

BAILLIE GIFFORD

Baillie Gifford Worldwide Emerging Markets All Cap Fund

30 June 2021

Baillie Gifford Update

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 47 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

Fund Facts

Fund Launch Date	04 February 2021
Fund Size	\$127.7m / €107.7m
Index	MSCI Emerging Markets
Active Share	65%
Current number of stocks	66
Stocks (guideline range)	60-100
Fiscal year end	30 September
Structure	Irish UCITS
Base currency	USD

Strategy Details

Inception Date	30 September 1994
AUM	\$19.2bn / €16.2bn

Investment Proposition

The Fund aims to invest in an actively managed portfolio of emerging market stocks. We invest on a long-term (5 year) perspective, and have a strong preference for growing companies, founded on the observation that returns follow earnings over the long-term in Emerging Markets. Many market participants favour the safety of steady predictable growth; we are willing to invest in companies where the outcomes are less certain, but where the potential returns are significant. The portfolio will typically hold between 60-100 stocks.

Emerging Markets Team

Name	Years' Experience
Andrew Stobart	30
Mike Gush*	18
Ben Durrant	9

*Partner

Although we've seen various experts poring over every single release from the Fed in recent weeks, it is hardly a shocking revelation that rates and inflation may be higher in a few years' time and this does little to alter our thinking on the opportunity set. In fact, the simple explanation may be the best – slightly higher inflation, slightly higher rates and good liquidity: this is not a bad combination for growth. Given the already broad positioning of the Fund for a diverse range of growth, it has been a period in which we've not made many changes to the individual positions.

It is worth commenting though, on the operational progress for a number of holdings which have had the biggest influences on performance. As ever, we urge caution in drawing any conclusions whatsoever from short-term share price moves.

Petrobras, the Brazilian oil major, has rebounded strongly after a period of weakness. This was partly due to the new management team committing to no major change in operating strategy – the company will continue to focus on its pre-salt assets and non-core divestments in the way they have been doing successfully already. This is key to our investment case for the longer term. It is also partly due to continuing strong operating results and a supportive oil price, with Brent now above \$70/bbl at the time of writing. Operating highlights have included EBITDA growth of 34 per cent for Q1 2021 and an EBITDA margin of 55 per cent. Debt reduction continues with the company recently having reduced gross debt by \$4.6bn in just a single quarter. Interestingly, the company has recommitted to a number of emissions metrics and targets, which include a reduction of 32 per cent in exploration and production carbon intensity by 2025. This is against a backdrop of growing production (now 2.48m barrels of oil equivalent p/day) and where there has already been a drop in the company's absolute emissions for the last five consecutive years. The business is clearly becoming more efficient, albeit from a lower base than many developed market energy companies.

Elsewhere, we would also pick out CATL, which has reported very strong operating results for the full year 2020, despite clearly difficult operating conditions. Sales compounded growth at 68 per cent annually over the four years to 2019, and although 2020 results have shown a temporary decrease in the rate of growth due to the pandemic, there is good reason to think that similar revenue growth will be achievable over the next five years. Electric vehicle sales in China have been dominated by fully electric vehicles (as opposed to hybrids), which have comprised 80 per cent of new energy vehicle sales over the last five years. The price per kWh for CATL's LFP (lithium phosphate) batteries

has already been reported as low as \$100 at the pack level, with NMC cells (a different chemistry, used by the Korean majors) around 40 per cent higher than this. We expect that this continues to be a volume investment case as cost per kWh continues to fall over the next five years. CATL is also moving into energy chassis technology (i.e. not a separate battery cell but built into the car itself), which could eventually bring prices down further. Longer term, CATL's dominance of LFP technology puts it in a strong position for the future grid-level storage market, which is not being factored into market estimates. The competitive advantage of the company comes from its scale and customer relationships which have been built over time. In some ways, as one of our recent internal reports puts it, there are parallels to TSMC, in that once CATL has reached the massive scale it aims for, it will simply be impossible for a new entrant to compete on unit economics, let alone technical specs.

Less positively, the small position in Brilliance China has been a detractor from performance as a very disappointing series of events have led to the shares being suspended from the HK Exchange. We are awaiting a resolution. The parent company (Huachen) is in financial distress and a wholly owned subsidiary of Brilliance called Shenyang Jinbei has made unauthorised guarantees for \$900m worth of Huachen loans. Brilliance has launched an independent investigation to determine, among other things, whether there are any other unauthorised guarantees and how the current ones occurred. The annual report and results won't be posted until the issue is resolved. We have a number of questions we are trying to seek clarity on, including how long the investigation will take, whether the guarantees are actually enforceable and what controls are being put in place to avoid a repeat incident. Although this is extremely disappointing, importantly we believe BMW remains on track to increase its stake in the BMW Brilliance Joint Venture from 50 per cent to 75 per cent in 2022. It is worth saying that BMW has been performing well operationally in China, with its first quarter sales growing over 100 per cent year-over-year (178,000). The operating profit margin is now over 13 per cent, compared to 10.8 per cent in 2019.

Also among the performance detractors was Kuaishou Technology, the short-form video streaming business. In the near term, it's clear that the shares trade around the results cycle whether the stock beats analyst estimates or not. In the longer term, we do not believe our original investment case has changed. In China, Kuaishou and ByteDance are the two biggest players in the domestic video content market, which is forecast to be worth \$30bn this year. One of the key reasons we like Kuaishou is that it has a very engaged user base. Around

25 per cent of their c.450m domestic monthly active users (MAUs) actually create content, which is higher than Douyin (of Bytedance) at 18 per cent. It is now the third most used app in China by daily time spent and, in Q1 2021, users spent longer on this than on WeChat. It currently claims three per cent of mobile ad revenue in China (2020) and we believe this can increase significantly.

Overall, we see little reason to change our outlook and thus the Fund. It remains positioned for growth and we are encouraged by the variety of sources from which this is to be found. As we near the point of being able to live with Covid, rather than being governed by it, it strikes us that much of the emerging world is exiting this crisis in a relatively healthier state than much of the developed world. There has been less debt accumulation, less economic disruption and many EM central bankers have more levers to pull than remain available to their western counterparts. This is by no means the case everywhere, and as ever, selectivity is key, but the likelihood of usefully positive returns from the Fund over the coming years seems very high to us.

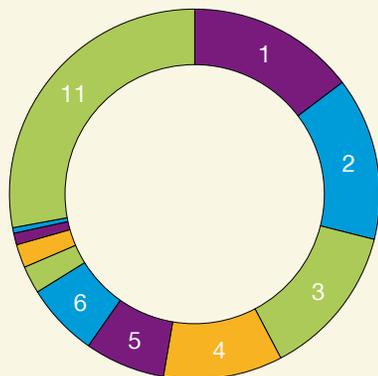
The views expressed are those of Andrew Keiller. They reflect personal opinion and should not be considered as advice or a recommendation to buy, sell or hold a particular investment.

Transactions from 01 April 2021 to 30 June 2021.

There were no new purchases during the period.

There were no complete sales during the period.

Sector Exposure

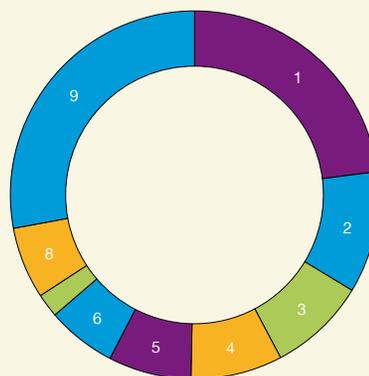


		%
1	Financials	14.7
2	Information Technology	14.2
3	Consumer Discretionary	13.4
4	Materials	10.4
5	Communication Services	7.0
6	Energy	6.4
7	Health Care	2.4
8	Industrials	2.0
9	Consumer Staples	1.0
10	Real Estate	0.5
11	Cash*	27.9

Top Ten Holdings

	Holdings	% of Total Assets
1	TSMC	4.8
2	Petrobras	4.4
3	Tencent	3.7
4	Sberbank	3.6
5	Alibaba	3.4
6	Samsung Electronics	3.4
7	HDFC Bank	2.9
8	Norilsk Nickel	2.8
9	Vale	2.2
10	Reliance Industries	2.0

Geographic Exposure



		%
1	China	23.0
2	Brazil	10.7
3	India	8.6
4	South Korea	8.1
5	Russia	7.3
6	Taiwan	6.1
7	Mexico	2.1
8	Others	6.3
9	Cash*	27.9

*At 30 June, the portfolio included a cash balance of 27.9%. This is not a typical cash balance and was the result of a cash flow. Typically, the portfolio will be fully invested with cash only for transactional purposes, which has tended to be <2% of the portfolio.

Portfolio Characteristics

	Fund
Number of geographical locations	14
Number of sectors	10
Number of industries	27

Source: UBS, MSCI.
We have provided these characteristics for information purposes only. In particular, we do not think index relative metrics are suitable measures of risk.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	34	Companies	8	Companies	6
Resolutions	492	Resolutions	19	Resolutions	33

The growth investor's focus on potential, opportunity and growth are often lacking in environmental, social and governance (ESG) investing

Growth ESG investing should use bottom-up analysis to discover the ESG laggards with the potential to grow into champions

This is more so the case in Emerging Markets where the same potential for convergence that drives broader EM investing exists in the ESG space

Company Engagement

Engagement Type	Company
Environmental/Social	Alibaba Group Holding Limited, Copa Holdings, S.A., PT Bank Rakyat Indonesia (Persero) Tbk
AGM or EGM Proposals	Allegro.eu, Haier Smart Home Co., Ltd., Lundin Mining Corporation, Public Joint Stock Company Magnit, Sberbank of Russia

Asset Name	Fund %	Asset Name	Fund %
TSMC	4.8	Allegro	0.5
Petrobras	4.4	Shenzhou International	0.5
Tencent	3.7	Kuaishou Technology	0.5
Sberbank	3.6	KE Holdings	0.5
Alibaba	3.4	NAVER Corp	0.5
Samsung Electronics	3.4	Walmex	0.5
HDFC Bank	2.9	Dada Nexus	0.4
Norilsk Nickel	2.8	HUYA	0.4
Vale	2.2	Haier Smart Home	0.4
Reliance Industries	2.0	Magnit	0.4
MercadoLibre	1.9	KGHM Polska Miedz	0.3
Infosys	1.9	StoneCo	0.3
First Quantum Minerals	1.8	Coupang	0.3
Meituan	1.4	Doosan Bobcat	0.3
Ping An Insurance	1.3	Minth Group	0.3
Mediatek	1.3	Midea	0.3
China Merchants Bank	1.3	Zijin Mining	0.2
Zai Lab	1.3	Siam Commercial Bank	0.2
SEA Limited	1.2	Yatsen	0.2
ICICI Bank	1.2	Brilliance China Automotive	0.1
Banco Bradesco	1.2	Kingdee International Software	0.1
CATL	1.1	Cash*	27.9
Lundin Mining	1.1	Total	100.0
LG Chemical	1.0	Total may not sum due to rounding.	
Samsung SDI	1.0	Please note the fund information contained within this document is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.	
Cemex	0.9	*At 30 June, the portfolio included a cash balance of 27.9%. This is not a typical cash balance and was the result of a cash flow. Typically, the portfolio will be fully invested with cash only for transactional purposes, which has tended to be <2% of the portfolio.	
Hyundai Motor Company	0.9		
Kingsoft Cloud	0.8		
Tencent Music Entertainment Group	0.7		
Grupo Financiero Banorte	0.7		
SK Hynix	0.7		
Li Ning	0.6		
Copa Holdings	0.6		
B3	0.6		
Lufax Holding	0.6		
Geely Automobile	0.6		
BeiGene	0.6		
Ozon Holdings	0.6		
Mahindra & Mahindra	0.6		
Ping An Bank	0.5		
Bank Rakyat Indonesia	0.5		
Burning Rock Biotech	0.5		
JD.com	0.5		

Active Share Classes

Share Class	Share Class Inception Date	ISIN	Bloomberg	SEDOL	WKN	Valoren	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B USD Acc	04 February 2021	IE00BDCY2719	BAGEBUA	BDCY271	A2PX11	54860156	0.36	0.51
Class B EUR Acc	04 February 2021	IE00BDCY2933	BAGEBEA	BDCY293	A2PX13	54860155	0.36	0.51

Share classes in other currencies and currency hedged share classes are available on request. For a full list of available share classes, please see the prospectus. Please note that the management fee of the B share classes is at a reduced rate as specified in the Prospectus, for a limited period of time. Please refer to the Prospectus and Key Investor Information Document for further details. Until the expiry of this offer, the ongoing charges are also reduced.

Awards and Ratings



Pan-European Morningstar Awards for Investing Excellence 2020 - Morningstar presents the Outstanding Investment House Award to an asset manager that has shown an unwavering focus on serving the best interests of investors. © 2020 Morningstar, Inc. All rights reserved.

Additional Information

The Fund is a sub-fund of Baillie Gifford Worldwide Funds PLC which is an established umbrella fund. Its Investment Manager and Distributor is Baillie Gifford Investment Management (Europe) Limited ("BGE").

This document does not provide you with all the facts that you need to make an informed decision about investing in the Fund. Further details of the risks associated with investing in the Fund can be found in the Key Investor Information Document, copies of which are available at bailliegifford.com, or the Prospectus which is available by calling the appropriate contact below. Both the Key Investor Information Document and the Prospectus are available in the English language. Nothing in the document should be construed as advice and it is therefore not a recommendation to buy or sell shares.

The Fund's share price can be volatile due to movements in the prices of the underlying holdings and the basis on which the Fund is priced. The ongoing charges figure is based on actual expenses for the latest financial period. Where the share class has been launched during the financial period and / or expenses during the period are not representative, an estimate of expenses may have been used instead. It may vary from year to year. It excludes the costs of buying and selling assets for the Fund although custodian transaction costs are included. Where a share class has not been seeded an estimate of expenses has been used.

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. It is classified as advertising in Switzerland under Art 68 of the Financial Services Act ("FinSA").

This document is issued by Baillie Gifford Overseas Limited ("BGO") which provides investment management and advisory services to non-UK clients. BGO is wholly owned by Baillie Gifford & Co. Both are authorised and regulated in the UK by the Financial Conduct Authority which differ from Australian laws. BGO is registered with the SEC in the United States of America, and is licensed with the Financial Sector Conduct Authority in South Africa as a Financial Services Provider. The Fund is authorised in Ireland and regulated by the Central Bank of Ireland.

BGE provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018 and is authorised by the Central Bank of Ireland. Through its MiFID passport, it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Similarly, it has established Baillie Gifford Investment Management (Europe) Limited (Amsterdam Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in The Netherlands. Baillie Gifford Investment Management (Europe) Limited also has a representative office in Zurich, Switzerland pursuant to Art. 58 of the Federal Act on Financial Institutions ("FinIA"). It does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited. It is the intention to ask for the authorisation by the Swiss Financial Market Supervisory Authority (FINMA) to maintain this representative office of a foreign asset manager of collective assets in Switzerland pursuant to the applicable transitional provisions of FinIA.

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 ("BGA") holds a Type 1 and a Type 2 licence from the Securities and 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 International LLC was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which BGO provides client service and marketing functions in North America.

Baillie Gifford International LLC, BGE and BGA are a wholly owned subsidiaries of Baillie Gifford Overseas Limited.

All information is sourced from Baillie Gifford & Co. All amounts in share

class currency and as at the date of the document unless otherwise stated.

Awards and Ratings

Morningstar Awards 2020(c). Morningstar, Inc. All Rights Reserved. Awarded to Baillie Gifford for Outstanding Investment House, Europe.

How to Deal

To deal please contact your representative below or alternatively you can contact Brown Brothers Harriman direct by phone or post.

Tel Dublin: +353 1 241 7156

Tel Hong Kong: +852 3971 7156

Fax Dublin: +353 1 241 7157

Fax Hong Kong: +852 3971 7157

Address:

Brown Brothers Harriman Fund Administration Services (Ireland) Limited

30 Herbert Street, Dublin 2, D02 W329, Ireland

Further information about the Fund can also be obtained from locally appointed agents, details of which are available from the country specific pages at bailliegifford.com.

Target Market

This Fund is suitable for all investors seeking a Fund that aims to deliver capital growth over a long-term investment horizon. The investor should be prepared to bear losses. This Fund is compatible for mass market distribution. This Fund may not be suitable for investors who are concerned about short-term volatility and performance, seeking a regular source of income and investing for less than five years. This Fund does not offer capital protection.

Legal Notices

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information 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. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

Additional Geographical Location Information

Australia: In Australia this material is provided on the basis that you are a wholesale client as defined within s761G of the Corporations Act 2001 (Cth). Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth). It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 (Cth) in respect of these financial services provided to Australian wholesale clients.

Belgium: In Belgium the Fund has not been and will not be registered with the Belgian Financial Services and Markets Authority (the FSMA) as a undertaking for collective investment in transferable securities under Title II of the law of 3 August 2012 regarding collective investment undertakings that comply with the conditions of Directive 2009/65/EC and the undertakings for the investment in receivables (the UCITS Law).

Canada: BGO 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.

Chile: In Chile (i) La presente oferta se acoge a la Norma de Carácter General N° 336 de la Comisión para el Mercado Financiero (CMF) de Chile.

(ii) La presente oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la Comisión para el Mercado Financiero, por lo que los valores sobre los cuales ésta versa, no están sujetos a su fiscalización;

(iii) Que por tratarse de valores no inscritos, no existe la obligación por parte del emisor de entregar en Chile información pública respecto de estos valores; y

(iv) Estos valores no podrán ser objeto de oferta pública mientras no sean inscritos en el Registro de Valores correspondiente.

Denmark: The Danish Financial Supervisory Authority has received proper notification of the marketing of units or shares in the Fund to investors in Denmark in accordance with the Danish Investment Associations Act and the executive orders issued pursuant thereto.

Isle of Man: In the Isle of Man the Fund is not subject to any form of regulation or approval in the Isle of Man. This document has not been registered or approved for distribution in the Isle of Man and may only be distributed in or into the Isle of Man by a person permitted under Isle of Man law to do so and in accordance with the Isle of Man Collective Investment Schemes Act 2008 and regulations made thereunder. BGE is not regulated or licensed by the Isle of Man Financial Services Authority and does not carry on business in the Isle of Man.

Jersey: In Jersey consent under the Control of Borrowing (Jersey) Order 1958 (the "COBO Order") has not been obtained for the circulation of this document.

Peru: In Peru the shares have not been registered before the Superintendencia del Mercado de Valores (SVM) and are being placed by means of a private offer. SVM has not reviewed the information provided to the investor.

Singapore: In Singapore the Fund is on the Monetary Authority of Singapore's List of Restricted schemes. This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this information memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares in the Fund may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 304 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

South Korea: In South Korea Baillie Gifford Overseas Limited is registered with the Financial Services Commission as a cross-border foreign Discretionary Investment Manager & Non-Discretionary Investment Adviser.

Spain: In Spain BAILLIE GIFFORD WORLDWIDE FUNDS PLC is registered with the Securities Market Commission under official registration number 1707.

Switzerland: In Switzerland the Fund is compliant with Swiss law for distribution to qualified investors in or from Switzerland. The Fund is domiciled in Ireland and has not been licensed by the Swiss Financial Market Supervisory Authority (FINMA) for distribution to non-qualified investors. This document may only be issued, circulated or distributed so as not to constitute an offering to the general public in Switzerland. Recipients of the document in Switzerland should not pass it on to anyone without first consulting their legal or other appropriate professional adviser, or the Swiss representative.