BAILLIE GIFFORD

Baillie Gifford Global Alpha Paris-Aligned Fund

30 June 2022

Baillie Gifford Update

Philosophy	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
Partnership	100% owned by 51 partners with average 19 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 invests in an actively managed portfolio of stocks from around the world with the intention of delivering significantly higher total returns than the MSCI ACWI Index. The fund's three dedicated investment managers draw on a combination of their own investment ideas and those of our various investment teams to produce a portfolio that typically holds 70-120 stocks.

The Fund applies a two-stage screening process to negotiate the pathway to net zero. The first stage is a quantitative screen that strips out companies engaged in both fossil fuel exploration and production as well as service provision to the sector. The second stage is where we subject our highest emitting holdings to a proprietary qualitative 3-question analysis, where we look at the balance between vital and discretionary emissions, the viability of emission reduction pathways and the appetite of investee company management teams to truly embrace the low carbon transition.

Fund Facts

Fund Launch Date	15 April 2021
Fund Size	£284.2m
IA Sector	Global
Active Share	86%*
Current Annual Turnover	16%
Current number of stocks	89
Stocks (guideline range)	70-120

*Relative to MSCI ACWI Index. Source: Baillie Gifford & Co, MSCI.

Global Alpha Team

Name	Years' Experience
Malcolm MacColl*	23
Spencer Adair*	22
Helen Xiong*	14

*Partner

Fund Objective

To outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.

The manager believes this is an appropriate target given the investment policy of the Fund and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this Fund is the Investment Association Global Sector.

There is no guarantee that this objective will be achieved over any time period and actual investment returns may differ from this objective, particularly over shorter time periods.

Periodic Performance

	3 Months	1 Year	3 Years (p.a.)	Since Inception (p.a.)†
Class B-Acc (%)	-13.5	-26.3	N/A	-20.2
Index (%)*	-8.4	-3.7	N/A	-0.9
Target (%)**	-8.0	-1.8	N/A	1.2
Sector Average (%)***	-10.1	-8.8	N/A	-5.4

Performance source: FE, StatPro, MSCI, total return in sterling.
†15/04/2021
*MSCI ACWI Index.
**Target refers to Target Benchmark: MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.
***IA Global Sector.

Discrete Performance

	30/06/17-30/06/18	30/06/18-30/06/19	30/06/19-30/06/20	30/06/20-30/06/21	30/06/21-30/06/22
Class B-Acc (%)	N/A	N/A	N/A	N/A	-26.3
Index (%)*	N/A	N/A	N/A	N/A	-3.7
Target (%)**	N/A	N/A	N/A	N/A	-1.8
Sector Average (%)***	N/A	N/A	N/A	N/A	-8.8

Performance source: FE, StatPro, MSCI, total return in sterling.
*MSCI ACWI Index.
**Target refers to Target Benchmark: MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.
***IA Global Sector.

Stock Level Attribution

Top and Bottom Ten Contributors to Relative Performance

Quarter to 30 June 2022

Stock Name	Contribution (%)
Prosus N.V.	1.2
Anthem Inc	0.6
Service Corp.Intl.	0.5
Li Auto ADR	0.5
Olympus	0.4
AIA	0.4
NVIDIA*	0.4
Apple*	0.3
Meituan	0.3
AJ Gallagher & Co	0.3
Cloudflare Inc	-0.6
Shopify	-0.5
Illumina	-0.5
SEA Ltd ADR	-0.4
The Trade Desk	-0.4
B3 S.A.	-0.3
Twilio Inc	-0.3
Doordash Inc	-0.3
Tesla Inc	-0.3
Carvana	-0.3

One Year to 30 June 2022

Stock Name	Contribution (%)
Anthem Inc	1.4
Service Corp.Intl.	0.8
AJ Gallagher & Co	0.7
Olympus	0.4
Paypal Holdings Inc*	0.4
Li Auto ADR	0.3
Markel	0.2
Thermo Fisher Scientific	0.2
Royalty Pharma	0.2
Tesla Inc	0.2
SEA Ltd ADR	-2.0
Shopify	-1.6
Farfetch	-1.2
Twilio Inc	-1.2
Naspers	-1.1
Wayfair Inc	-1.0
Meituan	-0.8
Carvana	-0.7
Doordash Inc	-0.7
Teladoc	-0.7

Source: StatPro, MSCI. Baillie Gifford Global Alpha Paris-Aligned Fund relative to MSCI ACWI Index.
Some stocks may have been held part period.
*Stocks not held in the portfolio.

Market environment

Inflation continues to dominate the market narrative. There is mounting evidence that inflation is more pronounced, persistent, and widespread than we have seen in many parts of the world for decades. The supply-side issues brought about by the Covid-19 pandemic and government-imposed restrictions continue to work their way through supply chains. Meanwhile, Chinese authorities resumed lockdowns because of breakout infections in some of the country's major cities, intensifying the supply chain disruption. The effects are being exacerbated by the conflict in Ukraine which is driving up energy and food costs. Central banks around the world are responding with tighter monetary policy to try to contain inflation expectations. We are not economic forecasters, nor are we dismissive of the market's concerns. We recognise the possibility that the next few years might well be characterised by stubbornly high inflation, weaker consumption, and rising borrowing costs. However, instead of joining the army of economic forecasters, we remain focused on individual companies – assessing how their growth prospects are changing and how well equipped they are to respond to the uncertain economic environment.

Performance

The first half of this year has been a challenging one for global stock markets and this period has extended a run of underperformance for the Global Alpha strategy stretching back to early 2021. Share price weakness has been most acute for high- growth companies, where uncertainty about future rewards is highest, with profits and cash flow weighted to future years. These types of companies are a significant part of the Fund and are run by ambitious management teams prepared to take a long-term view. As such they have been in the eye of the storm, with these attributes having been markedly out of sync with the stability and defensiveness craved by the market. Consequently, our holdings in younger e-commerce companies have faced steep declines. The market has reacted very negatively to any signs of slowing growth or increasing capital needs. The prospect of a weaker consumer or a potential recession has amplified the market's concern. E-commerce companies such as Shopify, Sea Ltd, Doordash and Carvana were among the top detractors for the quarter. Although these companies face cyclical headwinds in the short term, the structural growth drivers remain intact. Similarly, software companies were among the weakest performers in the quarter. High growth cloud software businesses Cloudflare, Trade Desk and Twilio came under pressure despite continuing to produce exceptional revenue growth.

Prosus was the portfolio's top contributor over the quarter. Prosus is a global internet and entertainment group and one of the largest technology investors in the world. Prosus owns a 29 per cent stake in China's largest internet and social media company, Tencent. After a prolonged period of weakness the share price rebounded from a low in May after Chinese regulators signalled their softening attitude towards China's internet economy. However, the more recent boost came from parent company Naspers. CEO Bob Van Dijk announced that they would begin selling shares in Tencent to buy back Prosus shares. The open-ended share repurchase programme is expected to reduce the group's discount to the sum of the underlying investments which has widened to record levels. While we welcome the commitment to reducing the discount, what is equally pleasing is the growth in Prosus' other underlying e-commerce investments. In aggregate Prosus' e-commerce revenues grew 51 per cent year on year, displaying strong growth and scale across multiple verticals.

Notable transactions

Portfolio turnover has remained relatively low, consistent with our long-term investment horizon. Still, there has been a slight decrease in the number of holdings in the portfolio over the past year. We have been deliberate in reassessing holdings in view of the more challenging operating environment companies face. We remain focused on what lies ahead – the growth prospects for portfolio companies, their ability to adapt to the changing economic environment and the upside potential. The outcome has been to move on from investments where conviction has fallen, particularly where execution has been poor or where our view of the upside case has materially changed. Peloton, Teladoc, Tencent Music Entertainment and KE Holdings have all been sold from the portfolio, reflecting lower conviction and a desire to use the capital to fund exciting opportunities in elsewhere. Despite a challenging market backdrop, the current sell-off brings opportunities to find the big winners of the next decade. The pool of opportunities is growing, and we continue to look for beneficiaries of structural changes which may provide a powerful tailwinds for certain companies over the coming decade. For example, the recent market decline allowed us to make an investment in Adobe at the end of last quarter, a leading US software business, at a more attractive valuation. We also added newer holdings to Analogue Devices, Royalty Pharma and Chewy where conviction has deepened. It can be hard to avoid getting drawn into the here and now of markets, but we are continuing to stick to our reward-seeking approach and our belief that our fundamentals rather than macro factors drive share prices over longer time horizons.

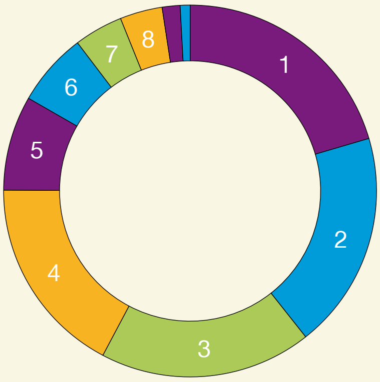
New Purchases

Stock Name	Transaction Rationale
Albemarle	We have made a small reduction to Albemarle, the lithium producer, following strength in its share price over the last two years. Recent performance for the company has been boosted by the increase in demand for lithium, driven by the increase in demand for electric vehicles, of which lithium is a key component. We remain enthusiastic about the future of Albemarle's growing lithium business. Its scale and dominance makes it difficult to disrupt, as well as owning assets that are difficult to replicate. It is a key enabler of the climate transition and one we think will benefit from the global need to move to a more sustainable world.
Royalty Pharma	We have taken a new position in Royalty Pharma, the largest buyer of biopharmaceutical royalties in the US. Royalty Pharma fund bio innovation both directly, when they partner with companies to co-fund late-stage clinical trials in exchange for future royalties, and indirectly, when they acquire existing royalties from the original innovators. Their focus, scale, flexibility, time horizon and extensive expertise uniquely positions them to take advantage of increasing innovation in the life-sciences industry and bridge the gap between capital-constrained innovators and capital-rich marketers. We anticipate that the acquisition of royalty streams will play an increasing role in the funding mix across the industry enabling Royalty Pharma to deliver attractive growth by re-investing faster than the runoff of patent expiries. As such we have a taken a new holding for the portfolio.
Shiseido	Shiseido is a global cosmetics company based in Japan with several strong brands. The global cosmetics industry has grown consistently over long periods of time and we believe that this will resume post Covid and lock-downs in Japan and Asia. Structural growth has and will continue to be driven by product innovation and the rising middle classes in Asia and in particular China underpinned by growing spending power and a greater propensity to spend on cosmetics. Shiseido's valuation reflects depressed levels of profitability but we are confident that as Asia reopens this will normalise and that the company has many years of profitable growth ahead of it. As a result we decided to make an investment in Shiseido for the portfolio.

Complete Sales

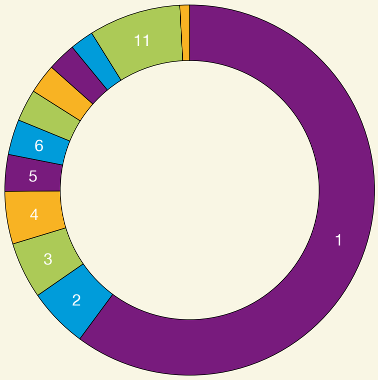
Stock Name	Transaction Rationale
KE Holdings ADR	KE Holdings operates China's leading online property portal and is a major real estate broker. China is the world's largest residential real estate market and the market for second hand homes is growing steadily. Real estate agents are playing an increasing role in the sale of new homes, a function previously dominated by the real estate developers themselves. We were originally attracted to the company as it had established a dominant position in the Chinese property market through a differentiated online business model. However, shares have been under pressure due to the weakening in the Chinese real estate market, with some developers facing funding issues, impacting the company's revenues both through reduced volumes and lower prices. Commission rates may also come under increasing pressure. With the long term investment case deteriorating, we decided to sell an already small holding from the portfolio.
Naspers	We have decided to sell the holding in Naspers. It has been an exceptional long-term holding for clients since we first invested in 2008. Naspers owns 57% of Prosus, its Dutch-listed subsidary which is also held in the portfolio. Prosus remains one of the portfolio's largest holdings. We decided to reduce the combined exposure to better match our level of conviction in the company. It is clear that Naspers faces some headwinds to growth, largely stemming from the large stake in Tencent, China's leading internet platform. Tencent has firstly faced regulatory pressures across its gaming business as the state have further restricted gaming access for children, and secondly, in relation to anti-monopoly laws across large, internet platforms.
Peloton Interactive Inc	Peloton has experienced challenges and turmoil over recent months. After a period of deliberation, we have taken the decision to sell the holding. We bought the home exercise company mid-pandemic with our forward-looking hypothesis focused on its ability to broaden its subscription base and its potential to disrupt the global fitness industry. The company's execution has been poor, particularly in the management of the hardware element of the business. Looking forward, the business requires a period of operational stabilisation and the forward looking hypothesis for Peloton has diverged from our original thesis. Therefore, we have decided to move on and use the proceeds to fund exciting opportunities elsewhere.
Teladoc	We have sold online health provider Teladoc. Bought pre-pandemic in 2019, it did very well over the height of the pandemic due to the requirement to continue medical care virtually for many. Teladoc benefitted from its first-mover advantage during the pandemic, however there is now evidence that competition is emerging from others like Anthem and Amazon. In addition, our confidence in management has weakened after the $6.6bn impairment charge linked to its acquisition of data-based health management company Livongo in 2020. This was a very modest position in the portfolio and therefore we have decided to focus our investment thought and attention on other areas of the portfolio where we have a higher degree of conviction.
Tencent Music Entertainment ADR	We purchased China's leading music platform, Tencent Music Entertainment (TME) in 2020, with our upside case based on its large and growing user base, increasing the paying ratio and gradual deepening of monetization. However, over this time, TME has faced regulatory and competition challenges. Concerns about the future of data privacy and how consumers spend their time online have impacted our forward looking hypothesis. Competition is also a threat with the likes of Netease in music and TikTok in short-form video. Decreased enthusiasm, revised growth estimates and the concerns above have led to a complete sale of the stock.

Sector Exposure



		%
1	Consumer Discretionary	20.4
2	Financials	18.9
3	Health Care	18.4
4	Information Technology	17.3
5	Communication Services	8.2
6	Industrials	6.4
7	Consumer Staples	4.2
8	Materials	3.7
9	Real Estate	1.6
10	Cash	0.9

Geographic Exposure



		%
1	United States	60.1
2	Japan	5.2
3	China	4.9
4	Netherlands	4.6
5	France	3.2
6	UK	3.1
7	Hong Kong	2.8
8	Taiwan	2.6
9	Sweden	2.5
10	Germany	2.1
11	Others	8.0
12	Cash	0.9

Top Ten Holdings

Stock Name	Description of Business	% of Portfolio
Anthem	Healthcare insurer	4.8
Prosus	Portfolio of online consumer companies including Tencent	3.9
Microsoft	Software company	3.7
Alphabet	Online search engine	3.4
Moody's	Credit rating agency	3.3
AJ Gallagher	Insurance broker	2.8
Service Corporation International	Funeral services operator	2.7
TSMC	Semiconductor manufacturer	2.6
AIA	Asian life insurer	2.4
Olympus	Optoelectronic products	2.3
Total		31.8

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	66	Companies	18	Companies	3
Resolutions	812	Resolutions	41	Resolutions	3

In the absence of an agreed definition of ESG, it is important for investors to be transparent, honest and clear about what they are doing
Ratings should be used with caution or as an input to a more comprehensive analysis process
We should stay focused on the potential for real-world change rather than just trying to look good based on today's numbers

Company Engagement

Engagement Type	Company
Corporate Governance	Adyen N.V., Housing Development Finance Corporation Limited, Meituan, Moderna, Inc., Rio Tinto Group, Shopify Inc.
Environmental/Social	Albemarle Corporation, Amazon.com, Inc., CRH plc, Martin Marietta Materials, Inc., Microsoft Corporation, Moderna, Inc., Tesla, Inc., Wayfair Inc.
AGM or EGM Proposals	Amazon.com, Inc., Atlas Copco AB, Booking Holdings Inc., Carvana Co., Cloudflare, Inc., Markel Corporation, Martin Marietta Materials, Inc., Meta Platforms, Inc., Moderna, Inc., Rio Tinto Group, Schibsted ASA, Shopify Inc., Teradyne, Inc., The Trade Desk, Inc., Ubisoft Entertainment SA

Asset Name	Fund %
Anthem	4.8
Prosus	3.9
Microsoft	3.7
Alphabet	3.4
Moody's	3.3
AJ Gallagher	2.8
Service Corporation International	2.7
TSMC	2.6
AIA	2.4
Olympus	2.3
Pernod Ricard	2.2
Mastercard	2.2
Prudential	2.1
Amazon.com	2.1
Tesla Inc	1.8
Thermo Fisher Scientific	1.7
Royalty Pharma	1.7
Estee Lauder	1.6
Atlas Copco	1.5
Alnylam Pharmaceuticals	1.5
S&P Global Inc	1.4
Alibaba	1.4
Moderna	1.3
Booking Holdings	1.3
Charles Schwab	1.3
HDFC	1.3
Teradyne	1.3
Broadridge Financial Solutions	1.3
Albemarle	1.2
Li Auto	1.1
Ping An Insurance	1.1
Richemont	1.1
Markel	1.1
SMC	1.1
Meituan	1.0
CBRE Group Inc	1.0
Martin Marietta Materials	1.0
Meta Platforms	1.0
The Trade Desk	1.0
B3	1.0
Sysmex	1.0
Deutsche Boerse	0.9
SEA Limited	0.9
Analog Devices	0.9
CoStar	0.8
CRH	0.8
Adobe Systems	0.8
Illumina	0.8
Genmab	0.8

Asset Name	Fund %
SiteOne Landscape Supply	0.8
Epiroc	0.8
adidas	0.8
Datadog	0.7
Chewy	0.7
Adyen	0.7
Shopify	0.7
Nexans	0.7
Abiomed	0.7
Rio Tinto	0.7
Schibsted	0.6
CyberAgent	0.6
DoorDash	0.6
Novocure	0.6
Certara	0.6
Howard Hughes	0.5
Twilio	0.5
Snowflake	0.5
Axon Enterprise	0.5
Cloudflare	0.5
STAAR Surgical	0.4
Adevinta	0.4
Coupang	0.4
Sands China	0.4
HelloFresh	0.4
Netflix	0.3
Ubisoft Entertainment	0.3
IAC	0.3
Hoshizaki Corp	0.3
Farfetch	0.3
Brilliance China Automotive	0.3
Spotify	0.3
Exact Sciences	0.2
Chegg	0.2
Wayfair	0.2
Oscar Health	0.2
Carvana	0.1
Vimeo	0.0
VK	0.0
Sberbank*	0.0
Cash	0.9
Total	100.0

Please note the fund information contained within this document is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

*As at March 2022, this Russian holdings have been valued at zero by our Fair Value Pricing Committee due to the ongoing issues in the Russian market.

Share Class	Share Class Inception Date	ISIN	SEDOL	Annual Management Fee (%)	Ongoing Charge Figure (%)
Class B-Acc	15 April 2021	GB00BNC20W60	BNC20W6	0.57	0.59*
Class B-Inc	15 April 2021	GB00BNC20X77	BNC20X7	0.57	0.59*

Charges will reduce the value of your investment. Please refer to the Prospectus and Key Investor Information Document for further details.
*Estimated

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Additional Geographical Location Information
Israel: This Report, as well as investment in the Fund described herein, is directed at and intended for Investors that fall within at least one category in each of: (1) the First Schedule of the Israeli Securities Law, 1968 ("Sophisticated Investors"); and (2) the First Schedule of the Investment Advice Law ("Qualified Clients").

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.

As with any investment, the clients' capital is at risk. Past performance is not a guide to future returns.

Throughout the report all figures are rounded, so any totals may not sum. Not all stocks mentioned may be held by the portfolio.

All information as at 30 June 2022 and source is Baillie Gifford & Co unless otherwise stated.

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