

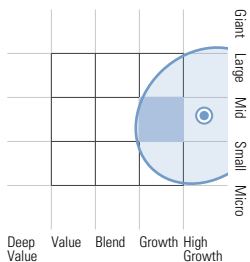
# Baillie Gifford Worldwide Discovery Fund B EUR Acc

## IE00BD09K309

**Morningstar Analyst Rating**  
 Silver  
 21 Apr 2020  
 16:08, UTC-0500

<b>Morningstar Category</b> Global Small/Mid-Cap Equity	<b>Category Index</b> MSCI ACWI SMID NR USD	<b>Total Assets</b> 618.55 Mil EUR	<b>Current Yield %</b> —	<b>Inception Date</b> 06/09/17	<b>Domicile/Currency</b> IRL/EUR	<b>Morningstar Rating</b> ★★★★★
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### Equity Style Map



### People

Douglas Brodie 09/17  
 Total Named Managers 1

### Morningstar Pillars

Process ● Above Average  
 Performance ○  
 People ● Above Average  
 Parent ● High  
 Price ○

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Performance 31/03/21		
											Growth of 10,000 Annualized	Value EUR	Ret %
											Fund	26,080	30.80
											Category	14,975	11.98
											Index	14,776	11.57
											▼ Full Manager Change ▽ Partial Manager Change Morningstar Rating ★★★★★ ★★★★ ★★★ ★★ ★		
											Quartile Rank in Category		
											Percentile Rank in Category		
											Total Return EUR		
											+/- Category		
											+/- Index		
											<b>Process</b>		
											Equity Style Box		
											Asset Allocation ● Stock ● Bond ● Cash ● Other		
											Equity Supersectors 📈 Cyclical 📉 Sensitive ➡ Defensive		
											<b>Price</b> TER/OGC		

### Analyst View

Fatima Khizou, Analyst

## An excellent differentiated global small-cap offering.

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### Morningstar Analyst Rating

Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

### Analyst Rating Spectrum

Gold Silver Bronze Neutral Negative

The Morningstar Analyst Rating for Funds is a forward-looking analysis of a fund. Morningstar has identified five key areas crucial to predicting the future success of a fund: People, Parent, Process, Performance, and Price. The pillars are used in determining the Morningstar Analyst Rating for a fund. Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). Neutral represents funds in which our analysts don't have a strong positive or negative conviction over the long term (defined as a full market cycle or at least five years) and Negative represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance over the long term (defined as a full market cycle or at least five years). Past performance of a security may or may not be sustained in future and is no indication of future performance. For detailed information about the Morningstar Analyst Rating for Funds, please visit <http://global.morningstar.com/managerdisclosures>

21 Apr, 2020 | The strategy's experienced manager and broad in-house resources, together with a unique approach, continue to support a Morningstar Analyst Rating of Silver for the B USD Acc share class. Ratings for other share classes range from Bronze to Silver.

The global discovery team of seven was established in 2009. It seeks to identify immature, ambitious, and entrepreneurial companies that are looking to scale up their operations on a global level. These firms typically offer solutions that larger companies are failing to address, and if successful, can offer investors asymmetric returns as they take market share and disrupt incumbent operators. The team actively leverages Baillie Gifford's wider resources in order to broaden awareness across industry trends. This cooperation helps provide advanced warning of disruptors and new market participants likely to impact industry incumbents. The sense of collaboration is reflected in the fact that over half the stocks held here are also held across other portfolios at the firm.

The process is differentiated and bottom-up in nature, focusing on immature firms with a market cap of typically, but not always, less than USD 10 billion. Potential ideas are primarily un-

earthed through internal discussion, company meetings, and trade shows. The focus on disruption and innovation means that technology and healthcare names form a substantial element of the portfolio, while energy and basic materials stocks feature sparingly. In addition, given where they are in their evolutionary development, around one third of the portfolio is in companies that are not yet making a profit. The resultant portfolio is typical of many at Baillie Gifford in that it is benchmark-unaware (98.7% active share relative to the S&P Global Small-Cap Index as of January 2020). The strategy is unapologetically "growth" in style and is substantially more expensive when compared with the index in terms of price/earnings, price/book, and price/free cash flow but with substantially greater forecast sales growth.

Results under Douglas Brodie's watch have been excellent relative to the MSCI ACWI Small Index and typical peer, both in absolute and risk-adjusted terms. Similar success has been seen from the UK domiciled Baillie Gifford Global Discovery over a longer time period. This offering was soft closed at the start of March 2020, but the UK-domiciled version remains open.

# Baillie Gifford Worldwide Discovery Fund B EUR Acc

## IE00BD09K309

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 Silver  
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 16:08, UTC-0500

### Process: Approach

**Morningstar Category**  
Global Small/Mid-Cap Equity

**Category Index**  
MSCI ACWI SMID NR USD

**Index Proxy**  
—

**The strategy's differentiated philosophy and approach warrant an Above Average rating.**

**Process Pillar** ● Above Average

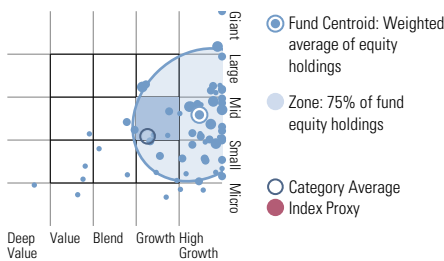
21 Apr, 2020 | The strategy's approach is based on the premise that long-term, patient investment delivers higher-than-average returns over the long haul. The team takes a five-year view when looking at companies and targets immature but innovative businesses with significant potential for structural growth. The focus is on compan-

ies whose market cap is between \$100 million and \$10 billion, giving an investable universe of some 15,000 companies globally of sufficient size and liquidity. The team does not seek to cover this entire universe; instead, it focuses on sectors and areas of the market that are deemed attractive. The aim is to home in on firms in the early stage of their life that are offering solutions yet to be addressed by larger companies or the wider market. These established entities tend not to have the mindset of a small company, are likely to be sole operators in their end-markets, and are very

early-stage disruptors within an industry. Position sizing reflects the immaturity spectrum varying between 0.5% and 2.5% but can be run above 5%, which will trigger a review. The initial cut-off is companies with a market cap that is sub-\$10 billion at time of purchase, although there is no requirement to sell any holding simply because of it breaching that \$10 billion level. The portfolio is largely unconstrained, other than broad portfolio risk parameters: a minimum of six countries and 10 industries.

### Equity Style 31/01/21

#### Holdings-Based Style Map



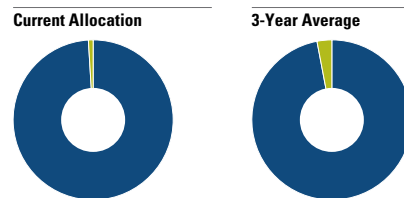
#### Equity Style Box Factors

Market Cap	Fund	3-Yr Avg	Category	Proxy
Giant/Large	30.3	15.2	5.8	—
Mid	41.3	56.4	49.4	—
Small/Micro	28.4	28.3	44.9	—
Avg Market Cap Bil EUR	12.0	6.3	4.9	—

Value Measures	Fund	3-Yr Avg	Category	Proxy
Price/Prospect. Earnings	99.2	59.7	21.8	—
Price/Book	8.4	6.1	2.7	—
Price/Sales	8.8	5.8	1.8	—
Price/Cash Flow	36.4	35.2	8.5	—
Dividend Yield	0.1	0.2	1.0	—

Growth Measures	Fund	3-Yr Avg	Category	Proxy
Long-Term Earnings %	14.5	16.6	11.2	—
Historical Earnings %	14.7	10.5	-3.6	—
Sales %	15.9	17.6	-4.7	—
Cash Flow %	36.6	11.1	19.5	—
Book-Value %	14.1	9.8	1.4	—

### Asset Allocation 31/01/21



Net Assets %	Fund	3-Yr Avg	Category	Proxy
Equity	99.0	97.0	98.0	—
Fixed Income	0.0	0.0	0.0	—
Cash	1.0	3.0	1.8	—
Other	0.0	0.0	0.1	—

### Regional Exposure 31/01/21

Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	91.4	94.6	98.1	—
Emerging	8.6	5.4	1.9	—

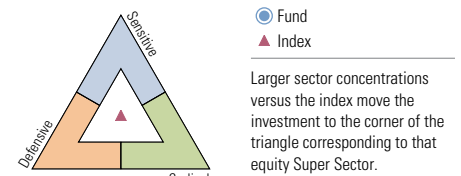
Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
United States	67.4	64.0	56.6	—
United Kingdom	11.3	12.2	8.9	—
China	5.9	3.5	1.2	—
Japan	4.1	6.0	9.2	—
Brazil	2.6	1.9	0.3	—

### Key Ratios 31/01/21

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	-3.2	0.7	6.5	—
ROA %	-3.5	-3.2	2.6	—
Debt/Total Capital %	28.2	30.1	35.8	—
ROE %	-7.9	-3.8	7.2	—

### Sectors 31/01/21

#### Sector Delta




Equity Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>41.2</b>	<b>40.8</b>	<b>20.7</b>	—
Consumer Defensive	10.5	9.4	5.5	—
Healthcare	30.7	31.4	14.0	—
Utilities	0.0	0.0	1.2	—
<b>Sensitive</b>	<b>40.2</b>	<b>35.1</b>	<b>44.6</b>	—
Communication Serv.	5.8	2.4	4.1	—
Energy	0.0	0.0	2.4	—
Industrials	5.8	3.8	19.2	—
Technology	28.7	28.8	19.0	—
<b>Cyclical</b>	<b>18.6</b>	<b>24.1</b>	<b>34.7</b>	—
Basic Materials	0.4	0.7	4.9	—
Consumer Cyclical	10.2	11.1	13.7	—
Financial Services	8.1	10.7	10.6	—
Real Estate	0.0	1.7	5.5	—

### Economic Moat 31/01/21

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	7.2	6.1	13.9	—
Narrow Moat	28.9	20.3	46.1	—
No Moat	63.9	73.5	40.0	—
Coverage Ratio	35.9	29.6	23.3	—

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### Process: Portfolio

**Morningstar Category**  
Global Small/Mid-Cap  
Equity

**Category Index**  
MSCI ACWI SMID NR  
USD


**Index Proxy**  
—

### A portfolio dominated by healthcare- and technology-related companies.

assets at the end of February 2020. However, within each segment there is a high degree of diversification.

large evolving market such as gene editing, microbiome-based therapeutics, and smart labels; pre-existing profit pools under attack by better or cheaper alternatives like electric vehicles, 3D printing, and online grocery; and in the connected digital age “data ownership” can create barriers to entry such as animal breeding and genomics.

#### Process Pillar

 Above Average

21 Apr, 2020 | The manager constructs a portfolio of 60-70 stocks. The focus on vast addressable markets and nascent disruptors to incumbents naturally make technology and healthcare obvious areas for investment. The portfolio is substantially more exposed to these sectors than typical peers and the index; comprising over 61% of

At the time of the review in March 2020, themes at play in the portfolio included the application of technology to automate and speed up traditionally manual processes such as medical imaging, drones, inspection, and manufacturing; novel problem-solving solutions to multiple applications that can be applied in many directions like antibody, therapeutics, gene silencing, and bond trading platforms; emerging companies in a

Given the manager’s focus on innovative firms, the portfolio looks expensive on key metrics. As of February 2020, the strategy’s trailing price/earnings, and price/book were more than triple of those the MSCI ACWI Small Index.

### Similarity to Index Proxy 31/01/21

Index Proxy Overlap	Number of Equity Holdings	Largest Common Holdings	Fund %	Proxy %	Largest Distinct Holdings	Fund %
	Fund					
	Index Proxy					
	Fund Overlap With Index Proxy					
	Holdings Overlap					
	Asset Overlap					

### Portfolio Holdings 31/01/21

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
31/12/20	74	0	4	39%	—

Top 10 Equity Holdings	Country	Assets % 31/01/21	Assets % 31/12/20	Proxy % 31/01/21	First Bought	Days Trading	Economic Moat	Sector	1-Yr Total Ret %
⊕ Ocado Group PLC	GBR	7.33	6.24	—	09/17	<1	No	Consumer Defensive	73.28
⊖ Tesla Inc	USA	4.77	7.63	—	09/17	<1	Narrow	Consumer Cyclical	495.02
⊕ Appian Corp A	USA	4.10	3.19	—	03/19	<1		Technology	208.53
⊕ Teladoc Health Inc	USA	3.74	2.90	—	09/17	<1	No	Healthcare	9.46
⊕ MarketAxess Holdings Inc	USA	3.72	4.10	—	09/17	<1		Financial Services	40.47
⊕ Zillow Group Inc C	USA	3.51	3.65	—	09/17	<1	No	Communication Serv.	236.01
⊕ Alnylam Pharmaceuticals Inc	USA	3.42	3.02	—	09/17	<1	No	Healthcare	21.10
⊕ Chegg Inc	USA	3.03	3.00	—	10/17	<1		Consumer Defensive	123.51
⊕ Zai Lab Ltd ADR Repr 1 Shs	CHN	2.78	2.46	—	06/19	<1		Healthcare	141.98
⊕ LendingTree Inc	USA	2.67	2.34	—	09/17	<1		Financial Services	8.43

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✨ New

New Holdings Largest Purchases	% Assets	Sector	Eliminated Holdings Largest Sales	% Assets	Sector	Largest Position Changes	Current %	Prior %
JFrog Ltd Ordinary Shares	0.61	Technology	DexCom Inc	0.52	Healthcare	⊕ Ocado Group PLC	7.33	6.24
Freee KK Ordinary Shares	0.56	Technology	Digital Garage Inc	0.40	Technology	⊖ Tesla Inc	4.77	7.63
Cardlytics Inc	0.46	Technology	National Instruments Corp	0.27	Technology	⊕ Teladoc Health Inc	3.74	2.90
						✨ JFrog Ltd Ordinary Shares	0.61	0.00
						✨ Freee KK Ordinary Shares	0.56	0.00

# Baillie Gifford Worldwide Discovery Fund B EUR Acc

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### Performance

**Morningstar Category**  
Global Small/Mid-Cap Equity

**Category Index**  
MSCI ACWI SMID NR USD

#### Excellent returns in both absolute and risk-adjusted terms.

#### Performance Pillar

21 Apr, 2020 | Since its September 2017 launch through March 2020, the B USD Acc share class beat the MSCI ACWI Small Index and average peer by a wide margin. Its risk-adjusted return was also strong: the Sharpe ratio of 0.47 was firmly ahead of those of both comparators during the same period. This outcome is further supported

by a longer track record on the OEIC version—Baillie Gifford Global Discovery—which Douglas Brodie has managed since May 2011. Since then through March 2020, results were excellent on an absolute and risk-adjusted basis.

That is not to say that the trajectory of performance has been smooth. Given the unique approach to investment and large sector, style, and country biases, returns here are likely to significantly diverge from peers and the index. A portfolio of this nature should therefore only be judged over an extended period. The focus on

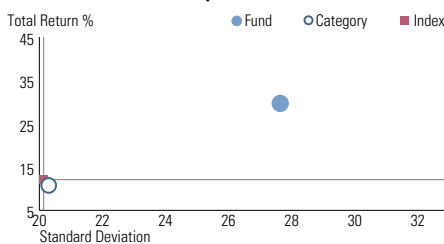
nascent and often pre-profitable firms can be adversely buffeted by weak market sentiment and a risk-off environment. This was evident in the fourth quarter of 2018, which saw the strategy sell off aggressively versus typical peers and MSCI ACWI Small Index. For 2019, the B USD Acc share class topped both comparators, helped by a strong risk-on environment in the first half of the year. Attribution relative to the MSCI ACWI Small Index shows outperformance was driven by strong stock selection, particularly within the healthcare and consumer defensive sectors.

#### Morningstar Rating and Risk 31/03/21

Period	Morningstar Ret vs Cat	Morningstar Risk vs Cat	Morningstar Rating
3 Years	High	High	★★★★★
5 Years	—	—	—
10 Years	—	—	—
<b>Overall Rating</b>	<b>★★★★★</b>		

#### Risk Analysis 31/03/21

##### 3-Year Return and Risk Analysis



#### 3-Year Risk Measures

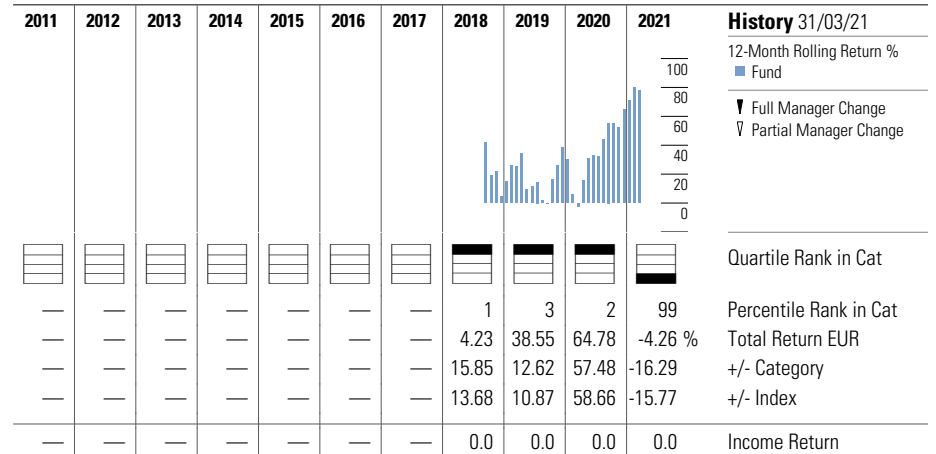
	Fund	Category	Index
Standard Deviation	27.64	20.25	20.00
Sharpe Ratio	0.92	0.48	0.48
R-Squared	55.20	99.36	—
Beta	0.99	1.01	—
Alpha	16.50	-0.08	—

#### Maximum Drawdown

	Fund	Category	Index
Max Drawdown (%)	-22.12	-26.12	-26.66
Peak Date	09/18	01/20	01/20
Valley Date	12/18	03/20	03/20
Max Drawdown (Months)	4	3	3

#### Upside/Downside

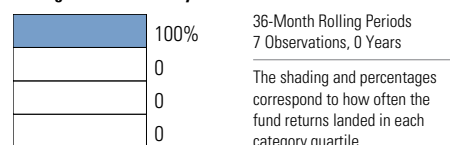
	Fund	Category	Index
Upside Capture Ratio	132.9	101.0	—
Downside Capture Ratio	80.3	101.4	—



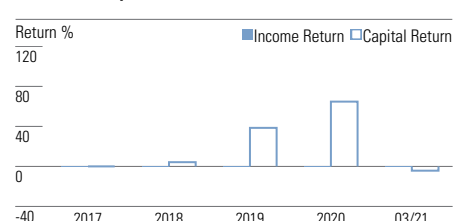
#### Returns 31/03/21

Trailing Returns	Total Ret %	Investor Ret %	Rank in Cat	Cat Ret %	Index Ret %
1 Year	77.97	—	14	65.97	61.36
3 Years	29.67	—	1	10.75	12.08
5 Years	—	—	—	11.56	11.76
10 Years	—	—	—	9.96	10.94
Tenure 09/17	30.80	—	—	11.98	11.57
Inception 09/17	30.80	—	—	11.98	11.57

#### Rolling-Returns Summary




#### Income and Capital Returns



Year	Income Ret %	Income % Rank in Cat	Capital Ret %	Capital % Rank in Cat
2017	—	—	—	—
2018	0.00	52	4.23	1
2019	0.00	69	38.55	2
2020	0.00	18	64.78	2
03/21	0.00	49	-4.26	98

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### People

**Morningstar Category**  
 Global Small/Mid-Cap Equity

**Category Index**  
 MSCI ACWI SMID NR USD

**The strategy's experienced manager and broad in-house resources support an Above Average rating.**

**People Pillar**  Above Average

21 Apr, 2020 | Douglas Brodie, who has 18 years of investment experience, has managed this offering since its September 2017 inception. His tenure on this strategy began in May 2011, initially on the UK domiciled Baillie Gifford Global Discovery before taking over its current closed-end equivalent--Edinburgh Worldwide--in January 2014.

Brodie joined Baillie Gifford in 2001 through the graduate program and moved to the UK small-cap team in 2005, where he started his portfolio management career in 2007. In 2009, he formed the global-discovery team, which he currently heads. This comprises six members with an average experience and firm tenure of six years. Team members have considerable freedom and are encouraged to seek out interesting ideas for investment from a variety of sources, such as company visits, team interaction, and higher-level

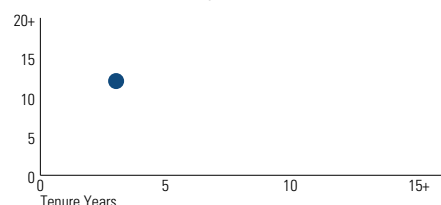
data analysis. We believe that the team structure and approach helps promote challenge and rigorous stock debate.

The team can further draw on the firm's wider and deep investment teams, which comprise over 100 investment professionals on 21 investment desks. Baillie Gifford rotates more-junior personnel around various teams to gain experience and a wider investment perspective. However, given the demanding nature of the universe, Brodie prefers that no first-year analysts are appointed to the team.

### Management Team

#### Experience and Asset Load

Total AUM Bil EUR in Funds Managed



Number of Managers	Longest Tenure	Manager Retention Rate	Average Manager Tenure
1	3.58 Years	5-Year —%	3.58 Years

**Advisor**  
 Baillie Gifford Investment Management (Europe) Limited

**Subadvisor**  
 —

#### ● Douglas Brodie 09/17 to Present

Years on Managed Funds	Years on Fund
11	3


  

Fund AUM	Current Funds Managed
11,974.54 Mil EUR	4

Largest Funds Managed	Tenure Dates	Role	Fund Size Bil EUR	Investment Mil EUR	Tenure Ret %	Index Ret %
Old Westbury Small & Mid Cap Strat Fd	09/17 to Present	1 of 15	7.34	None	10.83	7.08
Baillie Gifford Global Discovery Fund	05/11 to Present	1 of 3	2.47	—	18.74	8.53
Edinburgh Worldwide	01/14 to Present	1 of 3	1.55	—	20.59	9.20
Baillie Gifford WW Discovery Fund	09/17 to Present	Lead	0.62	—	30.17	11.12

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## Parent

**Morningstar Category**  
 Global Small/Mid-Cap Equity

**Category Index**  
 MSCI ACWI SMID NR USD

### An exemplary steward.

**Parent Pillar**  High

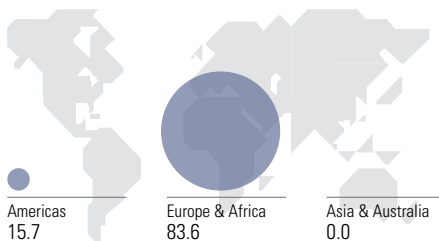
12 Dec, 2019 | Edinburgh-based Baillie Gifford, founded in 1908 as a partnership, is owned by over 40 partners who average more than 20 years of tenure. The group offers strategies across asset classes, but equities remain its key strength and continue to dominate in terms of assets under management. Baillie Gifford's clientele is led

by institutional investors, but in recent years the firm has made a push into the retail channel. In addition to being one of the largest managers of UK-listed closed-end funds, it has been successful in gaining traction internationally over the last decade through its range of Irish UCITS and US mutual funds.

A positive consequence of a large institutional and closed-end presence and private ownership is that these features facilitate the firm's long-term approach to investing. This is further reinforced by the remuneration structure, wherein a

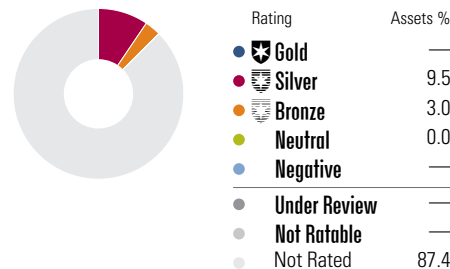
large component of a fund manager's bonus is based on three- and five-year performance. Although there are small, focused investment teams within the firm, there is a strong culture of collaboration, and staff turnover is among the lowest in the industry. Moreover, the firm has been active in cutting fees on a number of its strategies in recent years and demonstrated its willingness to safeguard investors' capital by capping funds approaching capacity. In all, we think Baillie Gifford benefits from a strong investment culture, earning it a High Parent rating.

### Assets By Region, By Domicile Bil EUR



### Fund Family Details Europe (\*)

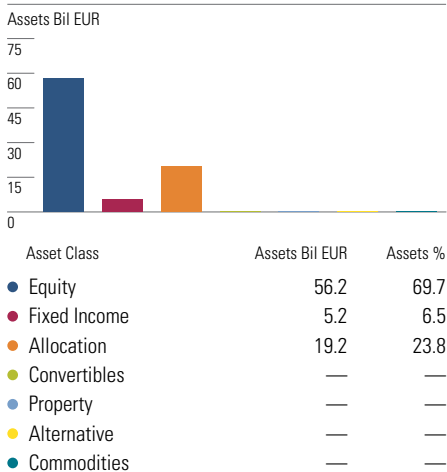
#### Morningstar Analyst Rating Breakdown



#### Morningstar Rating Breakdown



### Asset Class Breakdown Europe (ex Money Mkt)



### Fund Family Details Europe

Top Performing Funds	Category Name	Fund Size Mil EUR	Return % 3-Year	Rank in Cat 3-Year
Baillie Gifford Long Term Global Growth Investment Fund B Acc	Global Large-Cap Growth Equity	4,969.0	36.74	1
Baillie Gifford European Fund B Income	Europe ex-UK Equity	2,871.7	19.94	1
Baillie Gifford Investment Grade Long Bond Fund B Income	GBP Diversified Bond	274.1	6.84	1

Largest Funds	Category Name	Fund Size Mil EUR	Return % 3-Year	Rank in Cat 3-Year
Baillie Gifford Managed Fund B Acc	GBP Moderately Adventurous Allocation	8,783.0	17.83	1
Baillie Gifford American Fund B Income	US Large-Cap Growth Equity	8,048.2	43.61	2
Baillie Gifford Diversified Growth Fund A Accumulation	GBP Flexible Allocation	7,165.2	2.52	85


Recent Fund Launches	Category Name	Fund Size Mil EUR	Return % Inception	Inception Date
Baillie Gifford Worldwide Emerging Markets All Cap Fund Class B USD Acc	Global Emerging Markets Equity	53.0	-9.26	04/02/21
Baillie Gifford Investment Funds II ICVC-Baillie Gifford Health Innovation Fund B GBP Acc	Sector Equity Healthcare	79.0	-0.79	15/12/20
Baillie Gifford Worldwide UK Equity Alpha Fund Class B GBP Acc	UK Large-Cap Equity	65.9	19.69	29/10/20

(\*) All data is based on Branding name and refers to funds domiciled in Europe.

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# Baillie Gifford Worldwide Discovery Fund B EUR Acc

IE00BD09K309

**Morningstar Analyst Rating**  
 21 Apr 2020  
 16:08, UTC-0500

## Price

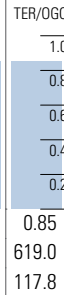
**Morningstar Category**  
Global Small/Mid-Cap Equity

**Category Index**  
MSCI ACWI SMID NR USD

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
—	—	—	—	—	—	—	—	0.85	0.85	0.85
—	—	—	—	—	—	—	62.9	207.7	538.7	619.0
—	—	—	—	—	—	—	65.5	76.9	152.5	117.8

### Expense History

■ TER/OGC



TER/OGC  
 Net Assets Mil EUR  
 Net Flows Mil EUR

### Price Pillar

21 Apr, 2020 | It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Silver.

### Expense Breakdown

Ongoing charge	
Ongoing charge 15/02/21	0.85

### Selected Components

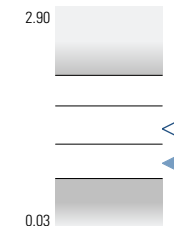
Max Management Fee	0.75
Performance Fee	—

### Fee Level

**Fee Level**  
Below Avg

**Peer Group**  
Global Small-Cap Equity Retail Broad

### Fee Level Breakpoints



High >2.00  
 Above Average 1.60-2.00  
 Average 1.10-1.60  
 Below Average 0.65-1.10  
 Low <0.65  
 ◀ Fund 0.85  
 ◀ Peer Median 1.30

### Share Class Information

Share Class	Identifier	Morningstar Category	TER/OGC	Max Mgmt Fee	Performance Fee	Maximum Initial Charge	Minimum Initial Inv	Assets Bil EUR
<b>Baillie Gifford WW Discovery B EUR Acc</b>	<b>IE00BD09K309</b>	<b>Global Small/Mid-Cap Equity</b>	<b>0.85</b>	<b>0.75</b>	—	—	<b>1,000,000</b>	<b>0.04</b>
Baillie Gifford WW Discovery B USD	IE00BD09K416	Global Small/Mid-Cap Equity	0.85	0.75	—	0.00	1,000,000	0.28
Baillie Gifford WW Discovery C GBP	IE00BJVHXJ20	Global Small/Mid-Cap Equity	0.10	0.00	—	—	—	0.14
Baillie Gifford WW Discovery B GBP	IE00BG88PY66	Global Small/Mid-Cap Equity	0.85	0.75	—	—	1,000,000	0.12
Baillie Gifford WW Discovery B GBP	IE00BJ7W3579	Global Small/Mid-Cap Equity	0.85	0.75	—	—	1,000,000	0.04
Baillie Gifford WW Discovery B CAD	IE00BKLC2X16	Global Small/Mid-Cap Equity	0.85	0.75	—	—	1,500,000	0.02

# Morningstar Global Fund Report

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### Morningstar Analyst Rating

	2019	2020	2021
Gold			
Silver			
Bronze			
Neutral			
Negative			
Under Review			
Not Notable			

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The date shown next to the Morningstar Analyst Rating is the date on which Morningstar Manager Research Analyst assigned or reaffirmed the current rating for the fund based on the analyst's latest review and research report for the fund.

### The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of funds: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a fund as well as the interaction between the pillars, which we believe is crucial to understanding a fund's overall merit.

#### People

The overall quality of a fund's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a fund's investment team requires that analysts assess several relevant items including how key decisions are made.

#### Parent

We believe the parent organization is of utmost importance in evaluating funds. The fund's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

#### Process

We look for funds with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

#### Performance

We do not believe past performance is necessarily predictive of future results, and this factor accordingly receives a relatively small weighting in our evaluation process. In particular, we strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a fund is delivering to our expectations.

#### Price

To reflect actual investor experience, price is evaluated within the context of the relevant market or cross-border region—for example, the United States, Australia, Canada, or Europe. In recognition of differences in scale and distribution costs in various markets, the level at which a fund is penalised for high fees or rewarded for low fees can vary with region. In Europe, for example, funds are penalised if they land in the most expensive quintile of their Morningstar category and are rewarded if they land in the cheapest quintile. The assessment is made using annual expense ratios, but in the case of funds with performance fees, expenses are evaluated excluding any performance fees and then the structure of the performance fee is evaluated separately.



**Morningstar Analyst Ratings**

Morningstar Analyst Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a fund; the difference between them corresponds to differences in the level of analyst conviction in a fund's ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

**Gold**

Represents funds that our analyst has the highest-conviction in for that given investment mandate. By giving a fund a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a fund must distinguish itself across the five pillars that are the basis for our analysis.

**Silver**

Represents funds our analyst has high-conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these funds will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

**Bronze**

Represents funds that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these funds to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

**Neutral**

Represents funds in which our analysts don't have a strong positive or negative conviction. In our judgment, these funds are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

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Represents funds that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these funds are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group, within the context of the level of risk taken, over a full market cycle.

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This designation means that a change that occurred with the fund or at the fund company requires further review to determine the impact on the rating.

**Not Ratable**

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**Equity-Related Data Points**

The Report lists the fund's top ten holdings as of the dated noted. For each underlying holding, a series of data points is provided including, where applicable, that security's Economic Moat as of the date noted.

**Economic Moat**

The concept of an economic moat plays a vital role in our equity analyst's qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of its fair value estimate. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a *narrow moat* are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. *Wide-moat* companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, *no-moat* companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

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