

## Baillie Gifford Sustainable Multi Asset Fund

30 September 2024

### About Baillie Gifford

<b>Philosophy</b>	Long-term investment horizon A growth bias Top-down, macroeconomic and research-led approach Active management with a flexible approach to asset allocation
<b>Partnership</b>	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

### Fund Facts

Fund Launch Date	20 May 2022
Fund Size	£305.4m
Index	UK Base Rate

### Investment Proposition

The Fund is actively managed. When constructing the portfolio, we consider the associated returns and risks prospects for each asset class; consequently, asset allocation does vary over time depending on where we see the best opportunities. The Fund can invest in a wide range of different asset classes including, but not limited to, listed equities; developed market government and corporate bonds; emerging market debt; property; commodities; infrastructure and absolute return funds.

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

\*Partner

## Fund Objective

To achieve (after deduction of costs):

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

The Fund also aims to have a carbon footprint that is lower than that of the Fund's stated carbon budget. The carbon budget is set in absolute terms and will decrease at a steady annual rate of 7% per annum.

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

The manager believes these are appropriate targets given the investment policy of the Fund and the approach taken by the manager when investing.

There is no guarantee that these objectives will be achieved over any time period and actual results may differ from these objectives, particularly over shorter time periods.

## Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.)
Class B-Acc (%)	5.4	13.4	N/A	2.7
Index (%)*	1.3	5.3	N/A	4.2
Target (%)**	2.2	8.8	N/A	7.7

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.

Share Class Inception Date: 20 May 2022.

\*UK Base Rate.

\*\*UK Base Rate +3.5%.

## 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 (%)	N/A	N/A	N/A	1.6	13.4
Index (%)*	N/A	N/A	N/A	4.2	5.3
Target (%)**	N/A	N/A	N/A	7.6	8.8

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

Share class returns calculated using 10am prices, while the Index is calculated close-to-close.

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## Macroeconomic Views

Looking back at the last quarter, there has been a notable shift in the global economic backdrop, namely that the monetary policy easing cycle has clearly begun.

The question now in the market's mind is how far and how fast interest rate cuts are delivered. For central banks, the quandary is how much to cut when financial conditions are already easing substantially, and economies have continued to display notable resilience.

One risk is cutting 'too much, too soon': the potential for growth to become overstimulated, labour markets to become stretched, and the inflationary cycle to start over again. On the other hand, keeping rates overly restrictive further stresses an otherwise resilient yet finely balanced economy, perhaps to the breaking point.

Nevertheless, the US Federal Reserve has effectively indicated it has begun the next stage of its interest cycle. It has started cutting rates as inflation increasingly – and, in their view, sustainably – moves towards its target. On balance, we agree this is a reasonable course of action.

Our central economic view for the US is one where real GDP growth will fall below 2%, but a recession can be avoided as interest rate cuts and fiscal support help sustain consumption, consumer confidence, and asset prices. We also anticipate inflation (core CPI) falling to target, although we acknowledge that despite an uptick in unemployment and low labour market turnover figures, the jobs market is still relatively strong.

Elsewhere in the world, China has been showing few signs of improvement and consumer confidence has remained close to rock bottom levels. Market sentiment, however, has bounced sharply since various policy stimulus measures were recently announced. It remains to be seen whether this positivity can alter the course of their otherwise flagging economic momentum, but the latest data suggests it is providing welcome respite.

Global markets are also contending with the end of Quantitative Easing and the beginning of Quantitative Tightening in Japan. Central bank reserves are expected to continue to decline in the coming months as the Bank of Japan begins unwinding a very large balance sheet. Alongside this shifting policy action, the

underlying strength of the Japanese domestic economy is encouraging.

Overall, therefore, and pulling each of the above points together, our central case view is not wholly dissimilar to when we wrote this commentary a few months ago: we are generally optimistic about a positive outcome for the global economy, one in which we see a continuation of moderating global growth and inflation, with interest rates falling across much of the developed world.

One point of difference now versus last quarter, however, lies in our creeping concerns regarding the US labour market and the geopolitical challenges brought about by the US election, escalating unrest in the Middle East, and the ongoing conflict in Ukraine. These, along with generally rising asset prices, are leading us to keep one eye on the risk of heightened volatility and an elevated prospect of a global recession.

## Performance

The Fund delivered a positive return this quarter, continuing its recent good run.

One further encouraging point has been the Fund's resilience during moments of market stress, both over the last quarter and the year so far. While these periods of heightened volatility have been short-lived, they have been meaningful, and the diversifying qualities of the Fund's underlying holdings have come to the fore.

We would also note that returns have been delivered across a broad range of asset classes within our opportunity set, including the Funds' allocation to infrastructure, Emerging Market debt, commodities, and Insurance Linked Securities, amongst others.

For infrastructure, falling interest rates and moderating growth have provided a helpful backdrop, supported by good operational performance across the breadth of our holdings. The sector delivered a healthy return, and we saw strong positive contributions across the board with our investments in UK renewables, including the Renewables Infrastructure Group and Octopus Renewables Infrastructure Trust, amongst the biggest beneficiaries.

The returns from emerging market government bonds were driven in large part by falling yields, benefiting from the move to global policy easing and a generally positive growth backdrop. Additionally, Ukraine

completed a further restructuring of its debt, which contributed to rising debt prices. We sold into that strength, accepting that the outlook still, unfortunately, looks decidedly unclear in the months ahead.

Commodities had a volatile but ultimately positive quarter. Specific investments in copper, aluminium, and rare earth prices all moved higher on scarcity concerns and, more recently, following Chinese stimulus measures. The fund benefited from copper's rise, and that we had added to the existing investment when prices briefly fell below \$9,000/tonne. In addition to this, the investment in Lynas Corporation, a rare earth mining company, was a standout performer.

Our allocation to Insurance Linked Securities was a positive contributor, as the high premiums offered to investors in recent issues were received without incident. Hurricanes Beryl and Helene both threatened to cause losses, but none were taken in the portfolio.

Lastly, regarding those asset classes at the other end of the return spectrum, the only one to have delivered a negative return of any note during the quarter was Active Currency.

This came primarily from a short Japanese interest rate position, where we have seen Japanese bond yields rallying due to the global risk-off shift in August. We remain of the view that the Bank of Japan will have to raise interest rates more than is currently priced, which is something of a structural shift for Japan regarding inflation and its former stance on maintaining a policy of yield curve control.

### Portfolio Changes

The most significant changes to the Fund allocation in the last three months have been additions to Emerging Market hard currency bonds and infrastructure. These have been funded by profit-taking across a range of investments, including several names within our property allocation and a reduction to the structured finance and high yield credit allocation. We also added two protective positions to the portfolio, linked to both equity and credit markets. And, as mentioned earlier, we sold the Ukrainian warrant and made a small addition to copper.

Within Emerging Markets, we have added to hard currency government bonds. This was, in large part, prompted by encouraging analysis from our most recent Long Term Return Expectations exercise alongside our generally positive central macroeconomic expectation over the shorter term. In

addition to increasing the allocation, we have also further concentrated the underlying portfolio, with several countries now held in larger size, including Brazil, Ivory Coast, Romania, Senegal and the UAE.

It also includes a new investment: we have added Jordanian debt to the portfolio, a country with 'BB' rating-equivalent fundamentals, an ongoing IMF-backed reform program, and powerful international interests vested in its stability. Despite this, Jordan trades at spread levels that are more commensurate with a lower-rated bond, thus offering a good risk-adjusted return asymmetry, although we recognise the clear geopolitical risks involved.

We also continued to add to infrastructure over the quarter, and here we are favouring European utilities over US utilities. While the fundamentals of the companies in both jurisdictions are encouraging, we estimate the valuation of US companies to be around fair value, whereas European utilities appear to have been somewhat left behind. This also plays into our view of a generally favourable economic environment in Europe. This included a new buy of Redeia Corporacion, a Spanish electricity transmission utility, and an addition to Terna, its Italian counterpart.

Within our underlying property investments, we have made a modest reduction to several names which have done particularly well in recent months, including across our largest logistics REITs, such as CTP, Rexford and Segro. At the same time, we took a new holding in Lineage, a cold storage REIT with operations across North America, Europe and Asia that listed on the Nasdaq stock exchange earlier this summer. In combination, and factoring in good recent performance, the Fund's allocation to property has remained broadly consistent throughout the quarter.

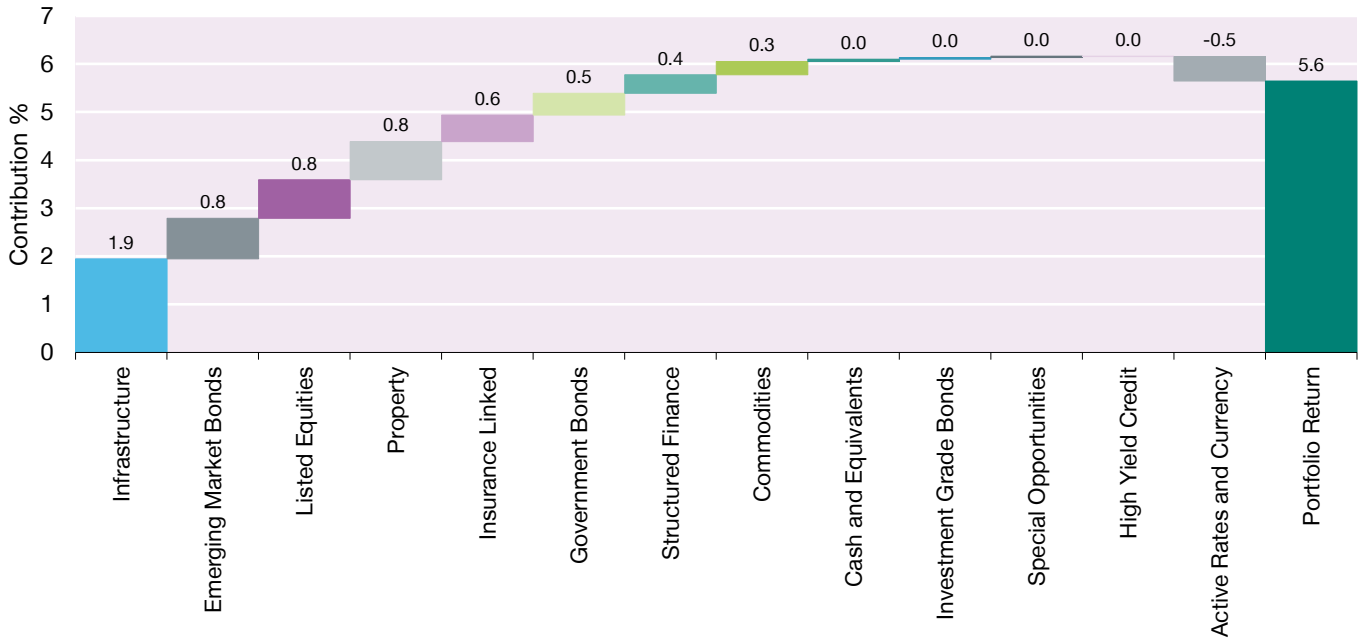
The main change to our High Yield credit allocation was a halving of our exposure to externally managed funds which provide exposure to private loans across the US, Europe, and the UK. Although these investments have performed well and continue to offer attractive returns, they have seen spread compression due to interest rate-cut expectations. They are also high beta credit assets and to the extent that we might be worried about an increase in recession risk or weakness in growth, that could deteriorate topline growth or profit margins. Within Structured Finance, the reduction was based upon the observation that spreads here have also continued to tighten, and the floating rate base is less attractive than it once was. As a result, the return profile has become a little less appealing. However, the central investment case

remains intact, even if the asymmetry of those returns is a little less so.

Lastly, but perhaps most interestingly, we added some portfolio protection to the Fund in the form of exposures to equity volatility futures, specifically the December 2024 VIX Future, and the European high yield bond market, in the form of iTraxx Crossover CDS. We believe that both positions offer good value protection for the portfolio in the event of a substantial cross-market risk-off scenario which, as we mentioned earlier, is not our core expectation, but rather one that we are increasingly mindful of.

Asset Class Contributions to Performance

Quarter to 30 September 2024

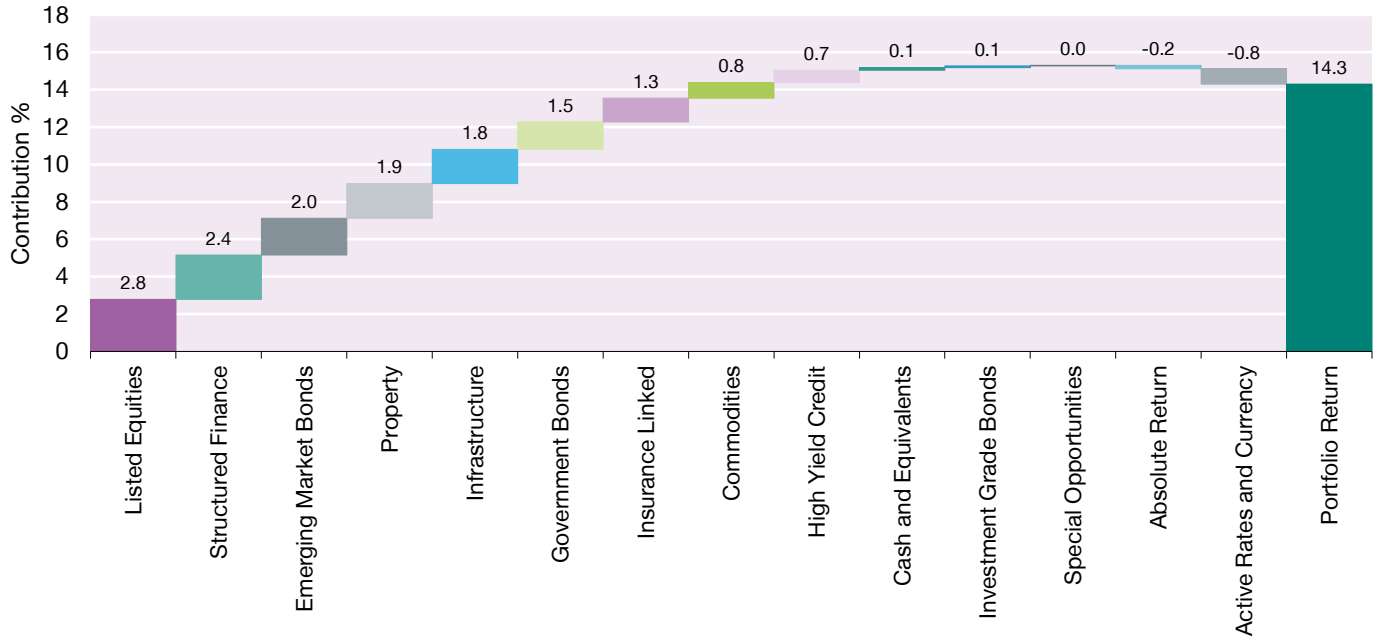


% Return	11.3	5.9	5.5	8.5	5.8	4.7	3.4	5.9	1.3	1.1	2.1	0.3	-0.5
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Source: Revolution, gross of fees in sterling. Totals may not sum due to rounding.

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

One Year to 30 September 2024



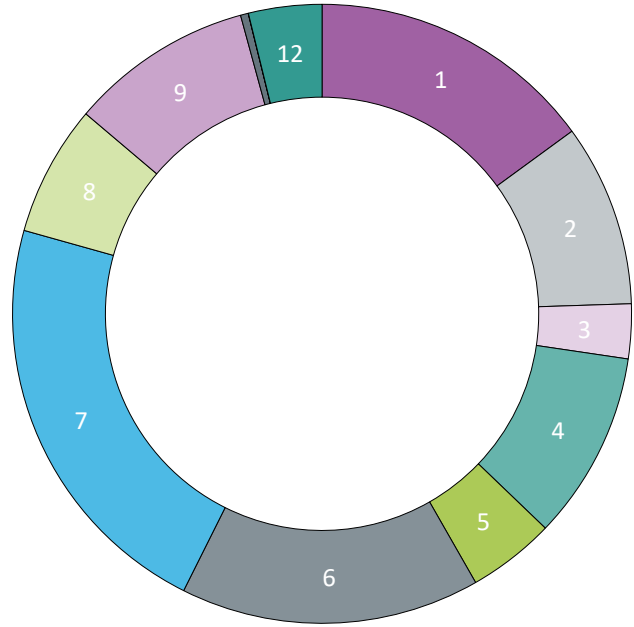
%	21.9	19.7	13.7	21.0	10.5	12.6	15.9	16.5	8.8	5.3	3.1	2.1	-5.7	-0.8
Return														

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

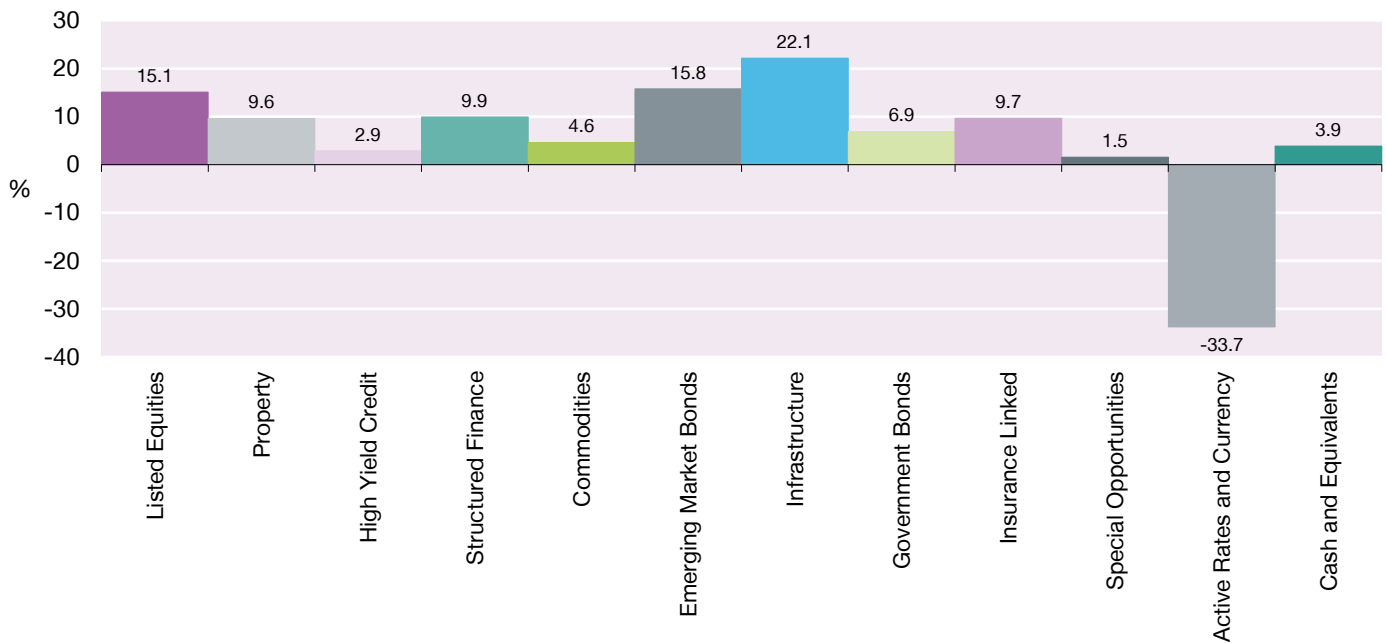
The performance attribution analysis gives an illustration of the contribution to Portfolio Return from each asset class. This differs to the calculation of the Fund return.

Asset Allocation at Quarter End

	(%)
1 Listed Equities	15.1
2 Property	9.6
3 High Yield Credit	2.9
4 Structured Finance	9.9
5 Commodities	4.6
6 Emerging Market Bonds	15.8
7 Infrastructure	22.1
8 Government Bonds	6.9
9 Insurance Linked	9.7
10 Special Opportunities	-0.4
11 Active Rates and Currency	0.0
12 Cash and Equivalents	3.9
<b>Total</b>	<b>100.0</b>



Asset Class Exposures at Quarter End

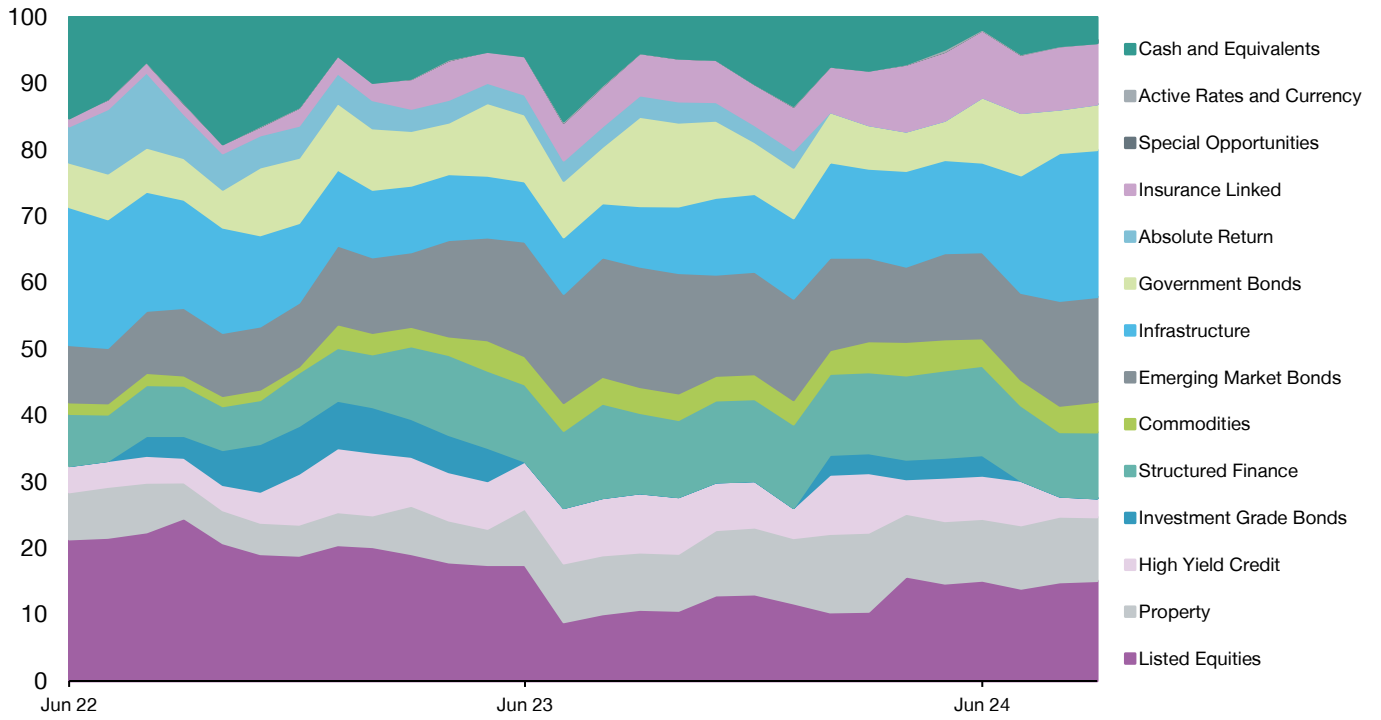


Total may not sum due to rounding

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

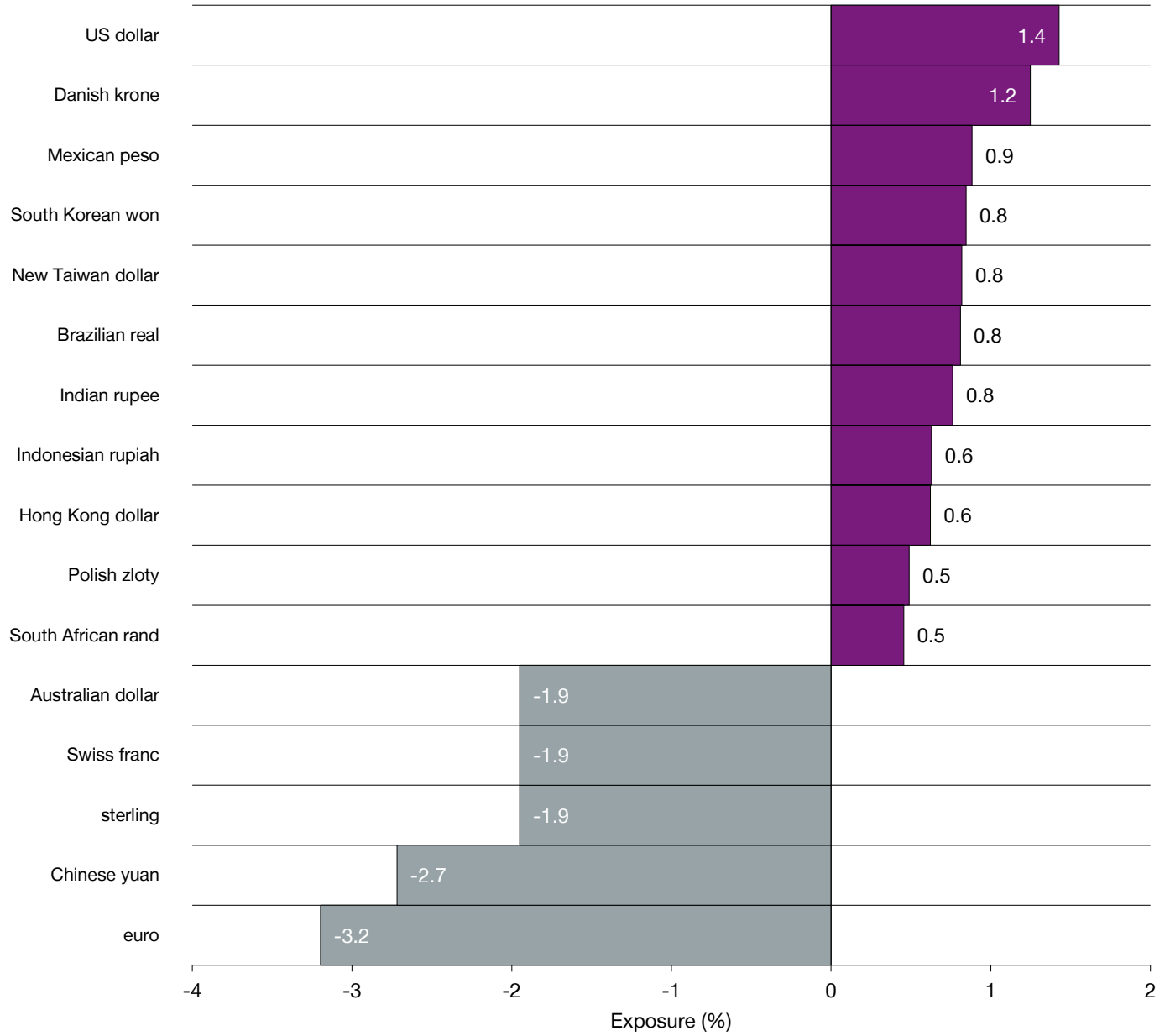


Changes in Asset Allocation Since Launch of the Fund† (%)



† 19 May 2022

Net Currency Exposures at Quarter End



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

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

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

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

Asset Name	Weight (%)	Exposure (%)	Asset Name	Weight (%)	Exposure (%)
<b>Listed Equities</b>			<b>Structured Finance</b>		
Citi/BG EM Equity ETN	4.9	4.9	Galene Fund	2.5	2.5
Baillie Gifford Responsible Global Equity C Accum	3.4	3.4	Aegon ABS Opportunity Fund Acc	2.5	2.5
Citi/BG Value Equity ETN	2.0	2.0	Plutus CLO Fund	2.5	2.5
Barclays Modified CSI 500 +6.52% ETN	1.6	1.6	Accunia European CLO Fund EUR	1.2	1.2
Baillie Gifford Global Alpha Paris-Aligned Fd C Ac	1.2	1.2	HSBC Global Asset Backed High Yield Bond Fund	0.7	0.7
Ashoka India Equity Investment Trust	0.8	0.8	TwentyFour Income Fund	0.6	0.6
Baillie Gifford Positive Change Fund C Acc	0.6	0.6	<b>Total Structured Finance</b>	<b>9.9</b>	<b>9.9</b>
Scottish Mortgage Investment Trust	0.6	0.6	<b>Commodities</b>		
<b>Total Listed Equities</b>	<b>15.1</b>	<b>15.1</b>	WisdomTree Aluminium ETC	1.4	1.4
<b>Property</b>			WisdomTree Copper ETC	1.4	1.4
Segro Plc	1.2	1.2	SparkChange Physical Carbon ETC	1.3	1.3
American Tower Corp REIT	1.0	1.0	Lynas Corporation	0.5	0.5
Ctp N.V.	1.0	1.0	<b>Total Commodities</b>	<b>4.6</b>	<b>4.6</b>
Prologis Inc REIT	0.9	0.9	<b>Emerging Market Bonds</b>		
Equinix	0.8	0.8	Chile 4.34% 07/03/2042 (USD)	0.9	0.9
Warehouses De Pauw	0.7	0.7	Jordan 5.85% 07/07/2030 (USD)	0.9	0.9
Unite Group	0.7	0.7	Mexico 6.35% 09/02/2035 (USD)	0.7	0.7
LondonMetric Property	0.6	0.6	Sweihan 3.625% 2049	0.6	0.6
Assura Group	0.5	0.5	Senegal 4.75% 13/03/2028	0.6	0.6
Rexford Industrial Realty REIT	0.5	0.5	Romania 6.375% 30/01/2034 (USD)	0.5	0.5
Target Healthcare Reit Plc	0.4	0.4	Hungary 7.625% 29/03/2041 (USD)	0.5	0.5
Crown Castle International REIT	0.4	0.4	Abu Dhabi 3.125% 30/09/2049 (USD)	0.5	0.5
Sun Communities Inc REIT	0.3	0.3	Brazil 3.875% 12/06/2030 (USD)	0.5	0.5
Montea NV	0.3	0.3	Ivory Coast 5.25% 2030 (EUR)	0.5	0.5
Lineage Inc	0.3	0.3	Brazil 10% 01/01/2035	0.4	0.4
Montea NV - Rights	0.0	0.0	EBRD 20% 19/03/2025	0.4	0.4
<b>Total Property</b>	<b>9.6</b>	<b>9.6</b>	Uzbekistan 3.9% 19/10/2031 (USD)	0.4	0.4
<b>High Yield Credit</b>			Poland 2.5% 25/07/2027	0.3	0.3
Sequoia Economic Infrastructure Income Fund	1.0	1.0	Tajikistan 7.125% 14/09/2027 (USD)	0.3	0.3
Ares Capital Corp	0.5	0.5	Colombia 7% 26/03/2031	0.3	0.3
Blackstone Secured Lending Fund	0.5	0.5	Zambia 0.5% 31/12/2053 (USD)	0.3	0.3
Brightline East 11% 2030 (144A)	0.5	0.5	Indonesia 8.375% 15/04/2039	0.3	0.3
Golub Capital BDC Inc	0.3	0.3	Romania 1.75% 13/07/2030 (EUR)	0.3	0.3
Sixth Street Specialty Lending	0.3	0.3	Malaysia 3.906% 15/07/2026	0.3	0.3
<b>Total High Yield Credit</b>	<b>2.9</b>	<b>2.9</b>	Turkiye 4.875% 16/04/2043 (USD)	0.3	0.3
			Mexico 7.75% 23/11/2034	0.3	0.3
			Hungary 4.5% 23/03/2028	0.3	0.3
			Sri Lanka 7.55% 28/03/2030 (USD)	0.2	0.2
			Peru 6.9% 12/08/2037	0.2	0.2

Asset Name	Weight (%)	Exposure (%)	Asset Name	Weight (%)	Exposure (%)
Dominican Republic 7.45% 30/04/2044 (USD)	0.2	0.2	<b>Infrastructure</b>		
Nigeria 8.375% 24/03/2029 (USD)	0.2	0.2	3i Infrastructure	2.9	2.9
Mexico 3.5% 12/02/2034 (USD)	0.2	0.2	Renewables Infrastructure Group	2.5	2.5
Mexico 4.75% 08/03/2044 (USD)	0.2	0.2	Greencoat UK Wind	2.4	2.4
Ukraine 1.75% 01/02/2034 (USD)	0.2	0.2	Severn Trent	2.0	2.0
Senegal 5.375% 08/06/2037	0.2	0.2	United Utilities	1.9	1.9
Mexico 8.5% 31/05/2029	0.2	0.2	Octopus Renewables Infrastructure	1.8	1.8
Romania 5.875% 30/01/2029 (USD)	0.2	0.2	Terna	1.3	1.3
South Africa 8.5% 31/01/2037	0.2	0.2	Foresight Environmental Infrastructure Ltd	1.3	1.3
Turkiye 6.875% 17/03/2036 (USD)	0.2	0.2	Eversource Energy	1.2	1.2
South Africa 6.5% 28/02/41	0.2	0.2	Orsted	1.1	1.1
Uzbekistan 5.375% 20/02/2029 (USD)	0.2	0.2	Brookfield Renewable	0.9	0.9
Ivory Coast 6.625% 2048 (EUR)	0.2	0.2	Hydro One	0.8	0.8
Thailand 2% 17/06/2042	0.2	0.2	Iberdrola SA	0.8	0.8
Czech Republic 0.25% 10/02/2027	0.2	0.2	EDP Renovaveis	0.7	0.7
Indonesia 9% 15/03/2029	0.2	0.2	Redeia Corporación SA	0.6	0.6
Mexico 5.75% 12/10/2110 (USD)	0.1	0.1	<b>Total Infrastructure</b>	<b>22.1</b>	<b>22.1</b>
Romania 2% 28/01/2032 (EUR)	0.1	0.1	<b>Government Bonds</b>		
Dominican Republic 11.25% 15/09/2035	0.1	0.1	Australia 4.25% (Green Bond) 21/06/2034	5.4	5.4
Ivory Coast 6.875% 17/10/2040 (EUR)	0.1	0.1	US Treasury 3% 15/08/2052	0.8	0.8
Ecuador 3.5% 31/07/35 (USD)	0.1	0.1	US Treasury 2.875% 15/05/2052	0.7	0.7
Dominican Republic 6% 19/07/2028 (USD)	0.1	0.1	<b>Total Government Bonds</b>	<b>6.9</b>	<b>6.9</b>
Argentina 0.75% 09/07/2030 (USD)	0.1	0.1	<b>Insurance Linked</b>		
Romania 3.65% 24/09/2031	0.1	0.1	Leadenhall UCITS ILS Fund	3.1	3.1
Uruguay 8.25% 21/05/2031	0.1	0.1	IBRD Mexico 2024 - 1 A (144a)	0.9	0.9
Argentina 1% 09/07/2029 (USD)	0.1	0.1	IBRD Jamaica A 2024 (144A)	0.8	0.8
Brazil 7.125% 13/05/2054 (USD)	0.1	0.1	Hestia Re 2022-1 A	0.5	0.5
EBRD 0% 10/11/2030	0.1	0.1	Torrey Pines Re 2023 A (144A)	0.5	0.5
Chile 2.55% 27/07/2033 (USD)	0.1	0.1	Vitality Re XIV 2023 B (144A)	0.5	0.5
Poland 6% 25/10/2033	0.1	0.1	Sanders Re III 2022-1 B	0.5	0.5
Serbia 5.875% 08/02/2028	0.1	0.1	Charles River Re Ltd 2024 A (144A)	0.4	0.4
Thailand 3.775% 25/06/2032	0.1	0.1	Vitality Re XV 2024 B (144A)	0.4	0.4
Dominican Republic 5.875% 30/01/2060 (USD)	0.0	0.0	Catahoula Re 2022-1 B (144A)	0.4	0.4
Ukraine 1.75% 01/02/2035 (USD)	0.0	0.0	Winston Re 2024-1 A (144A)	0.3	0.3
Ukraine 1.75% 01/02/2036 (USD)	0.0	0.0	Catahoula Re 2022-1 A (144A)	0.3	0.3
Ukraine 0% 01/02/2035 (USD)	0.0	0.0	Winston Re 2024-1 B (144A)	0.3	0.3
Ukraine 0% 01/02/2034 (USD)	0.0	0.0	Mystic Re IV 2023-1 A	0.3	0.3
Ukraine 0% 01/02/2036 (USD)	0.0	0.0	MetroCat 2023-1 Class A	0.3	0.3
Ukraine 0% 01/02/2030 (USD)	0.0	0.0	Montoya 2022-2 Class A	0.1	0.1
<b>Total Emerging Market Bonds</b>	<b>15.8</b>	<b>15.8</b>	<b>Total Insurance Linked</b>	<b>9.7</b>	<b>9.7</b>

Asset Name	Weight (%)	Exposure (%)
<b>Special Opportunities</b>		
CDIB ITRX Crossover GOS	4.4	4.4
CBOE VIX Future Dec 24	0.0	2.0
CDIB ITRX Crossover GOS	-4.8	-4.8
<b>Total Special Opportunities</b>	<b>-0.4</b>	<b>1.5</b>
<b>Total Active Rates and Currency</b>	<b>0.0</b>	<b>-33.7</b>
<b>Total Cash and Equivalents</b>	<b>3.9</b>	<b>3.9</b>
<b>Total</b>	<b>100.0</b>	<b>68.3</b>

Totals may not sum due to rounding.

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

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

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

Fund Name	Update
Baillie Gifford Sustainable Multi Asset Fund	<p>While markets were volatile during the quarter, our asset allocation remained broadly consistent with relatively modest changes at the asset class level.</p> <p>During the most recent quarter, we added to infrastructure, particularly our core infrastructure positions. Within European utilities, we added a new holding in Spanish electric grid operator Redeia Corporacion. Some of the funding for this came from our economic infrastructure holdings as we reduced the high voltage cable manufacturers after a period of strong returns.</p> <p>Within commodities, following a period of good performance, we reduced our position in the SparkChange carbon credit ETC. This instrument gives us access to the European carbon credit market which allows companies by allowances to offset their carbon emissions. The ultimate goal is for companies to innovate and reduce emissions, but these carbon credits will play a key role in this transition. We reinvested these funds within the asset class, adding to our position in copper given the fall it had recently in price. We see copper as a critical material for the green energy transition and believe it still undervalued on a long-term basis given future demand dynamics.</p> <p>We increased our allocation to emerging market bonds over the quarter given the good yields on offer. Within EM bonds, we also reduced the number of countries we have exposure to meaning we have a more concentrated portfolio. This reflects our ability and desire to take more meaningful positions in specific markets for the Fund. However, we did sell out of our Ukrainian bonds after a notable improvement in price. Given the economic pressure the country is under from the ongoing war, the recent restructure of debt gave us a number of smaller holdings across bonds with different tenures. With less conviction expressed through an individual holding and no clear end to the war in sight, we felt it was a good opportunity to sell out of the positions.</p> <p>The allocation to investment grade bonds was sold during the quarter. We felt that there were better yields and spreads available to us, especially given our outlook for lower inflation, growth remaining and the initiation of a global interest rate cutting cycle.</p> <p>Within the Fund's high yield credit allocation, we purchased Brightline East, a high-speed rail company operating on the east coast of Florida. The cash raised by the company will be used to reinvest in their rail network, in a state that has the highest population growth in the nation. Funding has been taken from our internal High Yield Bond fund and a reduction to the externally managed private credit funds, where we have growing concerns over leverage and the quality of assets used for financial backing.</p> <p>Structured finance has frequently been the top performing asset class over the last 18 months given the high yields on offer and floating rate nature of the underlying bonds. In recent months, spreads have continued to tighten as interest rates have started to fall. In our opinion, the asymmetry of returns from here is more challenged leading us to reduce our exposure.</p> <p>We reduced our exposure to property over the quarter, after a period of good performance. This has been driven by strong rental growth and high occupancy rates that have become to be appreciated by the market. Despite adding the US cold storage company Lineage to the portfolio during the period, we felt it was better to use the proceeds from the sales to add to areas we had higher conviction.</p> <p>We have added some protective positions to the portfolio within special opportunities in the form of VIX futures and credit default swaps (CDS). VIX futures gives us a reactive hedge to volatility within equity markets. We have taken exposure to the December contract given their proximity to the US election and attractive pricing level. CDS gives us protection from credit spreads widening and are a low-cost way of protecting the portfolio.</p>

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	13	Companies	1	Companies	None
Resolutions	155	Resolutions	1	Resolutions	None

Company Engagement

Engagement Type	Company
Environmental	American Tower Corporation, Lynas Rare Earths Limited, Ørsted A/S
Governance	Crown Castle Inc., Eversource Energy, Leadenhall Ucits Iis Fund Plc, Rexford Industrial Realty, Inc.

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

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Inc	20 May 2022	GB00BMZQ1C59	BMZQ1C5	0.50	0.60
Class B-Acc	20 May 2022	GB00BMZQ1924	BMZQ192	0.50	0.60

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.



This document contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Investment markets and conditions can change rapidly and as such the views expressed should not be taken as statements of fact nor should reliance be placed on these views when making investment decisions.

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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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