



# Baillie Gifford Emerging Markets Equities Fund

## Fourth Quarter 2021

### Baillie Gifford Update

<b>Philosophy</b>	Long-term investment horizon A growth bias Bottom-up portfolio construction High active share
<b>Partnership</b>	100% owned by 47 partners with average 21 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

### Portfolio Summary

We invest with a long-term (5 year) perspective, and have a strong preference for growth. We are looking for significant upside in each stock that we invest in. The process is driven by rigorous, fundamental analysis undertaken by our dedicated Emerging Markets Team. The Team draws on this analysis, as well as insights gleaned from discussion with all of Baillie Gifford's global investors, to produce a portfolio that typically holds 60-100 stocks.

### Fund Facts

K Class Ticker	BGKEX
Institutional Class Ticker	BGEGX
Launch Date	April 04, 2003
Size	\$6,272.5m
Benchmark	MSCI Emerging Markets Index
Stocks (guideline range)	60-100
Current Number of Stocks	70
Active Share	67%*
Annual Turnover	18%
Style	Growth

\*Relative to MSCI Emerging Markets Index. Source: Baillie Gifford & Co, MSCI.

Launch date refers to the longest running share class of the fund. This is earlier than the K and Institutional share class launch date.

Active Share is a measure of the Fund's overlap with the benchmark. An active share of 100 indicates no overlap with the benchmark and an active share of zero indicates a portfolio that tracks the benchmark.

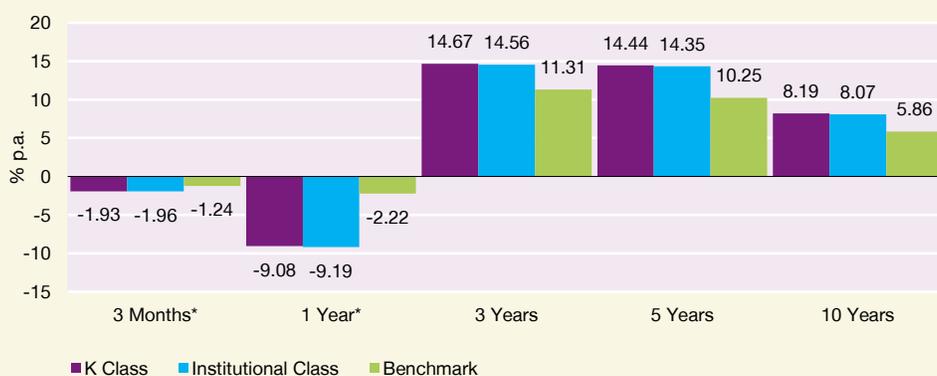
### Emerging Markets Team

Name	Years Experience
Andrew Stobart	31
Mike Gush*	19
Ben Durrant	10

\*Partner

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. This information and other information about the Fund can be found in the prospectus and summary prospectus. For a prospectus and summary prospectus, please visit our website at [baillieghifford.com/usmutualfunds](http://baillieghifford.com/usmutualfunds) Please carefully read the Fund's prospectus and related documents before investing. Securities are offered through Baillie Gifford Funds Services LLC, an affiliate of Baillie Gifford Overseas Ltd and a member of FINRA.*

## Fund Performance as of December 31, 2021



Gross Expense Ratio	
Share Class – K	0.80%
Share Class – Institutional	0.89%

Net Expense Ratio	
Share Class – K	0.80%
Share Class – Institutional	0.89%

Benchmark: MSCI Emerging Markets

*The performance data quoted represents past performance and is no guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For the most recent month-end performance please visit the Fund's website at [bailliegifford.com/usmutualfunds](http://bailliegifford.com/usmutualfunds).*

*The Baillie Gifford Fund's performance shown assumes reinvestment of dividend and capital gain distributions and is net of management fees and expenses. From time to time, certain fees and/or expenses have been voluntarily or contractually waived or reimbursed, which has resulted in higher returns. Without these waivers or reimbursements, the returns would have been lower. Voluntary waivers or reimbursements may be applied or discontinued at any time without notice. Only the Board of Trustees may modify or terminate contractual fee waivers or expense reimbursements. All fees are described in the Fund's prospectus.*

Returns are based on the above noted share class from April 28, 2017. Prior to that date returns are calculated based on the oldest share class of the Fund adjusted to reflect the current share class fees where these fees are higher. \*Not annualized.

*Expense Ratios: All mutual funds have expense ratios which represent what shareholders pay for operating expenses and management fees. Expense ratios are expressed as an annualized percentage of a fund's average net assets paid out in expenses. Expense ratio information is as of the Fund's current prospectus, as revised and supplemented from time to time.*

The MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global emerging markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Fund is more concentrated than the MSCI Emerging Markets Index.

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: April 28, 2017. NAV returns in US dollars.

The Fund's high returns during 2020 were in part due to unusual market conditions caused by the Coronavirus pandemic which benefitted a number of existing holdings in the Fund's portfolio. These companies saw faster than expected growth as a result of early adoption by people of some technologies and services. That rate of growth is unlikely to be repeated in normal market conditions. The Fund's investment horizon spans several years so periods of short-term volatility should be expected.

## Stock Level Attribution

Quarter to December 31, 2021

### Top Five Contributors

Asset Name	Contribution (%)
Petrobras	0.64
First Quantum Minerals	0.52
Mediatek	0.50
Tech Mahindra	0.38
CATL	0.25

### Bottom Five Contributors

Asset Name	Contribution (%)
SEA Limited	-0.46
MercadoLibre	-0.44
Sberbank	-0.38
Ozon Holdings	-0.29
Allegro	-0.25

One Year to December 31, 2021

### Top Five Contributors

Asset Name	Contribution (%)
Mediatek	0.93
CATL	0.92
Petrobras	0.78
Tech Mahindra	0.68
Pinduoduo	0.62

### Bottom Five Contributors

Asset Name	Contribution (%)
Ping An Insurance	-0.80
Alibaba	-0.71
Allegro	-0.66
Kingsoft Cloud	-0.59
Lufax Holding	-0.55

Five Years to December 31, 2021

### Top Five Contributors

Asset Name	Contribution (%)
MercadoLibre	2.67
Reliance Industries	2.64
Mediatek	2.41
Mmc Norilsk Nickel	2.06
TSMC	1.67

### Bottom Five Contributors

Asset Name	Contribution (%)
Harbour Energy PLC	-1.53
Infosys	-1.13
Banco Bradesco	-0.87
Siam Commercial Bank	-0.79
Cemex	-0.70

Source: StatPro, MSCI, Baillie Gifford Emerging Markets Equities Fund relative to MSCI Emerging Markets Index.

*The performance data quoted represents past performance and it should not be assumed that transactions made in the future will be profitable or will equal the performance of the securities mentioned. For the most recent month-end performance please visit our website at [bailliegifford.com/usmutualfund](http://bailliegifford.com/usmutualfund). A full list of holdings is available on request. The composition of the Fund's holdings is subject to change.*

For Emerging Markets, it's been year in which there has been a striking dispersion of returns between individual markets. Accordingly, China, South Korea and Brazil have finished the year in negative territory, while Taiwan, India and Russia have seen double-digit positive returns. Plenty of ink has been spilt here and indeed everywhere on China's regulatory developments. Having been managing money in Emerging Markets since 1994, we learnt a long time ago how to deal with political and regulatory uncertainty. In this respect, China is not so different from what we have seen in the past in the likes of Brazil, India, Russia, etc. In summary, we think that much of the recent reform is sensible and that companies have been quick to adapt.

As Covid has ebbed and flowed, so have markets flip-flopped between worrying about too much growth (inflation) or too little. We don't have any strong view here (to the extent that the Fund doesn't have any macro overlay), but a world with a bit more inflation, slightly higher interest rates and plenty of global liquidity doesn't feel like a bad environment for EM equities.

The Fund underperformed the MSCI Emerging Markets index for both the quarter and the year. Nonetheless, our investment horizon remains five years, and turnover remains low, which reflects our ongoing conviction in the companies in which we have invested. We cannot control what vexes stock markets at any given time, but we do take confidence in the strong operational performance of the vast majority of companies that we hold and that this should be recognised once the markets' focus returns to fundamentals.

The individual contributors to performance were varied, reflecting the bar-belled portfolio and included Brazilian oil company Petrobras. Brent crude started the year at about US dollar50/barrel and looks like ending it at nearly US dollar80/barrel. Consequently, Petrobras produced strong operational results with third quarter recurring net income of US dollar 3.3 bn, up from US dollar 600m a year earlier. Meanwhile, free cashflow was a prodigious US dollar 9bn. The company was able to reduce gross debt from US dollar 71.0bn at the end of the first quarter to US dollar 59.6bn at the end of the third quarter. Petrobras continues to enjoy some of the lowest costs outside of the Middle East with overall lifting costs of US dollar 5.0/barrel and only US dollar 2.5/barrel in its presalt oil fields, located offshore under deep, thick layers of rock and salt and require substantial investment to extract. Currently, there are roughly 1,500 oil and gas

drilling rigs in operation around the world. This is less than half the number operating a decade ago and suggests oil prices could remain high for considerably longer.

Taiwanese semiconductor producer TSMC was another contributor following strong operational performance. Third quarter revenues were US dollar 14.88bn, +22.6% Year on Year, gross margins at 51.3% and with wafer prices 'firming up'. Over half the revenues came from the advanced 5nm and 7nm nodes with demand driven by smartphones and high-performance computers. In 2020 TSMC announced plans to invest a massive US dollar 100bn over the next three years to increase its capacity. This includes one new US dollar 12bn plant in Arizona and a new US dollar 7bn plant in Japan, funded by co-investment by Sony and with subsidy support by the Japanese government.

The Russian economy expanded by 10.5 per cent Year on Year in the second quarter and 4.3 per cent in the third quarter as it rebounded from Covid and higher commodity prices drove growth. One of the prime beneficiaries has been Sberbank which also enjoyed strong operational performance, despite being a detractor over the quarter. At the third quarter, net profit was +28 per cent Year on Year as Sberbank benefitted from its strong market position. Sberbank has over 102 million retail customers of whom 71.3 million use its mobile app on at least a monthly basis. In other welcome developments Sberbank disclosed its first Environmental, Social, Governance policy and plans to start installing solar energy panels at branches to cover more than 20 per cent of its electric consumption. By 2030, Sberbank aims for its branches to become carbon neutral.

Polish ecommerce company Allegro also detracted from performance with concerns about increased competition from Amazon and SEA Ltd. Nonetheless, at the third quarter results, revenue grew 33 per cent Year on Year. Encouragingly, active customers have also grown +6 per cent Year on Year to 13.3m while GMV (gross merchandise value) per buyer increased 25 per cent Year on Year supported by rising SMART penetration (similar to Amazon Prime) with 600 collection lockers available for customers, with 3,000 more planned for 2022. To broaden its geographical coverage Allegro is acquiring Czech online retailer Mall Group for €881m to create a regional platform. Mall Group has a strong presence in the Czech Republic, Slovakia and Slovenia with smaller operations in Hungary, Croatia and Poland. The deal will increase

Allegro's total addressable market to over 70 million people.

Emerging Markets have been volatile this year and it seems that at least some of the top individual contributors in one quarter then feature amongst the individual detractors in the following quarter and vice versa. In truth this doesn't tell us much about the long-term outcomes of the companies in which we have invested for our clients. This lack of consistency by the market may last a while, but experience has taught us to stick to our guns and ride out these relatively short-term bouts of volatility in order to secure good long-term returns for our clients.

*The views expressed reflect the personal opinion of the author and should not be considered as advice or a recommendation to buy, sell or hold a particular investment.*

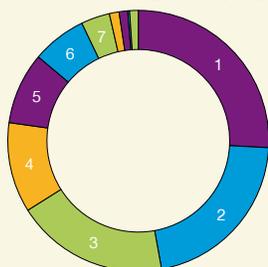
Transactions from 01 October 2021 to 31 December 2021.

There were no new purchases during the period.

Complete Sales

Stock Name	Transaction Rationale
Maruti Suzuki	Maruti Suzuki has long held a leading position within the domestic Indian auto market, specialising in small vehicles. However, we are increasingly concerned that the competitive environment will be less benign in the future, driven by strong progress from the likes of Hyundai, Tata and Mahindra & Mahindra. Given these concerns, we believe that the future growth rates and financial performance may be negatively impacted. As a result, we have sold a small position here.
Yatsen	Since the IPO the operational and share price performance of Yatsen has been very disappointing. Competition has been more aggressive than our initial analysis had suggested, leading to lower growth and expected profitability. The US listing also remains a concern, which has added extra downward pressure to the share price and significantly reduced the market cap of the business with implications for liquidity. We have therefore sold the small holding.

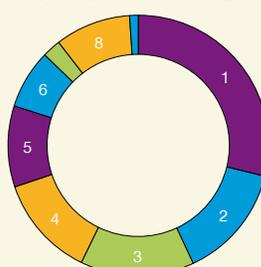
**Sector Analysis (%)**



1	Information Technology	25.85
2	Consumer Discretionary	21.29
3	Financials	18.92
4	Materials	11.17
5	Energy	8.89
6	Communication Services	6.76
7	Industrials	3.55
8	Health Care	1.20
9	Consumer Staples	1.06
10	Real Estate	0.23
11	Cash	1.06

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Geographic Analysis (%)**



1	China	28.81
2	India	14.26
3	South Korea	14.13
4	Taiwan	12.64
5	Brazil	10.07
6	Russia	7.35
7	Mexico	2.29
8	Others	9.39
9	Cash	1.06

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Top Ten Holdings**

Holdings	Fund %	
1	TSMC	9.83
2	Samsung Electronics	6.46
3	Petrobras	4.59
4	Tencent	4.07
5	Alibaba	3.70
6	Reliance Industries	3.55
7	Sberbank	3.20
8	Mediatek	2.81
9	Norilsk Nickel	2.72
10	China Merchants Bank	2.44

The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

**Portfolio Characteristics**

Number of holdings	70
Number of countries	15
Number of sectors	10
Number of industries	27
Active Share	67%*
Annual Turnover	18%

\*Relative to MSCI Emerging Markets Index. Source: Baillie Gifford & Co, MSCI.

Voting Activity

Votes Cast in Favour		Votes Cast Against		Votes Abstained/Withheld	
Companies	16	Companies	2	Companies	None
Resolutions	51	Resolutions	2	Resolutions	None

While taking a long-term perspective is fundamentally important for growth investing, it is arguably even more important with respect to evaluating the economic, social and environmental impact of a company

One of the many limitations of the standard industry approach to Environmental, Social and Governance is that it typically attempts appraise a holding's present-day performance on ESG using backward looking data

Asset managers need to focus on identifying, nurturing and supporting the small cohort of transformational companies that have the potential to help us achieve a number of evermore pressing sustainability challenges

Company Engagement

Engagement Type	Company
Corporate Governance	Tencent Holdings Limited
Environmental/Social	Couparang, Meituan, Petroleo Brasileiro S.A. - Petrobras, Public Joint Stock Company Mining and Metallurgical Company Norilsk Nickel
AGM or EGM Proposals	MercadoLibre, Inc.

There are four options that an engagement can be tagged as:

- 'Corporate Governance' (engagement on corporate governance issues and the governance of companies),
- 'Executive Remuneration' (pay of executives),
- 'Environmental/Social' (any issues)
- 'AGM or EGM Proposals' (engagement with proposals)

Votes Cast in Favour

Companies	Voting Rationale
B3 S.A., Bank Rakyat Indonesia, Burning Rock Biotech Ltd ADR, CATL 'A' - Stock Connect, Geely Automobile Holdings, Grupo Financiero Banorte O, HDFC Corp, ICICI Lombard, IDFC First Bank Ltd, KE Holdings ADR, Kingsoft Cloud Holdings Ltd ADR, Magnit OJSC Spon GDR, Norilsk Nickel ADR, Ozon Holdings, Reliance Industries Ltd, StoneCo	We voted in favour of routine proposals at the aforementioned meeting(s).

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
CATL	EGM 11/12/21	4	We opposed the additional guarantees as the terms of the guarantees are not in the best interests of clients.
Kingsoft Cloud	Special 12/17/21	2	We opposed the company's request to increase the authorised share capital. The size of the request was large, and in the absence of a compelling reason, we did not believe the increase was in the best interests of shareholders.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

Asset Name	Fund %
TSMC	9.83
Samsung Electronics	6.46
Petrobras	4.59
Tencent	4.07
Alibaba	3.70
Reliance Industries	3.55
Sberbank	3.20
Mediatek	2.81
Norilsk Nickel	2.72
China Merchants Bank	2.44
HDFC	2.42
Meituan	2.36
Ping An Insurance	2.26
First Quantum Minerals	2.20
CATL	2.20
MercadoLibre	1.93
Naspers	1.89
Tech Mahindra	1.79
Hyundai Motor Company	1.72
Tata Consultancy Services	1.60
Samsung SDI	1.54
SK Hynix	1.38
LG Chemical	1.22
JD.com	1.19
HDFC Life Insurance	1.18
Lundin Mining	1.16
SEA Limited	1.15
Vale	1.12
Geely Automobile	1.07
Bank Rakyat Indonesia	1.05
Li Ning	1.04
Haier Smart Home	1.00
Piramal Enterprises	0.96
UltraTech Cement	0.93
Cemex	0.87
Copa Holdings	0.85
Minth Group	0.83
Ping An Bank	0.83
Midea	0.82
Shenzhen International	0.81
Grupo Financiero Banorte	0.81
Banco Bradesco	0.79
B3	0.78
Raizen	0.73
IDFC First Bank	0.72
Coupang	0.71

Asset Name	Fund %
Mahindra & Mahindra	0.65
Walmex	0.61
NAVER Corp	0.59
Allegro	0.57
Lufax Holding	0.57
BeiGene	0.57
Doosan Bobcat	0.50
Ozon Holdings	0.50
KGHM Polska Miedz	0.50
Moscow Exchange	0.47
Magnit	0.45
Zai Lab	0.45
Zijin Mining	0.44
ICICI Lombard	0.44
Kuaishou Technology	0.39
Tencent Music Entertainment Group	0.36
Kingsoft Cloud	0.30
Brilliance China Automotive	0.27
KE Holdings	0.23
Dada Nexus	0.23
HUYA	0.20
Burning Rock Biotech	0.19
StoneCo	0.14
Valeura Energy	0.03
Cash	1.06
<b>Total</b>	<b>100.00</b>

Total may not sum due to rounding. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value.

## Important Information and Fund Risks

Past performance is not a guide to future returns. 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.

The Funds are distributed by Baillie Gifford Funds Services LLC. Baillie Gifford Funds Services LLC is registered as a broker-dealer with the SEC, a member of FINRA and is an affiliate of Baillie Gifford Overseas Limited.

All information is sourced from Baillie Gifford & Co unless otherwise stated. All amounts are in US dollars unless otherwise stated. As with all mutual funds, the value of an investment in the Fund could decline, so you could lose money. The most significant risks of an investment in the Baillie Gifford Emerging Markets Equities Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Geographic Focus Risk, Emerging Markets Risk and Asia Risk. The Fund is managed on a bottom up basis and stock selection is likely to be the main driver of investment returns. Returns are unlikely to track the movements of the benchmark. The prices of growth stocks can be based largely on expectations of future earnings and can decline significantly in reaction to negative news. The Fund is managed on a long-term outlook, meaning that the Fund managers look for investments that they think will make returns over a number of years, rather than over shorter time periods. The Fund focuses on investments in a limited number of countries or regions, meaning it may offer less diversification and be more volatile than other funds. Investing in emerging markets can involve additional market, credit, currency, liquidity, legal or political risks than investing in more developed markets. Some Asian securities may be less liquid than US or other foreign securities. They can be affected by high inflation, currency fluctuations, political instability and less efficient markets. Many Asian economies are dependent on international trade and only a few industries and can be badly affected by trade barriers. Other Fund risks include: China Risk, Conflicts of Interest Risk, Currency Risk, Equity Securities Risk, Focused Investment Risk, Frontier Markets Risk, Government and Regulatory Risk, Information Technology Risk, IPO Risk, Large-Capitalization Securities Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, Non-U.S. Investment Risk, Service Provider Risk, Settlement Risk, Small-and Medium-Capitalization Securities Risk, Underlying Funds Risk and Valuation Risk.

For more information about these and other risks of an investment in the Fund, see "Principal Investment Risks" and "Additional Investment Strategies" in the prospectus.

Baillie Gifford Emerging Markets Equities Fund seeks capital appreciation. There can be no assurance, however, that the Fund will achieve its investment objectives.

Any stock examples, or images, used in this presentation are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

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