

# Baillie Gifford™

## A Unique Investment Management Partnership

### First Quarter 2024

#### A Focus on Long-term Performance

Baillie Gifford was established as an investment management partnership over 100 years ago. Much has changed since then. For Baillie Gifford, seeking superior, long-term investment returns for our clients has not.

Our current generation of partners and employees remains single minded about our clients' requirements. They are responsible for the careful stewardship of our long-term vision without the distraction of short-term shareholder demands. This ownership structure allows us to attract and retain the best investment talent, creating a distinctive and enduring culture.

Baillie Gifford are long-term investors, not speculators. Our investment philosophy focuses on growth while our universe is global. Accordingly, we believe that fundamental analysis and proprietary research are core to a successful, long-term, bottom-up investment approach. From our head office in Edinburgh we are able to harness this intellectually curious yet rigorous approach – where the sharing of ideas and robust debate between our investment teams are central to our investment process.

The result is a successful business that continues to grow organically. We now manage and advise ¥44,033.6bn in specialist equity, fixed income and multi-asset portfolios for a global client base.

#### Features of Baillie Gifford

Philosophy	Seeking superior, long-term returns A growth bias Fundamental analysis and proprietary research Bottom-up portfolio construction Concentrated portfolios with high active share
Clients	10 of the 20 largest global pension funds* 655 clients worldwide Enduring relationships spanning generations
Partnership	100% owned by 57 partners with average 21 years' service Ownership aligns our interests with those of our clients 393 investment professionals, total staff 1816 Stability, quality and consistency
Equities	Global and regional specialists investing in equities since 1910
Fixed Income	Fixed income clients since 1979

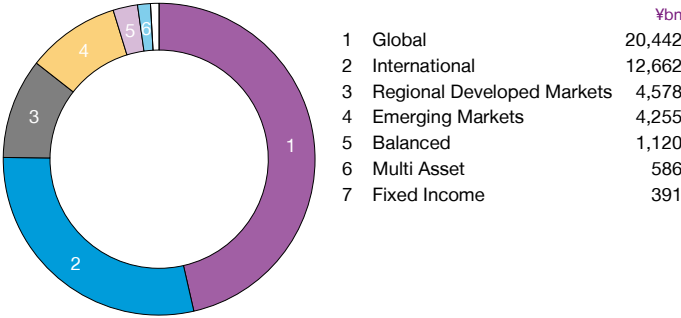
\*Source: P&I/Thinking Ahead Institute (Willis Towers Watson) Global 300 Report, September 2023.

#### Representative Client List

Public
California State Teachers
California Public Employees' Retirement System
Government Pension Fund Thailand
Korean National Pension Service
London LGPS CIV
State Board of Administration of Florida
Virginia Retirement System
Foundations/Trusts
The National Trust for Scotland
Superannuation
Australian Super Fund
Corporate
AT&T
The Vanguard Group
Energizer

The above names represent a selection of our clients. The clients identified in the above list were selected on a variety of factors, including name recognition, industry and geographic region. The selection of clients for the list is not based on performance criteria. It is not known whether the listed clients approve or disapprove of Baillie Gifford or services provided.

#### Strategies managed by Baillie Gifford



Total may not sum due to rounding.

Specialist Equities

We have a long and successful history of managing global equities. Our expertise originates from our management of global investment trusts, namely Scottish Mortgage (since 1909) and Monks (since 1931). Our first overseas stock purchases were in US railway and emerging markets companies. This legacy has defined our investment philosophy and process, shaping our current organisational structure.

We believe that share prices follow fundamentals and that sustainable earnings growth leads to long-term outperformance. We add value by making investments in well-managed, quality businesses that enjoy sustainable competitive advantages in their market place. We identify investment opportunities through a rigorous analytical framework.

Proprietary research and fundamental analysis are central to this; all of our investment managers are first and foremost analysts. The research process seeks to identify those companies where there exists an opportunity to achieve above average returns; and, where that opportunity is readily achievable, through quality of management and strength of balance sheet; and where both the opportunity and the execution are not fully discounted in the stock price. Our research discipline allows us to evaluate companies effectively, regardless of geography.

Our team structure is central to our culture. Whilst we have a clear assignment of responsibilities and ownership with regard to portfolio construction, we actively encourage debate and idea generation within and across all our investment teams. We believe that this distils conviction and makes us better investors.

Japan

In Japan, we have ¥1,517.8bn of assets under management/advice across eight strategies. Our sole affiliation in Japan is with Mitsubishi UFJ Trust and Banking, with whom we have a long-standing relationship.

Global and International Strategies

Global Alpha  
International Growth, International Alpha and International All Cap  
Long Term Global Growth  
Global Core  
Positive Change

We now manage ¥33,104bn in [Global/International equities](#). The bulk of these assets are managed for North American clients where we are now considered a pre-eminent manager of global equities.

Regional Strategies

US Equity Growth  
Pan-European Equities  
Emerging Markets  
Japan All Cap, Growth and Income Growth  
Asia ex Japan

The evolution of our holistically managed global portfolios stems from our regional expertise. Our investment style brings a distinct global perspective to regional idea generation. We have been managing dedicated [Japanese equities](#) portfolios since 1981. In [Pan-European Equities](#), we combine the strengths of our [UK](#) and [Continental European](#) teams to deliver differentiated portfolios.

Multi Asset Strategies

All four strategies offer a multi-asset approach to investing, targeting attractive long-term returns with lower volatility than equity markets.

Multi Asset Strategies

Diversified Growth†  
Multi Asset Growth†  
Diversified Return\*  
Multi Asset Income†

Fixed Income

We have been managing specialist fixed income portfolios for over 30 years and have been invested in fixed interest securities on behalf of our investment trusts since the 1900s. We are active investors looking to construct concentrated portfolios which will meet clients' performance targets. Our process focuses on fundamental investment characteristics and looks across markets to find the best risk-adjusted returns.

Fixed Income Strategies

High Yield  
Strategic Bond

\*Yen, and US dollar base currency funds currently available.  
†Sterling base currency fund only.

Institutional Clients

In recent years, international clients have driven the growth of our institutional business. They now represent 62% of Baillie Gifford’s assets under management and advice.

**North America:** We have managed international portfolios for US and Canadian clients for 39 and 31 years respectively and we now have a blue chip client base covering corporate, public and foundation assets. Our clients include California State Teachers and The Vanguard Group.

**Asia:** We have had Asian clients since 1989 and continue to run global equity portfolios for our first client in the region, Mitsubishi UFJ Trust & Banking. Elsewhere, we have institutional clients in Australia, New Zealand, Singapore, Hong Kong, China, Thailand and Korea.

**Europe (ex UK) and the Middle East:** In Continental Europe we count a number of leading pension funds and financial institutions as clients.

**UK:** UK pension funds represent 15% of Baillie Gifford’s business; we manage multi-asset, specialist equity and fixed income mandates for some of the country’s largest corporate, local authority and charity funds. In addition to being one of the largest managers of local authority pension funds in the UK, we also have distribution arrangements with a number of leading financial institutions, including AEGON and AXA.

*For the future we aim to continue to expand our international business where we see plenty of opportunities for controlled growth. Our focus will remain on institutional clients or on relationships which can bring us indirect exposure to the retail market.*

ESG

Baillie Gifford recognises that owning a company’s shares on behalf of clients confers certain rights and responsibilities. At the same time, environmental, social and governance (ESG) issues, and the management thereof, are integral to the sustainability of a business. For this reason, Baillie Gifford considers ESG issues when analysing and reviewing a company, and there is a dedicated ESG Team who also take on the share-ownership responsibilities for our clients.



As active managers, a key part of our investment strategy is to assess the quality of company management, in particular, management attitudes to shareholders. When combined with financial information, non-financial business information can provide valuable insight into the overall quality of management. Given that significant ESG issues play-out over the medium to longer term and that our clients are invested for the longer term, it is important that companies’ approaches to ESG issues are considered on a case by case basis.

Asset Type

	¥bn
Pension	19,649.6
Sub Advised	11,748.2
Direct Retail	4,573.0
Platform	3,133.6
Other	2,098.9
Sovereign Wealth	977.4
Charity/Foundation/Endowment	898.2
High Net Worth	541.0
Insurance	413.6
Total	44,033.6

Total may not sum due to rounding.

## Baillie Gifford: Our Competitive Advantage

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### Investment Philosophy and Process

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Baillie Gifford is an active investor. We aim to deliver superior, long-term returns through building concentrated portfolios with high conviction investment ideas.

In equities, our belief is that sustainable earnings growth outperforms over time.

In bonds, we offer a differentiated investment approach focusing on fundamentals.

Central to our process is rigorous fundamental analysis and proprietary research.

A history of long-term global investing has shaped our views and honed our belief that distance lends perspective.

*A rigorous process of fundamental analysis and proprietary research combined with a depth of expertise, allows us to exploit, over the long term, a global opportunity set.*

### Focus on Clients

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Baillie Gifford's strategy is to focus on the needs of a comparatively small number of relatively large institutional clients.

Existing clients' interests are paramount and Baillie Gifford will close to new business to ensure that the integrity of our strategies and the quality of service is maintained.

*A commitment to professional excellence through a better understanding of our clients' needs.*

### Regulatory Information

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This bulletin is intended solely for the use of professional investors and should not be relied upon by any other persons. It is not intended for use by retail clients. It does not constitute an offer to anyone or a solicitation to anyone. Nothing in the document should be construed as advice and it is therefore not a recommendation to buy or sell shares.

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust Banking Corporation and Baillie Gifford Overseas Limited.



### Ownership Advantage

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Baillie Gifford's partnership structure is almost unique amongst large investment management companies, enabling us to:

- Recruit and retain some of the best people in the industry.
- Focus solely on investment management

*An ownership structure supportive of organisational stability and aligned with client interests.*

MUBGAM is authorised and regulated by the Financial Conduct Authority.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK clients. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Both are authorised and regulated by the Financial Conduct Authority. All investment strategies have the potential for profit and loss.

All information is in yen, is sourced from Baillie Gifford & Co and correct as at 31 March 2024, unless otherwise stated.

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