

BAILLIE GIFFORD

Baillie Gifford Worldwide UK Equity Alpha 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

Investment Proposition

The Fund adopts a long-term, low turnover investment approach and aims to hold higher quality, growth companies which are principally listed in the UK and are capable of growing their profits and cashflows faster than the market average. We are able to invest in large, medium and small capitalisation companies, constructing a concentrated portfolio of our best ideas, typically in the range of 30-40 holdings, which is highly differentiated from the benchmark, the FTSE All-Share Index.

Fund Facts

Fund Launch Date	29 October 2020
Fund Size	\$79.6m / €67.1m
Index	FTSE All-Share Index
Active Share	87%
Current number of stocks	33
Stocks (guideline range)	30-40
Fiscal year end	30 September
Structure	Irish UCITS
Base currency	GBP

UK Team

Name	Years' Experience
Gerard Callahan*	30

*Partner

Strategy Details

Inception Date	30 July 2020
AUM	\$2.0bn / €1.7bn

Our genuinely active approach to stock picking allows us to invest in a small collection of very carefully selected, world-class British businesses and we remain excited about the long-term growth prospects of the companies held in this fund. As long term investors, we look to buy and hold companies for at least five years, and do not trade in and out on a short term basis. Given that the Fund is measured against the FTSE All-Share Index we would urge you, where possible, to refer to periods of five years or more when judging investment performance as three months is far too short a period to infer anything meaningful.

That said 2021 has undoubtedly got off to a difficult start. It is important – behaviourally and in other ways – not to get too euphoric when short term performance is good, nor too depressed when it is bad. Bouts of both are inevitable given our active, long-term growth style. Nevertheless, it is always uncomfortable when the bad bits come. Our response is to stick to analysing the operating performance of the holdings in your portfolio, as we think this will be dominant influence on long-term returns, rather than the share price gyrations which we can neither control nor predict. And, as it happens, with a couple of notable exceptions, nothing has gone terribly wrong with any of the portfolio holdings during this brief period.

Companies that did well over the three months include the online property portal, Rightmove; AutoTrader, the online platform for second-hand cars which has reported record levels of buyers turning to the website to help with their next car purchase, and a roll-out of a number of new initiatives including the launch of guaranteed part-exchange (GPX); and Oxford Instruments which supplies a range of high-tech tools for the scientific research community. Strong demand from China, and the recent acquisition of a German microscopy imaging solutions provider, WITec, have helped drive the recent share price performance.

Amongst the laggards, two holdings worth commenting on are Trainline and Renishaw. In the case of Trainline, an online train and coach ticketing platform operating predominantly in the UK, the long awaited publication of the 'Williams Review' on May 20th, which looks at the structure of the rail industry and how passenger rail services are delivered, led to some extreme volatility in the share price. Whilst much of the content had been leaked, what seems to have spooked the market was the news that a new central body, Great British Railways (GBR) will build its own App/website which could compete directly with Trainline. The counter argument to that quite extreme interpretation is that the new GBR system is still at least four to five years away and comes with huge execution risk. Given that Trainline already sells around 70% of all e-tickets through its own highly regarded app and will continue to build on this over the next several years, the future may not look quite so bleak. Moreover, it is likely that there will be private sector involvement/outsourcing of the operation and that Trainline would be involved in these discussions. So whilst the Williams Review has undoubtedly resulted in some uncertainty, and it continues to be a live discussion, we believe that it would be far too extreme to dismiss Trainline as being redundant on a five year view.

Renishaw is a UK engineer specialising in niche areas of metrology. At the end of March, the two octogenarian founders

of the business (and still the executive Chair and deputy Chair) announced they had put their majority personal stake in the business up for sale. This came as both a surprise and a great disappointment to us as the management team at Renishaw has created significant value for shareholders over many years. Also, due to the way this sale was being approached, there was no clear timeline so once again, it was uncertainty that weighed heavily on the share price. Since the end of this three month period in review, it has been announced that a buyer is no longer being sought and the founders will look for an alternative solution.

Finally, having been a top performer in Q1, HomeServe, the home insurance and repairs business struggled to shrug off a weaker than expected trading update from its relatively mature UK business. Despite the market reaction, we remain very enthusiastic about the solid operational progress being made in its North American business, which we see as the dominant growth driver for future returns and is already its biggest contributor to revenues and profits.

This is a diversified, albeit concentrated portfolio of what we firmly believe to be some very interesting and exciting UK growth stocks. It is very different to the FTSE All Share Index, with an active share of 87% which means that from time to time, performance may deviate quite markedly from the index. Overall, the first half of this year has been a tricky period for us, even though operational progress, with the noted exceptions, has been quite satisfactory. Our active investment style and preference for growth companies means that this will happen from time to time. We remain confident however that your portfolio is populated with some great businesses, well positioned to emerge strongly from the pandemic and with the potential to deliver superior growth for many years to come. If these businesses continue to execute successfully, then attractive long-term returns will follow.

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

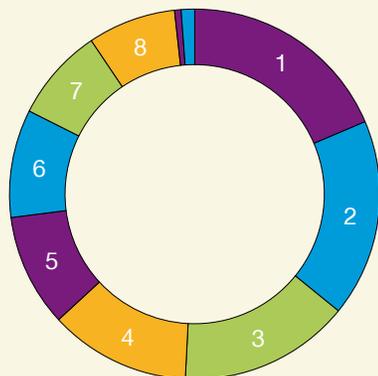
Transactions from 01 April 2021 to 30 June 2021.

New Purchases

Stock Name	Transaction Rationale
Baltic Classifieds Group	<p>Baltic Classifieds Group (BCG) is an online classifieds group operating in the Baltics - mainly Lithuania and Estonia. The business has listed in London due, in part, to some board and management team connections with Rightmove and Autotrader, two well established and developed classifieds businesses in the UK. Although the Baltics is not large (population around six million), BCG is the dominant online advertising portal in important categories such as property and car sales. It also has a popular generalist site. We think this position of dominant incumbency is the secret to any successful classifieds business. The so-called 'network effects' mean that sellers want to come to where all the buyers are, whilst buyers will naturally go to where most of the sellers are. Once established, that strong competitive position is very difficult to break down, even though in theory, the barriers to entry for newcomers are low. Because its advertising rates start at very low levels compared to most other developed classifieds businesses, we think that BCG has the potential to deliver attractive revenue growth for many years, whilst the financial traits of the business - such as margins and returns - are also very striking.</p>

There were no complete sales during the period.

Sector Exposure



	%
1 Industrials	18.6
2 Financials	17.3
3 Consumer Discretionary	14.9
4 Technology	12.3
5 Health Care	9.8
6 Consumer Staples	9.4
7 Real Estate	8.2
8 Basic Materials	7.7
9 Energy	0.6
10 Cash	1.2

Top Ten Holdings

	Holdings	% of Total Assets
1	Rightmove	8.2
2	Auto Trader	6.3
3	Ocado	6.3
4	Aveva	6.0
5	Renishaw	4.5
6	Abcam	4.0
7	Hargreaves Lansdown	3.9
8	ASOS	3.7
9	HomeServe	3.6
10	Genus	3.4

Portfolio Characteristics

	Fund
Number of geographical locations	1
Number of sectors	9
Number of industries	20

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	13	Companies	3	Companies	None
Resolutions	279	Resolutions	4	Resolutions	None

In 1948, the United Nations Universal Declaration of Human Rights was the first rights declaration that explicitly applied to everyone, regardless of race, gender, economic circumstance and beliefs. It is as relevant as ever today

We engage with our holdings on business and human rights issues, encouraging management teams to understand the growing expectations on their businesses and support the protection of human rights within their sphere of influence

A lot of work is discretely going into improving human rights standards across international business and supply chains, much taking place under initiatives such as the UN Global Compact, to which we are a long-standing signatory

Company Engagement

Engagement Type	Company
Corporate Governance	Hargreaves Lansdown plc, HomeServe plc, Trainline Plc
Environmental/Social	Hargreaves Lansdown plc
AGM or EGM Proposals	Abcam plc, Keller Group plc, PureTech Health plc, Rightmove plc, The Weir Group PLC
Executive Remuneration	Abcam plc, Hargreaves Lansdown plc

Asset Name	Fund %
Rightmove	8.2
Auto Trader	6.3
Ocado	6.3
Aveva	6.0
Renishaw	4.5
Abcam	4.0
Hargreaves Lansdown	3.9
ASOS	3.7
HomeServe	3.6
Genus	3.4
Trainline	3.3
Diageo	3.2
Schroders Nv.	3.2
Johnson Matthey	3.0
Rio Tinto	3.0
Experian	3.0
Games Workshop	3.0
Oxford Instruments	2.8
Rathbone Brothers	2.8
Intertek	2.5
Burberry	2.5
PureTech Health	2.5
Weir	1.9
Standard Chartered	1.9
BHP Group	1.7
Spectris	1.5
Keller	1.3
Baltic Classifieds	1.3
On The Beach	1.2
IP Group	1.1
Aggreko	1.0
AJ Bell	0.9
Wood Group	0.6
Cash	1.2
Total	100.0

Total may not sum due to rounding.

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Active Share Classes

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Share Class	Share Class Inception Date	ISIN	Bloomberg	SEDOL	WKN	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B GBP Acc	29 October 2020	IE00BN715B21	BGUKABG ID	BN715B2	A2QGQM	0.28	0.43
Class B USD Acc	29 October 2020	IE00BN715D45	BAUKABU ID	BN715D4	A2QGQP	0.28	0.43
Class B EUR Acc	29 October 2020	IE00BN715C38	BAUKABE ID	BN715C3	A2QGQN	0.28	0.43

Our Worldwide funds allow us to offer multi-currency share classes. Share classes can be created on request. Please note that the management fee of the B Acc share class 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



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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.

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

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

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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.

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(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.

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