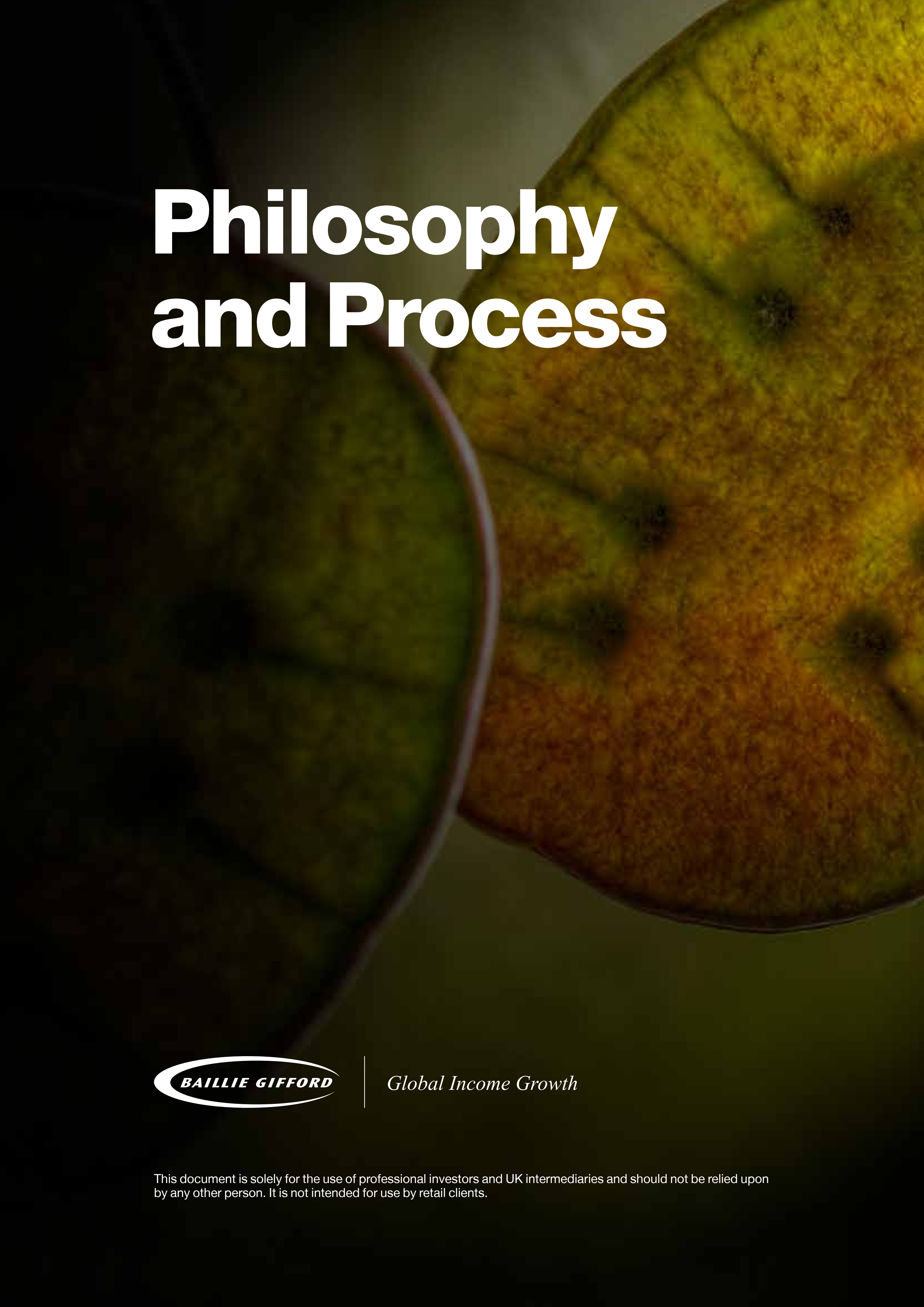

Philosophy and Process

Global Income Growth

Regulatory information

Important information and risk factors

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'.

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

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Telephone +44 (0)131 275 2000 / bailliegifford.com

Important information Hong Kong

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Telephone +852 3756 5700.

Important information Japan

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Important information 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 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.

Cover Image: The flowering plant lunaria annua, called 'honesty' in English, is also known as the 'money plant' in South East Asia and 'silver dollars' in the United States.

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Important information South Korea

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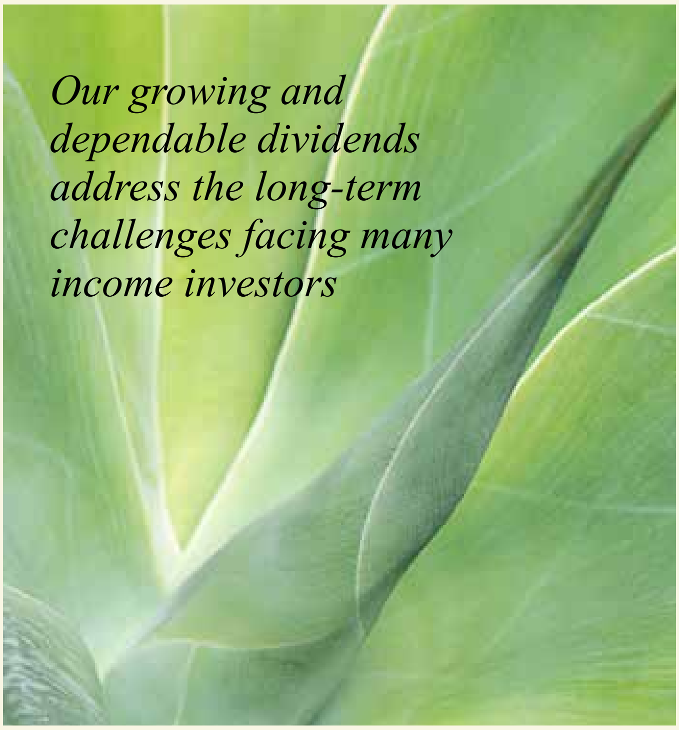

Important information Qatar

This strategy is only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved. This does not constitute an offer to the public and is for the use only of the named addressee and should not be given or shown to any other person (other than employees, agents, or consultants in connection with the addressee's consideration thereof). Baillie Gifford Overseas Limited has not been and will not be registered with Qatar Central Bank or under any laws of the State of Qatar. No transactions will be concluded in your jurisdiction and any inquiries regarding the strategy should be made to Baillie Gifford.

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Potential for profit and loss

All investment strategies have the potential for profit and loss. Past performance is not a guide to future returns. It should not be assumed that recommendations/transactions made in the future will be profitable or will equal performance of the securities mentioned.

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.

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

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

Contents

Baillie Gifford

Baillie Gifford is one of the UK's largest private investment managers. The firm was founded in 1908 in Edinburgh where it continues to have its headquarters. The firm is a private partnership wholly owned by the current partners who all work within the business. The partnership structure affords the company significant stability and independence which means we focus on the best interests of our clients. Our sole business is investment management with more than half of funds under management in global or international equity portfolios.

Our competitive advantages

People

Our people are fundamental to our success, and our partnership structure brings sustainable advantages in the recruitment and retention of staff.

Baillie Gifford's partnership structure has provided the foundation for an enviable record of corporate stability. It is also a significant factor in our success in attracting and retaining the very best investment talent. Our selection policy is based on intelligence rather than allegedly relevant specialisation, leading to recruitment of individuals from a wide range of academic disciplines.
By training our analysts and investment managers in-house we manage to combine a common culture with an atmosphere that encourages vigorous debate. The firm's values and beliefs are clearly communicated and, coupled with low staff turnover and long service, the firm has been able to retain a team spirit whilst growing steadily in recent years.

Investment research information

We believe that whilst access to information is important to an investment manager, how we use that information is more so.

We recognise that all investment institutions have access to the same information and that it is our analysis of this information which adds value for our clients. In addition, we gain insights into business models and the competitive advantages of companies by attending around 1,600 company meetings each year. Company meetings are key to our idea generation, research and stock selection process as they help us understand a company in greater depth. We are cognisant of the pitfalls of confirmation bias and market noise. Rather than being guided by the mood of the market, we think independently and make more informed stock picking decisions for the long-term benefit of our clients.

Location

Having the majority of our decision makers in Edinburgh enables us to share views and ideas easily and efficiently. In addition to this, our common approach to research across departments helps provide an outstanding framework to allow us to select stocks effectively on a global basis.

Global Income Growth philosophy

Objectives

We aim to deliver two outcomes to our clients over the long term:
- A dependable income stream
- Real growth in income and capital

Philosophy

We believe the best way of meeting these objectives is to invest in companies which can deliver both of these outcomes. Such companies can pay dependable dividends across the cycle and also hold out the prospect of real growth in profits, which can in turn lead to growth in dividends and capital over the long term. In other words, such companies offer the prospect of sustainable and dependable growth.

Companies which can do both of these things are not easy to find, but they are highly attractive to a client who needs both income today, and is also seeking long-term growth in income and capital.

We believe the typical company we are looking for is cash-generative, its cash flow is resilient through cycles, and its growth is capital-light. This is how a company can both grow and pay a dependable dividend. We also believe that by focussing on long-term growth and income, rather than short-term yield, we will deliver more income to clients over time.

We believe that our approach benefits greatly from a global universe. Firstly to diversify the income stream, which helps ensure its resilience; and secondly because these companies are uncommon. We think we need 50-80 for diversification; the global universe of dividend-paying companies is about 4,500.

We believe it is only possible to deliver these outcomes through active management. The income stream paid by the global equity index is highly volatile – it is not a natural source of dependable income. We do not believe it is possible to screen for dependable dividends; nor is it possible to screen for growth. Bottom-up stock picking is necessary.

These beliefs lead us to a very different portfolio from many equity income strategies.

Expected outcomes

We have two broad objectives. We aim to deliver for clients:

- **A dependable income stream.** Our strategy's starting yield is around 2%. It has typically been 20%–40% higher than the global equity market. This percentage yield will of course fluctuate with the level of equity market valuations over time. However, we aim to ensure that the absolute level of the portfolio's income stream, in sterling, is stable or grows every year.
- **Real growth in income and capital.** We think that over the long run our strategy can deliver 3% p.a. real growth in capital and income. This should meaningfully outpace inflation.

Judging success

We expect our clients will judge our income performance based on whether we have delivered a dependable income stream, that grows faster than inflation over rolling five-year periods.

Real capital growth is harder to measure, given equity market valuations can shape the outcome over even quite long time periods. We believe the best guide to the portfolio's long-term real capital growth prospects is the real earnings growth of the businesses we invest in, as over the long run this will drive their capital growth.

We understand that clients may wish to compare our total returns (net of fees) to a peer group which is also trying to deliver income and growth, or to a broader equity benchmark. Whilst we provide this information, it will not influence how we manage the strategy.

There is no guarantee that stated aims will be met.

Benefits of our approach

We believe that delivering on our two objectives offers clients solutions to several challenges they may face:

Achieve a sustainable real income. Many investors own income-generating assets which will not hold their value in real terms over time. For instance, most bonds will deliver an income stream that is flat in nominal terms over time plus inflation will erode both the value of the income stream and the capital value. This presents a challenge. Over time, the only way an investor can make the income stream keep up with inflation is to steadily increase the yield of the portfolio, investing in ever riskier assets just to stand still. The real growth in income and capital that our approach aims to deliver should help solve this problem for our clients. Our real growth should offset the assets which are shrinking in real terms and help maintain the real purchasing power of our clients' investments.

Avoid forced sales of capital. Historically, the income stream of the broader equity market has been volatile. This poses a challenge for an investor who has spending requirements to fund – the times when they need to sell capital to meet their spending needs is when capital values are most depressed. We aim to solve this by ensuring that we offer a dependable income stream that is much less volatile than the market during periods of stress. We think this should help our clients avoid selling capital when times are tough.

Obtain attractive real returns. Some investors face an increasing need for income, but they still require strong real returns from their investments. We believe that our combination of an attractive starting dividend yield, and real growth in income and capital should deliver very attractive real returns to a long-term investor. Therefore, if we deliver around a 3% income stream and 3% real growth over time, we would expect our real returns to compare favourably to equity markets, and other investment approaches.

Make assets work harder. The yield on the global equity market is too low to meet many investors' spending requirements. We expect our approach to deliver 20%–40% more income than the market over a five-year period. This will come from a higher starting yield than is available on global equities, and the real growth and resilience that we aim to deliver. Our approach can therefore help investors who require income to remain invested in equities.

What makes us different?

Growth mindset

Baillie Gifford has a long and very successful history of growth investing, with fantastic depth of research on a wide range of growth companies. This research comes both from regional teams with deep expertise on, for instance, Japanese companies, or global teams seeking different types of growth. All of this research is shared across the firm on our proprietary online library. Many of the companies the firm researches have a strong commitment to dividends.

This provides a healthy flow of ideas to the Global Income Growth Team and allows us to be highly selective about which companies make it into client portfolios. It also provides a source of robust challenge. The team are regularly joined in stock discussions by colleagues from other teams.

We believe that being embedded within a firm of growth investors Team is particularly helpful when investing for income. In our view, income investors should think at least as much about the growth potential of a business as they do about its income potential.

This is for three reasons. Firstly, in our experience, a business which is growing healthily will prove to be a much more resilient dividend payer than one which is shrinking. Secondly, it is growth in cash flows that will allow a company to pay a growing stream of dividends – and the compounding effect of dividend growth can make a huge difference to how much income a long-term investor receives. Growth companies give an investor more income over the long run. Finally, if a business is growing in a sustainable way, then an investor is more likely to see the capital value of their investment grow over time. Businesses which generate high levels of income today but which can't keep up with inflation will see their capital value fall over time, reducing an investor's purchasing power.

Long-term perspective

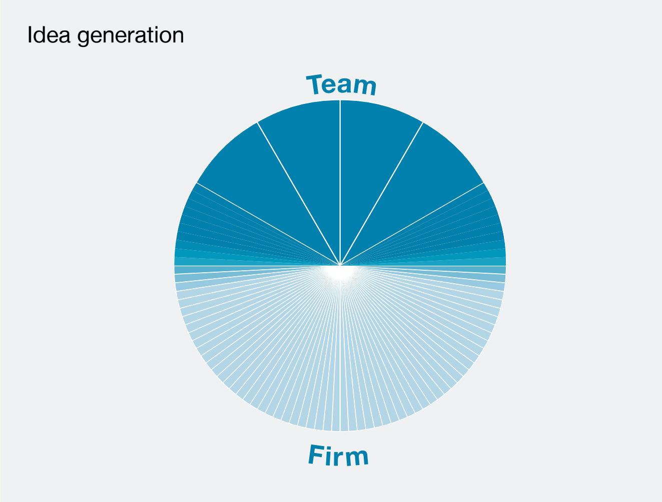
As an independent, private partnership since its foundation in 1908, Baillie Gifford brings stability and a long-term time horizon to everything we do. The fact that the firm is wholly owned by working partners is a great help in allowing us to focus only on our clients' needs, rather than be driven by the requirements of external shareholders.

This extends to every aspect of our approach to income growth investing. Before purchasing a portfolio holding, our research process considers whether it is attractive enough that we would still want to own it in 5–10 years' time. We are happy to take a long time to get to know a business before we make an investment decision. This makes sense to us, because once we own a business we can benefit from the power of compounding; our portfolio turnover is typically only 15%–20% in any year, consistent with our 5+ year time horizon.

We target long-term income, not short-term yield. We avoid the temptation to invest in today's high-yielding 'value traps' and believe that their instant income gratification can only be achieved at the expense of long-term growth. We believe our approach will result in more income being delivered to clients over the long term.

We take the responsibilities of ownership seriously. We try hard to help companies get the balance between dividends and reinvestment right, and to help them ignore the short-term pressures of the stock market.

Stock ideas are drawn from a deep pool of firm-wide research.



Our long-term approach is reflected in low portfolio turnover.

Genuinely global

Having a global universe is helpful, for two reasons. Firstly, the companies we are looking for have the rare combination of a growth opportunity, a cash generative business model that allows them to seize this while paying dividends, and resilience. Having the broadest possible opportunity set is a big help in finding these unusual companies. We have a universe of around 4,500 dividend-paying companies to choose from.

Secondly, it allows us to diversify the income stream much more effectively than if we were restricted to, for example, the narrower UK stock market. We can get access to income from a wider range of industries and different economies.

We believe that it is critical for us to take full advantage of these opportunities. We therefore draw on the expertise of Baillie Gifford's regional equity teams to help us understand a wide range of income-growth opportunities, including in Asia and other Emerging Markets. We travel widely to understand what motivates management teams.

We strongly believe in active investing and a bottom-up approach to portfolio construction. We are happy to have a very different asset allocation from equity indices, which offers our clients the benefit of real diversification of income and capital.

Our observation is that many equity income funds that say they are 'global' on the face of it do not seize this opportunity as fully as they could. This might be benchmark hugging. Our own active share is typically around 90%, indicating low portfolio overlap with the benchmark.

The Global Income Growth team have a global universe of around 4,500 dividend-paying companies.

Research and investment process

The Global Income Growth investment process is designed to use to the fullest effect the specialist income growth research produced by the Global Income Growth Team, whilst also harnessing the considerable research resource of Baillie Gifford, thereby translating our insights into a dependable and appropriately diversified portfolio.

Idea generation

The Global Income Growth Team focuses its own research on companies that may meet the strategy's requirements. Sources of ideas can vary widely and can include company meetings, conferences, trade shows, industry publications and quantitative filters. All members of the team are analysts and spend the bulk of their time on stock research.

In addition, the team draws on the experience of all of the firm's regional and strategy-specific teams, filtering their research output for ideas which might be suitable for the Global Income Growth strategy. This is effective, as many of the firm's teams share a focus on identifying cash-generative businesses with a long-term growth opportunity.

The team is assisted in harnessing the firm's research both by the availability of a firm-wide online 'Research Library', which provides easy access to all company and sector research and by our culture of open internal communication.

Research

The qualitative examination of companies is critical to the process. We have an extensive program of company meetings and as a firm we aim to meet with all our major holdings at least once a year. We strongly believe that routine market 'information' is predominately noise and is over-analysed. Our research effort therefore de-emphasises the easily available and seeks out different sources of information.

To ensure consistency and repeatability the Global Income Growth Team uses a nine question research framework for all stocks under consideration.

Nine question research framework

1. What does this company do and what is the investment hypothesis?
2. Does it have any durable competitive advantages? Is its business model sustainable in the long-term?
3. How likely is it to deliver real growth in profits over the next five years?
4. Will this lead to growth in free cash flow and rising real dividends per share?
5. Are these dividends dependable? What would threaten them?
6. What most encourages and concerns you about management?
7. Is it under-valued? What is the market misunderstanding?
8. What are the major factors we don't understand? Could these derail the investment case?
9. How would/does owning this improve the portfolio?

There is particular emphasis on understanding the drivers of cash flow growth and dividend dependability (questions 3–5), with a separate **'Dependability checklist'** completed for every stock under consideration. The checklist considers a range of parameters which we believe will have a strong bearing on dividend dependability. These range from objective measures such as operating margins and payout ratios, to more subjective considerations such as Board attitudes towards defending dividends, particularly when business conditions are challenging.

Governance oversight

As long-term owners of businesses, governance is key to our investment approach. We therefore work closely with our dedicated Governance and Sustainability Team to engage on management issues. Most research on governance is undertaken by the Global Income Growth Team.
The investment team's research is complemented with the input of our dedicated Governance and Sustainability Team. This input is at both the stock level, and across the portfolio as a whole. At the stock level, before any new investment decision is made, the Governance and Sustainability Team undertakes a detailed analysis to address three key questions:

Structures – are governance structures aligned with the interests of long-term investors?

Stakeholders – are stakeholders aligned with the company's long-term success?

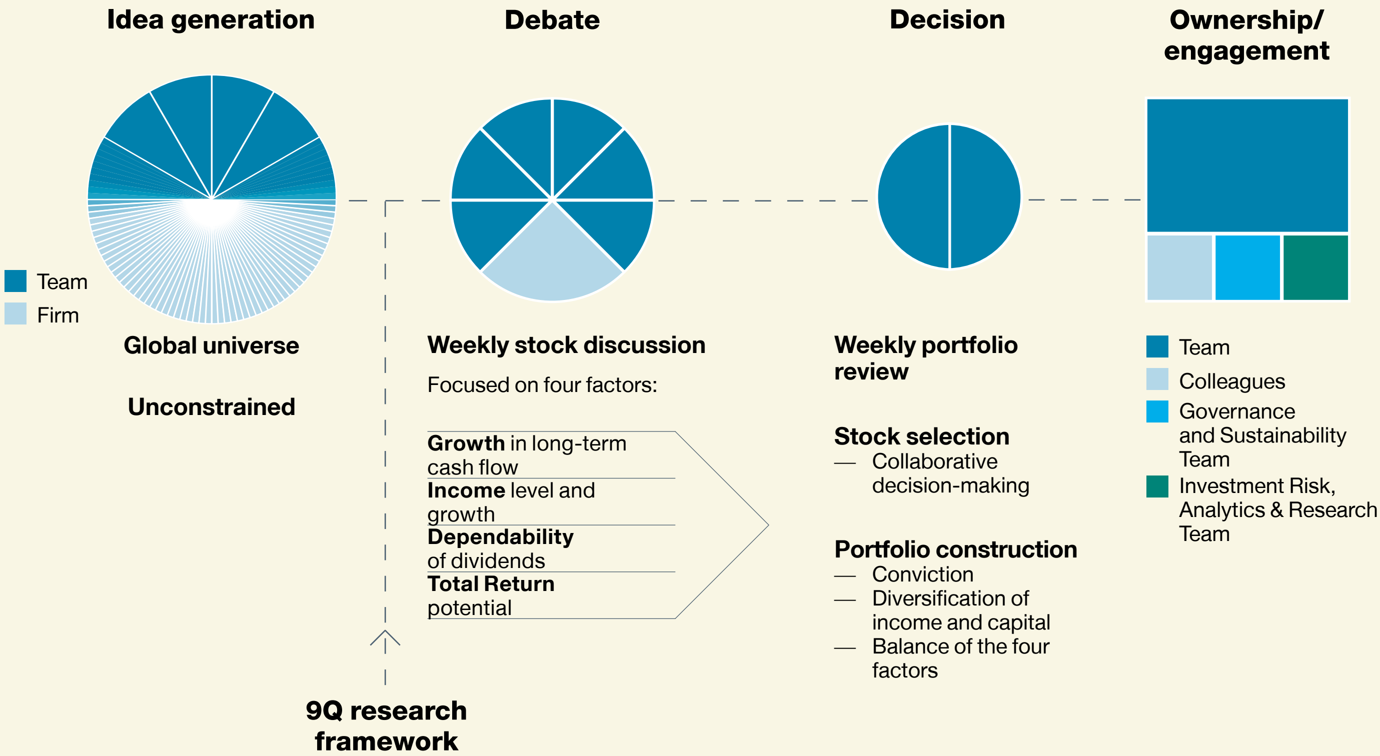
Sustainability – what are the key sustainability challenges and opportunities for the investment case?

The Governance and Sustainability research is discussed with the investment team ahead of a purchase of any new stock for the portfolio. This ensures that any potential challenges are thoroughly understood and engagement priorities agreed upon. That different perspective frequently helps identify areas for further research.

Debate

Weekly stock discussion

Whether an idea originates within the team or from elsewhere, where appropriate we invite 'guests' from other investment teams to our weekly stock discussion. Taking the valuable output from the nine question



research framework the discussion then examines four critical factors:

- **Growth potential** – Will the company deliver sustainable real cash flow growth?
- **Income** – What will the stock contribute to the portfolio's income over five years?
- **Dependability** – How willing and able is the company to maintain its dividend, particularly in times of stress?
- **Total return** – Does the stock offer the potential for compelling total returns?

Decision

Stock selection and portfolio construction

We impose no minimum yield constraint in our stock selection. We invest in below-market yield companies when justified by the expected pace of cash flow and earnings growth. However, our portfolio typically has a yield 20%–40% above the market.

The two investment managers, James Dow and Toby Ross, have clear responsibility for portfolio construction and performance. All buy and sell decisions are agreed by the two managers and position sizes at initiation are typically between 1% and 3%. Sizing, whether at outset or thereafter, reflects each stock's attractiveness against our four critical factors and overall considerations at the portfolio level such as conviction, and diversification of income and capital.

We typically take such decisions at our **weekly portfolio review** meeting, which is deliberately separate from the team's weekly stock discussion meeting in order to allow for a period of reflection.

Ownership/engagement

We have a clear summary of the investment case for every stock we own, which the entire team can access.

The focus of our ongoing stock monitoring is on fundamental developments in the investment case for each stock we own. Notable events are discussed weekly, and stock reviews may be triggered if an event has the potential to undermine our investment case. However, in our view, most short-term 'news' tend to be noise.

Once we own a business we put significant ongoing effort into engaging with management teams and boards on their capital allocation priorities, including dividends.

As part of the monitoring process our in-house Investment Risk, Analytics & Research Team conducts a quarterly review of Global Income Growth portfolios and carries out ad hoc research on areas of interest identified by the Global Income Growth Team.

Sell discipline

Our process is oriented around owning stocks for as long as possible, including through inevitable periods of share price weakness. However, if a stock no longer meets our criteria for ownership, we will sell.

Developments which might give rise to a sale include:

- An adverse change in the fundamentals of the business, which undermines our investment case;
- A loss of confidence in the management (for example, in relation to capital allocation);
- An adverse change in dividend policy; and
- A material change in valuation which leads us to conclude that future capital growth prospects are lacklustre.

How we view risk

Our attitude to risk is pragmatic. We aim to ensure that we are thoroughly aware of the level of risk that we are taking and its possible implications. We consider risk from several perspectives.

Fundamental risk

The key risk arising from our philosophy is incorrect analysis of company fundamentals, which may lead to bad investment decisions. We aim to avoid this by debating all new buy ideas at regular stock discussions where investment cases are rigorously challenged by the investment team. We believe that having clear investment cases is very helpful.

We continuously re-examine the fundamental performance of the companies in which we invest and the expectations upon which our investment decisions are based.

Income risk

We mitigate the risk of individual company dividends falling by basing our stock selection on fundamental analysis, which we believe is also the key to achieving sustainable income growth. We assess the dependability of each company's dividend policy, using our 'Dependability Checklist', and consider issues such as the cash coverage of the dividend, the level of cyclicality in the company's business, management attitudes, balance sheet strength and our expectations for the profile of future cash flows.

To further mitigate the income risk of any one stock, we cap every stock's contribution to overall portfolio income at 5%. When deliberating a stock's position size, we consider whether risks to the dividend are correlated with those of other holdings' dividends, and we regularly invite challenge on any income concentrations in the portfolio, from within the team and from our Investment Risk, Analytics & Research Team.

At the portfolio level, a principal risk to the level of income generated is a sudden and unanticipated re-alignment of certain global currencies. To partially protect against this risk, we invest in a portfolio which is broadly diversified and well balanced by currency. We believe that strong underlying dividend growth is one of the best defences we can have against currency gyrations. We do not hedge anticipated income receipts.

When considering income generation, we focus on the portfolio yield and its composition as well as the yield on individual stocks. The forecast yield on the portfolio is monitored regularly.

Portfolio risk

Our portfolios are constructed from the bottom up, by holding the stocks we wish to own in a size which reflects their fundamental attractions. A potential risk of such an approach is excessive concentration of income and capital. We do not consider tight, benchmark-relative rules to be helpful in reducing this risk. Instead, we have prudent guidelines (which are listed below) to ensure appropriate portfolio diversification.

Portfolio risk and adherence to the portfolio guidelines are monitored by a dedicated Investment Risk, Analytics & Research Team which reports to Baillie Gifford's Investment Risk Committee. A broad range of tools and measures to analyse the risk within portfolios. As noted earlier, the Investment Risk, Analytics & Research Team conducts formal quarterly reviews of the Global Income Growth portfolios as well as bespoke pieces of research, which are discussed with the investment team. If the Investment Risk, Analytics & Research Team's analysis identifies any extreme positions regarding, for example, style bias or macroeconomic risk, we ensure that they are understood and justified by our investment intentions.

Diversification parameters	Capital	Income
Stocks	Maximum 5% at time of purchase, Maximum 6%	Maximum 5% per stock
Industry limits	Maximum 20%, no minimum	
Number of industries	Minimum 10	
Number of countries	Minimum 10	

Stewardship and engagement

We are long-term income investors. We don't just think about this year's dividends, but about the dividends a business will be capable of paying in 10–20 years' time.

Sustainability

Our long-term focus requires us to think hard about the sustainability of the business models we choose to invest in. It forces us to be rigorous in making sure the management teams we back are behaving in a responsible way, that is consistent with our long-term ambitions for the business. This focus on sustainability is embedded in our stock selection framework and so is at the very heart of our research process.

We strongly believe that a focus on sustainability needs to consider both the good that companies can do, as well as the possible harms. Many of the businesses we invest in are growing because they are leading in industries that we think will change society for the better.

At the portfolio level, we invite our Governance and Sustainability Team to independently challenge the investment team on the major Environmental, Social and Governance (ESG) factors that they see potentially affecting the portfolio over the coming years. We use this challenge to build an engagement plan for the coming year on the most pressing issues. We believe seeking improvement from within is often where we can have the greatest value. Therefore, our first priority is always to engage constructively with the companies in which we invest.

Capital allocation

Our long-term focus also means that the capital allocation choices that management teams and boards make are critical. Dividends are capital allocation decisions, and they are one among many that a management team and board have to make. As well as dividends, they will also be weighing up growth investments, acquisitions, investments in R&D, and buybacks. Therefore, a key part of our research is finding management teams who think about capital allocation in a thoughtful, long-term way, and have a clear sense of where dividends fit within the spectrum of opportunities.

We believe that dividends can often be a helpful, disciplining tool. The businesses we are seeking to invest in often have very cash-generative business models, and so one of the biggest challenges they face is effective deployment of capital. We think that a well thought through dividend policy can steer them away from, for example, poorly considered acquisitions.

However, there are also businesses where a commitment to an unsustainably high level of dividends may generate more income today, but at the cost of turning down valuable reinvestment opportunities. We put a lot of emphasis on constructive engagement with management teams, and our advice in these scenarios is always to prioritise the business's long-term needs. We believe that this will lead to better outcomes and higher dividends over the long run.

The emphasis we put on constructive engagement is a distinctive feature of our long-term approach, helped by our long-term time horizon.

We carefully consider stewardship and engagement at each stage of our investment process.

Research

Question 2
Does it have any durable competitive advantages? **Is its business model sustainable in the long term?**

Question 6
What most encourages and concerns you about management?

Independent challenge

— Baillie Gifford's Governance and Sustainability Team provides views on the key ESG opportunities and challenges facing the portfolio holdings

— The Global Income Growth Team formulates an annual engagement plan to research and address these key questions

Engagement

In our engagements we:

— always prioritise a business's long-term needs over short-term considerations

— focus our efforts on where we can have most impact

— encourage each company to consider their broader impact on society

— support their strengths and achievements

Benefits of dividend investing

We recognise that some clients may invest in the strategy not for the income it distributes, but as a diversifying source of attractive total returns. Below we summarise the benefits we believe dividend investors enjoy.

the importance of a dividend commitment in enforcing capital discipline	the value of long-term compounding in cash flow and dividend growth	the benefits of owning businesses whose cash flow is resilient during downturns	the significance of dividends in the long-run returns from equities

We provide further detail and explanation below on each of these points:

Capital discipline of a dividend commitment

Companies investing in projects with high returns on capital will create value for their shareholders. But management teams face many temptations with low returns: pet projects and over-priced acquisitions, to name two. Boards which commit to pay a regular dividend force management to think hard about the cash flow they have available, and focus on the strongest investments.

This capital discipline significantly improves the likelihood that shareholder value is created, not wasted. This is evidenced by the data below, which shows that consistent dividend payers deliver substantially higher returns on invested capital. We recognise this by focusing on companies which demonstrate a strong commitment to paying dividends.

Compound growth over long periods

As everyone from the economist and philosopher Adam Smith to renowned investor Charlie Munger has remarked, the impact of compounding on investment returns over long time periods is profound. But many of the incentives in the fund management industry revolve around time frames that are far too short to capture this effect. So while the average portfolio manager is fully aware of the power of compounding, there is little incentive for them to recognise it in the stocks they own. Our focus is different. We look at investment periods of at least five years, and our compensation is structured the same way. We expect the companies we invest in to outperform because their earnings and dividends are likely to compound higher for many years, allowing our clients to benefit.

Cash flow resilience in downturns

In a buoyant economy all companies appear to do well. But a marked differentiation occurs each time there is a downturn. Companies with resilient cash flows are able to continue investing for growth, whereas companies with volatile cash flows are often forced to cut back on their research and development or capital expenditure. Companies with volatile cash flows may even be forced to issue shares as is illustrated below, while resilient companies may be buying shares back. As the economy later rebounds, this differentiation becomes clear in cash flow and earnings growth. This is why we focus on companies that are likely to deliver resilient cash flow across cycles.

$2.0 trillion

Total amount of equity issued during Global Financial Crisis 2007–09.

Source: Dealogic, Bank of America Merrill Lynch.

Dividends in equity total returns

The excellent total returns equities have delivered over time is widely recognised. Less well observed are the sources of those returns. As summarised below from the most reputable study of long-term data, the US experience has been that dividends have accounted for over 40% of equity total returns. The UK experience has been very similar. Our focus on companies that pay dividends recognises this vital contribution.

9.9% p.a. nominal total return from US equities since 1925, consisting of:

— 6.0% p.a. from capital growth
— **3.9% p.a. from dividends**

Source: Barclays Equity-Gilt Study 2021.

Team biographies

The Global Income Growth Team consists of two key decision-makers, who are supported by two investment managers and two analysts.

James Dow

Investment Manager, Co-Head of Team

James is Co-Head of the Global Income Growth Team and Co-Manager of The Scottish American Investment Company PLC. (SAINTS). He spent time previously at the firm as a Global Sector Specialist and as an Investment Manager in our US Equities Team, having joined Baillie Gifford's graduate scheme in 2004. Prior to joining Baillie Gifford James spent three years working at The Scotsman newspaper, where he was the Economics Editor. James is a CFA Charterholder, graduated MA (Hons) in Economics-Philosophy from the University of St Andrews in 2000 and MSc in Development Studies from the London School of Economics in 2001.

Toby Ross

Investment Manager, Co-Head of Team

Toby joined Baillie Gifford in 2006 and is Co-Head of the Global Income Growth Team and Joint Manager of The Scottish American Investment Company PLC. (SAINTS). Since joining Baillie Gifford, he has also spent time as a Global Sector Specialist and as an Investment Manager in the UK Equity Team. Toby graduated MA in English Literature from the University of Cambridge in 2006 and is a CFA Charterholder.

Ross Mathison

Investment Manager

Ross joined Baillie Gifford in 2019 as an Investment Manager in the Global Income Growth Team. Previously, he had spent a year at Aviva Investors and prior to that nine years at Standard Life Investments as an Investment Manager, first in the European Equity Team and latterly in the Global Equity Team. Ross is a CFA Charterholder and graduated MA (Hons) in Business & Finance from Heriot-Watt University in 2008. Ross also sits on the Board of Directors at Aberlour, a Scottish Children's charity.

Natalia Krol

Investment Manager

Natalia joined Baillie Gifford in 2015 and is an Investment Manager in the Global Income Growth Team. Prior to joining Baillie Gifford, she worked as an Index Analyst for the FTSE Group. Natalia graduated MSc in Financial Management from the University of Edinburgh in 2013.

Diane Esson

Investment Analyst

Diane joined Baillie Gifford in 2016 and is an Investment Analyst in the Global Income Growth Team. She graduated BS (Hons) in Biology from the University of North Carolina at Chapel Hill in 2009, MRes in Clinical Medicine from the University of Cambridge in 2012 and PhD in Clinical Medicine from the University of Cambridge in 2015.

Jaixi Liu

Investment Analyst

Jiaxi Liu joined Baillie Gifford in August 2016 and is an Investment Analyst in the Global Income Growth Team. Jiaxi graduated BA/BMus from Northwestern University in 2009 before obtaining a Double Masters in Piano Performance and Musicology from The Peabody Institute of the John Hopkins University in 2011. She continued her research in the UK, gaining a PhD in Music Cognition from the University of Cambridge in 2016.

Additional resource

Gavin Grant

Governance and Sustainability Senior Analyst

Gavin Grant joined Baillie Gifford in 2019 and is a Senior Analyst in the Governance and Sustainability Team. His previous roles include Head of Active Ownership at Norges Bank Investment Management and Director of corporate governance analysis for Deutsche Bank. He began his career as a Portfolio Manager with Edinburgh Fund Managers PLC and Morgan Grenfell Asset Management. Gavin graduated MSc in Geography from the University of Dundee and MSc in Investment from the University of Stirling.

Hatty Oliver

Investigative Researcher

Hatty joined Baillie Gifford in 2015 and is a Researcher, specialising in global research. She previously spent two years with London College of Fashion as a lecturer in cultural and historical studies and worked for the Times as a researcher for four years. Hatty graduated with a PhD in Media and Communications from Goldsmiths University in 2011 and MSc in Gender (distinction) from LSE in 2006.