
SHOCKING REVELATION: CAPITALISM CAN POWER POSITIVE CHANGE

Everyone wants to make a difference, and capital thoughtfully and responsibly deployed is a powerful mechanism for change. In seeking out companies whose products and services are providing solutions to global challenges, we believe a proactive investment approach can also be the basis of attractive investment returns. Investment Managers Kate Fox and Lee Qian explain why positive change really matters.

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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 Positive Change Equities Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Non-Diversification Risk and Impact 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 may have a smaller number of holdings with larger positions in each relative to other mutual funds. The Fund may not be successful in assessing and identifying companies that have or will have a positive impact or support a given position. In some circumstances, companies could ultimately have a negative social, impact, or no impact, on addressing a global challenge, or on environmental, social and/or governance impact matter. The Fund has Socially Responsible Investing Risk. The Fund's focus on social, environmental or governance (ESG) factors may mean it makes different investments than funds that do not focus on these issues in their investment process. The Fund may not choose to invest in potentially profitable companies or could sell investments based on ESG factors when it might be a financial disadvantage to do so.

Other Fund risks include: Asia Risk, Conflicts of Interest Risk, Currency Risk, Emerging Markets Risk, Equity Securities Risk, Focused Investment Risk, Frontier Markets Risk, Government and Regulatory Risk, Information Technology Risk, IPO Risk, Japan 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 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. The Baillie Gifford Positive Change Fund seeks capital appreciation with an emphasis on investing in businesses that deliver positive change by contributing towards a more sustainable and inclusive world. There can be no assurance, however, that the fund will achieve its investment objective.

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A Shocking Revelation: Capitalism Can Power Positive Change

Kate Fox (KF): This is a bold statement that we’re making, but something that we passionately believe. Because capital that’s thoughtfully and responsibly deployed can be a powerful mechanism for change. But more than that, it provides a fantastic opportunity.

Lee Qian (LQ): I grew up in China in the early 90s. At that time, two out of three people were living in poverty. Now fast forward 30 years. China is a flourishing economy. This is a great example of how capitalism can have a positive change on society.

KF: So how do we do this? We have two objectives of equal importance. To deliver attractive investment returns over the long term and to help our clients contribute towards a more sustainable world for current and future generations.

LQ: Rather than relying on broad-brush exclusionary screens, we leverage on our fundamental analysis to identify truly exceptional businesses.

KF: The output is a concentrated global portfolio of around about 30 stocks that are addressing our four impact themes.

Environment and Resource Needs

There are more of us living on this planet, and at the same time our environmental impact is intensifying, and basic resources are becoming increasingly scarce.

LQ: In this area, for me, the most exciting aspects are innovations to do with how we can use existing resources more efficiently.

KF: So an example of a company in this theme would be Ecolab, a speciality chemicals business.

LQ: They help their customers to reduce water consumption, improve energy consumption, and reduce waste production.

KF: Indeed in 2018 it helped its customers save 190 billion gallons of water.

Healthcare and Quality of Life

LQ: Although we are living longer than ever before, diseases like dementia, diabetes, and cardiovascular diseases, are becoming more common.

KF: The types of companies that we’re looking for to address this theme are companies that help us prevent disease and ultimately cure disease.

LQ: A good example is Dexcom.



KF: Its continuous glucose monitoring devices enable patients and their carers to continuously monitor glucose levels.

LQ: They are helping people living with diabetes to live a more normal life.

Social Inclusion and Education

LQ: Despite the phenomenal economic growth that we have seen over the long term, inequality in many countries is increasing.

KF: In this theme we're looking to identify companies that are increasing access to education and innovation.

LQ: We believe those are the most powerful forces towards a more equal society.

KF: ASML is perhaps not an obvious contender for our portfolio, but nonetheless something that we're extremely excited about.

LQ: They have contributed towards making computer chips smaller, more powerful, and cheaper.

KF: Which enables micro-electronic devices to be more accessible to many people across the world.

Base of the Pyramid

There are still more than four billion people in this world who live on less than \$3,000 a year.

LQ: They are struggling to afford the basic necessity for life that we take for granted in more developed parts of the world.

KF: Providing access to financial services is a powerful way to enable people to participate in the real economy, and to enable social mobility.

LQ: Safaricom is a great example of a business that is using digital technology to improve access to financial services.

KF: Safaricom is Kenya's largest mobile phone operator. In addition to this, it's got a mobile payment system called M-Pesa.

LQ: Which is used by millions of people in the country to pay money to their family and friends and pay for goods and services.

KF: It's helped lift 2 per cent of the Kenyan population out of poverty.

LQ: We think the investment community has an important role to play by offering patient capital and support to businesses delivering a positive change on society.

KF: These two objectives we've set ourselves, to make attractive investment returns and to deliver positive change, are closely interlinked. They go hand in hand. They are complimentary, not contradictory.



**Positive Change Equities Fund Top Ten Holdings
As at 30 September 2021**

Holdings	Fund %
1. Moderna	9.05
2. ASML	7.90
3. TSMC	6.29
4. MercadoLibre	5.49
5. Tesla Inc.	5.30
6. Dexcom	4.91
7. Illumina	4.18
8. M3	4.00
9. Ørsted	3.48
10. Umicore	3.48

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.

