

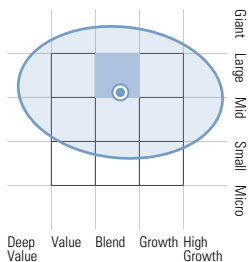
# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

**Morningstar Analyst Rating**  
**Bronze**  
 22 Jun 2021  
 15:48, UTC-0500

<b>Morningstar Category</b> Japan Large-Cap Equity	<b>Category Index</b> TOPIX TR JPY	<b>Total Assets</b> 978.00 Mil GBP	<b>Current Yield %</b> —	<b>Inception Date</b> 04/07/16	<b>Domicile/Currency</b> GBR/GBP	<b>Morningstar Rating</b> ★★★
---	---------------------------------------	--	-----------------------------	-----------------------------------	-------------------------------------	----------------------------------

### Equity Style Map



### People

Matthew Brett	07/16
Karen See	01/17
<b>Total Named Managers</b>	<b>2</b>

### Morningstar Pillars

Process	Average
Performance	Average
People	Above Average
Parent	High
Price	Average

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Performance 30/06/21		
											Growth of 10,000	Value	Ret
											Annualized	GBP	%
											■ Fund	16,630	10.72
											■ Category	15,377	9.00
											■ Index	15,411	9.05
											▼ Full Manager Change		
											▽ Partial Manager Change		
											<b>Morningstar Rating</b>		
											★★★★★		
											★★★★		
											★★★★		
											★★★		
											★★		
											★		
											Quartile Rank in Category		
											Percentile Rank in Category		
											Total Return GBP		
											+/- Category		
											+/- Index		
											<b>Process</b>		
											Equity Style Box		
											Asset Allocation		
											● Stock ● Bond ● Cash ● Other		
											Equity Supersectors		
											📈 Cyclical		
											📉 Sensitive		
											➡ Defensive		
											<b>Price</b> TER/OGC		
											0.62		

### Analyst View

Lena Tsymbaluk, Analyst

## A solid choice for core Japan equity exposure.

The conduct of Morningstar's analysts is governed by Morningstar's Code of Ethics, Securities Trading and Disclosure Policy, and Morningstar Manager Research Integrity Policy. For information regarding conflicts of interest, please click <http://global.morningstar.com/managerdisclosures>

### 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>

22 Jun, 2021 | Baillie Gifford Japanese Income Growth continues to benefit from a collegiate approach and support from an experienced team. All the share classes, including the clean B share class, retain a Morningstar Analyst Rating of Bronze.

Matthew Brett and Karen See are jointly responsible as comanagers for portfolio construction. However, as See's management experience develops further, she is expected to take sole charge of the strategy, freeing up Brett to focus on the management of his pure growth mandates (Japanese Fund and Japan Trust).

The supporting investment team consists of nine investment professionals. It is one of the largest Japan equity teams outside of Tokyo, which allows for a wide level of coverage. All team members have research responsibilities, covering around 150 stocks across a range of sectors. The intentional generalist approach allows for a more informed debate.

This strategy aims to provide attractive income and capital growth over the longer term with a focus on portfolio dividend growth. This isn't a high-yield strategy, however, which allows the managers further flexibility. Baillie Gifford applies a collegial approach to investment, with

ideas drawn from across this well-resourced team. Stocks are selected via bottom-up analysis, unconstrained by sector or index considerations. The focus is on underappreciated long-term growth via companies that are improving returns on capital and balance-sheet efficiency, to deliver growing dividends.

Given the growth influence that tends to be a key part of the house approach, investors should not expect a value-orientated return profile inherent in a traditional income-orientated product. Pleasingly, performance since launch has not been dominated by sector positioning or by allocations to various styles of stocks (growth or value, for example) but rather by stock selection across various sectors and styles, which augurs well for the strategy in a variety of market conditions. This underpins our view of this strategy as a core proposition.

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

**Morningstar Analyst Rating**  
**Bronze**  
 22 Jun 2021  
 15:48, UTC-0500

Process: Approach

**Morningstar Category**  
Japan Large-Cap Equity

**Category Index**  
TOPIX TR JPY

**Index Proxy**  
NEXT FUNDS TOPIX ETF

**Leaning to underappreciated growth while keeping a close eye on dividend discipline.**

**Process Pillar** Average

22 Jun, 2021 | The approach is slightly different to the core house approach and needs to be proved over a longer period, warranting an Average Process rating.

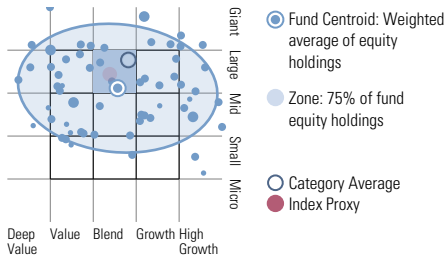
The strategy is managed with input from across the team with all members contributing to stocks held within the portfolio, in addition to

ideas conveyed via the broader company. The primary approach is to structure a portfolio of 45-65 stocks with a focus on identifying long-term and underappreciated growth prospects within a multicap context. In contrast to other strategies managed across the desk, this portfolio should have a greater yield than the Topix index, which adds an increased stock-level focus on improving returns on capital and balance-sheet efficiency to deliver growing dividends. The team seeks to determine medium- to long-term prospects rather than more short-term determinants as it feels that

the market is poor at understanding the long-term power of compounding growth factors. The core principle is that active management and in-depth fundamental analysis, combined with a patient approach to investing, deliver outperformance over the long term. The team assesses five factors in the search for stocks: industry background, competitive advantage, financial strength, the attitude of management, and valuation. The team likes investing alongside founder/owners, and innovative, dynamic, and committed management is a key attribute.

### Equity Style 30/04/21

#### Holdings-Based Style Map



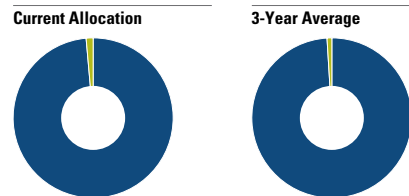
#### Equity Style Box Factors

Market Cap	Fund	3-Yr Avg	Category	Proxy
Giant/Large	60.6	58.4	82.0	75.1
Mid	34.9	35.4	16.3	18.1
Small/Micro	4.5	6.3	1.7	6.7
Avg Market Cap Bil GBP	8.2	7.3	3,185.71	1,876.3

Value Measures	Fund	3-Yr Avg	Category	Proxy
Price/Prospect. Earnings	16.8	15.9	17.4	15.1
Price/Book	1.4	1.2	1.7	1.2
Price/Sales	1.3	1.1	1.4	1.0
Price/Cash Flow	9.1	6.1	11.1	8.9
Dividend Yield	2.1	2.8	1.8	2.0

Growth Measures	Fund	3-Yr Avg	Category	Proxy
Long-Term Earnings %	11.8	11.2	15.6	12.6
Historical Earnings %	-7.5	2.0	-3.1	0.8
Sales %	-1.4	4.0	-1.2	-2.3
Cash Flow %	12.3	1.0	8.6	4.5
Book-Value %	2.5	5.6	3.7	2.3

### Asset Allocation 30/04/21



Net Assets %	Fund	3-Yr Avg	Category	Proxy
Equity	98.6	99.0	98.9	100.0
Fixed Income	0.0	0.0	1.0	0.0
Cash	1.4	1.0	-0.7	0.0
Other	0.0	0.0	0.8	0.0

### Regional Exposure 30/04/21

Market Type Equity %	Fund	3-Yr Avg	Category	Proxy
Developed	100.0	100.0	100.0	100.0
Emerging	0.0	0.0	0.0	0.0

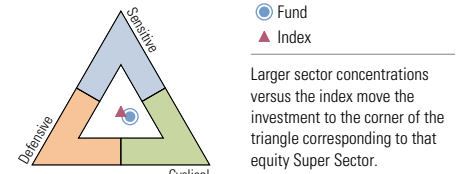
Top 5 Countries Equity %	Fund	3-Yr Avg	Category	Proxy
Japan	100.0	100.0	99.1	100.0

### Key Ratios 30/04/21

	Fund	3-Yr Avg	Category	Proxy
Net Margin %	9.5	11.9	10.5	9.3
ROA %	4.0	5.3	5.4	4.8
Debt/Total Capital %	29.2	28.2	29.1	29.5
ROE %	9.3	10.6	10.4	10.1

### Sectors 30/04/21

#### Sector Delta



Equity Sectors	Fund	3-Yr Avg	Category	Proxy
<b>Defensive</b>	<b>13.6</b>	<b>11.8</b>	<b>17.0</b>	<b>17.9</b>
Consumer Defensive	8.3	6.7	6.2	7.1
Healthcare	5.3	5.0	10.1	9.6
Utilities	0.0	0.0	0.7	1.2
<b>Sensitive</b>	<b>46.8</b>	<b>45.8</b>	<b>49.4</b>	<b>48.8</b>
Communication Serv.	16.2	12.5	8.8	8.3
Energy	2.3	3.9	1.3	1.4
Industrials	18.7	17.1	22.2	23.5
Technology	9.6	12.3	17.2	15.6
<b>Cyclical</b>	<b>39.6</b>	<b>42.4</b>	<b>33.5</b>	<b>33.3</b>
Basic Materials	4.0	3.9	5.8	6.3
Consumer Cyclical	14.9	14.9	15.2	15.6
Financial Services	17.5	19.1	9.5	9.1
Real Estate	3.1	4.6	2.9	2.3

### Economic Moat 30/04/21

	Fund	3-Yr Avg	Category	Proxy
Wide Moat	14.5	21.0	12.9	8.5
Narrow Moat	48.7	38.4	44.1	43.0
No Moat	36.8	40.6	43.1	48.5
Coverage Ratio	39.4	36.2	47.5	39.4

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

Morningstar Analyst Rating  
**Bronze**  
 22 Jun 2021  
 15:48, UTC-0500

### Process: Portfolio

Morningstar Category  
Japan Large-Cap Equity

Category Index  
TOPIX TR JPY

Index Proxy  
NEXT FUNDS TOPIX ETF

#### A balanced multicap portfolio with a marginal bias to growth stocks.

##### Process Pillar ● Average

22 Jun, 2021 | Active share has generally stood at above 80% versus the Topix, with sector weights driven by stock-specific positioning. There are notable overweightings in the higher-yielding financials and telecom sectors and less in consumer discretionary, basic-materials, and healthcare. Compared with the benchmark and Japan large-

cap equity Morningstar Category peers, the strategy stands at a premium in terms of P/B, P/E, sales growth, and return on equity, but with less overall debt/equity, indicative of the broader "growth" philosophy within the group influencing stock selection.

The portfolio on average is also further down the market-cap scale, which is a feature of strategies managed on the desk. The team assigns portfolio holdings to four buckets: secular growth, growth stalwarts, cyclical growth, and special situations. The balanced requirement for

income and growth leads to a broadly even split across these areas notwithstanding a bias to secular growth names.

At May 2021, the largest allocation was to secular growth (34.5% of assets) including names such as GMO Internet, Kubota, FANUC. Growth stalwarts was 22.2% including Pola Orbis and Nintendo, while cyclical growth accounted for 23.5% with DENSO and Sumitomo Mitsui Trust among the key holdings. The smallest bucket remained special situations, which included names like Softbank and Inpex.

#### Similarity to Index Proxy 30/04/21

Index Proxy Overlap	Number of Equity Holdings	Largest Common Holdings	Fund %	Proxy %	Largest Distinct Holdings	Fund %
	Fund 60 Index Proxy 2,187 Fund Overlap With Index Proxy Holdings Overlap 60 Asset Overlap 19.8%	Denso Corp 4.32 Pola Orbis Holdings Inc 4.13 SoftBank Group Corp 4.03 GMO internet Inc 3.41 Kubota Corp 3.38	0.58 0.05 2.87 0.04 0.50	Industrial & Infrastructure Fund Investment Corp 2.02		

#### Portfolio Holdings 30/04/21

Previous Portfolio Date	Equity Holdings	Bond Holdings	Other Holdings	Assets in Top 10 Holdings	Turnover Ratio (Reported)
31/03/21	60	0	1	34%	—

Top 10 Equity Holdings	Country	Assets % 30/04/21	Assets % 31/03/21	Proxy % 30/04/21	First Bought	Days Trading	Economic Moat	Sector	1-Yr Total Ret %
Denso Corp	JPN	4.32	4.50	0.58	09/16	<1	Narrow	Consumer Cyclical	59.30
⊕ Pola Orbis Holdings Inc	JPN	4.13	3.71	0.05	11/18	5		Consumer Defensive	38.80
SoftBank Group Corp	JPN	4.03	3.81	2.87	12/17	<1	No	Communication Serv.	24.66
⊕ GMO internet Inc	JPN	3.41	3.25	0.04	09/16	5		Communication Serv.	-10.65
⊕ Kubota Corp	JPN	3.38	3.29	0.50	03/17	<1	Narrow	Industrials	22.31
⊕ SBI Holdings Inc	JPN	3.22	3.09	0.14	09/16	<1		Financial Services	1.87
⊕ Fanuc Corp	JPN	3.19	3.12	0.82	09/16	<1	Wide	Industrials	22.09
⊕ Sumitomo Mitsui Trust Holdings Inc	JPN	2.82	2.84	0.26	09/16	<1	No	Financial Services	5.71
⊕ Bridgestone Corp	JPN	2.66	2.66	0.43	09/16	<1		Consumer Cyclical	29.09
⊕ Dmg Mori Co Ltd	JPN	2.58	2.62	0.04	05/19	2		Industrials	33.83

Change since previous portfolio: ⊕ Increase ⊖ Decrease ✨ New

New Holdings Largest Purchases	% Assets	Sector	Eliminated Holdings Largest Sales	% Assets	Sector	Largest Position Changes	Current %	Prior %
Sawai Group Holdings Co Ltd	0.95	⊕	Sawai Pharmaceutical Co Ltd	0.98	⊕	⊕ Pola Orbis Holdings Inc	4.13	3.71
						⊕ Fanuc Corp	3.19	3.12
						⊕ Toyota Motor Corp	1.13	1.07
						✨ Sawai Group Holdings Co Ltd	0.95	0.00
						⊖ Sawai Pharmaceutical Co Ltd	0.00	0.98

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

**Morningstar Analyst Rating**  
**Bronze**  
 22 Jun 2021  
 15:48, UTC-0500

### Performance

**Morningstar Category**  
Japan Large-Cap Equity

**Category Index**  
TOPIX TR JPY

**Performance has been robust since its recent launch.**

#### Performance Pillar

22 Jun, 2021 | From its July 2016 inception through 31 May 2021, the B Inc share class has delivered 20.4% annualized return, compared with 15.2% and 14.8%, respectively, for the Topix and the Japan large-cap equity category average. Risk-adjusted performance since inception has also been superior relative to both comparators.

In common with many Baillie Gifford strategies, the managers pay no heed to the benchmark when constructing portfolios. Given the growth influence, which tends to be a key part of the firm's investment style, investors should not expect a value-orientated return profile generally with a traditional income-orientated product. Performance since launch has not been dominated by sector positioning or by allocations to various styles of stocks (such as growth or value) but rather by stock selection across various sectors and styles, which augurs well for the strategy

in a variety of market conditions, underpinning our view of this strategy as a core proposition.

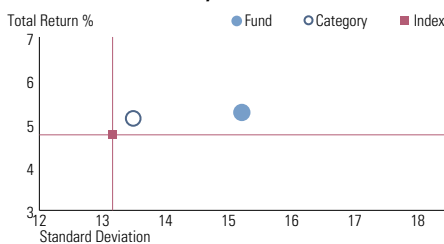
In 2020, the fund was ahead of the index and peers. Stock selection was strong in communication services, financials, and industrials. The key individual contributors included SoftBank, Nintendo, GMO Internet, Nidec, Kubota, and CyberAgent. Thus far into 2021 (through 31 May), the fund is ahead of both comparators, benefiting from strong stock selection in consumer discretionary and consumer staples.

#### Morningstar Rating and Risk 30/06/21

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

#### Risk Analysis 30/06/21

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



#### 3-Year Risk Measures

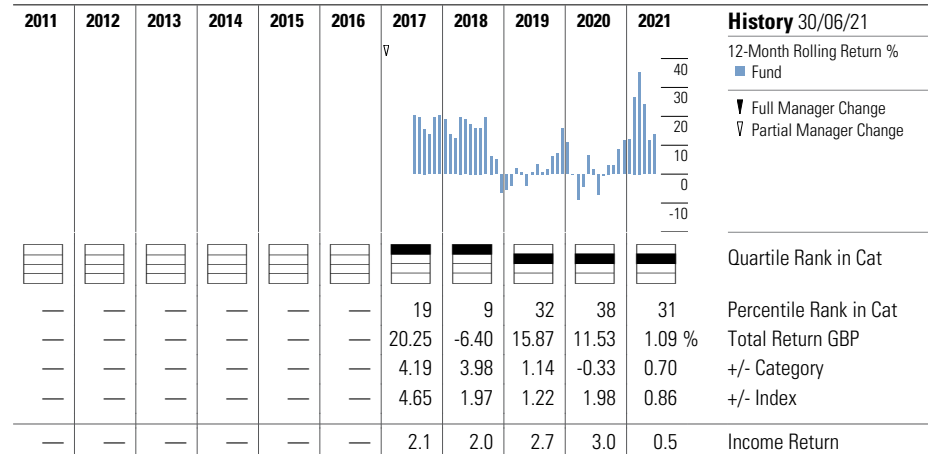
	Fund	Category	Index
Standard Deviation	15.21	13.49	13.16
Sharpe Ratio	0.39	0.39	0.39
R-Squared	92.26	99.14	—
Beta	1.07	1.03	—
Alpha	0.31	0.03	—

#### Maximum Drawdown

	Fund	Category	Index
Max Drawdown (%)	-17.84	-13.73	-12.66
Peak Date	10/19	10/18	10/18
Valley Date	03/20	12/18	12/18
Max Drawdown (Months)	6	3	3

#### Upside/Downside

	Fund	Category	Index
Upside Capture Ratio	109.5	102.5	—
Downside Capture Ratio	109.4	101.9	—

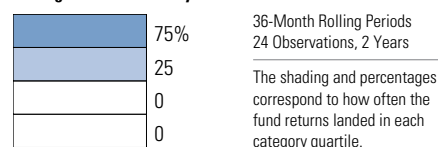


#### Returns 30/06/21

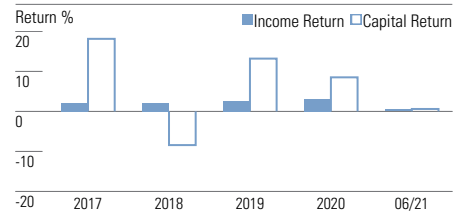
##### Trailing Returns

	Total Ret %	Investor Ret %	Rank in Cat	Cat Ret %	Index Ret %
1 Year	13.75	13.72	26	12.40	10.71
3 Years	5.26	8.37	49	5.12	4.74
5 Years	—	—	—	9.36	9.34
10 Years	—	—	—	8.42	9.19
Tenure 07/16	10.72	—	—	9.00	9.05
Inception 07/16	10.72	—	—	9.00	9.05

##### Rolling-Returns Summary



#### Income and Capital Returns



Year	Income Ret %	Income % Rank in Cat	Capital Ret %	Capital % Rank in Cat
2017	2.11	31	18.13	27
2018	2.02	55	-8.42	25
2019	2.68	2	13.19	63
2020	3.01	41	8.52	64
06/21	0.49	13	0.61	35

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

**Morningstar Analyst Rating**  
**Bronze** 22 Jun 2021  
 15:48, UTC-0500

### People

**Morningstar Category**  
Japan Large-Cap Equity

**Category Index**  
TOPIX TR JPY

#### A well-resourced team.

**People Pillar** ● Above Average

22 Jun, 2021 | The Above Average People rating is underpinned by the strong continuity and collegiate approach of the research team.

The strategy is managed by Karen See and Matthew Brett. See joined Baillie Gifford in 2012 and has spent all her career on the Japan desk. She has been named comanager since the

inception of the strategy and is expected to take a lead role here as her management experience develops. Brett is a comanager here, providing oversight, while See is much more involved in this mandate. Brett has worked on the Japan desk for 18 years at Baillie Gifford, and has a strong track record of 14-plus years on Baillie Gifford Japan OEIC.

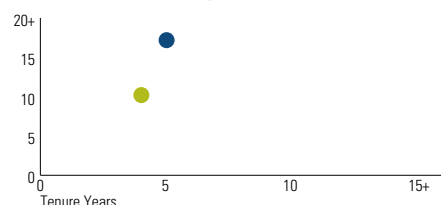
The supporting investment team consists of nine professionals, having on average 12 years' experience. In common with other teams at the firm, most have spent their entire career at the

group as external hires are less common than at other houses (only two of the team have outside experience). Baillie Gifford trains its analysts in-house, and as part of this process, there is a policy of annual rotation of trainees around the various teams, which gives people broader investment experience. All team members have research responsibilities that are purposely spread across sectors, ensuring that team debate is robust. The team is one of the largest Japan equity teams outside of Tokyo, which allows for a wide level of coverage.

#### Management Team

##### Experience and Asset Load

Total AUM Bil GBP in Funds Managed



Number of Managers	Longest Tenure	Manager Retention Rate	Average Manager Tenure
2	5.00 Years	5-Year —%	4.75 Years
<b>Advisor</b> Baillie Gifford & Co		<b>Subadvisor</b> —	

#### ● Matthew Brett 07/16 to Present

Years on Managed Funds	Years on Fund
16	5
Fund AUM	Current Funds Managed
17,170.27 Mil GBP	11

Largest Funds Managed	Tenure Dates	Role	Fund Size	Investment	Tenure	Index
			Bil GBP	Mil GBP	Ret %	Ret %
Baillie Gifford Japanese Fund	06/08 to Present	Lead	3.68	—	11.00	4.70
Baillie Gifford Japanese Income Gr Fd	07/16 to Present	1 of 2	0.98	—	10.72	11.67


#### ● Karen See 01/17 to Present

Years on Managed Funds	Years on Fund
5	4
Fund AUM	Current Funds Managed
10,191.15 Mil GBP	3

Largest Funds Managed	Tenure Dates	Role	Fund Size	Investment	Tenure	Index
			Mil GBP	Mil GBP	Ret %	Ret %
Baillie Gifford Japanese Income Gr Fd	01/17 to Present	1 of 2	978.00	—	8.95	8.09

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

GB00BYZJQH88

**Morningstar Analyst Rating**  
 **Bronze**  
 22 Jun 2021  
 15:48, UTC-0500

## Parent

**Morningstar Category**  
Japan Large-Cap Equity

**Category Index**  
TOPIX TR JPY

### An exemplary steward.

**Parent Pillar**  High

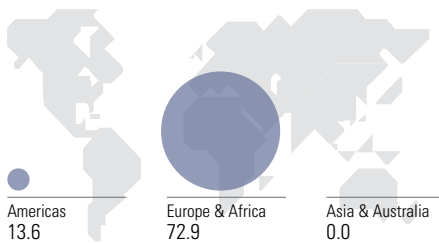
12 Dec, 2019 | Edinburgh-based Baillie Gifford, founded in 1908 as a partnership, is owned by over 40 partners who average more than 20 years of tenure. The group offers strategies across asset classes, but equities remain its key strength and continue to dominate in terms of assets under management.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

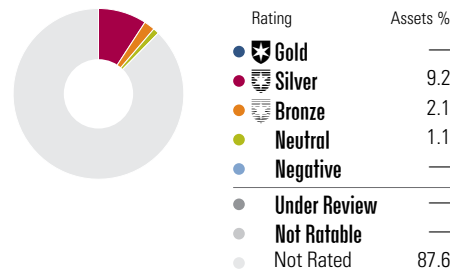
large component of a fund manager's bonus is based on three- and five-year performance. Although there are small, focused investment teams within the firm, there is a strong culture of collaboration, and staff turnover is among the lowest in the industry. Moreover, the firm has been active in cutting 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 GBP



### Fund Family Details Europe (\*)

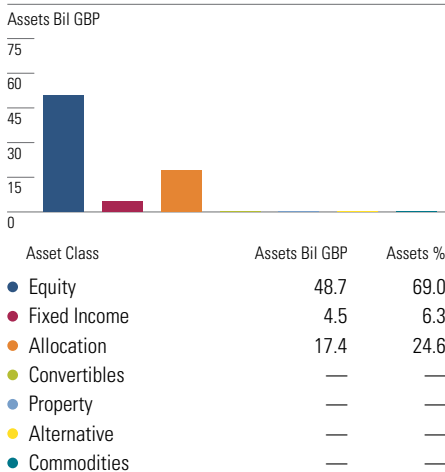
#### Morningstar Analyst Rating Breakdown



#### Morningstar Rating Breakdown



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



### Fund Family Details Europe

Top Performing Funds		Category Name	Fund Size Mil GBP	Return % 3-Year	Rank in Cat 3-Year
Baillie Gifford Long Term Global Growth Investment Fund B Acc	Global Large-Cap Growth Equity	3,915.2	34.31	1	
Baillie Gifford European Fund B Income	Europe ex-UK Equity	2,451.7	21.54	1	
Baillie Gifford Investment Grade Long Bond Fund B Income	GBP Diversified Bond	183.9	7.22	1	
Largest Funds		Category Name	Fund Size Mil GBP	Return % 3-Year	Rank in Cat 3-Year
Baillie Gifford Managed Fund B Acc	GBP Moderately Adventurous Allocation	8,267.5	16.46	1	
Baillie Gifford American Fund B Income	US Large-Cap Growth Equity	6,461.7	40.35	2	
Baillie Gifford Diversified Growth Fund A Accumulation	GBP Flexible Allocation	6,268.2	3.54	71	
Recent Fund Launches		Category Name	Fund Size Mil GBP	Return % Inception	Inception Date
Baillie Gifford Worldwide China Fund B GBP Acc	China Equity	—	0.45	18/06/21	
Baillie Gifford Worldwide Responsible Global Equity Income Fund B GBP Acc	Global Equity Income	—	1.81	18/06/21	
Baillie Gifford Worldwide Emerging Markets All Cap Fund Class B USD Acc	Global Emerging Markets Equity	46.1	-6.58	04/02/21	

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

© 2021 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions presented herein do not constitute investment advice; are provided solely for informational purposes and therefore are not an offer to buy or sell a security; and are not warranted to be correct, complete or accurate. The opinions expressed are as of the date written and are subject to change without notice. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions or their use. The information contained herein is the proprietary property of Morningstar and may not be reproduced, in whole or in part, or used in any manner, without the prior written consent of Morningstar. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission.

# Baillie Gifford Japanese Income Growth Fund B GBP Acc

## GB00BYZJQH88

**Morningstar Analyst Rating**  
**Bronze** 22 Jun 2021  
 15:48, UTC-0500

### Price

**Morningstar Category**  
Japan Large-Cap Equity

**Category Index**  
TOPIX TR JPY

### Price Pillar

22 Jun, 2021 | 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 Bronze.

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	<b>Expense History</b>
—	—	—	—	—	—	—	—	—	—	0.62	
—	—	—	—	—	—	365.2	518.2	721.3	865.2	978.0	TER/OGC
—	—	—	—	—	—	188.1	201.6	131.5	69.7	105.5	Net Assets Mil GBP
											Net Flows Mil GBP

### Expense Breakdown

<b>Ongoing charge</b>	
Ongoing charge 14/05/21	0.62

### Selected Components

Max Management Fee	0.60
Performance Fee	—

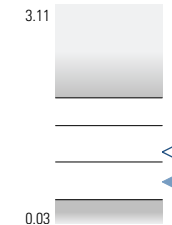
### Fee Level

<b>Fee Level</b>	Below Avg
------------------	-----------

### Peer Group

Japan Large-Cap Equity  
Retail Broad

### Fee Level Breakpoints



High	>1.80
Above Average	1.41-1.80
Average	0.90-1.41
Below Average	0.37-0.90
Low	<0.37
◀ Fund	0.62
◀ Peer Median	1.04

### Share Class Information

Share Class	Identifier	Morningstar Category	TER/OGC	Max Mgmt Fee	Performance Fee	Maximum Initial Charge	Minimum Initial Inv	Assets Bil GBP
<b>Baillie Gifford Japanese Inc Gr B £ Acc</b>	<b>GB00BYZJQH88</b>	<b>Japan Large-Cap Equity</b>	<b>0.62</b>	<b>0.60</b>	—	<b>0.00</b>	<b>1,000</b>	<b>0.43</b>
Baillie Gifford Japanese Inc Gr W4 £ Inc	GB00BFWK8L97	Japan Large-Cap Equity	0.46	0.60	—	—	1,000	0.38
Baillie Gifford Japanese Inc Gr B £ Inc	GB00BYZJQG71	Japan Large-Cap Equity	0.62	0.60	—	0.00	1,000	0.16
Baillie Gifford Japanese Inc Gr Y £ Inc	GB00BYZJQL25	Japan Large-Cap Equity	0.63	0.60	—	0.00	10,000	0.01
Baillie Gifford Japanese Inc Gr Y £ Acc	GB00BYZJQM32	Japan Large-Cap Equity	0.63	0.60	—	0.00	10,000	0.00
Baillie Gifford Japanese Inc Gr W4 £ Acc	GB00BD9MNY27	Japan Large-Cap Equity	0.46	0.60	—	—	1,000	0.00

# Morningstar Global Fund Report

## Disclosure

The Morningstar Global Fund Report ("Report") is for informational purposes, intended for financial professionals and/or qualified investors ("Users") and should not be the sole piece of information used by such Users or their clients in making an investment decision.

The analysis within this report is prepared by the person(s) noted in their capacity as an analyst for Morningstar. The opinions expressed within the Report are given in good faith, are as of the date of the Report and are subject to change without notice. Neither the analyst nor Morningstar commits themselves in advance to whether and in which intervals updates to the Report are expected to be made. The written analysis and Morningstar Analyst Rating within this Report are statements of opinions; they are not statements of fact.

Morningstar believes its analysts make a reasonable effort to carefully research information contained in their analysis. The information on which the analysis is based has been obtained from sources which are believed to be reliable such as, for example, the fund's prospectus and shareholder reports (or their equivalents), fund company website, interviews with fund company personnel, and relevant and appropriate press sources as well as data, statistics and information within Morningstar's own database. Morningstar does not perform an audit or seek independent verification of any of the data, statistics, and information it receives.

Unless otherwise provided in a separate agreement, Users accessing this Report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Inc., a U.S.A. domiciled financial institution.

This Report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors; Users and User clients must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, Morningstar makes no representation that the Report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar and its officers, directors and employees will not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report. Morningstar encourages Users and User clients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a legal, tax, and/or accounting professional.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, or Morningstar affiliates guarantee the accuracy of the translations.

This Report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst or Morningstar. In Territories where a Distributor distributes our Report, the Distributor, and not the analyst or Morningstar, is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

### Morningstar Analyst Rating

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

For a list of funds which Morningstar currently covers and provides written analysis on please contact your local Morningstar office. For information on the historical Morningstar Analyst Rating for this fund or any Fund Morningstar covers, please contact your local Morningstar office.

Please note that investments in securities (including mutual funds) are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Risk, Return and Star Rating serves as useful data points with respect to evaluating a fund's risk profile.

A current yield percentage is not a reflection of the actual return an investor will receive in all cases as market prices for securities are constantly changing due to such things as market factors. Where a security is denominated in a

different currency than the currency of the User or User's clients, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment.

Indexes noted within the report are unmanaged, their returns do not include payment of any sales charges or fees an investor would pay to purchase securities, and cannot be invested in directly.

In certain jurisdictions, the Report contents, except for the Morningstar Analyst Rating and key analysis/opinions, may be shared with the fund company prior to publication. In the unlikely event that Morningstar would change their analysis/opinions and/or the Morningstar Analyst Rating based on feedback as result of such review, the Report would disclose such a fact.

### Conflicts of Interest:

- Analysts may own (actual or beneficial) interests in the financial products that are the subject of the Report. No material interests are held by Morningstar, the analyst or their immediate family in the financial products that are the subject of the Report.\*
- Analysts' compensation is derived from Morningstar's overall earnings and consists of salary, bonus and in some cases restricted stock. Analysts receive no compensation or material benefits from product issuers or third parties in connection with the Report.#
- Morningstar does not receive commissions for providing research and does not charge financial product issuers to be rated.
- Analysts may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment adviser or investment adviser representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst).
- Morningstar may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.
- Morningstar affiliates (i.e., its investment management group) may have arrangements with a fund company's affiliate to provide investment consulting advice some of which an analyst may issue an investment research reports on one or more of the fund company's funds. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publically traded company (Ticker Symbol: MORN) and thus a fund which is the subject of this Report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section <http://investorrelations.morningstar.com/sec.cfm?doctype=Proxy&year=&x=12>. A fund's holding of Morningstar stock has no bearing on and is not a requirement for funds Morningstar determines to cover.

Analysts do not have any other material conflicts of interest at the time of publication. Users wishing to obtain further information should contact their local Morningstar office or refer to <https://corporate.morningstar.com/us/asp/subject.aspx?xmlfile=540.xml>

### The Morningstar Analyst Rating™ for Funds

The Morningstar Analyst Rating™ for Funds is a forward-looking analysis of a fund. The Analyst Rating does not express a view on a given asset class or peer group; rather, it seeks to evaluate each fund within the context of its objective, an appropriate benchmark, and peer group.

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.

**Negative**

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.

Morningstar may also use two other designations in place of a rating:

**Under Review**

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**

This designation is used only where we are providing a report on a new strategy or on a strategy where there are no relevant comparators, but where investors require information as to suitability.

For more information about our Analyst Rating methodology please go to

<http://corporate1.morningstar.com/ResearchLibrary/>

**Morningstar Star Rating**

The Morningstar Star Rating is a proprietary data point that is quantitatively driven. Funds are rated from one to five stars based on how well the fund performed (after adjusting for risk and accounting for sales charges) in comparison to similar funds. Within each Morningstar Category, the top 10% of funds receive five-stars and the bottom 10% receives one-star. Funds are rated for up to three time periods—three-, five-, and ten-years—and these ratings are combined to produce an overall star rating, which is noted within the Report. Funds with less than three years of history are not rated. Morningstar Star Ratings are based entirely on a mathematical evaluation of past performance. Morningstar Star Ratings are in no way to be considered a buy or sell signal nor should be viewed as a statement of fact.

**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.

For more information about methodology in analysing stocks, please go to

<http://global.morningstar.com/equitydisclosures>.

**For Recipients in Australia:** This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products. To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/fsg.pdf](http://www.morningstar.com.au/fsg.pdf).

**For Recipients in New Zealand:** This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). Morningstar is the provider of the regulated financial advice and takes responsibility for the production of this report. To the extent the report contains regulated financial advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Advice Provider Disclosure Statement at [www.morningstar.com.au/s/fapds.pdf](http://www.morningstar.com.au/s/fapds.pdf) for more information.

**For Recipients in Hong Kong:** The Report is distributed by Morningstar Investment Management Asia Limited,

which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited. For enquiries regarding this research, please contact a Morningstar Investment Management Asia Limited Licensed Representative at <http://global.morningstar.com/equitydisclosures>.

**For Recipients in India:** This Investment Research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with the Securities and Exchange Board of India as an Investment Adviser (Registration number INA000001357), providing investment advice and research, and as a Portfolio Manager (Registration number INP000006156). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data related services, financial data analysis and software development.

The Research Analyst has not served as an officer, director or employee of the fund company within the last 12 months, nor has it or its associates engaged in market making activity for the fund company.

\*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India

#The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

**For recipients in Japan:** The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment advisor to any recipients of this information.

**For recipients in Singapore:** This Report is distributed by Morningstar Investment Adviser Singapore Pte Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.