13.9

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

With inflation now close to target levels in the developed world, three of the world's major central banks – the US Federal Reserve, Bank of England and European Central Bank – cut interest rates during the third quarter of 2024. In the US, its first interest rate cut of the cycle was by half a percentage point, primarily due to signs of weakness in the labour market.

The asset classes that benefitted most from these interest rate cuts were property and infrastructure. Both produce reliable income over very long periods of time, which makes these assets highly attractive for the Sustainable Income Fund. They are both, however, sensitive to changes in interest rate expectations. This was a headwind as interest rates rose during recent years. We added to our property and infrastructure allocations as valuations became more attractive, and both produced strong returns in the third quarter.

In fact, most risk asset prices produced gains during the third quarter. Equity markets stumbled at the beginning of July, in part due to the Bank of Japan's decision to raise interest rates at a time when other central banks were doing the opposite. This sell-off was caused by mostly technical factors and proved to be short-lived.

US equity markets then surged to new highs, with gains across most sectors. As this year has progressed, we have seen a broadening of market leadership beyond the artificial intelligence-related names, which had dominated returns. Emerging market equities outperformed developed markets, helped by the actions taken by Chinese authorities to stimulate its faltering economy. These signs of coordinated fiscal and monetary action spurred a recovery in Chinese markets, in particular. While the effects of these measures are yet to feed through to the real economy, it has been positive for investor sentiment.

In the bond market, we saw government bond yields decline in response to the combination of rate cuts along with some weaker economic data. Yields fell most sharply in shorter-dated bonds, reflecting their high level of sensitivity to interest rate policy. UK government bonds were a notable underperformer during the quarter, with investors expecting UK rates to remain higher than the US for the next year.

Credit markets also performed well, with high yield bonds outperforming investment grade bonds. The continued strong performance of corporate bonds means that credit spreads are now very tight compared with their long-term averages. However, the 'all-in' yield remains attractive as interest rates remain near their highest levels in 15 years. These yields, coupled with the prospect of further rate cuts ahead, mean there is continued high demand for corporate bonds, most visibly in the buoyant new issues market.

Performance

The Fund delivered a total return (net) of +4.6% during the third quarter. At the asset class level, the main contributor to returns was infrastructure. Within our infrastructure allocation, US utilities were a standout performer with our positions in NextEra Energy, WEC Energy and Southern all producing strong returns.

Although equities continued to perform well, returns from our equity allocation lagged the broader market. After being the standout performer in recent years, Novo Nordisk was the main detractor in the third quarter. This was partly due to some profit-taking on the back of another set of strong results and also due to disappointing news about a new obesity drug currently in trial. We remain confident that Novo's deep expertise and world-leading manufacturing capabilities will keep them in a leading position in this extremely large market.

Each of the fixed income sub-asset classes made a positive contribution to returns during the quarter. Emerging market local and hard currency bonds were the best performers. Now that developed market central banks have started to cut rates, this provides latitude for their counterparts in emerging markets to do the same.

Given that 'real' interest rates are very high in many emerging markets, investors reacted positively to this increased scope for rate cuts. Valuations in emerging market bonds are less stretched than in other areas of fixed income, such as corporate credit.

Positioning

The asset allocation is balanced between equities, bonds and real assets, with just under one-third of the fund invested in each of those, along with a modest cash balance.

We increased the infrastructure allocation by 2% and upsized each of the existing holdings, rather than adding new companies to the portfolio. The Fund's Infrastructure portfolio includes a diverse mix of UK investment trusts, renewable energy companies, international utilities, and telecoms and transport infrastructure companies. While each of these has different fundamental drivers, they share an ability to provide inflation-linked income over time.

By contrast, we increased the property allocation by upsizing our position in Assura, the UK healthcare REIT. Assura is well-placed to deliver rental growth in the coming years, given a widely acknowledged need to invest more in primary care amid a growing, ageing population and long waiting lists. We added to the position with the shares trading at a discount to their net asset value and a dividend yield of 8%, which we deem secure.

In equities, the UK investment platform Hargreaves Lansdown was taken over in August. We added one new position: CME Group in the US, which is one of the world's largest derivatives exchanges. Growth in its core business, plus various product innovations, should allow CME to grow profits at a high-single-digit percentage rate, supporting its dividend growth.

With corporate credit spreads near historically tight levels, we added a credit default swap to the Fund for the first time. This is a useful tool to deploy when we are confident in our underlying bonds, but wary of broader market valuations. We continue to have around 15% of the Fund invested in corporate bonds, so the new 2.5% CDS position simply hedges some of the credit risk.

Outlook

The economic outlook is finely poised at this stage. There were various signs of a slowdown in the US economy during the third quarter, including weaker data on labour markets, manufacturing and consumer confidence. Very recently, some of those data points have been subject to positive revisions, and the latest US labour market data showed strong job growth and a decline in the unemployment rate.

Looking ahead, the upcoming US presidential election is considered too close to call, and this could bring market volatility in the very short term. Rising tensions in the Middle East could escalate further still, with spillover effects into the wider global economy, which have been limited thus far. For example, disruption in the oil market could cause inflation to rise from current benign levels.

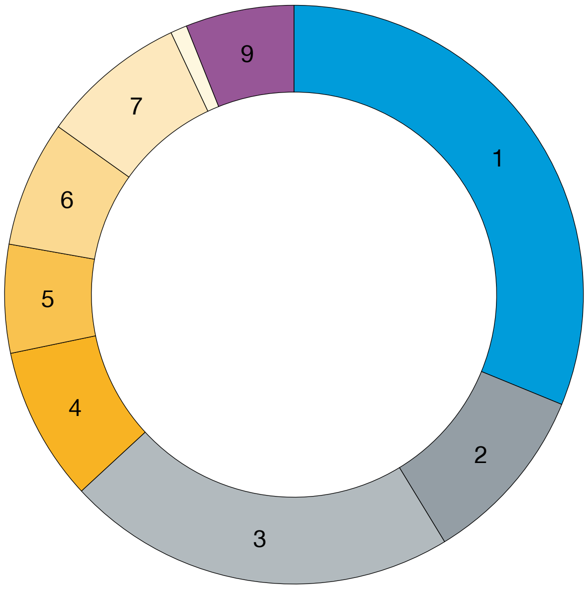
This presents a challenge for central banks. While interest rates in many countries appear too high today given current growth and inflation rates, policymakers have indicated a wariness of cutting rates too quickly and risking a rebound in inflation. On the other hand, they will be cognisant of the potential for high interest rates to restrict economic growth.

Against this backdrop, we believe there are good reasons to maintain a balance between our three types of asset classes – equities, bonds and real assets. The diversification benefits of investing outside the equity market have been limited in recent years, as equities have produced higher returns with lower volatility. Going forward, the diversification benefits of other asset classes should reassert themselves over time.

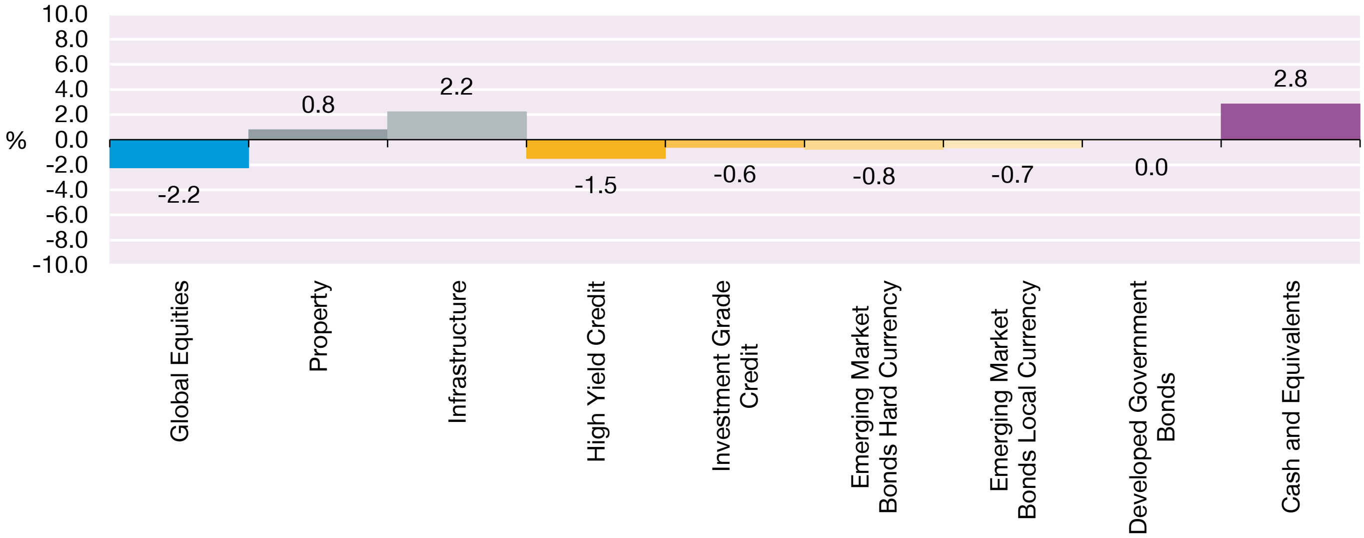
We expect 2024 to be a year of real income growth for the Fund, with monthly distributions set to grow at around 4% during this calendar year. The outlook for next year looks encouraging too. Our current expectation is that distributions will grow at around 5% in 2025, which ought to comfortably outpace the rate of UK inflation.

Asset Allocation at Quarter End

		(%)
1	Global Equities	31.2
2	Property	10.1
3	Infrastructure	21.8
4	High Yield Credit	8.6
5	Investment Grade Credit	6.1
6	Emerging Market Bonds Hard Currency	7.1
7	Emerging Market Bonds Local Currency	8.2
8	Developed Government Bonds	0.9
9	Cash and Equivalents	6.1
	Total	100.0



Change in Asset Class Weights over the Quarter



Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	8	Companies	1	Companies	1
Resolutions	147	Resolutions	1	Resolutions	1

Company Engagement

Engagement Type	Company
Environmental	ANTA Sports Products Limited, American Tower Corporation, Experian plc, The Southern Company, United Parcel Service, Inc.
Social	ANTA Sports Products Limited, Apple Inc., Experian plc, Marks and Spencer Group plc
Governance	Apple Inc., B&M European Value Retail S.A., BCE Inc., Burberry Group plc, Consolidated Edison, Inc., Crown Castle Inc., Deutsche Börse AG, Digital Realty Trust, Inc., Equity Residential, Eversource Energy, Exelon Corporation, Experian plc, Fortis Inc., HKT Trust and HKT Limited, Healthpeak Properties, Inc., Hong Kong Exchanges and Clearing Limited, Midea Group Co., Ltd., NetEase, Inc., Rexford Industrial Realty, Inc., T. Rowe Price Group, Inc., The Southern Company, The Weir Group PLC, USS Co., Ltd., WEC Energy Group, Inc.
Strategy	Epiroc AB (publ)

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	1.5	1.5
Novo Nordisk	1.3	1.3
Fastenal	1.3	1.3
TSMC	1.3	1.3
Watsco Inc	1.1	1.1
Procter & Gamble	1.1	1.1
Apple	1.1	1.1
Schneider Electric SE	1.0	1.0
Atlas Copco A	1.0	1.0
Partners Group	1.0	1.0
Analog Devices	0.9	0.9
Pepsico	0.9	0.9
Deutsche Boerse	0.9	0.9
Carsales.com	0.9	0.9
Experian	0.8	0.8
Wolters Kluwer NV	0.7	0.7
Roche	0.7	0.7
Admiral Group	0.6	0.6
UPS	0.6	0.6
Sonic Healthcare	0.6	0.6
AJ Gallagher & Co	0.6	0.6
Midea Group 'A'	0.6	0.6
Nestle	0.5	0.5
Coloplast AS	0.5	0.5
Intuit	0.5	0.5
CME Group Inc	0.5	0.5
SAP	0.5	0.5
L'Oreal	0.5	0.5
United Overseas Bank	0.5	0.5
Edenred	0.5	0.5
ANTA Sports Products	0.4	0.4
Medtronic	0.4	0.4
Cisco Systems	0.4	0.4
NetEase HK Line	0.4	0.4
Greencoat UK Wind	0.4	0.4
Starbucks Corp	0.4	0.4
AVI	0.4	0.4
Texas Instruments	0.4	0.4
Kuehne & Nagel	0.3	0.3
Amadeus IT Group SA	0.3	0.3
B3 S.A.	0.3	0.3

Asset Name	Fund %	Exposure (%)
Epiroc B	0.3	0.3
Hong Kong Exchanges & Clearing	0.3	0.3
Valmet Oyj	0.3	0.3
Eurofins	0.3	0.3
Albemarle	0.3	0.3
USS Co	0.3	0.3
Home Depot	0.3	0.3
T. Rowe Price	0.3	0.3
Cognex Corp	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	31.2	31.2

Asset Name	Fund %	Exposure (%)
Property		
Assura Group	1.0	1.0
American Tower Corp REIT	0.8	0.8
Ctp N.V.	0.8	0.8
Equity Residential REIT	0.6	0.6
LondonMetric Property	0.6	0.6
Unite Group	0.6	0.6
Prologis Inc REIT	0.5	0.5
Equinix	0.5	0.5
Assura Group	0.5	0.5
Digital Realty Trust REIT	0.5	0.5
Crown Castle International REIT	0.5	0.5
Segro Plc	0.4	0.4
Healthpeak Properties Inc REIT	0.4	0.4
Montea NV	0.4	0.4
Target Healthcare Reit Plc	0.4	0.4
Warehouses De Pauw	0.4	0.4
Tritax Big Box REIT	0.3	0.3
Healthcare Realty Trust REIT	0.3	0.3
Sun Communities Inc REIT	0.3	0.3
Rexford Industrial Realty REIT	0.2	0.2
Montea NV - Rights	0.0	0.0
Total Property	10.1	10.1

Asset Name	Fund %	Exposure (%)
Infrastructure		
Renewables Infrastructure Group	1.5	1.5
Greencoat Renewables	1.5	1.5
Greencoat UK Wind	1.5	1.5

Asset Name	Fund %	Exposure (%)
Foresight Environmental Infrastructure Ltd	1.4	1.4
WEC Energy Group	1.3	1.3
NextEra Energy	1.3	1.3
Terna	1.2	1.2
Exelon Corporation	1.1	1.1
CENTERPOINT ENERGY INC	1.0	1.0
Severn Trent	0.9	0.9
Eversource Energy	0.9	0.9
Southern	0.9	0.9
United Utilities	0.9	0.9
TINC Comm. VA	0.8	0.8
3i Infrastructure	0.8	0.8
Italgas S.p.A	0.8	0.8
Fortis	0.8	0.8
Aguas Andinas	0.7	0.7
Transurban Group	0.6	0.6
Brookfield Renewable	0.6	0.6
Consolidated Edison	0.5	0.5
BCE Inc	0.5	0.5
HKT Trust and HKT	0.2	0.2
Total Infrastructure	21.8	21.8

High Yield Credit		
CDIB ITRX Crossover MLA	1.9	1.9
CDIB ITRX Crossover SAS	0.3	0.3
Santander 9.625% 2029 Perp AT1	0.3	0.3
Barclays 7.125% 2025 Perp AT1	0.3	0.3
Marks and Spencer 7.125% 2037 (144A)	0.3	0.3
Neopharmed 7.125% 2030	0.3	0.3
Kier Group 9% 2029	0.3	0.3
Veritext 8.5% 2030 (144A) (144A)	0.3	0.3
IMA E+3.75% FRN 2029	0.3	0.3
Solenis 9.625% 2028	0.3	0.3
Cheplapharm 5.5% 2028 (144A)	0.3	0.3
Iceland Foods 10.875% 2027	0.3	0.3
Canpack 3.125% 2025 (144A)	0.3	0.3
Nationwide 5.75% Perp AT1	0.3	0.3
Investec 10.5% 2030 Perp AT1	0.3	0.3
Burford Capital 9.25% 2031 (144A)	0.3	0.3
La Doria E+4.5% 2029 FRN	0.2	0.2
Motel One 7.75% 2031	0.2	0.2
Iliad 8.5% 2031 (144A)	0.2	0.2

Asset Name	Fund %	Exposure (%)
Sally Beauty Holdings 6.75% 2032	0.2	0.2
ING Group 6.5% 2025 Perp AT1	0.2	0.2
Multiversity 8.049667% 2031 FRN	0.2	0.2
Chart Industries 7.5% 2030 (144A)	0.2	0.2
Venture Global Delta LNG 8.125% 2028 (144A)	0.2	0.2
Gannett Hdgs 6% 2026 (144A)	0.2	0.2
Liberty Costa Rica 10.875% 2031 (Reg S)	0.2	0.2
NCR Atleos 9.5% 2029 (144A)	0.2	0.2
McGraw-Hill Education 5.75% 2028 (144A)	0.2	0.2
Cushman & Wakefield 6.75% 2028 (144A)	0.2	0.2
Italmatch Chemicals 10% 2028	0.2	0.2
Perrigo 4.9% 2044	0.2	0.2
Mineral Resources 9.25% 2028 (144A)	0.2	0.2
Brightline East 11% 2030 (144A)	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
Cogent Communications Holdings 7% 2027 (144A)	0.2	0.2
B&M European Value Retail 8.125% 2030	0.2	0.2
FMG Resources 6.125% 2032 (144A)	0.2	0.2
Alcoa 7.125% 2031 (144A)	0.1	0.1
ZF NA Capital 4.75% 2025 (144A)	0.1	0.1
CDIB ITRX Crossover SAS	-0.4	-0.4
CDIB ITRX Crossover MLA	-2.1	-2.1
Total High Yield Credit	8.6	8.6

Investment Grade Credit		
CaixaBank 6.875% 2028/33 T2	0.3	0.3
Pension Insurance Corp 8% 2033 T2	0.3	0.3
Weir Group 6.875% 2028	0.3	0.3
Open Text 6.9% 2027 (144A)	0.3	0.3
Annington Funding 2.308% 2032	0.3	0.3
International Workplace Group 6.5% 2030	0.3	0.3
Barclays 3.811% 2041-42 T2	0.3	0.3
Kyndryl Holdings 6.35% 2034	0.3	0.3
Yorkshire Water 6.375% 2034	0.2	0.2
Investec 9.125% 2027-33 T2	0.2	0.2
Burberry 1.125% 2025	0.2	0.2
Banco Santander 3.225% 2031/32 T2	0.2	0.2
Center Parcs 5.876% 2027	0.2	0.2
Ashtead 5.55% 2033 (144A)	0.2	0.2

Asset Name	Fund %	Exposure (%)
Pinewood Gp 3.625% 2027	0.2	0.2
Schroders 6.346% 2029/34 T2	0.2	0.2
Ford 9.625% 2030	0.2	0.2
Yara Intl 7.378% 2032 (144A)	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
CK Hutchison Telecom 2.625% 2034	0.2	0.2
Concentrix 6.65% 2026	0.2	0.2
Inchcape 6.5% 2028	0.2	0.2
IQVIA 6.25% 2029	0.1	0.1
Berkeley Group 2.5% 2031	0.1	0.1
OCI 4.625% 2025 (144A)	0.1	0.1
Sealed Air 1.573% 2026 (144A)	0.1	0.1
TP ICAP Gp 7.875% 2030	0.1	0.1
Pershing Square Holdings 3.25% 2030	0.1	0.1
Pinewood 6% 2030	0.1	0.1
Total Investment Grade Credit	6.1	6.1

Emerging Market Bonds Hard Currency		
GBP Fwd Asset 24-Oct-2024 P	1.3	1.3
USD Fwd Asset 24-Oct-2024 P	1.3	1.3
Jordan 5.85% 07/07/2030 (USD)	0.6	0.6
Mexico 6.75% 27/09/2034 (USD)	0.4	0.4
Senegal 4.75% 13/03/2028	0.4	0.4
Brazil 6.125% 15/03/2034 (USD)	0.4	0.4
Sweihan 3.625% 2049	0.4	0.4
Turkiye 6.875% 17/03/2036 (USD)	0.3	0.3
Romania 6.375% 30/01/2034 (USD)	0.3	0.3
Chile 4.34% 07/03/2042 (USD)	0.3	0.3
Ivory Coast 5.25% 2030 (EUR)	0.3	0.3
Romania 2% 28/01/2032 (EUR)	0.3	0.3
Mexico 4.75% 27/04/2032 (USD)	0.3	0.3
Abu Dhabi 3.125% 30/09/2049 (USD)	0.3	0.3
Uzbekistan 5.375% 20/02/2029 (USD)	0.3	0.3
Ivory Coast 6.625% 2048 (EUR)	0.2	0.2
Mexico 5.75% 12/10/2110 (USD)	0.2	0.2
Zambia 0.5% 31/12/2053 (USD)	0.2	0.2
Tajikistan 7.125% 14/09/2027 (USD)	0.2	0.2
Nigeria 8.375% 24/03/2029 (USD)	0.2	0.2
Sri Lanka 7.55% 28/03/2030 (USD)	0.2	0.2
Uzbekistan 3.9% 19/10/2031 (USD)	0.2	0.2
Chile 2.55% 27/07/2033 (USD)	0.1	0.1

Asset Name	Fund %	Exposure (%)
Chile 3.5% 25/01/2050 (USD)	0.1	0.1
Dominican Republic 6.875% 29/01/2026 (USD)	0.1	0.1
Dominican Republic 5.875% 30/01/2060 (USD)	0.1	0.1
Hungary 3.125% 21/09/2051 (USD)	0.1	0.1
Senegal 5.375% 08/06/2037	0.1	0.1
Dominican Republic 7.45% 30/04/2044 (USD)	0.1	0.1
Brazil 7.125% 13/05/2054 (USD)	0.1	0.1
Romania 5.875% 30/01/2029 (USD)	0.1	0.1
Argentina 1% 09/07/2029 (USD)	0.1	0.1
Ecuador 3.5% 31/07/35 (USD)	0.1	0.1
Dominican Republic 6% 19/07/2028 (USD)	0.1	0.1
Argentina 0.75% 09/07/2030 (USD)	0.1	0.1
Ukraine 1.75% 01/02/2034 (USD)	0.1	0.1
Ukraine 1.75% 01/02/2035 (USD)	0.0	0.0
Ukraine 1.75% 01/02/2036 (USD)	0.0	0.0
Ukraine 0% 01/02/2035 (USD)	0.0	0.0
Ukraine 0% 01/02/2034 (USD)	0.0	0.0
Ukraine 0% 01/02/2036 (USD)	0.0	0.0
Ukraine 0% 01/02/2030 (USD)	0.0	0.0
EUR Fwd Asset 24-Oct-2024 S	-1.3	-1.3
GBP Fwd Asset 24-Oct-2024 S	-1.3	-1.3
Total Emerging Market Bonds Hard Currency	7.1	7.1

Emerging Market Bonds Local Currency		
Thailand 1.25% IL 12/03/2028	0.6	0.6
South Africa 8.75% 31/01/2044	0.4	0.4
Peru 6.15% 12/08/2032	0.4	0.4
Poland 6% 25/10/2033	0.4	0.4
Indonesia 8.25% 15/05/2036	0.4	0.4
Indonesia 9% 15/03/2029	0.4	0.4
Brazil 10% 01/01/2035	0.4	0.4
South Africa 6.25% 31/03/2036	0.4	0.4
Dominican Republic 13.625% 03/02/2033	0.3	0.3
Mexico 7.75% 13/11/2042	0.3	0.3
Poland 2.5% 25/07/2027	0.3	0.3
Malaysia 4.232% 30/06/2031	0.3	0.3
Brazil 10% 01/01/2027	0.3	0.3
Mexico 7.5% 03/06/2027	0.3	0.3
EBRD 0% 10/11/2030	0.2	0.2
Colombia 3% IL 25/03/2033	0.2	0.2
Romania 3.65% 24/09/2031	0.2	0.2

Asset Name	Fund %	Exposure (%)
EBRD 20% 19/03/2025	0.2	0.2
Indonesia 7.125% 15/06/2042	0.2	0.2
Hungary 4.75% 24/11/2032	0.2	0.2
Mexico 8.5% 18/11/2038	0.2	0.2
Mexico 8.5% 31/05/2029	0.1	0.1
South Africa 1.875% IL 31/03/2029	0.1	0.1
Chile 5% 01/03/2035	0.1	0.1
Romania 4.85% 22/04/2026	0.1	0.1
Indonesia 7.5% 15/08/2032	0.1	0.1
Brazil 10% 01/01/2025	0.1	0.1
Brazil 10% 01/01/2033	0.1	0.1
Czech Republic 6% 26/02/2026	0.1	0.1
Dominican Republic 11.25% 15/09/2035	0.1	0.1
Chile 6% 01/01/2043	0.1	0.1
Poland 5% 25/10/2034	0.1	0.1
Colombia 7% 26/03/2031	0.1	0.1
Colombia 7.5% 26/08/2026	0.1	0.1
Mexico 7.75% 23/11/2034	0.1	0.1
Brazil 10% 01/01/2029	0.1	0.1
South Africa 6.5% 28/02/41	0.0	0.0
EBRD 0% 05/04/2036	0.0	0.0
Czech Republic 2% 13/10/2033	0.0	0.0
Total Emerging Market Bonds Local Currency	8.2	8.2
Developed Government Bonds		
US Treasury 4.125% 15/11/2032	0.9	0.9
Total Developed Government Bonds	0.9	0.9
Total Cash and Equivalents	6.1	6.1
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	We have seen an encouraging return to real income and capital growth during the past year, including strong returns during the third quarter of 2024. Although the portfolio has performed well during a largely positive period for risk assets, its mix of assets is richly diversified. The asset allocation is balanced between equities, bonds and real assets, with just under one-third of the fund invested in each of those, along with a modest cash balance. The most notable change to asset allocation during the third quarter was a 3% increase in the Real Assets allocation, taking this to 32% of the Fund. This is split between 22% in Infrastructure and 10% in Property, and we are overweight in both asset classes versus the strategic asset allocation. Both asset classes have suffered from their interest rate sensitivity in recent years. However, that headwind has reversed recently, with central banks - including in the UK, US and Eurozone - recently starting to cut interest rates. We increased the Infrastructure allocation by around 2%, upsizing each of the existing holdings, rather than adding new companies to the portfolio. This reflects our continued positivity around these holdings, and their highly diversified nature. The Fund's Infrastructure portfolio includes a mix of UK investment trusts, renewable energy companies, international utilities, and companies providing critical telecoms and transport infrastructure. While each of these has different fundamental drivers, they share an ability to provide inflation-linked income over time. By contrast, the 1% increase in the Property allocation was entirely through upsizing our position in one name: Assura. This is a UK-listed real estate investment trust. Its core business is a portfolio of UK GP surgeries, however it has expanded into Ireland, as well as private health care facilities in the UK. Assura is well-placed to deliver rental growth in the coming years, given a widely-acknowledged need to invest more in primary care amid a growing, ageing population and long waiting lists. We added to the position with the shares trading at a discount to their net asset value and a dividend yield of 8%, which we deem secure. In Equities, the takeover of the UK investment platform Hargreaves Lansdown was completed in August. We used the takeover proceeds to add a new position: CME Group in the US. This is one of the world's largest derivatives exchanges and a critical in the global financial infrastructure. Its dividend has not been cut since the company went public in the early 2000s and has grown for 14 consecutive years. Our expectation is that CME will grow revenue and profits at a high-single-digit percentage rate during the coming years, based on industry growth and some product innovation. That ought to support CME's continued dividend growth and the management team is committed to this. In Fixed Income, corporate bonds have delivered strong returns and, as a result, valuations now look quite high. Credit spreads - the additional yield for investing in corporate bonds versus similar government bonds - are much tighter today than they were a year ago. This is the case in both investment grade and high yield markets. We have added a credit default swap to the Fund for the first time. This is an efficient way to mitigate credit risk, and a useful tool at our disposal when we are confident in our underlying bonds, but wary of broader market valuations. We continue to have around 15% of the Fund invested in corporate bonds and the total return opportunity is compelling, with yields in the 5-7% range. Overall, the portfolio is well-positioned for the current environment. If interest rates continue to fall from these high levels, that ought to benefit most asset classes and could bring broader economic benefits, too. Notwithstanding various risks, including increasingly fractious geopolitics, we expect this period of real income growth to continue.

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.

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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.

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