

# Baillie Gifford™

## Baillie Gifford Health Innovation Equities Fund

### Third Quarter 2023

#### 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 57 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 strategy aims to invest in companies that have the potential to bring substantial improvements to human health and healthcare systems. The team believe such companies are best positioned to deliver attractive investment returns over the long term. The team recognise that such companies often lie at the intersection of the different disciplines, driven by the convergence of technologies and it is therefore critical that the scope is not limited to the traditional definition of the healthcare sector. The team's ambition extends beyond generating attractive returns for the Fund's investors, they also want to play a part in speeding up the healthcare revolution.

#### Fund Facts

K Class Ticker	BGHDX
Institutional Class Ticker	BGHBX
Launch Date	December 28, 2021
Size	\$20.2m
Benchmark	MSCI ACWI Index
Stocks (guideline range)	25-50
Current Number of Stocks	36
Active Share	99%*
Annual Turnover	8%**
Style	Long-term growth stockpicking

\*Relative to MSCI ACWI 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.

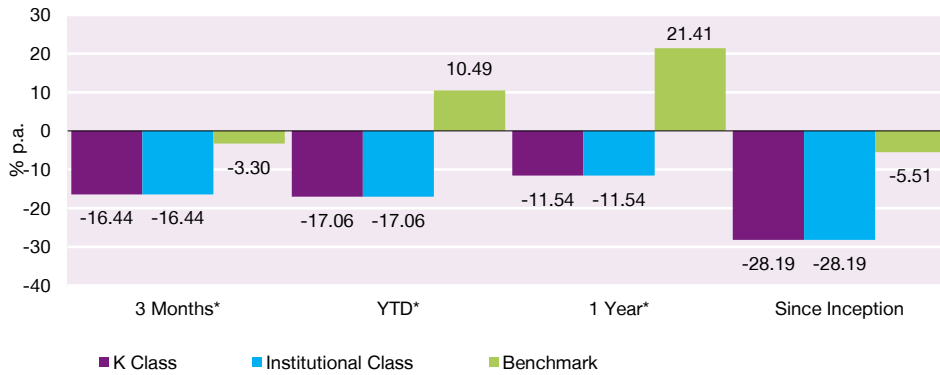
#### Health Innovation Team

Name	Years' Experience
Julia Angeles*	15
Marina Record	15
Rose Nguyen	10

\*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, 2023



Gross Expense Ratio	
Share Class – K	2.69%
Share Class – Institutional	2.69%

Net Expense Ratio	
Share Class – K	0.65%
Share Class – Institutional	0.65%

Benchmark: MSCI ACWI Index

*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, 2024.*

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI ACWI Index. Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: Dec 23, 2021. NAV returns in US dollars. \*Not annualized.

## Stock Level Attribution

Quarter to September 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
argenx	2.19
Wuxi Biologics Cayman	0.76
Apple	0.42
Ionis Pharmaceuticals	0.41
Alk-Abello	0.16

### Bottom Five Contributors

Asset Name	Contribution (%)
ShockWave Medical	-1.83
Ambu	-1.69
Masimo Corp	-1.27
Exact Sciences	-1.26
Dexcom	-1.13

One Year to September 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Abiomed	1.14
argenx	1.10
Exact Sciences	1.04
Tesla Inc	0.28
Pfizer	0.17

### Bottom Five Contributors

Asset Name	Contribution (%)
ShockWave Medical	-3.09
Novocure	-2.45
Moderna	-2.03
Alnylam Pharmaceuticals	-1.94
M3	-1.92

Source: Revolution, MSCI, Baillie Gifford Health Innovation Equities Fund relative to MSCI ACWI 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 [bailliegifford.com/usmutualfund](http://bailliegifford.com/usmutualfund). 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.*

## Market environment

The past quarter has continued to be challenging as macroeconomic headwinds, budget constraints and post-Covid adjustments have weighed heavily on innovative healthcare companies. Despite this difficult environment, Health Innovation holdings are continuing to make strong operational progress, growing revenues and earnings, while still investing for their future, and therefore increasing their chances of long-term success. We are seeing some sizeable valuation disconnects in the portfolio, with many holdings now trading at pre-Covid valuations, despite significant operational progress.

## Performance

The largest contributors to performance included Argenx, Wuxi, and Ionis.

Argenx, a biotechnology company, continues its very strong progress and is emerging as one of the leaders in the treatment of autoimmune diseases. During the quarter, the company raised \$1.3 billion on the back of impressive phase 2 data to treat Chronic inflammatory demyelinating polyneuropathy (CIDP), a rare neurological disorder, with its antibody drug VYVGART. This places it on a solid footing to accelerate the development of its pipeline, while maintaining the lucrative economics of its drugs.

Wuxi also contributed positively during the quarter. Wuxi is the largest Chinese contract development and manufacturing organisation (CDMO) for biologics drugs and is among the top five CDMOs globally. Wuxi continues to execute strongly and is rapidly increasing its share of global biologics projects.

The shares of Ionis, the California-based biotechnology company that focuses on RNA-targeted therapies, reacted strongly to positive phase 3 data for its treatment for Familial Chylomicronemia Syndrome (FCS). FCS is a rare genetic disorder that prevents the body from breaking down fats, leading to severe abdominal pain and potentially fatal pancreatitis.

The largest detractors from performance included Shockwave, Ambu and Massimo.

Shockwave is a medical device company that has developed an innovative technology used to treat calcified blood vessels using sonic pressure waves. Shockwave is compounding revenues at a rate of 40% per annum, and investing in products that could triple its market opportunity. However, such investments in the future growth of the company have resulted in a short-term impact on profitability which has weighed negatively on the share price. We believe such investments underscore our long-term thesis and we maintain our conviction in the holding.

Ambu, the Danish medical device company that focuses on single-use endoscopes, detracted following the new management team's ongoing efforts to minimise complexity in the business. We believe these efforts to focus the business on core areas of growth should position Ambu well for the future.

Masimo develops and produces a range of patient monitoring devices. Its share price declined after it announced weaker results for the second quarter. Masimo's results have suffered due to a number of external factors, including tighter hospital budgets and labour shortages, higher inventory levels for customers and slower installations. Despite this, the company has won market share gains over the last year and is still estimating it will grow revenues and earnings this year, albeit at a slower rate than planned. We believe the long-term case for Masimo remains strong and it is well-positioned to continue to penetrate the global hospital device market.

## Notable transactions

We sold the position in Oscar Health, a United States ("US") health insurer and telemedicine provider, which we have held since its initial public offering in 2021. At the time, we were impressed by the founders' vision to disrupt the vastly complicated US health insurance industry. However, scale is very important in this industry, and as the economic environment has deteriorated, slower growth has reduced our conviction in the risk-reward profile of the investment case.

We have added to Veeva, the leading provider of software as a service to life science companies. We believe it is well placed to help companies weather the current financial environment, by helping to reduce costs and make their processes more efficient. It is one of the most profitable software businesses in the world and is increasing investment into new products. We also added to Wuxi to reflect our increased conviction in the investment case.

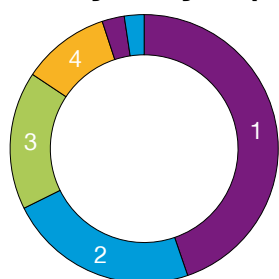
Transactions from 01 July 2023 to 30 September 2023.

There were no new purchases during the period.

### Complete Sales

Stock Name	Transaction Rationale
Oscar Health	We participated in the IPO of Oscar Health in 2021, impressed by its founders' vision to disrupt the vastly complicated US health insurance industry. This vision is centred on using technology to give patients and carers data to find the best treatment at the lowest costs. Scale is very important in this industry and as the economic environment has deteriorated, slower growth has reduced our conviction in the risk-reward profile of the investment case. We have therefore decided to sell the holding.

**Industry Analysis (%)**



1	Biotechnology	44.74
2	Health Care Equipment & Supplies	22.94
3	Life Sciences Tools & Services	16.67
4	Health Care Technology	10.59
5	Pharmaceuticals	2.68
6	Cash	2.38

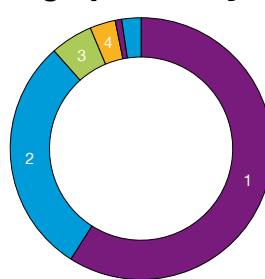
Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Top Ten Holdings**

Holdings	Fund %
1 argenx	8.31
2 Genmab	7.75
3 Alnylam Pharmaceuticals	6.69
4 Moderna	5.79
5 ShockWave Medical	5.14
6 Sartorius Group	5.12
7 WuXi Biologics	4.46
8 Exact Sciences	4.22
9 Dexcom	4.19
10 Edwards Lifesciences	3.78

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

**Geographic Analysis (%)**



1	North America	59.02
2	Europe (ex UK)	29.41
3	Emerging Markets	5.24
4	Developed Asia Pacific	3.15
5	UK	0.80
6	Cash	2.38

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.

**Portfolio Characteristics**

Number of holdings	35
Number of countries	7
Number of sectors	1
Number of industries	5
Active Share	99%*
Annual Turnover	8%**

\*Relative to MSCI ACWI 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	1	Companies	None	Companies	None
Resolutions	4	Resolutions	None	Resolutions	None

The engagement meetings this quarter focused on medical product access in low and middle-income countries, and the public sector funding available for specific drug types

We've completed our 2023 voting season review and in some instances, this is informing future engagement priorities

Baillie Gifford was successful in its reapplication to the 2020 Stewardship Code

Company Engagement

Engagement Type	Company
Environmental	DexCom, Inc., argenx SE
Social	10x Genomics, Inc., DexCom, Inc., Illumina, Inc., M3, Inc.
Governance	10x Genomics, Inc., Alnylam Pharmaceuticals, Inc., Ambu A/S, Exscientia, Illumina, Inc., Masimo Corporation, STAAR Surgical Company, Sartorius Aktiengesellschaft, Zai Lab Limited, argenx SE

### Votes Cast in Favour

Companies	Voting Rationale
Doximity Inc	We voted in favour of routine proposals at the aforementioned meeting(s).

### Votes Cast Against

We did not vote against any resolutions during the period.

### Votes Abstained

We did not abstain on any resolutions during the period.

### Votes Withheld

We did not withhold on any resolutions during the period.



## List of Holdings

Asset Name	Fund %
argenx	8.31
Genmab	7.75
Alnylam Pharmaceuticals	6.69
Moderna	5.79
ShockWave Medical	5.14
Sartorius Group	5.12
WuXi Biologics	4.46
Exact Sciences	4.22
Dexcom	4.19
Edwards Lifesciences	3.78
Ambu	3.73
10x Genomics	3.71
Illumina	3.38
Ionis Pharmaceuticals	3.21
M3	3.15
Veeva Systems	2.84
Alk-Abello	2.68
Doximity	2.24
ResMed	2.09
Ascendis Pharma	1.83
Masimo	1.79
STAAR Surgical	1.56
Recursion Pharmaceuticals	1.54
Denali Therapeutics	1.47
Health Catalyst	1.24
Teladoc	1.12
Exscientia	0.80
Zai Lab	0.78
Relay Therapeutics	0.74
Novocure	0.65
Alector	0.55
Sage Therapeutics	0.39
Vir Biotechnology	0.34
Lyell Immunopharma	0.23
Sana Biotechnology	0.12
Abiomed CVR Line*	0.00
Cash	2.38
<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.

\* Abiomed was acquired in December 2022 by Johnson and Johnson. Holders received a cash allocation plus non-tradable contingent value rights (CVRs),

## 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 investing in the Baillie Gifford Health Innovation Equities Fund are Investment Style Risk, Healthcare Industry Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non-Diversification Risk and Focused Investment Risk. 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 healthcare industry is subject to regulatory action by a number of private and governmental agencies. The profitability of companies in the healthcare sector may be affected by government regulations and government healthcare programs, increases or decreases in the cost of medical products and services, demand for medical products and services and product liability claims, among other factors. New products can be subject to regulatory approvals, which can be a long and costly process with no guarantee of success. Patent protection and the expiration of patents may affect a company's profitability. 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 may have a smaller number of holdings with larger positions in each relative to other mutual funds. The Fund's focus on a limited number of sectors or companies will create more risk and greater volatility than if the Fund were less focused. Other Fund risks include: China Risk, Conflicts of Interest Risk, Emerging Markets Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Geographic Focus Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, New and Smaller-Sized Funds Risk, Service Provider Risk, Small- and Medium-Capitalization Securities 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. There can be no assurance that the Fund will achieve its investment objective.

Baillie Gifford Health Innovation 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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