

# Baillie Gifford International Concentrated Growth 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

The Baillie Gifford International Concentrated Growth Equities Fund invests in exceptional growth companies operating in international markets. We invest with a 10-year investment horizon which we believe differentiates us from the market and allows us to benefit from the power of compound returns. We run a concentrated portfolio to avoid diluting the growth stocks in which we have the highest conviction.

### Fund Facts

K Class Ticker	BTLKX
Institutional Class Ticker	BTLSX
Launch Date	December 14, 2017
Size	\$114.7m
Benchmark	MSCI ACWI ex US Index
Stocks (guideline range)	20-35
Current Number of Stocks	25
Active Share	94%*
Annual Turnover	20%
Style	Growth

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

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.

### International Concentrated Growth Portfolio Construction Group

Name	Years' Experience
James Anderson*	39
Spencer Adair*	22
Lawrence Burns*	13
Paulina Sliwinska	9

\*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 [bailliegifford.com/usmutualfunds](http://bailliegifford.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	0.79%
Share Class – Institutional	0.87%
Net Expense Ratio	
Share Class – K	0.72%
Share Class – Institutional	0.80%

Benchmark: MSCI ACWI ex US Index

*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.*

*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 net expense ratios for this fund are contractually capped (excluding taxes, sub-accounting expenses and extraordinary expenses) through April 30, 2022.*

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

Source: Baillie Gifford & Co, Bank of New York Mellon, MSCI. Share Class launch date: December 14, 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 (%)
Tesla Inc	1.42
Hermes International	0.82
ASML	0.78
Ferrari	0.58
NVIDIA	0.38

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-1.98
Moderna	-1.82
M3	-1.02
Zalando	-0.66
Delivery Hero	-0.60

One Year to December 31, 2021

### Top Five Contributors

Asset Name	Contribution (%)
ASML	4.83
Moderna	2.17
Tesla Inc	1.90
Hermes International	1.47
NVIDIA	0.88

### Bottom Five Contributors

Asset Name	Contribution (%)
MercadoLibre	-2.39
M3	-2.11
Meituan	-2.09
Zalando	-1.68
Alibaba	-1.53

Source: StatPro, MSCI, Baillie Gifford International Concentrated Growth Equities Fund relative to MSCI ACWI ex US 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.*

During the fourth quarter of 2021, the K Class returned -2.13% compared to the MSCI ACWI ex US index's 1.88%. The fund finishing this short time period behind the benchmark tells us little to nothing about fundamentals. To look at share price chart's over the period we see volatility in both Fund and benchmark, through the vagaries of sentiment. Meanwhile, we reiterate that the aim of the Baillie Gifford International Concentrated Growth Fund is to pick those companies that are driving transformation across societies and economies and are therefore poised to take a great deal of market share over the long-term. This focus can be very rewarding indeed for investors over longer time frames.

Top contributors in Q4 included Tesla and Hermés.

Tesla is the North American designer, manufacturer, and distributor of electric vehicles, as well as solar energy generation and energy storage products. In these two interconnected fields, Tesla has very clearly been the main global pioneer, kickstarting an important move towards EV and solar. This move is being met with rapidly growing demand as awareness of climate change propagates around the world. Significant share price rises have been in response to news of marked operational success, including each quarter in 2021 seeing more cars delivered than the previous: approximately 308,000 in Q4, compared with 184,000 in Q1.

Hermés is the French company designing, manufacturing, and marketing luxury products. Their product range includes a variety of leather goods, handbags, and ready to wear accessories. The investment case is predicated on Hermés' scale, reputation and brand allure allowing it to take a greater share of a growing market, with newer audiences worldwide. Long-term performance has been very strong for the company, which continued lately as Hermés posted strong year on year sales progress.

Moderna and MercadoLibre were the two most significant detractors from performance in Q4

Moderna is a North American based biotechnology company, which uses a cutting-edge platform to exploit messenger RNA to transform the potential of immunology and therapeutic medicines. Moderna has potential to revolutionise healthcare and is already demonstrating this with vaccine success. In so doing, it even has the potential (though of course not certainty) to address the question of *can there be a trillion-dollar health care company?* But the journey to taking massive market share from pharmaceutical incumbents needs to be a patient one. Meanwhile, Moderna, being so high profile, will be especially exposed to news flow such as

periods of vaccine successes as in H121, and periods of other news to do with Omicron, in H221. Long-term, we are very enthusiastic indeed about Moderna applying their model to various challenges of healthcare.

MercadoLibre is the leading Latin American ecommerce company, which is driving massive change in the region, including a view towards digital finance. Ecommerce penetration in Latin America is low by global standards, which is also the case for the more nascent digital finance. MercadoLibre has continued to invest heavily to grow penetration and share. Revenue growth has been impressive, which was mirrored by a large R&D spend as the company is dedicated to future growth. As such, MercadoLibre has tended to keep short-term profits down by continuing to invest heavily, and the market will often discount the share price because of this. Further, there has been pronounced short-term volatility given sentiment swings. This meant that while MercadoLibre was a positive contributor in 2020, it was negative in 2021. We don't see this short-term market view as reflecting fundamentals, and we remain excited by the potential of this transformational growth company.

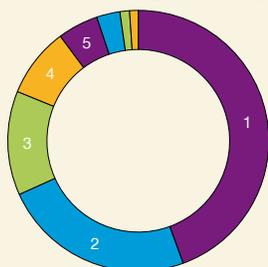
*The views expressed reflect the personal opinion of the author and should not be considered as advice or a recommendation to buy, sell or hold a particular investment*

Transactions from 01 October 2021 to 31 December 2021.

There were no new purchases during the period.

There were no complete sales during the period.

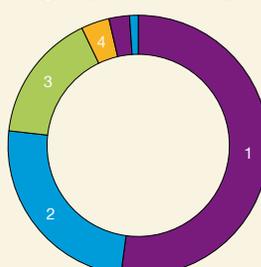
**Sector Analysis (%)**



1	Consumer Discretionary	44.41
2	Information Technology	23.85
3	Health Care	12.91
4	Communication Services	8.65
5	Consumer Staples	5.04
6	Financials	2.89
7	Industrials	1.19
8	Cash	1.07

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	Europe (ex UK)	52.13
2	Emerging Markets	24.67
3	North America	16.08
4	UK	3.50
5	Developed Asia Pacific	2.55
6	Cash	1.07

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 Five Holdings**

Holdings	Fund %
1 ASML	14.17
2 MercadoLibre	8.43
3 Meituan	5.78
4 Adyen	5.60
5 Hermès International	4.79

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

**Portfolio Characteristics**

Number of holdings	25
Number of countries	12
Number of sectors	7
Number of industries	15
Active Share	94%*
Annual Turnover	20%

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

Voting Activity

Votes Cast in Favour	Votes Cast Against	Votes Abstained/Withheld
Companies 2	Companies 1	Companies None
Resolutions 11	Resolutions 5	Resolutions None

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Climate change cannot be separated from investing, and we will engage with the risks and opportunities to continue delivering long-term returns for clients

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We integrate climate into our process by assessing material sustainability challenges and opportunities for portfolio companies, recognising that there is no one-size-fits-all approach and every company faces its own unique set of circumstances

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Companies that support a greener, more sustainable world are more likely to be the future drivers of returns. We are therefore on the lookout for exceptional growth companies that offer solutions to the climate crisis

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Company Engagement

Engagement Type	Company
Corporate Governance	MercadoLibre, Inc., Moderna, Inc., Tencent Holdings Limited
Environmental/Social	Genmab A/S, Illumina, Inc., Kering SA, Meituan, NIO, Inc
AGM or EGM Proposals	Ocado Group plc, Tesla, 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

Company	Meeting Details	Resolution(s)	Voting Rationale
Tesla Inc	Annual 10/07/21	7	We supported a shareholder resolution requesting a report on the company's use of arbitration to resolve employee disputes. We think additional disclosure and transparency on this provision would be helpful in understanding Tesla's workplace practices.
Companies		Voting Rationale	
Kinnevik, Tesla Inc		We voted in favour of routine proposals at the aforementioned meeting(s).	

Votes Cast Against

Company	Meeting Details	Resolution(s)	Voting Rationale
Tesla Inc	Annual 10/07/21	3	We opposed a management resolution to eliminate supermajority voting requirements from the company's bylaws and to adopt a simple majority voting standard, in line with management's recommendation. They believe this governance provision is still relevant protection for them to allow them to remain focussed on the long-term success of the business.
Tesla Inc	Annual 10/07/21	5	We opposed a shareholder resolution requesting to declassify the board. We believe that full declassification of the board is not in the best interests of shareholders at this time, and have instead supported management's alternate proposal for partial declassification.
Tesla Inc	Annual 10/07/21	6	We opposed a shareholder resolution requesting additional reporting on Tesla's diversity and inclusion efforts. We believe the company continues to make good progress in relation to their diversity, equality and inclusion approach and reporting, and believe this proposal does not warrant support at this time.
Tesla Inc	Annual 10/07/21	8	We opposed a shareholder resolution requesting the appointment of an independent 'human capital management' committee. We believe the company are making good progress in this area, and are unconvinced that an additional committee would add any value for shareholders.
Tesla Inc	Annual 10/07/21	9	We opposed a shareholder resolution requesting a report on the company's approach to human rights. We think Tesla's current policies and practices are reasonable and improving, making this proposal unnecessary.

Votes Abstained

We did not abstain on any resolutions during the period.

Votes Withheld

We did not withhold on any resolutions during the period.

## List of Holdings

Asset Name	Fund %
ASML	14.17
MercadoLibre	8.43
Meituan	5.78
Adyen	5.60
Hermès International	4.79
Zalando	4.61
Moderna	4.50
Tencent	4.49
Delivery Hero	4.43
Spotify	4.15
Tesla Inc	4.10
Kering	4.05
Ferrari	3.81
Ocado	3.50
Illumina	3.41
Shopify	2.61
M3	2.55
Alibaba	2.55
Genmab	2.45
NIO	1.88
Ping An Insurance	1.54
L'Oréal	1.53
NVIDIA	1.47
Kinnevik	1.35
Atlas Copco	1.19
Cash	1.07
<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 International Concentrated Growth Equities Fund are: Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non-U.S. Investment Risk, Non-Diversification 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. Non-U.S. securities are subject to additional risks, including less liquidity, increased volatility, less transparency, withholding or other taxes and increased vulnerability to adverse changes in local and global economic conditions. There can be less regulation and possible fluctuation in value due to adverse political conditions. The Fund may have a smaller number of holdings with larger positions in each relative to other mutual funds. 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, Emerging Markets Risk, Equity Securities Risk, Focused Investment Risk, Geographic Focus Risk, Government and Regulatory Risk, Information Technology Risk, IPO Risk, Japan Risk, Large-Capitalization Risk, Liquidity Risk, Market Disruption and Geopolitical Risk, Market Risk, Service Provider Risk, Settlement Risk, Small- and Medium-Capitalization Securities 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. There can be no assurance that the Fund will achieve its investment objective.

Baillie Gifford International Concentrated Growth 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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