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# INTERNATIONAL GROWTH FUND

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Managers of the Baillie Gifford International Growth Fund Tom Coutts, Lawrence Burns, Brian Lum and Julia Angeles give an insight into their investment philosophy.

*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 International Growth Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, and Non-U.S. Investment 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. Other Fund risks include: Asia Risk, China Risk, Conflicts of Interest Risk, Currency Risk, Emerging Markets Risks, Equity Securities Risk, Environmental, Social and Governance Risk, Focused Investment Risk, Geographic Focus Risk, Government and Regulatory Risk, Information Technology Risk, Initial Public Offering Risk, Large-Capitalization Securities 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.*

*Past performance is not a guide to future returns.*

***The fund is distributed by Baillie Gifford Funds Services, LLC. Investors should carefully consider the objectives, risks, charges and expenses of the fund before investing. This information and other information about the fund can be found in the prospectus and the summary prospectus.***

*For a prospectus and summary prospectus, please visit our website at [www.bailliegifford.com/usmutualfund/internationalgrowthfund](http://www.bailliegifford.com/usmutualfund/internationalgrowthfund). Please carefully read the fund’s prospectus and related documents before investing.*

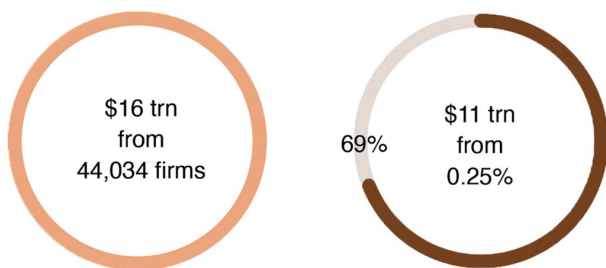
**Thomas Coutts (TC):** At Baillie Gifford, we’ve been investing in international equities for more than 100 years. Over that time, we’ve learnt some simple lessons that have helped shape the philosophy of our International Growth strategy.

That strategy is managed by a team of generalist investors, some of whom you’ll meet in this short film. We conduct fundamental bottom-up research and we each bring a slightly different perspective to that task within our shared philosophy. The role of our team is to back individual conviction in order to harness those diverse perspectives to the benefit our clients.

**Lawrence Burns (LB):** The truth is, most companies simply do not matter when it comes to investment returns. Instead, it is a small number of positive outliers that make investing in equities worthwhile. Truly exceptional growth companies that can return 5, 10 or even 15 times a client’s initial investment.



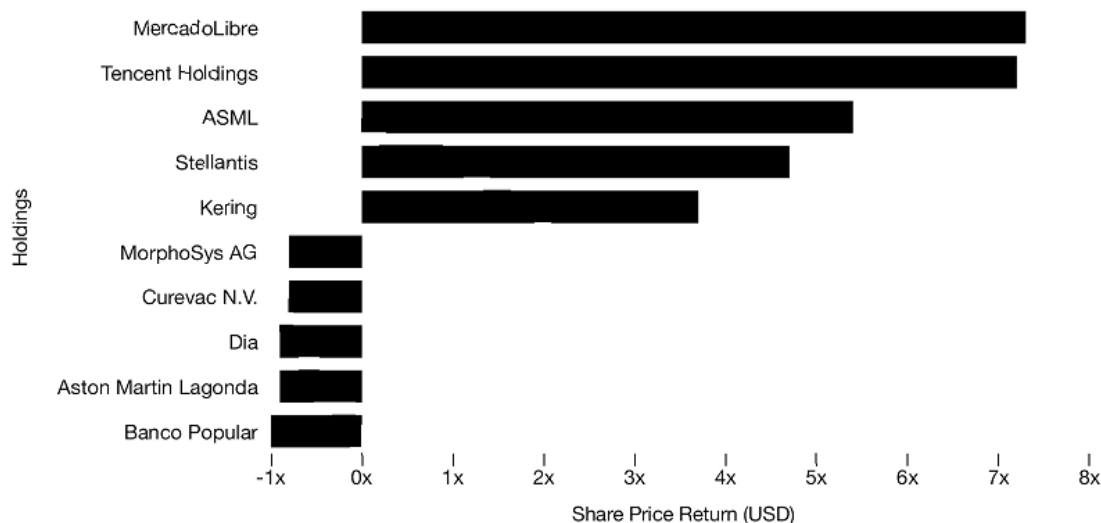
## International Equity Market Wealth Creation 1990-2018



Source: Bessembinder, H., Cheng, TF., Choi G. and John Wei, K.C.  
*Do Global Stocks Outperform Treasury Bills?* (July 2019).

Academic research shows that over the last 28 years, international equities created over 16 trillion dollars of net wealth. However, 69 per cent of that net wealth can be attributed to a mere 0.25 per cent of companies. That’s just 111 out of over 44,000. It’s identifying and owning these rare companies and understanding the long-term upside that truly matters.

### Most successful and least successful investments (share price terms) 29 June 2012 – 30 June 2022



Source: BG MUT International Growth.

If you look at the returns of our most successful investments and our least successful, the power of outliers is clear. Our most successful investment alone has more than made up for our five weakest holdings of the last decade. That is the power of investing in truly exceptional growth companies.

**Brian Lum (BL):** Timeframes matter. If you’re lucky enough to find a great growth company, you need to own it for as long as possible. We are trying to add value by running winners and compounding returns.



It is about patience. Our portfolio turnover is around 10 to 20 per cent per annum, which means that we typically hold shares for 5 to 10 years.

And there are some stocks in the portfolio that we have owned for much longer than that.

We think it is important to invest with an ownership mentality. This means engaging actively with companies on matters such as strategy and governance. It also means focusing on sustainability so that the company's long-term developments take into account the interests of all stakeholders and to society more broadly.

**Julia Angeles (JA):** If we want our companies to be ambitious and focus on long-term outcomes, we need to invest alongside business leaders with a similar mindset. In our experience, these qualities are more common in the companies that have a strategic backer. For example, a strategically backed company could be either founder-led or family-run. These companies are often more willing to make bold investment decisions and ignore short-term market pressures.

The International Growth portfolio is skewed towards companies which are either founder-led or family-run. And towards the companies that continue investing in future growth, through research, capital expenditures, and by strengthening their competitive position.

**TC:** Our competitive edge is routed in Baillie Gifford's partnership structure. As a multigenerational private partnership, we take a long-term perspective when we think about our own firm, when we think about our clients, and when we select companies in which to invest on their behalf.

That long-term perspective allows us to think creatively and optimistically about what might go right for a company over the next 5 to 10 years rather than trying to second guess how the share price may react to the next set of quarterly results.

We're a firm with over 100 years of investing history but when we invest, we look to the future, not the past. We aim to use our partnership structure and the best of that century-long history to keep getting better at the task of investing so that we can identify the exceptional growth companies of tomorrow and own them well on behalf of our clients.

### Top 10 Holdings as at 30 June 2022

Holdings	Fund %
1. ASML	6.15
2. Meituan	5.13
3. Tencent	4.95
4. Ferrari	4.88
5. Kering	4.55
6. Adyen	4.23
7. Genmab	3.67
8. MercadoLibre	3.61
9. Argenx	3.60
10. Spotify	3.52

It should not be assumed that recommendations/transactions made in the future will be profitable or will equal performance of the securities mentioned. A full list of holdings is available on request. The composition of the Fund's holdings is subject to change. Percentages are based on securities at market value



The Baillie Gifford International Growth Fund (Share Class K) as at June 30, 2022

Gross Expense Ratio	0.57%
Net Expense Ratio	0.57%

Source: Baillie Gifford & Co

Standardised Past Performance to June 30, 2022 (%)

	1 Year	3 Years	5 Years	10 Years
The Baillie Gifford International Growth Fund (Share Class K)	-43.14	2.08	4.85	7.86
MSCI AC World ex US*	-19.01	2.04	3.00	6.04

Source: Bank of New York Mellon, MSCI. Net of fees, US dollars. Returns are based on the K 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 K share class fees where these fees are higher. \*MSCI EAFE until 22/11/2019, MSCI AC World ex US thereafter.

Past performance is not a guide to future returns.

*This communication was produced and approved in August 2022 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.*

*This content 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.*

*Any stock examples, or images, used in this content 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.*

*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 [www.bailliegifford.com/usmutualfunds](http://www.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. Returns for periods less than one year are not annualized. 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 MSCI All Country World 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 Baillie Gifford International Growth Fund is more concentrated than the MSCI All Country World ex US Index.*

