

BAILLIE GIFFORD EMERGING MARKETS GROWTH FUND - GBP

INVESTMENT RESEARCH NOTE
MARCH 2024

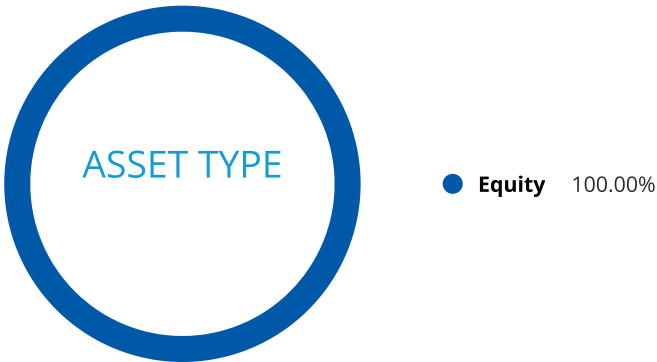
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SUMMARY

Baillie Gifford is an independently owned investment partnership, based in Edinburgh, with a strong reputation as a long-term growth investor. The firm is into the sixth generation of the private partnership and has seen wholly organic growth since 1908. Staff tenure is characterised by longevity and low turnover.

The fund was launched in 1997 and currently has a dedicated 7 person team. The portfolio construction group has 3 members seconded by a team of 12 emerging markets focused analysts.

The fund invests on a long-term (5 years+) basis, with a strong preference for growth and the expectation of significant upside for each investment. The process is one of bottom up stock selection, with extensive due diligence, drawing on the experience of the in-house emerging markets team, other Baillie Gifford investment professionals as well as wider sector and industry sources. The fund AUM was c.£1.0bn as of September 2022.



INVESTMENT PROCESS

The fund has a long-term investment time horizon, which is backed up by a remuneration process which is heavily focused on 5-year rolling returns. The 7 member team are all regional generalists and their geographical responsibilities rotate every few years. This helps to freshen up stock analysis and also provides a wider knowledge base within the team when discussing positions. This is a deliberate policy to freshen up and democratise the internal debate.

The investment approach is very analytical and the investment in support resource, by the company, frees up the team to spend 80% of their time on analytical and portfolio work. Ideas are generated organically and laterally, rather than a quantitative driven shifting of names. Research and due diligence can be very extensive - it is possible for a team member to focus on just 12 companies a year. Research will involve looking at and interacting with the company, their competitors and customers. Baillie Gifford uses tie-ups with universities and outsourced industry specialists to add further to their research input. Stock selection is via internal peer group review with the senior team members making the final investment and implementation decision. Each team member brings their own experience, preferences and personality to the debate. Richard Sneller would tend not to lead the debate, but allow discussion, before steering any decision.

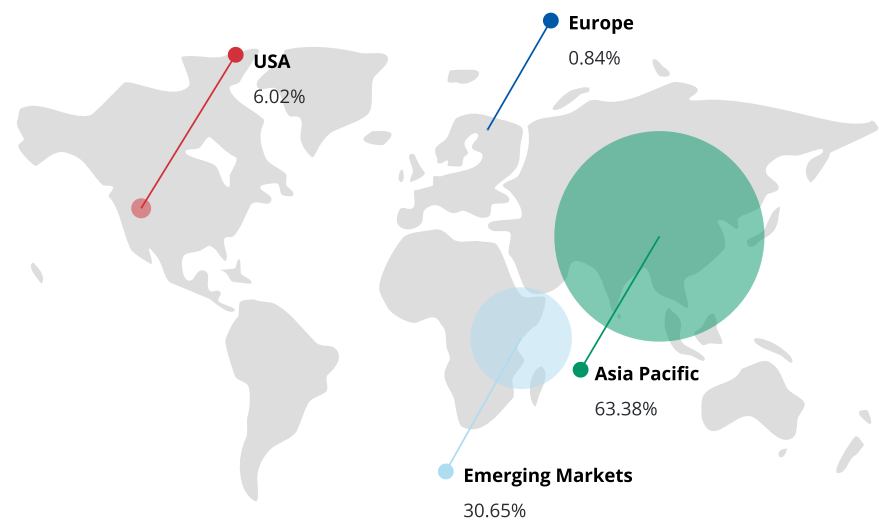
The addressable universe is focused on stocks above US\$1bn market cap, that also pass a liquidity threshold and which provide the prospects of significant share price appreciation from revenue and earnings growth, rather than any assumption on a re-rating. Common investment characteristics would include large addressable market, defensible market positions and high quality, reliable management. Corporate access is also key and Baillie Gifford are able to leverage on the size of their Emerging Market investment as well as a strong reputation as long term investors. The team are also able to access customers and competitors via the other regional investment teams.

The fund pays attention to ESG in the research process, particularly surrounding the issues of sustainability and governance. They can also draw on the dedicated 15 person ESG research team who can focus on bespoke ESG research when analysing individual companies or industries. However, ESG integration is perhaps not as in-depth for this EM strategy overall.

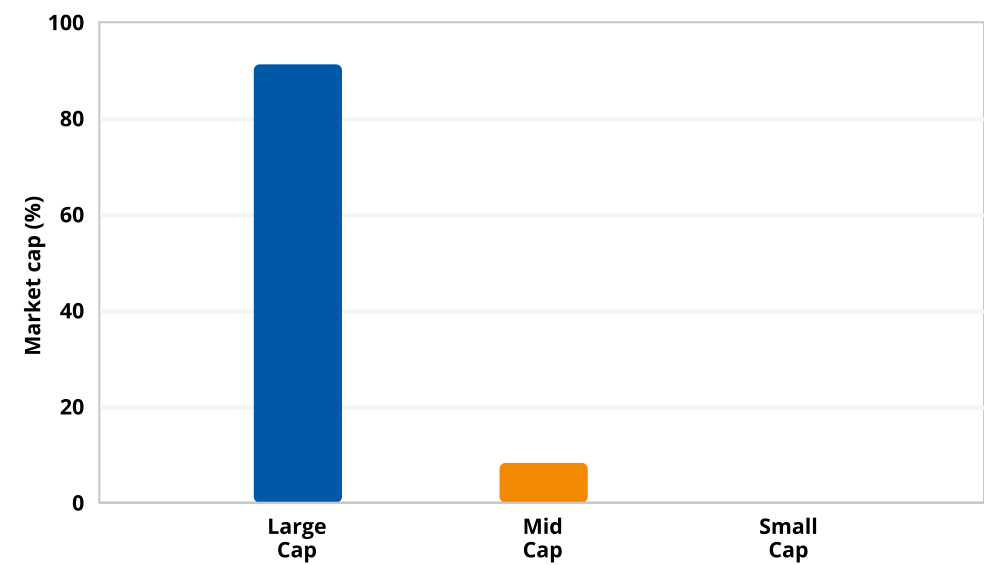
This remains very much a quality-growth investment process, from a large team that has extensive experience of working together.

AGGREGATED NET EXPOSURE

REGIONAL EXPOSURE



EQUITY MARKET CAP (%)



Not Applicable



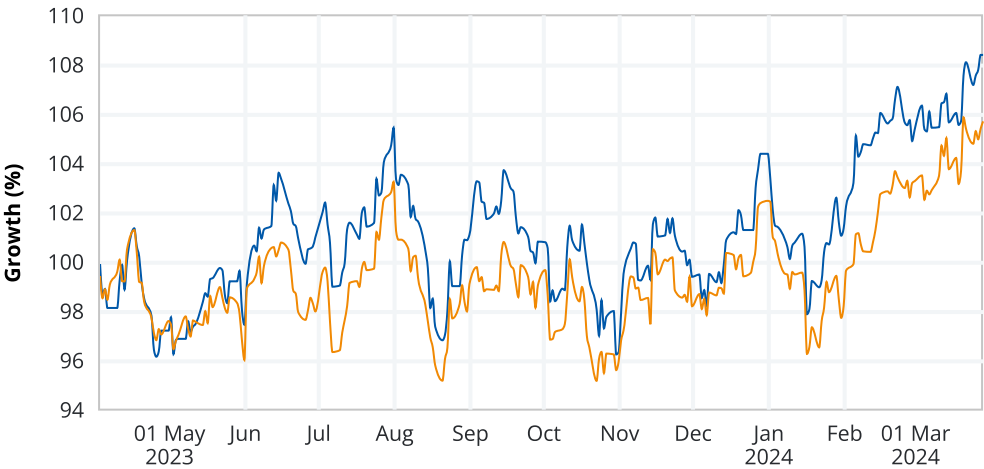
Not Applicable

OVERALL PERFORMANCE

● Baillie Gifford Emerging Markets Growth Fund B Acc ● MSCI Emerging Markets Net Total Return GBP

GROWTH (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



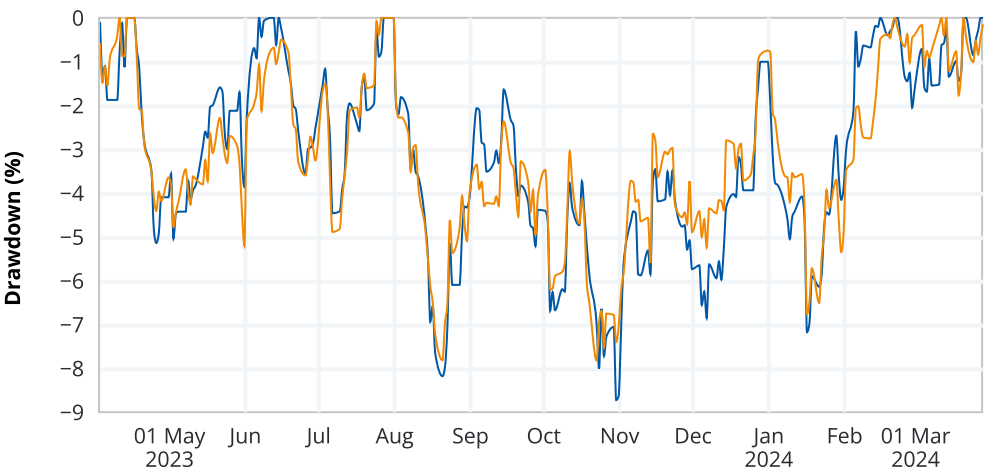
GROWTH (%) - FROM INCEPTION

27 Dec 1999 - 29 Mar 2024



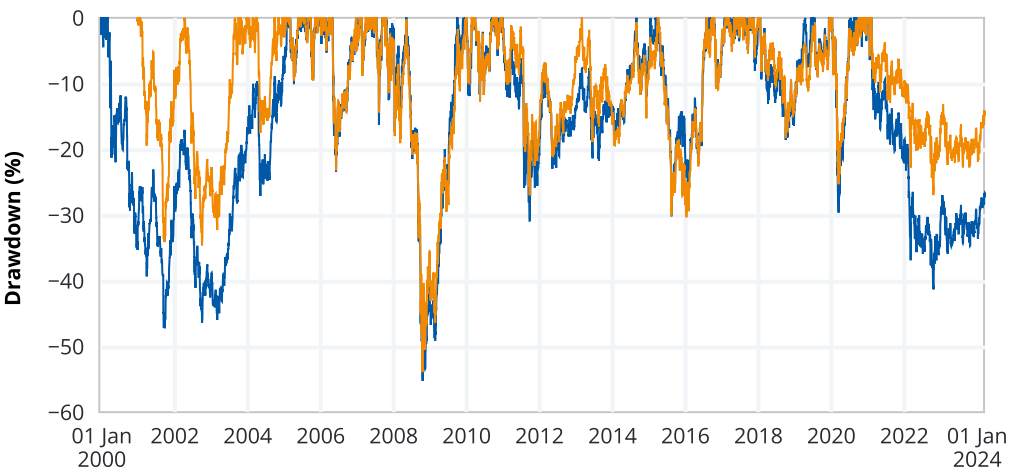
DRAWDOWN (%) - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024



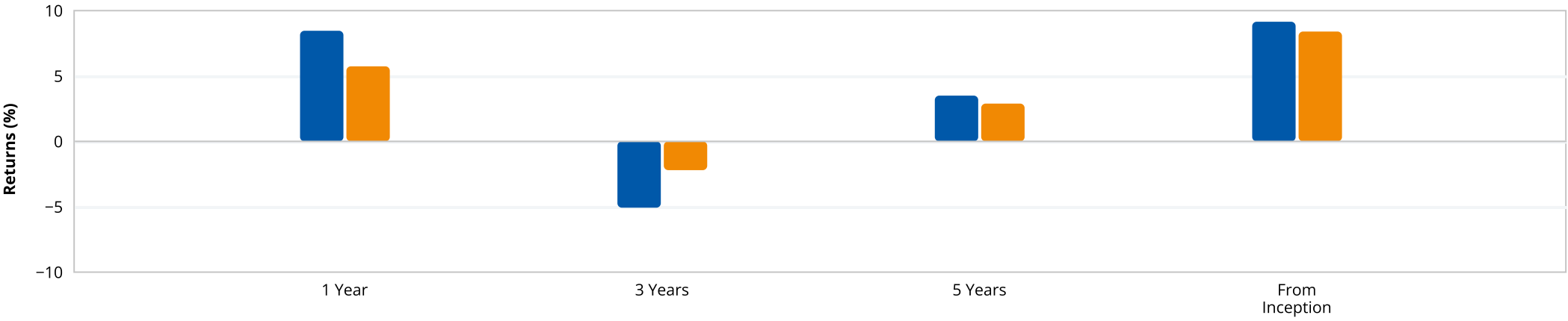
DRAWDOWN (%) - FROM INCEPTION

27 Dec 1999 - 29 Mar 2024



RETURNS

● Baillie Gifford Emerging Markets Growth Fund B Acc ● MSCI Emerging Markets Net Total Return GBP



MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	-3.18	3.80	3.33										3.84
2023	8.98	-6.09	1.36	-2.79	0.86	3.00	3.70	-3.68	-0.06	-4.54	3.99	4.30	8.29
2022	-2.24	-6.67	-1.33	-3.22	-0.44	-4.94	-1.62	7.27	-10.12	-5.84	12.51	-1.49	-18.37
2021	4.58	-1.98	-3.51	2.91	-2.29	4.88	-8.27	2.16	-3.58	0.86	-2.93	0.00	-7.73
2020	-2.58	-6.52	-12.94	10.40	2.85	9.83	3.48	3.47	0.53	4.55	7.68	5.70	26.64
2019	7.01	0.01	4.45	3.56	-4.63	6.94	3.28	-5.61	1.96	-0.60	0.52	5.52	23.72

Capped to 6 years.

ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	8.46	-5.07	3.50	9.15
●	5.74	-2.20	2.89	8.40

CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	8.39	-14.38	18.71	729.12
●	5.70	-6.43	15.25	546.31

● Baillie Gifford Emerging Markets Growth Fund B Acc ● MSCI Emerging Markets Net Total Return GBP

PERFORMANCE - OVER 1 YEAR

3 Apr 2023 - 29 Mar 2024

	●	●
RETURNS (%)	8.46	5.74
VOLATILITY (%)	13.32	12.81
ALPHA	-0.16 *	
BETA	1.16 *	1.00
CORRELATION	0.95 *	1.00
SHARPE RATIO	0.25	0.06
SORTINO RATIO	0.37	0.09
MAX DRAWDOWN (%)	-8.72	-7.82

*Calculated over a 3 year period where history permits.

PERFORMANCE - FROM INCEPTION

27 Dec 1999 - 29 Mar 2024

	●	●
RETURNS (%)	9.15	8.40
VOLATILITY (%)	21.08	18.65
ALPHA	0.15	
BETA	1.03	1.00
CORRELATION	0.95	1.00
SHARPE RATIO	0.31	0.32
SORTINO RATIO	0.43	0.45
MAX DRAWDOWN (%)	-55.25	-53.92

SIMPLE STRESS TEST DRAWDOWN (%)

3 Apr 2023 - 29 Mar 2024



Stress test notes

The chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

DISCLAIMER

Baillie Gifford Emerging Markets Growth Fund - GBP | March 2024

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