

## Baillie Gifford International Concentrated Growth SMA Fourth 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

### Investment Proposition

International Concentrated Growth is a bottom-up equity strategy focused on exceptional international growth companies. It invests in businesses that are creating and benefiting from long-term structural changes in the economy and society. It holds 20-35 stocks drawn from developed and emerging international markets and has the latitude to invest up to 15% in US equities.

### SMA Process

The portfolio will invest in the American Depositary Receipts (ADRs) of the underlying holdings in our pre-existing International Concentrated Growth where available and sufficiently liquid. The portfolio manager then scales up the position sizes to reflect the more focused nature of the separately managed account.

### Portfolio Construction

- 100% USD denominated securities (largely American Depositary Receipts)
- Typically, 20-35 stock portfolio
- Current overlap with the International Concentrated Growth strategy is 91.6%

### International Concentrated Growth Portfolio Construction Group

Name	Years' Experience
Spencer Adair*	24
Lawrence Burns*	15
Paulina McPadden	11

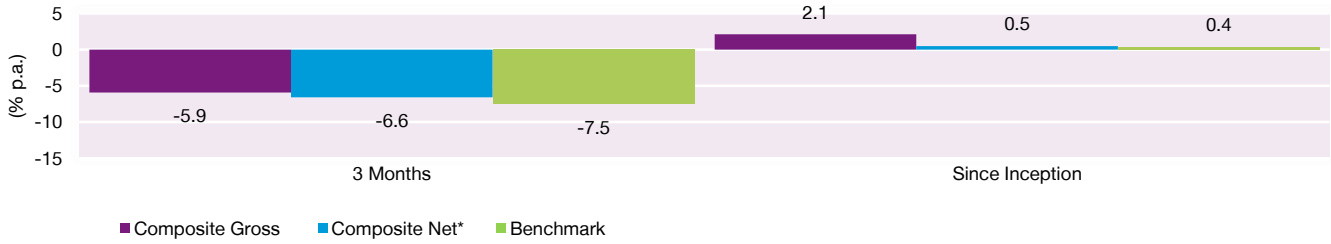
\*Partner

### SMA Model Portfolio Facts

Launch Date	June 21, 2024
Client Assets	US\$49,337,155
Benchmark	MSCI ACWI ex US Index
Current Number of Stocks	28
Active Share*	90%
Style	Growth
Stocks (guideline range)	20-35

\*Relative to MSCI ACWI ex US Index. Source: Baillie Gifford & Co, MSCI.

SMA Composite Performance as of December 31, 2024



Benchmark: MSCI ACWI ex US Index. Inception date: June 21, 2024. US Dollars. Not annualized. \*Net of 3% fees.

Past performance is not a guide to future returns. The value of an investment may decline, and you could lose money. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of the portfolio. Material market or economic conditions will have an impact on investment results. This is not a guide to the performance of the SMA account. The composite is more concentrated than the MSCI ACWI ex US Index.

## Stock Level Attribution

Quarter to December 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
Spotify	2.68
NVIDIA	1.21
Shopify	1.10
Tesla Inc	0.92
TSMC	0.61

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-1.37
Delivery Hero	-0.97
ASML	-0.76
Moderna	-0.57
PDD Holdings	-0.56

Source: Revolution, MSCI, Archer Investment Services ICG relative to MSCI ACWI ex US 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.*

## Market environment

Following the US presidential election, the divergence between US and international equity markets has intensified, with the valuation gap reaching its highest point in two decades. Our investment philosophy is to invest in individual companies, not markets. Overall, the recent operational performance of the portfolio's holdings has been positive, and it has been particularly pleasing to see this being rewarded in terms of share prices. We maintain our unwavering focus on identifying companies with exceptional growth potential that can become the leaders of tomorrow.

## Performance

International equity markets declined in the final quarter of 2024, with the Fund outperforming its benchmark. Holdings in Spotify, NVIDIA and Shopify were among the top contributors to relative performance.

Spotify has been a leading contributor to performance over the recent quarter as well as the past year. It now has over 600 million active users and has impressively transformed from operating losses to healthy profitability and cash flow generation. We have been particularly impressed with management's adaptability in successfully managing this pivot. Since IPO in 2018, Spotify's revenues have increased almost fourfold, while free cash flow has increased more than 12-fold.

The unique competitive advantage NVIDIA has developed is extraordinary and it once again features as a top contributor to performance. Its third quarter results were ahead of market expectations with revenue nearly doubling year-on-year to \$35bn, within which data centre revenue grew 112 per cent. All roads in generative artificial intelligence currently lead to NVIDIA. Despite our enthusiasm for the long-term investment case, we are acutely aware that the current state of demand for its graphic processing units being materially ahead of supply will not last forever.

Shopify is a comprehensive ecommerce platform that allows anyone to create and manage an online store, sell products both digitally and physically, and process payments through various gateways. It has transformed from a simple ecommerce solution into a comprehensive commerce operating system. The company's expansion into fintech through Shop Pay, which now processes over \$43 billion in payment volume, showcases its ability to create additional value layers within its ecosystem. Its international growth trajectory remains robust providing diversification and multiple avenues for sustained growth. We believe

Shopify's position at the intersection of digital commerce and financial technology presents compelling long-term growth potential.

Detractors from performance included holdings in MercadoLibre, Delivery Hero and Moderna.

MercadoLibre shares underperformed due to concerns over margin compression in its core business. The Latin American ecommerce giant saw its operating income margin decline to 10.5 per cent in the third quarter, primarily due to further investments in credit card services and logistics infrastructure. While the company reported strong revenue growth of 35 per cent year-over-year and reached a milestone of 61 million unique buyers, caution lingers around increased spending on fulfilment centres and credit expansion. We wholeheartedly support management's decision to continue to invest in further growth opportunities.

In spite of its strong operational performance Delivery Hero's shares underperformed over the quarter. Third quarter gross merchandise volume accelerated to grow 9 per cent year-over-year with revenues growing an impressive 24 per cent. However, the Taiwanese Fair Trade Commission's decision to block the planned \$950m sale of its Foodpanda business to Uber dominated sentiment towards the end of the year. Proceeds from the transaction were intended to be used to buy back convertible bonds and enhance Delivery Hero's capital structure. Notwithstanding recent setbacks, the company's strategic focus on profitable growth is clearly yielding results, with positive free cash flow of €50-100m expected for the full year.

Moderna is a biotechnology company that specializes in developing messenger RNA (mRNA) therapeutics and vaccines. Its shares have been weak following its September Capital Market event which included pipeline prioritisation and reduction in R&D spend as well as a reduction in revenue expectations and news that the FDA are not minded to allow an accelerated approval pathway for the personalised cancer vaccine partnered with Merck. Investing in biotechnology companies takes patience and we continue to believe Moderna's mRNA technology platform will produce valuable assets, not only in the respiratory vaccine area, but also in areas like oncology, which could be far more valuable than the market currently anticipates or is willing to ascribe value to today.

## Market Outlook

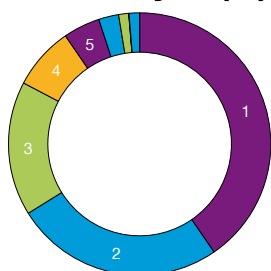
In periods of political transition, markets often fixate on short-term volatility, but exceptional companies have consistently demonstrated their ability to generate sustainable growth regardless of who occupies positions of power. The most compelling investment opportunities emerge from businesses that fundamentally disrupt existing paradigms through innovation and sustainable competitive advantages. These companies don't merely react to external circumstances - they actively shape their destinies through visionary leadership and innovative solutions, creating enduring value across market cycles. By focusing on businesses with the potential to deliver decade-long profitable growth and maintaining a patient, long-term investment horizon, we seek to capitalise on the market's persistent inefficiency in pricing sustained excellence. These transformative companies, driven by skilled management and durable franchises, often deliver asymmetric returns by reshaping entire industries and generating significant earnings growth that transcends short-term political or macroeconomic fluctuations.

Transactions from 01 October 2024 to 31 December 2024.

There were no new purchases during the period.

There were no complete sales during the period.

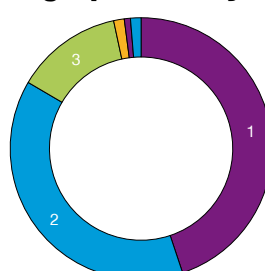
**Sector Analysis (%)**



1	Consumer Discretionary	40.4
2	Information Technology	25.7
3	Communication Services	16.6
4	Financials	7.7
5	Health Care	4.5
6	Consumer Staples	2.5
7	Industrials	1.2
8	Materials	0.0
9	Cash	1.3

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.

**Geographic Analysis (%)**



1	Europe (ex UK)	44.9
2	Emerging Markets	38.6
3	North America	13.2
4	UK	1.3
5	Developed Asia Pacific	0.8
6	Cash	1.3

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	MercadoLibre	12.3
2	Spotify	10.7
3	TSMC	7.5
4	NVIDIA	7.2
5	Ferrari	6.9
6	ASML	6.8
7	Adyen	6.4
8	Meituan	4.5
9	Shopify	4.1
10	Hermès International	4.1

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

**Portfolio Characteristics**

Number of holdings	28
Number of countries	17
Number of sectors	8
Number of industries	18
Active Share	90%*

\*Relative to MSCI ACWI ex US Index. Source: Baillie Gifford & Co, MSCI.

Asset Name	SMA Model Portfolio %
MercadoLibre	12.3
Spotify	10.7
TSMC	7.5
NVIDIA	7.2
Ferrari	6.9
ASML	6.8
Adyen	6.4
Meituan	4.5
Shopify	4.1
Hermès International	4.1
Tencent	3.7
Coupang	3.2
Delivery Hero	2.7
PDD Holdings	2.3
Sea Limited	2.2
Kering	2.2
BYD Company	1.5
BioNTech	1.4
Ocado	1.3
Nu Holdings	1.3
Atlas Copco	1.2
Novo Nordisk	1.2
Moderna	1.2
L'Oréal	1.2
M3	0.8
Tesla Inc	0.7
SolarEdge	0.1
Ginkgo Bioworks	0.0
Cash	1.3
<b>Total</b>	<b>100.0</b>

Total may not sum due to rounding. The composition of the SMA Model Portfolio'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.

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## Past Performance

Past performance is not a guide to future returns. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of the portfolio. Material market or economic conditions will have an impact on investment results. The returns presented in this document reflect the reinvestment of dividends and interest. Historical performance results for investment indexes and/or categories, generally do not reflect the deduction of transaction costs and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that recommendations/transactions made in the future will be profitable or will equal performance of the securities mentioned.

## International Concentrated Growth SMA

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. International investing involves special risks, which include changes in currency rates, foreign taxation and differences in auditing standards and securities regulations, political uncertainty and greater volatility. These risks are even greater when investing in emerging markets. Security prices in emerging markets can be significantly more volatile than in the more developed nations of the world, reflecting the greater uncertainties of investing in less established markets and economies.

Currency risk includes the risk that the foreign currencies in which a portfolio's investments are traded, in which a portfolio receives income, or in which a portfolio has taken a position, will decline in value relative to the U.S dollar.

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