

# Baillie Gifford™

## Baillie Gifford International Concentrated Growth Equities 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 Baillie Gifford International Concentrated Growth Equities Fund invests in exceptional growth companies operating in international markets. We invest with a 10-year investment horizon which we believe differentiates us from the market and allows us to benefit from the power of compound returns. We run a concentrated portfolio to avoid diluting the growth stocks in which we have the highest conviction.

### Fund Facts

K Class Ticker	BTLKX
Institutional Class Ticker	BTLSX
Launch Date	December 14, 2017
Size	\$80.8m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	20-35
Current Number of Stocks	28
Active Share	94%*
Annual Turnover	18%**
Style	Growth

\*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 Concentrated Growth Portfolio Construction Group

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

\*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	0.91%
Share Class – Institutional	1.00%
Net Expense Ratio	
Share Class – K	0.72%
Share Class – Institutional	0.81%

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.*

*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. \*Not annualized.*

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: December 14, 2017. NAV returns in US dollars.

## Stock Level Attribution

Quarter to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
NVIDIA	4.02
ASML	2.34
Spotify Technology	2.00
Adyen	1.27
Ferrari	0.90

### Bottom Five Contributors

Asset Name	Contribution (%)
Ocado	-1.76
MercadoLibre	-0.80
Tesla Inc	-0.72
NIO	-0.51
PDD	-0.46

One Year to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
NVIDIA	6.42
Spotify Technology	3.37
ASML	2.99
Ferrari	1.65
MercadoLibre	0.67

### Bottom Five Contributors

Asset Name	Contribution (%)
Kering	-2.28
Meituan	-1.96
Moderna	-1.95
Zalando	-1.69
Illumina	-1.36

Five Years to March 31, 2024

### Top Five Contributors

Asset Name	Contribution (%)
ASML	14.88
Tesla Inc	14.30
NVIDIA	9.45
MercadoLibre	8.91
Ferrari	4.48

### Bottom Five Contributors

Asset Name	Contribution (%)
Ocado	-5.11
Illumina	-2.49
Zalando	-1.97
Kering	-1.87
TSMC	-1.42

Source: Revolution, MSCI, Baillie Gifford International Concentrated Growth Equities 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

Growing optimism about the world economy and improved corporate earnings drove many equity markets to record highs during the quarter. Given the excitement around the potential of generative artificial intelligence (AI) to improve economic productivity the Technology sector has continued to dominate.

## Performance

Against this backdrop the portfolio was up 10% to the benchmark's 5%. Holdings in NVIDIA, ASML and Spotify contributed positively to performance.

Given the potential of generative artificial intelligence to improve economic productivity and its current position as a kingmaker in AI training and increasingly inference, NVIDIA, the producer of computer graphics processing units, has become the defining company of the AI age. It is the top contributor to the portfolio's performance this quarter. We are keeping our enthusiasm for NVIDIA in check remembering that it operates in a cyclical industry and its financial performance will ebb and flow as all cyclical businesses do, despite being exposed to a generation-defining secular growth opportunity.

The Dutch lithography business ASML continues to occupy a unique position as the sole supplier of extreme ultraviolet (EUV) lithography machines which are used to make leading-edge microchips. It has been central to the continuation of Moore's Law (the doubling of computing power every two years) and a leading contributor to the portfolio's performance this quarter as well as its longer-term returns. During its fourth-quarter results, ASML announced an unprecedented order intake of €9.2 billion, nearly three times market expectations. Over 60% of this was for EUV machines which underscores its position as a critical 'picks and shovels' supplier in the generative artificial intelligence goldrush.

Building on last year's strength, audio streaming company Spotify's share price continued to climb in the first quarter, buoyed by impressive operational progress. The platform witnessed unprecedented growth in 2023, adding a record 113 million monthly active users and 31 million premium subscribers, marking its highest annual growth to date. Looking ahead, Spotify expects to continue this trend of robust user expansion,

mirroring the growth patterns of recent years with a significant rise in subscriber numbers. The company forecasts revenue growth of over 20 % on an annual basis. Even with its investment in audiobooks, Spotify is confident in sustaining a strong gross margin over the course of the year.

Holdings in Ocado, Tesla and Kering were among the top detractors to performance.

The United Kingdom (UK) based grocery technology business Ocado's origins are in online UK food retail, but its value lies in its Technology Solutions business. It is deploying AI driven robotics to solve the unique fulfilment and logistics demands of online grocery and beyond. Ocado's shares have been weak recently, as Technology Solutions growth is expected to slow to between 15-20 % this year and reaccelerate thereafter.

Last year Chinese auto manufacturer BYD surpassed electric vehicles (EV) company Tesla, a holding, to become the world's biggest maker of electric vehicles (including plug-in hybrids). Growth in the global EV market remains strong but has slowed recently, and Tesla has also seen some manufacturing issues in both the United States (US) and Europe that have constrained supply. All of this has weighed on Tesla's share price so far this year. Despite this, Tesla has maintained its commanding market share of battery electric vehicles in the US and has held on to its strong position in the Chinese market amidst intensifying competition there. Our interest in Tesla however goes far beyond its EV business. Its energy storage business continues to grow rapidly, and we are especially attracted by the optionality Tesla offers in autonomous driving technology, which we think could eventually be a significant driver of the company's profits in the long term.

Shares in the portfolio holding Kering – the owner of brands such as Gucci, Balenciaga, Bottega Veneta, and Yves Saint Laurent – have been under pressure. Growth in Gucci has slowed and the recent launch of new creative director, Sabato De Sarno's, first collection will take time to gain traction. As patient, long-term investors, we continue to view Kering as a high-quality business and look forward to its reinvigoration.

## Notable transactions

We added TSMC, the world's leading semiconductor foundry company, to the portfolio.

Along with another one of the holdings ASML, TSMC has played a crucial role in the advances in computing power achieved over the last decade. It has a dominant market share in the manufacturing of the most advanced semiconductor technology and is especially well-positioned to benefit from future developments in AI. We view TSMC as a diversified royalty on both compute and AI that will benefit regardless of which specific types of semiconductor technologies win out over the next decade.

We have sold the portfolio's holding in Chinese electric vehicle manufacturer NIO. When we first purchased the shares in 2018, we believed NIO's unique "mobility services" approach and premium positioning would enable it to stand out in an intensely competitive EV market in China. We also expected the range of potential outcomes for the business to be very wide. Unfortunately, despite considerable growth over the last 6 years, the company has struggled to achieve the level of profitability and scale that we think is required to succeed in an increasingly challenging competitive environment.

### **Market Outlook**

Inflation across developed market economies has been falling from pandemic highs and looks set to reach close to two per cent this year. That will help pave the way for many central banks to start cutting policy rates. While this should benefit our investment style, we believe that over time it will be the fundamental operational progress of the companies we invest in that will drive long-term portfolio returns.

Transactions from 01 January 2024 to 31 March 2024.

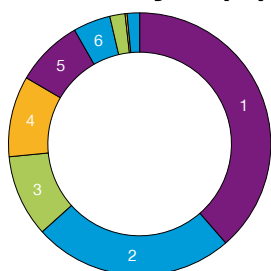
New Purchases

Stock Name	Transaction Rationale
TSMC	We have taken a new holding for you in TSMC, the world's leading semiconductor foundry company. Along with another of the holdings, ASML, TSMC has played a crucial role in the advances in computing power achieved over the last decade. It has a dominant market share in manufacturing the most advanced semiconductor technology and is well positioned to benefit from future developments in AI. We view TSMC as a diversified royalty on both compute and AI that will benefit regardless of which specific types of semiconductor technologies win out over the next decade.
Wise	We have taken a holding in the British Fintech company Wise (previously known as TransferWise). Having recognised that transferring money abroad is expensive, slow, opaque, and inconvenient, Wise aims to offer an attractive alternative for individual consumers and businesses. We think Wise's strong customer proposition provides a long runway for continued market share gains in the large global cross-border market and are encouraged that this is already starting to show in the results.

Complete Sales

Stock Name	Transaction Rationale
NIO	We have sold the holding in NIO, the Chinese electric vehicle (EV) company. When we first purchased the shares in 2018, we believed NIO's unique "mobility services" approach and premium positioning would enable it to stand out in an intensely competitive EV market in China. We also expected the range of potential outcomes for the business to be very wide. Unfortunately, despite considerable growth over the last 6 years, the company has struggled to achieve the level of profitability and scale that we think is required to succeed in an increasingly challenging competitive environment.

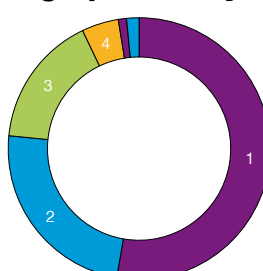
**Sector Analysis (%)**



1	Consumer Discretionary	38.62
2	Information Technology	24.71
3	Communication Services	10.12
4	Financials	9.97
5	Health Care	8.33
6	Consumer Staples	4.60
7	Industrials	1.88
8	Materials	0.25
9	Cash	1.53

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)	52.74
2	Emerging Markets	23.84
3	North America	16.32
4	UK	4.55
5	Developed Asia Pacific	1.01
6	Cash	1.53

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	11.55
2	ASML	11.15
3	NVIDIA	9.00
4	Spotify	7.59
5	Adyen	6.32
6	Ferrari	4.53
7	Hermès International	4.48
8	Meituan	3.80
9	Moderna	3.28
10	Kering	2.99

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	15
Number of sectors	8
Number of industries	16
Active Share	94%*
Annual Turnover	18%**

\*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	1	Companies	None	Companies	None
Resolutions	18	Resolutions	None	Resolutions	None

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The lens through which we analyse a company's sustainability is its 'social license to operate', an intangible asset which depends on the individual firm

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We engaged with Ocado's remuneration committee, culminating in company policies that better align management pay to company performance

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Our Stewardship Principles focus on long-term value creation, alignment in vision and practice, governance fit for purpose, and sustainable business practices

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Company Engagement

Engagement Type	Company
Environmental	Adyen N.V., Kering SA
Social	Kering SA, Tesla, Inc.
Governance	ASML Holding N.V., Genmab A/S, Kering SA, L'Oreal S.A., Ocado Group plc, PDD Holdings Inc.
Strategy	PDD Holdings Inc.



### Votes Cast in Favour

Companies	Voting Rationale
Genmab	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 %
MercadoLibre	11.55
ASML	11.15
NVIDIA	9.00
Spotify	7.59
Adyen	6.32
Ferrari	4.53
Hermès International	4.48
Meituan	3.80
Moderna	3.28
Kering	2.99
Delivery Hero	2.82
Genmab	2.77
Coupang	2.71
Zalando	2.57
Tencent	2.53
Shopify	2.34
L'Oréal	2.33
Wise	2.28
Ocado	2.27
Atlas Copco	1.88
PDD Holdings	1.71
TSMC	1.54
Tesla Inc	1.45
Kinnevik	1.37
BioNTech	1.26
M3	1.01
SolarEdge	0.68
Ginkgo Bioworks	0.25
Cash	1.53
<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 International Concentrated Growth Equities Fund are: Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non-U.S. Investment Risk, Non-Diversification Risk and Asia 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. The Fund may have a smaller number of holdings with larger positions in each relative to other mutual funds. Some Asian securities may be less liquid than US or other foreign securities. They can be affected by high inflation, currency fluctuations, political instability and less efficient markets. Many Asian economies are dependent on international trade and only a few industries and can be badly affected by trade barriers. Other Fund risks include: 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, Large-Capitalization 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 Concentrated Growth 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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