

# Baillie Gifford International Concentrated Growth Equities Fund

## Second 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 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	\$85.1m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	20-35
Current Number of Stocks	26
Active Share	95%*
Annual Turnover	15%**
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.

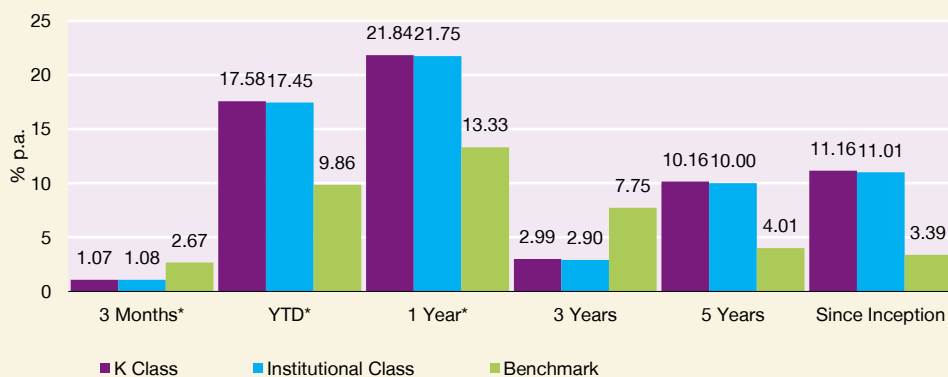
### International Concentrated Growth Portfolio Construction Group

Name	Years' Experience
Spencer Adair*	23
Lawrence Burns*	14
Paulina McPadden	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 [baillieghifford.com/usmutualfunds](http://baillieghifford.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 June 30, 2023



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.*

The MSCI ACWI ex US 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. \*Not annualized.

## Stock Level Attribution

Quarter to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Nvidia	1.69
Delivery Hero AG	1.00
Ferrari NV	0.78
Spotify Technology SA	0.69
Tesla Inc	0.65

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-1.61
Zalando Se	-1.35
Moderna Inc	-1.19
Meituan	-0.76
Kering	-0.74

One Year to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	4.81
Asml	3.76
Nvidia	2.99
Hermes International	2.36
Ferrari NV	2.16

### Bottom Five Contributors

Asset Name	Contribution (%)
Meituan	-3.12
NIO Inc ADR	-1.43
Ocado	-1.24
Moderna Inc	-1.17
M3	-0.90

Five Years to June 30, 2023

### Top Five Contributors

Asset Name	Contribution (%)
Tesla Inc	15.14
Asml	11.95
MercadoLibre	9.23
Nvidia	4.19
Hermes International	3.98

### Bottom Five Contributors

Asset Name	Contribution (%)
Ocado	-4.08
Zalando Se	-3.05
Baidu.com ADR	-2.06
Trip.com Group	-1.35
Illumina	-1.27

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.*

*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

As the strain on global supply chains has receded and US and Eurozone prices have been reverting toward 'normality', it's tempting to think that we may be returning to a state of relative stability. However, the nature and duration of near-term stability cannot be known with any certainty. Hence, we do not attempt to time markets.

We do firmly believe that over the long-term share prices follow growth in earnings and cashflows and that the fund is built from stocks where the potential to deliver growth is underappreciated by the market. Of course, risks remain, and those may become amplified by the US Presidential election cycle or Sino-US relations, but the positive forces of change and innovation driving the long-term growth of the fund are, if anything, accelerating.

## Performance

Against this backdrop, fund returns for the quarter were positive in absolute terms but lagged relatively.

Detractors included MercadoLibre, Zalando, and Moderna. A recent share price dip for MercadoLibre, the leading e-commerce and digital platform in Latin America, appears to be sentiment driven - a case of the market trading out after an outstanding start to the year. MercadoLibre enjoyed a good operational start to 2023, with strong momentum across the business. It surpassed 100 million active users in its ecosystem for the first time ever and delivered Earnings Before Interest and Tax of \$340 million on decent revenue of \$3.0 billion. Gross Merchandise Volume (GMV) growth accelerated, growing 43% year on year to \$9.4 billion, with three major geographies, Argentina, Brazil, and Mexico, delivering stronger trends in items sold and unique buyer numbers.

Zalando is the leading online fashion retailer in Europe. However, European consumers are under pressure and fashion is a discretionary item. Indeed, growth in demand for Zalando's offering remains muted with GMV static in the first quarter of the year. Zalando is working on strategies to better penetrate markets and deepen customer relationships, focusing on local assortment, payment methods, multi-proposition adoption, relaunching its Lounge business, and expanding Plus memberships to additional markets. This could position the company to capture new customers and drive engagement once the market demand returns.

For biotechnology company Moderna, as windfall Covid-19 vaccine revenues roll-off, the market continues to struggle to look beyond Moderna's impressive first act. We have high hopes for its mRNA platform technology and expect

further validation of its value from multiple sources. We look forward to the potential 2024 commercial launch of its investigational RSV vaccine. Management is preparing for six major vaccine launches within its respiratory franchise, with expected annual sales of \$8-15 billion by 2027. Recent updates from the American Society of Clinical Oncology also leaves the door open for accelerated approval of its personalised cancer vaccine, in development with Merck & Co. The deployment of the \$10 billion war chest which Covid-19 revenues have given management will be an important factor going forward. Recent financial performance doesn't offer much insight into future value-creation prospects.

Positive contributors included NVIDIA, Delivery Hero, and Ferrari. NVIDIA, the Graphics Processing Unit (GPU) designer, had an exceptionally strong period in share price terms on the back of markedly good demand and operational progress. The company surpassed expectations in its recent quarterly earnings report. First quarter revenue was \$7.19 billion, up 19% sequentially. Strong growth was driven by record data centre revenue along with emerging gaming and professional visualization platforms. NVIDIA is a beneficiary of the rise in popularity of Artificial Intelligence (AI) software, for which its GPUs, are well-suited and in great demand. NVIDIA has guided further strong growth in the coming year. Recent developments have aligned strongly with our forward-looking hypothesis. We are now reviewing the potential upside from here.

Delivery Hero, the online food delivery platform, posted a first quarter update with revenues up 12% year on year. The company grew strongly in four out of five segments despite a tough environment due to Covid-19 challenges. Excluding Asia, the company saw a growth of 16% year on year in the first quarter of 2023. The growth in Asia suffered due to pandemic reopening effects. However, as of April, Asia turned marginally positive again in local currency terms, largely driven by an upturn in South Korea, where GMV rose more than 3% year on year. Meanwhile, adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) improved by EUR 250 million excluding GMV growth. This took the adjusted EBITDA to GMV margin to -0.1%, indicating decent progress. The strong first quarter performance puts Delivery Hero on track for its long-term ambitions of generating a GMV of more than EUR 200 billion and reaching a 5-8% adjusted EBITDA margin range.

Ferrari reported strong first quarter 2023 results, such as revenues of €1.4 billion (up 20.5% year on year), adjusted EBITDA of €540 million, and industrial free cash flow generation of €270 million. The company's order book extends into 2025, with demand remaining high for their

products. The Ferrari Roma Spider was recently launched, and the company announced the long-awaited reopening of orders for the Purosangue, with deliveries due in 2026. Ferrari's increased focus on hybrid models resulted in 35% of first quarter deliveries being hybrids.

### **Notable transactions**

We added to Adyen, which is a founder-run Dutch payment services provider. It allows businesses to accept non-cash payments seamlessly across currencies and regions. We believe operational progress to date and future expansion into broader financial services for merchants, such as small business lending, is not fully appreciated. We also approve of management's decision to invest for future value creation at the expense of margin today.

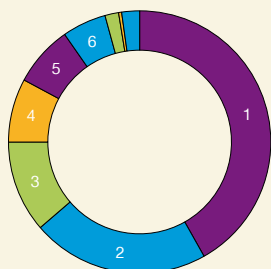
We reduced our holding in Electric Vehicle (EV) company Tesla, in line with our 15% limit on US exposure in the portfolio, and after a very strong share price period. Tesla is also coming under increasing competitive pressure from Chinese EV manufacturers, though we are enthused by the optionality Tesla has in autonomous driving progress. This funded the above Adyen trade.

Transactions from 01 April 2023 to 30 June 2023.

There were no new purchases during the period.

There were no complete sales during the period.

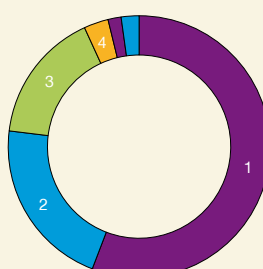
**Sector Analysis (%)**



1	Consumer Discretionary	41.83
2	Information Technology	21.86
3	Health Care	11.31
4	Financials	7.84
5	Communication Services	7.47
6	Consumer Staples	5.43
7	Industrials	1.68
8	Materials	0.38
9	Cash	2.20

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)	55.83
2	Emerging Markets	21.10
3	North America	16.23
4	UK	3.03
5	Developed Asia Pacific	1.62
6	Cash	2.20

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 ASML	13.55
2 MercadoLibre	11.35
3 Adyen	6.61
4 NVIDIA	4.94
5 Ferrari	4.67
6 Delivery Hero	4.60
7 Spotify	4.59
8 Hermès International	4.43
9 Kering	4.40
10 Meituan	3.97

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

**Portfolio Characteristics**

Number of holdings	26
Number of countries	13
Number of sectors	8
Number of industries	17
Active Share	95%*
Annual Turnover	15%**

\*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 23	Companies 8	Companies 2
Resolutions 366	Resolutions 17	Resolutions 2

Our research activities this quarter included further developing our supply chain analysis. Particularly our ability to assess forced labour allegations.

We met with M3's CEO to discuss how he balances the needs of the various stakeholders using their digital health platform. We met with Kering's Group Legal Director to discuss remuneration in light of the Balenciaga incident.

The majority of our holdings' annual general meetings are held in Q2 so our voting team was busy collaborating with the fund managers and the embedded Environmental, Social and Governance (ESG) analyst on contentious meetings.

Company Engagement

Engagement Type	Company
Environmental	NIO Inc., NVIDIA Corporation
Social	Kering SA, M3, Inc., Moderna, Inc., NIO Inc., Tesla, Inc.
Governance	Delivery Hero SE, Illumina, Inc., Kering SA, M3, Inc., Meituan, Moderna, Inc., Tesla, Inc.

Votes Cast in Favour

Companies	Voting Rationale
ASML, Adyen NV, Atlas Copco B, Delivery Hero AG, Ferrari NV, Ginkgo Bioworks Holdings Inc, Hermes International, Illumina, Kering, Kinnevik, L'Oreal, M3, Meituan, MercadoLibre, Moderna Inc, NIO Inc ADR, NVIDIA, Ocado, Shopify 'A', Solaredge Technologies Inc, Tencent, Tesla Inc, Zalando SE	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Hermes International	MIX 04/20/23	22, 24	We opposed two resolutions which sought authority to issue equity because the potential dilution levels are not in the interests of shareholders.
Illumina	AGM 05/25/23	1J-1L	We opposed the election of three dissident nominees to the board as we do not believe they present a compelling alternative to the board's candidates.



Company	Meeting Details	Resolution(s)	Voting Rationale
Illumina	AGM 05/25/23	3	We opposed executive compensation as we did not agree with the decision to make one-off retention grants to named executive officers, in addition to annual variable incentive grants, given recent company performance.
Kering	MIX 04/27/23	4-6	We opposed three resolutions on executive remuneration reports due to concerns with the stretch of ESG performance targets, and lack of downward discretion to reflect the Balenciaga scandal.
Kinnevik	AGM 05/08/23	23	We opposed a shareholder resolution requesting the implementation of a cash dividend as we believe any such decision should sit with the board of directors.
Moderna Inc	Annual 05/03/23	4	We opposed the proposal to commission a third party report into the feasibility of transferring the IP of Moderna's Covid-19 vaccine to companies in low- and middle-income countries. This is a re-file of the same proposal which was on the agenda last year and which we opposed. Little has changed to warrant us changing our view on this. There is little to suggest that there is a supply issue in low- and middle-income countries. Should Moderna license more of its IP, we are confident it would have limited effect on addressing today's Covid vaccine inequalities and it also comes with substantial risks which, we believe, the company has considered appropriately.
Ocado	AGM 05/02/23	2	We opposed the remuneration report due to concerns over the tranche of the VCP and the lowered targets, which we do not find sufficiently stretching.
Tesla Inc	Annual 05/16/23	5	We opposed the shareholder resolution requesting report on Tesla's key-person risk, including identification of key persons and actions to ameliorate the impacts of their potential loss. While Tesla discloses that the company is dependent on CEO, Elon Musk, a report identifying key persons could put them at a severe competitive disadvantage. Further, this level of disclosure is not common practice for other US companies.
<b>Companies</b>			<b>Voting Rationale</b>
Kering, L'Oreal			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
Delivery Hero AG	AGM 06/14/23	19	We abstained on the remuneration policy as we feel the relative TSR metric allows payment for underperformance against the index, which results in a misalignment between management and our clients' outcomes.

Company	Meeting Details	Resolution(s)	Voting Rationale
Solaredge Technologies Inc	Annual 06/01/23	3	We abstained on the advisory resolution approving compensation, as we believe the company could improve in some areas, such as allowing for vesting below median. However, we recognise the positive steps the company has taken generally in 2022 on this matter, so did not feel an oppose was warranted.

**Votes Withheld**

We did not withhold on any resolutions during the period.

## List of Holdings

Asset Name	Fund %
ASML	13.55
MercadoLibre	11.35
Adyen	6.61
NVIDIA	4.94
Ferrari	4.67
Delivery Hero	4.60
Spotify	4.59
Hermès International	4.43
Kering	4.40
Meituan	3.97
Moderna	3.87
Genmab	3.66
Ocado	3.03
Tencent	2.89
Tesla Inc	2.82
Zalando	2.70
L'Oréal	2.41
Illumina	2.16
Shopify	2.06
Alibaba	1.71
Atlas Copco	1.68
M3	1.62
SolarEdge	1.30
Kinnevik	1.24
NIO	1.18
Ginkgo Bioworks	0.38
Cash	2.20
<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. There can be no assurance that the Fund will achieve its investment objective.

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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