

# Baillie Gifford™

## Baillie Gifford China Equities Fund

### Third Quarter 2024

#### About Baillie Gifford

<b>Philosophy</b>	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
<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

#### Portfolio Summary

The Fund aims to invest in an actively managed portfolio of Chinese market stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growth. We are looking for significant upside in each stock that we invest in. The process is driven by rigorous, fundamental, bottom-up analysis undertaken by our dedicated Emerging Markets Team. The fund managers draw on this analysis, as well as insights gleaned from discussion with all of Baillie Gifford's global investors, to produce a portfolio that typically holds 40-80 stocks.

#### Fund Facts

K Class Ticker	BGCDX
Institutional Class Ticker	BGCBX
Launch Date	July 07, 2021
Size	\$2.9m
Benchmark	MSCI China All Shares Index
Stocks (guideline range)	40-80
Current Number of Stocks	51
Active Share	67%*
Annual Turnover	18%**
Style	Growth

Launch date refers to the longest running share class of the fund. This is earlier than the K and Institutional share class launch date.

\*Relative to MSCI China All Shares Index. Source: Baillie Gifford & Co, MSCI.

Active Share is a measure of the Fund's overlap with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates a portfolio that tracks the benchmark.

\*\*The Turnover figure presented is based on internal calculation methods and differs to the financial statements which are calculated in accordance with the requirements of N-1A.

#### China Portfolio Construction Group

Name	Years' Experience
Linda Lin*	14
Sophie Earnshaw	14

\*Partner

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This information and other information about the Fund can be found in the prospectus and summary prospectus. For a prospectus and summary prospectus, please visit our website at [bailliegifford.com/usmutualfunds](http://bailliegifford.com/usmutualfunds) Please carefully read the Fund's prospectus and related documents before investing. Securities are offered through Baillie Gifford Funds Services LLC, an affiliate of Baillie Gifford Overseas Ltd and a member of FINRA.*

### Fund Performance as of September 30, 2024



Gross Expense Ratio	
Share Class – K	11.17%
Share Class – Institutional	11.25%
Net Expense Ratio	
Share Class – K	0.87%
Share Class – Institutional	0.95%

Benchmark: MSCI China All Shares

*The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance please visit the Fund's website at [bailliegifford.com/usmutualfunds](http://bailliegifford.com/usmutualfunds).*

*The Baillie Gifford Fund's performance shown assumes reinvestment of dividend and capital gain distributions and is net of management fees and expenses. From time to time, certain fees and/or expenses have been voluntarily or contractually waived or reimbursed, which has resulted in higher returns. Without these waivers or reimbursements, the returns would have been lower. Voluntary waivers or reimbursements may be applied or discontinued at any time without notice. Only the Board of Trustees may modify or terminate contractual fee waivers or expense reimbursements. All fees are described in the Fund's prospectus.*

*Expense Ratios: All mutual funds have expense ratios which represent what shareholders pay for operating expenses and management fees. Expense ratios are expressed as an annualized percentage of a fund's average net assets paid out in expenses. Expense ratio information is as of the Fund's current prospectus, as revised and supplemented from time to time. The net expense ratios for this fund are contractually capped (excluding taxes, sub-accounting expenses and extraordinary expenses) through April 30, 2025. \*Not annualized.*

The MSCI China All Shares Index captures large and mid-cap representation across China A-shares, B-shares, H-shares, Red-chips, P-chips and foreign listings (e.g. ADRs). The index aims to reflect the opportunity set of China share classes listed in Hong Kong, Shanghai, Shenzhen and outside of China. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI China All Shares Index.

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: July 2, 2021. NAV returns in US dollars.

## Stock Level Attribution

Quarter to September 30, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Meituan	0.90
BeiGene	0.65
CATL	0.37
Ping An Insurance	0.35
Centre Testing	0.32

### Bottom Five Contributors

Asset Name	Contribution (%)
Shenzhou International Group	-0.43
Silergy	-0.39
JD.com	-0.35
Proya Cosmetics	-0.33
PDD Holdings	-0.32

One Year to September 30, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Meituan	1.37
Brilliance China Automotive	1.14
ZiJin Mining	0.63
Pop Mart International Group	0.59
Midea Group	0.50

### Bottom Five Contributors

Asset Name	Contribution (%)
Sinocera Material	-0.84
Guangzhou Kingmed Diagnostic	-0.78
Li Ning	-0.73
Sanhua Intelligent Controls	-0.72
JD.com	-0.69

Source: Revolution, MSCI, Baillie Gifford China Equities Fund relative to MSCI China All Shares Index.

*The performance data quoted represents past performance and it should not be assumed that transactions made in the future will be profitable or will equal the performance of the securities mentioned. For the most recent month-end performance please visit our website at [baillieghifford.com/usmutualfunds](http://baillieghifford.com/usmutualfunds). A full list of holdings is available on request. The composition of the Fund's holdings is subject to change.*

*All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing prices. Attribution is shown relative to the benchmark therefore not all stocks shown are held in the portfolio. See the List of Holdings section of this report for the stocks held.*

Early in the year, we thought a change at the top of the securities regulator and a raft of pro-market policies may mark a more proactive approach towards markets and growth in the economy, but that sentiment soon faded amid an ongoing cycle of expectation and disappointment. Then came a host of property sector policies designed to stabilize the sector, yet transactions and prices have yet to take heed. A new nine-point set of guidelines released to stimulate the market has led to, amongst other things, a greater focus on shareholder returns and we're seeing an increasing number of companies report dividend increases or higher share buybacks, but this had led to little shift in the index as a whole.

A week can make a big difference in markets. Had this been written in mid-September, it would have focused on a domestic economic backdrop that remains underwhelming, a lack of consumer confidence that continued to weigh on markets, and ongoing challenges in the property sector. A lack of aggressive intervention asked questions of credibility in China's leadership around economic policy. China's bank lending fell to a 15-year low in July and A share turnover fell to its lowest in four years.

Much changed in the last week of the quarter that led to the largest one-week move in stock markets since September 2008. Market turnover reached Chinese Yuan 1 trillion in the first 32 minutes of trading on one day, the fastest ever. This followed a coordinated policy response with stimulus 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: set up central loan pool to lend to companies to buy back shares and reduce their cost of capital.

This bodes well for stock markets. The fact that the government is coming together with clear, coordinated policy communication could be enough to turn equity market sentiment. However, China's problems aren't down to high rates, inadequate liquidity or credit supply constraints, and the announced policies remain small in a historic context when related to their fundamental economic impact.

## Performance

The Fund outperformed its index during the quarter, with the final week of the period seeing a significant swing into positive absolute returns. Contributors and detractors to performance were largely for stock-specific reasons. Top contributors to performance included Beigene, Meituan and CATL.

Beigene is a global oncology company focused on innovative and affordable medicines. The company recovered from broader concerns about the risk of geopolitical tensions affecting its business, reporting strong numbers which highlighted the strength of its existing drugs and its impressive research and development (R&D) capabilities which underpin excitement in its growth pipeline.

Meituan, a web-based shopping platform for locally found consumer products and retail services, continues to deliver growth in its core operations. The company is showing resilient growth despite 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 sectors. The announcement of an increase in the size of their share buyback reflects the company's confidence in its outlook and the cheap valuation.

CATL is the world's leading battery manufacturer for electric vehicles and energy storage systems. Following a two-year cyclical downturn in the battery sector, we may now be at a positive inflection point, with domestic industry capital expenditures (capex) having halved from the peak, and sustainable global battery demand supporting a more favorable backdrop. Despite louder geopolitical noises surrounding its relationship with automaker Ford in the United States (US), the market has focused on CATL's leading competitive edge in technology, reliability, and cost.

The top detractors were Shenzhou International, Silergy and Proya.

Shenzhou International is a clothing manufacturer supplying some of the world's leading sportswear brands. While the company reported reasonable quarterly numbers, we expect the weak share price to have been driven by the market's concerns about slower volume growth for international clients and further pricing pressure. Revenues from US

sportswear manufacturer Nike were notably weak, however, this was offset by strength from clothing manufacturers Uniqlo and Adidas. As supply chain dynamics shift, Shenzhou is set to open new factories in Cambodia and Indonesia over the next year, with new capacity and production efficiency improvements being important drivers of future growth.

Silergy is an analogue semiconductor company, operating in a cyclical industry which often results in its performance flip-flopping between quarters. Despite reporting good revenue growth and stronger-than-expected gross margins during the quarter, flattish near-term sales guidance may have disappointed market expectations. We think this has little influence on the long-term structural growth story for a leading domestic semiconductor company committed to R&D leadership, expanding its product lines, and playing to China's drive for greater self-sufficiency.

Proya is a leading domestic skincare company. Weakness in the share price is more likely driven by more general concerns about the consumption environment amid a weak domestic economy than anything stock-specific. The company reported strong earnings growth in the recent quarter and may actually be a beneficiary of the weaker environment as consumers seeking greater value look to leading domestic brands. Proya has a multi-brand portfolio and leading operations capabilities that should make it more agile and efficient in product development and online sales. While the ongoing transition of management may impact sentiment, we don't believe it alters Proya's competitive position nor growth outlook.

### Notable transactions

The Fund made no new purchases during the quarter. It added to Sunny Optical, a lens set manufacturer for smartphones and vehicles, and sold Ping An Bank. It also made reductions to food delivery and online service company Meituan, automotive glass manufacturer Fuyao Glass and toy company Pop Mart, all companies which have performed well.

### Market Outlook

The recent high-profile official announcements indicate a strong commitment from the top to this year's growth target. However as long-term

investors we don't think a one-year gross domestic product target should be the key focus for our stock picking. Most of our holdings are positioned to benefit from long-term secular trends (and economic transition) in China and globally, rather than the aggregate domestic growth number. Saying that, there are a number of things we would watch in terms of growth recovery: 1) potential fiscal stimulus and their execution at a local government level 2) stabilization of property prices 3) private companies' confidence – will they start investing in R&D again and hiring more people 4) unemployment rate and signs of households starting to spend more.

Challenges in the domestic economy, China's regulatory backdrop and geopolitical challenges are now largely well-known and understood. We don't expect geopolitics to go away in a hurry, particularly in a US election year. But the rhetoric that accompanies this will lead to challenges to Chinese companies doing business overseas but may also blind many to the underlying developments going on in China that are leading to a growing global competitiveness for a number of firms in a variety of sectors. We note a significant disconnect between top-down pessimism surrounding China's macro-economic challenges, and the optimism shown by a number of its leading innovative and entrepreneurial companies. Our enthusiasm is helped by companies continuing to report good operating results that highlight China's scale and growth.

We see China leading the world in a number of areas where secular trends are expected to provide long-term opportunities. The government's renewed focus on industrial policy and "new productive forces" includes proposals to consolidate and expand China's leading position in intelligent connected new electric vehicles (NEVs), accelerate the development of emerging sectors such as hydrogen energy, new materials, and innovative pharmaceuticals. For the digital economy, China will deepen research and application of big data, artificial intelligence, and other technologies. It will also promote digital transformation in the manufacturing and service industry, and support platform economy companies to play a significant role in promoting innovation, increasing employment, and competing internationally.

The catalyst for further performance is likely greater domestic confidence in the economy bringing the local investor back to the stock market.

Stabilization in the property sector could be very meaningful for consumer confidence, which could, in turn, be very meaningful for domestic demand.

We shouldn't forget how pragmatic China's leadership can be when faced with a difficult economic situation and growing internal unrest. We can already see a shift in regulatory policy that is becoming far more supportive of sectors whose recent rectification has been challenging. It is this mismatch of what we're hearing from our companies versus the prevailing China narrative that may provide an opportunity.

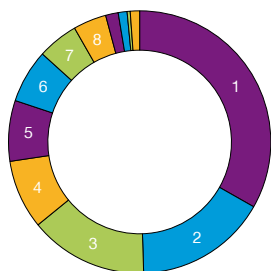
Transactions from 01 July 2024 to 30 September 2024.

There were no new purchases during the period.

Complete Sales

Stock Name	Transaction Rationale
LONGi Green Energy Technology	<p>Longi Green Energy Technology is the world's leading producer of solar wafers and modules. We continue to believe in the industry volume growth outlook given the increasing adoption of solar power globally and that Longi provides a product that is essential for China's green transition. However, the industry has proven to be more cyclical, and barriers to entry lower, than we had originally anticipated. This has led to severe over-supply, unfavourable competitive dynamics and poor share price performance. Our conviction in Longi's technological and scale advantages has been increasingly challenged and we believe it is not as clear-cut as we once thought. We have sold the position.</p>
Ping An Bank	<p>Ping An bank is a commercial bank offering financial services to corporate and individual clients throughout China. We had hoped that a major organisational and management restructuring would allow it to benefit more broadly from the Ping An Group, across branding, management and other synergies, particularly the group's best in class technology which we hoped would help a continued transformation towards becoming one of the country's leading retail banks. This investment case has not played out. It has not exhibited the strengths we had envisioned, and been increasingly challenged within a sector undergoing a number of regulatory and economic headwinds. We have sold the position.</p>

**Sector Analysis (%)**



1	Consumer Discretionary	33.22
2	Communication Services	16.29
3	Industrials	14.60
4	Consumer Staples	8.52
5	Information Technology	7.48
6	Financials	6.59
7	Health Care	5.03
8	Materials	4.09
9	Real Estate	1.55
10	Utilities	1.09
11	Energy	0.38
12	Cash	1.15

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Top Ten Holdings**

Holdings	Fund %
1 Tencent	12.04
2 Meituan	7.09
3 Alibaba	6.15
4 Kweichow Moutai	5.15
5 PDD Holdings	4.01
6 CATL	3.59
7 Ping An Insurance	3.34
8 China Merchants Bank	3.25
9 Midea	2.73
10 BeiGene	2.69

The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Portfolio Characteristics**

Number of holdings	51
Number of countries	1
Number of sectors	11
Number of industries	32
Active Share	67%*
Annual Turnover	18%**

\*Relative to MSCI China All Shares Index. Source: Baillie Gifford & Co, MSCI.

\*\*The Turnover figure presented is based on internal calculation methods and differs to the financial statements which are calculated in accordance with the requirements of N-1A.



### Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	15	Companies	2	Companies	2
Resolutions	94	Resolutions	2	Resolutions	2

### Company Engagement

Engagement Type	Company
Environmental	BYD Company Limited, Contemporary Amperex Technology Co., Limited, Zijin Mining Group Company Limited
Social	BYD Company Limited, Contemporary Amperex Technology Co., Limited, Zijin Mining Group Company Limited
Governance	BYD Company Limited, Dongguan Yiheda Automation Co., Ltd, Hangzhou Robam Appliances Co., Ltd., Kingsoft Corporation Limited, Midea Group Co., Ltd., NetEase, Inc., Shanxi Xinghuacun Fen Wine Factory Co.,Ltd., Sungrow Power Supply Co., Ltd., Zijin Mining Group Company Limited
Strategy	Tencent Holdings Limited

Votes Cast in Favour

Companies	Voting Rationale
Alibaba Group Holding, Anker Innovations 'A', Estun Automation 'A', Fuyao Glass Industry Grp 'H', Guangzhou Kingmed 'A', Huayu Auto Systems 'A', Jiangsu Azure Corp 'A', Midea Group 'A', Proya Cosmetics 'A', SG Micro 'A', Sanhua Intelligent Controls 'A', Shenzhen Inovance 'A', Shenzhen Megmeet Electrical 'A', Yifeng Pharmacy Chain 'A' - Stock Connect, Yonyou 'A'	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Guangzhou Kingmed 'A'	EGM 09/27/24	7.2	We opposed the election of one director because we have concerns over his suitability to serve on the board as he was criticised by Shanghai Stock Exchange.
SG Micro 'A'	EGM 09/19/24	2.1	We opposed the election of one director due to concerns they are not suitably qualified.

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Anker Innovations 'A'	EGM 07/01/24	2	We abstained on the auditors as we have concerns over the professional suitability of the lead audit partner, who received a warning letter from a regulator.
Midea Group 'A'	EGM 07/02/24	8	We abstained on the provision of guarantees to a controlled subsidiary because the provision does not stipulate the use of counter guarantees and also does not appear to be proportionate to the company's holding.

Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
Tencent	12.04
Meituan	7.09
Alibaba	6.15
Kweichow Moutai	5.15
PDD Holdings	4.01
CATL	3.59
Ping An Insurance	3.34
China Merchants Bank	3.25
Midea	2.73
BeiGene	2.69
Zijin Mining	2.51
NetEase	2.40
Silergy	2.04
BYD Company	1.89
Haier Smart Home	1.86
Fuyao Glass Industry	1.76
Proya Cosmetics	1.73
Anker Innovations	1.69
Shenzhen Inovance Technology	1.66
Shenzhou International	1.63
Shandong Sinocera Functional Material	1.58
KE Holdings	1.55
Centre Testing International	1.54
Shenzhen Megmeet Electrical	1.52
Weichai Power	1.40
Zhejiang Sanhua Intelligent Controls	1.37
Huayu Auto Systems	1.20
Kuaishou Technology	1.14
Sunny Optical Technology	1.12
SG Micro	1.11
Sungrow Power Supply	1.11
ENN Energy	1.09
Li Ning	1.01
Estun Automation	0.96
Luckin Coffee	0.95
Pop Mart International Group	0.95
Guangzhou Kingmed Diagnostics Group	0.94
Yifeng Pharmacy Chain	0.89
Sinocare	0.88
Jiangsu Azure	0.85
Kingdee International Software	0.84
Hangzhou Robam Appliances	0.76
Shanxi Xinghuacun Fen Wine Factory Company	0.75
Minth Group	0.71
Kingsoft	0.71
Yonyou	0.68

Asset Name	Fund %
Brilliance China Automotive	0.53
Medlive Technology	0.51
China Oilfield Services	0.38
Dongguan Yiheda	0.37
Guangdong KinLong	0.24
Cash	1.15
<b>Total</b>	<b>100.00</b>

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

## Important Information and Fund Risks

Past performance is not a guide to future returns. This document contains information on investments which does not constitute independent 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.

The Funds are distributed by Baillie Gifford Funds Services LLC. Baillie Gifford Funds Services LLC is registered as a broker-dealer with the SEC, a member of FINRA and is an affiliate of Baillie Gifford Overseas Limited.

All information is sourced from Baillie Gifford & Co unless otherwise stated. All amounts are in US dollars unless otherwise stated.

As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. The most significant risks of an investment in the Baillie Gifford China Equities Fund are: China Risk, Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk and Geographic Focus Risk. Investing in securities of Chinese issuers involves certain risks not typically associated with investing in securities of U.S. issuers, including more frequent trading suspensions and government interventions (including by nationalization of assets), currency exchange rate fluctuations or blockages, different financial reporting standards, custody risks, and potential adverse tax consequences. Investing in securities of Chinese issuers involves certain risks such as limits on use of brokers and foreign ownership. There can be a higher dependence on exports and international trade with the potential for increased trade tariffs, sanctions and embargoes. U.S. sanctions or other investment restrictions could preclude the Fund from investing in certain Chinese issuers or cause the Fund to sell investments at a disadvantageous time. Chinese securities can become illiquid quickly as Chinese issuers have the ability to suspend trading and have done so in response to market volatility and other events. The Fund is managed on a bottom up basis and stock selection is likely to be the main driver of investment returns. Returns are unlikely to track the movements of the benchmark. The prices of growth stocks can be based largely on expectations of future earnings and can decline significantly in reaction to negative news. The Fund is managed on a long-term outlook, meaning that the Fund managers look for investments that they think will make returns over a number of years, rather than over shorter time periods. The Fund focuses on investments in China, meaning it may offer less diversification and be more volatile than other funds. Other Fund risks include: Conflicts of Interest Risk, Currency Risk, Emerging Markets Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Large-Capitalization Securities Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, New and Smaller-Sized Funds Risk, Non-Diversification Risk, Non-U.S.

Investment Risk, Service Provider Risk, Settlement Risk, Small-and Medium-Capitalization Securities Risk, Underlying Funds Risk and Valuation Risk.

For more information about these and other risks of an investment in the Fund, see "Principal Investment Risks" and "Additional Investment Strategies" in the prospectus.

Baillie Gifford China Equities Fund seeks capital appreciation. There can be no assurance, however, that the Fund will achieve its investment objectives.

Any stock examples, or images, used in this presentation are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

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