

# Baillie Gifford™

## Baillie Gifford International Alpha Fund

First 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 57 partners with average 21 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 employs a bottom up stock-picking approach based on the fundamental research produced by Baillie Gifford's investment teams. The members of the Portfolio Construction Group (PCG) use their experience to identify the best ideas generated by the investment floor which are relevant to the strategy. The result is a diversified portfolio of quality growth companies which we believe has the potential to outperform the benchmark over the long term.

### Fund Facts

K Class Ticker	BGIKX
Institutional Class Ticker	BINSX
Launch Date	February 07, 2008
Size	\$2,481.2m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	70-110
Current Number of Stocks	77
Active Share	84%*
Annual Turnover	17%**
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 ACWI ex US 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.

### International Alpha Portfolio Construction Group

Name	Years' Experience
Donald Farquharson*	36
Tom Walsh*	20
Roderick Snell*	18
Jenny Davis*	15
Chris Davies	12
Steve Vaughan	12

\*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 March 31, 2024



Gross Expense Ratio	
Share Class – K	0.61%
Share Class – Institutional	0.71%
Net Expense Ratio	
Share Class – K	0.61%
Share Class – Institutional	0.71%

Benchmark: MSCI ACWI ex US 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.*

Returns are based on the above noted share class from April 28, 2017. Prior to that date returns are calculated based on the oldest share class of the Fund adjusted to reflect the current share class fees where these fees are higher. \*Not annualized.

*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 MSCI ACWI ex USA 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, excluding the United States. 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 ex US Index.

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: April 28, 2017. NAV returns in US dollars.

## Stock Level Attribution

Quarter to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
CRH	0.46
SAP	0.45
TSMC	0.40
Adyen	0.35
Topicus.Com	0.27

### Bottom Five Contributors

Asset Name	Contribution (%)
AIA	-0.54
Aker Carbon Capture	-0.34
HDFC Bank	-0.34
Silergy	-0.30
Rio Tinto	-0.26

One Year to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
CRH	1.08
Ryanair	0.90
SAP	0.73
Spotify	0.49
TSMC	0.43

### Bottom Five Contributors

Asset Name	Contribution (%)
AIA	-1.11
Kering	-0.66
Shiseido	-0.65
Novo Nordisk	-0.48
Fanuc	-0.46

Five Years to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	3.78
TSMC	2.12
CRH	1.69
Atlas Copco	1.27
Constellation Software	1.19

### Bottom Five Contributors

Asset Name	Contribution (%)
Novo Nordisk	-1.21
AIA	-1.15
Shiseido	-1.03
Ping An Insurance	-1.01
Aker Carbon Capture	-0.97

Source: Revolution, MSCI, Baillie Gifford International Alpha Fund 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. 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

In the first quarter of 2024, international markets delivered positive performance, fuelled by advancements in AI, China's economic activity, and an uptick in optimism regarding the global economic landscape and corporate earnings. From a regional perspective, the Japanese market broke through its 1989 market high, driven largely by the outperformance of cyclical sectors (such as Banks, Oil and Coal) during the quarter. Elsewhere, the bank heavy United Kingdom market detracted from performance, while Emerging Markets and North American equities were the top contributors to performance.

In this context, the International Alpha Fund underperformed its benchmark this quarter.

## Performance

The top contributors to performance included TSMC, CRH and SAP.

TSMC is the world's leading semiconductor foundry. Over recent years, the business has committed to significant capital expenditure and new locations globally, including in the US and Japan. In the long-term we believe TSMC has a strong competitive moat and the growth opportunity should come from tailwinds from structural trends such as digitalisation and AI.

Aggregate materials business CRH continues to perform well. In their recent earnings call management announced plans to invest a further \$1.8 billion in growth capital expenditure, and also highlighted the \$4 billion of buybacks and dividends already returned to shareholders in 2023. Total revenues were up 7% on a year-on-year basis driven by demand in key markets (US and Europe), whilst adjusted earnings before interest, taxes, depreciation and amortization was 15% up over the same period. In the long-term CRH's strong competitive position and balance sheet means it is well-equipped to benefit from a world with rising infrastructure spend.

SAP is a leading German software enterprise business. It has been buoyed by recent developments in AI and solid operational performance. Full-year results saw cloud revenues up 23% for the year, while the order backlog was

up 25% to €13.7 billion. We believe SAP is doing a good job turning the business towards the cloud, and it should be a beneficiary of developments in AI given its large data set and sticky customer base.

The detractors to performance included AIA Group, Aker Carbon Capture and Silergy.

Pan-Asian Insurance business, AIA Group, has fallen victim to negative sentiment around Chinese stocks this quarter, continuing a trend we have seen for some time. This is despite recent encouraging operational performance, with Value of New Business growing 33% over the course of the year and Annual Premium Equivalent (an industry metric used to estimate the annualized amount of premiums received) up 41%. The Hong Kong business grew strongly with Value of New Business up 82% and business in Mainland China 20%, but both regions remain below their pre-pandemic level. We expect AIA to benefit from a recovery in demand and believe it to be well positioned to take share in the protection market, owing to the strength of its sales force.

Aker Carbon Capture is a Danish commercial carbon capture business. The company has continued to execute well, given it is at an early stage the company is not yet profitable which has led to it being punished by the market. The business continues to find opportunities for new contracts but delays due to a clunky supply chain. At the end of the quarter the business announced plans to sell its main operating subsidiary Aker Carbon Capture Holdings (ACCH) to oilfield services company Schlumberger; we are considering the implications of this.

Taiwanese analogue semiconductor business, Silergy, saw its share price fall this quarter. In their fourth-quarter results, the business missed net profit expectations, while revenues and gross margins were in line. This was mainly due to higher compensation and research and development than expected. We believe Silergy is well placed to continue to take market share in China as a home Chinese chip maker, in a market that already accounts for over 30% of global analogue semiconductor demand.

### Notable transactions

We have taken a new position in Monday.com, an Israeli enterprise offering cloud-based software solutions renowned for their customizable workflow management tools. This company is rapidly expanding its global presence, catering for over 200 industries with a diverse client base. The business has strong sales growth prospects, coupled with excellent financial health and strong alignment between management and shareholders.

We have also taken a holding in Unilever, the UK staples conglomerate. It has a portfolio of leading brands, and significant exposure to high-growth emerging markets, notably through its subsidiary Hindustan Unilever in India, and operations in Latin America. Despite historical challenges such as underinvestment and poor capital allocation, the arrival of Chief Executive Officer (CEO) Hein Schumacher in July 2023 marks a pivotal moment for the company. We anticipate Schumacher's leadership to be a catalyst for substantial improvement to continue to drive future growth.

We have invested in B&M, a leading British discount retailer known for its variety of goods in stores primarily in the UK, along with a presence in France through its Heron brand convenience stores. The company's strategy of new store openings and competitive pricing has driven strong growth over the past decade. Given B&M's current market valuation, which does not fully reflect its growth potential and exceptional returns driven by attractive store economics and efficient product sourcing, we see a significant upside opportunity.

We have sold the position in Wuxi Biologics, the largest Chinese contract development and manufacturing organization for biologic drugs. Despite the company's strong operational performance, recent geopolitical tensions, exemplified by legislative developments in the US, have introduced risks that we believe outweigh the company's intrinsic strengths.

In response to the narrowing discount between the share price and net asset value, we have sold Prosus, and reallocated the proceeds to existing holding Tencent (Prosus's most valuable asset).

The Fund is well positioned with a portfolio of world-leading businesses with durable competitive

advantages, strong financial characteristics, and attractive future growth prospects.

### Market Outlook

Considering the Fund, we are comforted to see that the strategy is well positioned when considering growth and quality metrics compared to that of its benchmark. There are exciting tailwinds behind the portfolio companies and structural trends such as the emerging consumer, future of finance software enablers, and components and materials that we believe will play out in the long-term in favour of the high-quality growth businesses held in the fund. We cannot predict the quarterly share price rises but we can remain focussed on our goal of finding the best mix of quality growth companies that have the ability to grow irrespective of short-term fluctuations.

Transactions from 01 January 2024 to 31 March 2024.

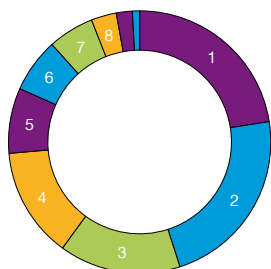
### New Purchases

Stock Name	Transaction Rationale
B&M European Value Retail	B&M is a variety goods discount retailer. The majority of sales are generated from its chain of grocery and general merchandise discount stores in the UK. However, it also operates convenience stores under the Heron brand, establishing a significant footprint in France. Consistent new store openings and competitive pricing have underpinned strong growth over the past decade, and we expect this trend to continue. At the same time, attractive store economics and cheap product sourcing support exceptional returns. With B&M currently priced as an ex-growth company, we see a significant upside opportunity, so we have taken a holding for the portfolio.
monday.com	Monday.com is an Israeli cloud-based software business that offers customisable workflow management tools, praised for their simplicity. It is laying down a global footprint and serves over 200 industries, with a client base ranging from small to large enterprises. Sales are growing strongly, and we expect this to continue for many years. At the same time, the underlying financial characteristics of the business are excellent, and alignment between the senior management team and minority shareholders is strong. Based on these attractions we have taken a small holding for the portfolio.
Unilever	Unilever benefits from a portfolio of leading brands and exposure to a collection of high-growth emerging markets, most notably in India through its subsidiary Hindustan Unilever and Latin America. However, under investment, poor capital allocation, and a lack of focus have underpinned lower growth than peers. New CEO Hein Schumacher arrived in July 2023, and while significant change was already underway, he is an important catalyst for change, and there is considerable scope for improved performance. With little in the valuation to capture the strength of the business and the financial implications of a turnaround, we have taken a holding for the portfolio.

### Complete Sales

Stock Name	Transaction Rationale
Prosus	Following a narrowing of the discount between the share price and net asset value, we have decided to sell the shares of holding company Prosus and reinvest the proceeds into its most significant asset, Tencent, where most of the value resides.
Wuxi Biologics	Wuxi Biologics is the largest Chinese contract development and manufacturing organisation (CDMO) for biologics drugs and is among the top five globally. CDMOs allow pharmaceutical companies to outsource certain aspects of drug development and manufacturing, allowing them to focus on areas of competitive advantage. Our original investment thesis was that Wuxi's business model would prove more resilient than pure biotech companies while delivering attractive growth due to their ability to span multiple projects and win a disproportionate share of innovative drugs with new molecules going on to generate significant and long-term revenues. Although the company continues to execute well, heightened geopolitics risk - most recently evidenced by a recent select committee bill in the US - has led us to believe that externalities increasingly outweigh the company's ability to master its own destiny. Because of this, we sold the holding.

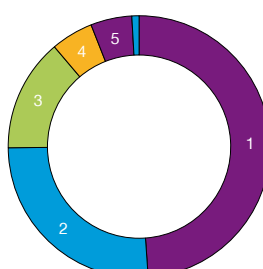
**Sector Analysis (%)**



1	Industrials	22.52
2	Information Technology	22.51
3	Consumer Discretionary	14.99
4	Financials	13.60
5	Communication Services	8.06
6	Materials	6.68
7	Consumer Staples	5.68
8	Health Care	3.11
9	Energy	1.97
10	Cash	0.89

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)	48.89
2	Emerging Markets	25.97
3	Developed Asia Pacific	13.94
4	Canada	5.22
5	UK	5.09
6	Cash	0.89

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	TSMC	4.71
2	MercadoLibre	3.83
3	SAP	3.45
4	Samsung Electronics	3.27
5	Ryanair	3.02
6	CRH	2.73
7	Kingspan Group	2.19
8	Scout24	2.19
9	Deutsche Boerse	1.99
10	Novozymes	1.98

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

**Portfolio Characteristics**

Number of holdings	76
Number of countries	26
Number of sectors	9
Number of industries	35
Active Share	84%*
Annual Turnover	17%**

\*Relative to MSCI ACWI ex US 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 11	Companies 2	Companies 1
Resolutions 126	Resolutions 5	Resolutions 1

The Securities and Exchange Commission (SEC) has finalised its climate disclosure requirements for listed companies in the US

We will publish our 2023 Investment Activities Stewardship Report in April 2024

Recent engagement topics include the impacts of ultra processed food and supply chain traceability

Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., CRH plc, Fanuc Corporation, Kering SA, Kingspan Group plc, Nestle S.A., Nexans S.A., Sea Limited
Social	DSV A/S, Fanuc Corporation, Kering SA, Novozymes A/S, Recruit Holdings Co., Ltd., Unilever PLC
Governance	ASML Holding N.V., CRH plc, Compagnie Financière Richemont SA, DSV A/S, Danone S.A., Edenred SE, Fanuc Corporation, FinecoBank Banca Fineco S.p.A., Kering SA, MonotaRO Co., Ltd., Nexans S.A., RATIONAL Aktiengesellschaft, Samsung Electronics Co., Ltd., Sartorius Stedim Biotech S.A., Scout24 SE, Sea Limited
Strategy	AIA Group Limited, CRH plc, Fanuc Corporation, Recruit Holdings Co., Ltd., Silergy Corp.



Votes Cast in Favour

Company	Meeting Details	Resolution(s)	Voting Rationale
DSV	AGM 03/14/24	8.4	We supported the shareholder resolution asking for a report on DSV's efforts and risks related to human and labour rights, as we believe that additional transparency would be beneficial for stakeholders. Our decision also aligns with management recommendation.
Companies		Voting Rationale	
DSV, Demant A/S, HDFC Bank, ICICI Lombard, Kone, MonotaRO Co, Novonosis, Samsung Electronics, Sartorius Stedim Biotech, Shimano, Shiseido		We voted in favour of routine proposals at the aforementioned meeting(s).	

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Kone	AGM 02/29/24	14F	We opposed the election of an executive director who sits on the audit committee, as we believe that this committee should be comprised entirely of independent directors.
Sartorius Stedim Biotech	MIX 03/26/24	5	We opposed the remuneration report because the aggregate fees paid to the board of directors in 2023 exceeded the maximum amount approved by shareholders at the 2023 AGM, which we consider to be poor governance.
Companies		Voting Rationale	
Sartorius Stedim Biotech		We opposed the resolution which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.	

Votes Abstained

Company	Meeting Details	Resolution(s)	Voting Rationale
Kone	AGM 02/29/24	10	We abstained on the remuneration report due to a lack of disclosure on performance metrics and targets, making it difficult for shareholders to make an assessment of remuneration outcomes.

Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
TSMC	4.71
MercadoLibre	3.83
SAP	3.45
Samsung Electronics	3.27
Ryanair	3.02
CRH	2.73
Kingspan Group	2.19
Scout24	2.19
Deutsche Börse	1.99
Novozymes	1.98
Reliance Industries	1.97
Rio Tinto	1.97
Atlas Copco	1.96
Adyen	1.93
Sony	1.93
ASML	1.90
Tencent	1.88
Danone	1.84
AIA	1.84
Constellation Software	1.80
Experian	1.63
HDFC Bank	1.63
IMCD	1.62
Dassault Systemes	1.55
Amadeus IT Group	1.46
Edenred	1.45
Epiroc	1.40
DSV	1.37
Nestlé	1.30
Richemont	1.26
SMC	1.25
Tencent Music Entertainment Group	1.24
Topicus.com	1.24
FinecoBank	1.19
Rational	1.18
Exor N.V.	1.18
FANUC	1.12
Nintendo	1.11
Demant	1.06
Shopify	1.06
Spotify	1.03
LVMH	1.03
ICICI Lombard	1.00
Keyence	1.00
Lumine Group	0.98
DENSO	0.97

Asset Name	Fund %
Unilever	0.97
Discovery	0.91
Recruit Holdings	0.91
Kering	0.90
Shimano	0.90
Coupang	0.85
Nihon M&A	0.84
Kweichow Moutai	0.84
Sartorius Stedim Biotech	0.81
MonotaRO	0.79
Copa Holdings	0.77
Kone	0.76
Shiseido	0.72
Sea Limited	0.61
Technoprobe	0.60
Nexans	0.58
Alibaba	0.56
Nidec Corporation	0.56
B&M European Value Retail	0.50
monday.com	0.50
Ping An Insurance	0.47
Silergy	0.47
BioNTech	0.46
Meituan	0.46
Ambu	0.43
MIPS	0.35
Wizz Air	0.32
Aker Carbon Capture ASA	0.21
Oxford Nanopore Tech	0.20
AbCellera Biologics	0.15
Norilsk Nickel	0.00
Cash	0.89
<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.

As at March 3, 2022, one Russian holding has been valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market: Norilsk Nickel.

## 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 International Alpha Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk and Non-U.S. 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 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. Non-U.S. securities are subject to additional risks, including less liquidity, increased volatility, less transparency, withholding or other taxes and increased vulnerability to adverse changes in local and global economic conditions. There can be less regulation and possible fluctuation in value due to adverse political conditions. Other Fund risks include: Asia Risk, China Risk, Conflicts of Interest Risk, Currency Risk, Emerging Markets Risk, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Geographic Focus Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Japan Risk, Large-Capitalization Securities Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, Service Provider Risk, Settlement 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.

Baillie Gifford International Alpha 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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