Baillie Gifford

International All Cap Q2 investment update

July 2025

Investment manager Joe Faraday gives an update on the ACWI ex US All Cap, EAFE Plus All Cap and Developed EAFE All Cap strategies covering Q2 2025.

Your capital is at risk. Past performance is not a guide to future returns.

Joe Faraday: Welcome to the second quarter update on the International All Cap Strategy. I am Joe Faraday, one of the Strategy's Investment Managers.

To put it mildly, it has been an eventful quarter. The US imposition of tariffs on global trading partners was a shock, creating an air of uncertainty for companies and management teams alike. This uncertainty has only been compounded by the growing concerns about the size of the US fiscal deficit, which has caused volatility in bond markets and driven the US dollar lower.

Despite the news flow, international markets rose strongly, with significant investment flows going towards Europe in particular. The tariff shock has made it clear to many asset allocators that after a stunning period of US outperformance, there are clear merits to international equities. International offers both strengthening long-term growth prospects and attractive valuations.

Now, amidst all the uncertainty, it is tempting to make knee-jerk reactions. Our focus remains consistent. We build a diverse portfolio with a range of growth profiles and invest in companies with strong competitive advantages and management teams with proven capital allocation track records. Some of our portfolio companies have endured many challenging periods over their years if not decades of success, while others have disruptive products and business models defining their markets. In each case, we believe they can not only survive during periods of stress and uncertainty but can emerge stronger from them.

The strategy underperformed over the quarter but did produce a strong absolute return, and when we look at the detractors from performance, we see temporary issues for structurally advantaged businesses. This includes **Bunzl**, a UK-listed but global leader in the distribution of low-cost but high-value products; **LVMH**, the luxury conglomerate behind brands like Louis Vuitton and Dior; and **Sysmex**, one of the world's leading diagnostic equipment manufacturers.

Perhaps unsurprisingly, in the tariff context, stronger performance came from some of our more domestically focused growth companies, like **Jeronimo Martins** in supermarket retail in Poland and Portugal, and **Ryanair**, Europe's leading low-cost airline. At the same time, there were continued strong contributions from our digital platform holdings, with **Spotify**, the music streaming platform, a clear standout.

As I mentioned earlier, we do not make knee-jerk decisions, so turnover this quarter was limited. We are broadly happy with the portfolio's shape. It offers high and durable growth prospects, stronger returns on capital and more resilience than the index. This is the same profile of the two new holdings we took over the quarter, **Alimentation Couche-Tard** for clients with Canada as part of their universe and **Sika**.

Alimentation is the world's most accomplished consolidator in the convenience retail space. Its disciplined, founder-led culture, superior unit economics and proven M&A record should allow it to keep compounding free-cash-flow and earnings at attractive rates for a long time.

Sika is a chemicals company whose admixtures, sealants and membranes sit in the "small cost-big value" sweet spot with pricing power and sticky customer relationships.

Like Alimentation, it grows through organic and inorganic means and has durable growth prospects.

To fund these new holdings, we sold **Murata**, a Japanese electronics components company. **Burberry**, the single-brand luxury goods company best known for its trench coats, and **LY**, a Japanese digital online platform and payments holding company.

Looking ahead, the near-term remains almost hard to predict. From our discussions, company management teams have been less concerned about tariff impacts, for instance, but more concerned about the effects of prolonged uncertainty. This reinforces the value of owning the resilient, structurally advantaged companies in this strategy.

Looking further out, the case for international investing is only getting more attractive. Structural changes in Europe, Japan and across Emerging economies could provide meaningful, enduring tailwinds.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

Valuations remain attractive, with all international regions trading at a discount to the US. For the long-term, growth-focused investor, the opportunity set is only getting richer.

Thank you!

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

International All Cap

Annual past performance to 30 June each year (gross %)

	2021	2022	2023	2024	2025
ACWI ex US All Cap Composite	42.1	-36.0	14.7	3.4	12.7
MSCI ACWI ex US Index	36.3	-19.0	13.3	12.2	18.4
EAFE Plus All Cap Composite	37.6	-35.3	18.6	1.5	10.8
Developed EAFE All Cap Composite	37.5	-35.3	18.7	1.1	10.3
MSCI EAFE Index	32.9	-17.3	19.4	12.1	18.3

Annualised returns to 30 June 2025 (gross %)

	1 year	5 years	10 years
ACWI ex US All Cap Composite	12.7	4.0	5.8
MSCI ACWI ex US Index	18.4	10.7	6.6
EAFE Plus All Cap Composite	10.8	3.5	5.2
Developed EAFE All Cap Composite	10.3	3.3	5.1
MSCI EAFE Index	18.3	11.7	7.0

Annual past performance to 30 June each year (net %)

	2021	2022	2023	2024	2025
ACWI ex US All Cap Composite	41.3	-36.4	14.0	2.8	12.1
MSCI ACWI ex US Index	36.3	-19.0	13.3	12.2	18.4
EAFE Plus All Cap Composite	36.8	-35.7	17.9	0.9	10.2
Developed EAFE All Cap Composite	36.7	-35.7	18.0	0.5	9.6
MSCI EAFE Index	32.9	-17.3	19.4	12.1	18.3

Annualised returns to 30 June 2025 (net %)

	1 year	5 years	10 years
ACWI ex US All Cap Composite	12.1	3.4	5.2
MSCI ACWI ex US Index	18.4	10.7	6.6
EAFE Plus All Cap Composite	10.2	2.9	4.6
Developed EAFE All Cap Composite	9.6	2.7	4.5
MSCI EAFE Index	18.3	11.7	7.0

The International All Cap Strategy comprises three distinct variants. Overall, the variants are broadly similar, with the key difference being the degree of exposure to emerging markets listed holdings. Source: Revolution, MSCI. US dollars. Returns have been calculated by reducing the gross return by the highest annual management fee for the composite. 1 year figures are not annualised.

Past performance is not a guide to future returns.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

Legal notice: MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

Risk factors

This communication was produced and approved in July 2025 and has not been updated subsequently. It represents views held at the time and may not reflect current thinking.

The views expressed should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research, but is classified as advertising under Art 68 of the Financial Services Act ('FinSA') and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

The images used in this communication are for illustrative purposes only.

Important information

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Persons resident or domiciled outside the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Financial intermediaries

This communication is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

Europe

Baillie Gifford Investment Management (Europe) Ltd (BGE) is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. BGE also has regulatory permissions to perform Individual Portfolio Management activities. BGE provides investment management and advisory services to European

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

(excluding UK) segregated clients. BGE has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. BGE is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Hong Kong
Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 license from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Telephone +852 3756 5700.

South Korea
Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Japan
Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Australia
Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a "wholesale client" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this material be made available to a "retail client" within the meaning of section 761G of the Corporations Act.

This material contains general information only. It does not take into account any person's objectives, financial situation or needs.

South Africa
Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North America
Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com

Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited ('BGE') relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Israel

Baillie Gifford Overseas Limited is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This material is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Singapore

Baillie Gifford Asia (Singapore) Private Limited is wholly owned by Baillie Gifford Overseas Limited and is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence to conduct fund management activities for institutional investors and accredited investors in Singapore. Baillie Gifford Overseas Limited, as a foreign related corporation of Baillie Gifford Asia (Singapore) Private Limited, has entered into a cross-border business arrangement with Baillie Gifford Asia (Singapore) Private Limited, and shall be relying upon the exemption under regulation 4 of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 which enables both Baillie Gifford Overseas Limited and Baillie Gifford Asia (Singapore) Private Limited to market the full range of segregated mandate services to institutional investors and accredited investors in Singapore.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com