PACIFIC HORIZON MANAGER UPDATE

Ewan Markson-Brown, investment manager of the Pacific Horizon Investment Trust PLC, gives an update on the portfolio and explains why, when looking to the future, the only thing to fear is fear itself.

The value of your investment and any income from it is not guaranteed and may go down as well as up and as a result your capital may be at risk.

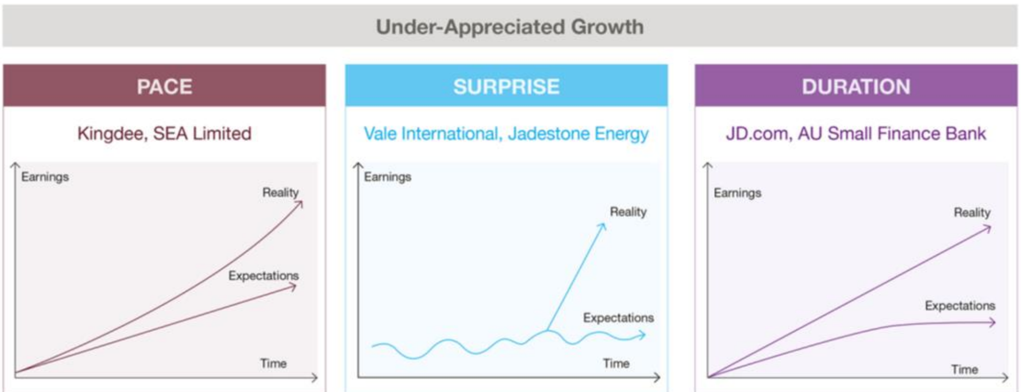
This film was produced and approved in November 2020 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.

For a Key Information Document for the Pacific Horizon Investment Trust PLC, please visit our website at ***www.bailliegifford.com***

Ewan Markson-Brown: The only thing to fear is fear itself. In the modern economy it is often the reactions to "the fear" that cause the real damage rather than the event in question. The Neo-Malthusians and apocalyptic fantasists are back in-force this year, spreading their never-ending message of fear, doom and gloom. There is a fundamental epistemological fallacy in this view of the world. Resources are not scarce, they are abundant, energy supply is not constrained it is vast, human will and ingenuity is not limited it is infinite. It is in this world of never-ending growth that we live, and hence, we believe investing in a future that will be unimaginably richer in all forms than the present.

We see Asia Ex Japan being the fastest-growing large region in the world over the next few decades, as the fusion of a rising Asian middle class meets the rapid adoption of new technologies. By 2030, we expect Asia Ex Japan to sport the world's largest regional economy, the world's largest consumer market and the world's largest financial market.

Within this region, we are looking for what, we believe, are the best long-term growth companies and we aim to hold them for long enough to earn outsized rewards. We call this growth squared.



We continue to look for companies that can at least double either earnings or revenue on a 5-year timeframe. We aim to run our winners and quickly and decisively sell our losers.

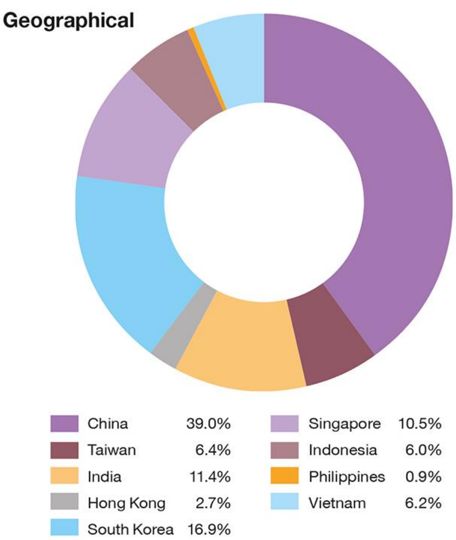
The ongoing global pandemic has increased the uncertainty that was already prevalent before this crisis: disruption from new technologies, political schisms, trade wars, culture shocks – none of these factors have gone away, and in some cases, like technological adoption, the pandemic has accelerated these changes.

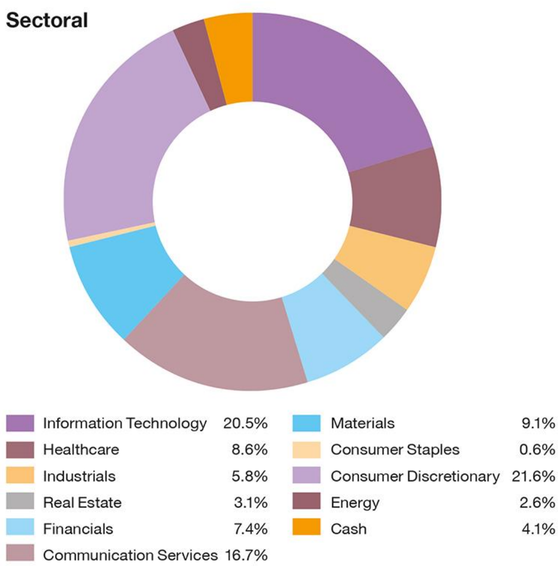
Asia ex Japan has managed the Covid crisis relatively well, and China, despite being the centre of the viral outbreak, seems to be leading the world in terms of both the economic rebound and removing Covid-related restrictions. For equity investors, we believe that Asia Ex Japan remains highly attractive as a destination for capital in both the short and the longer term. With the rise of the domestic investor leading the charge in their own asset markets. We would not be surprised if Asia ended up as the favoured asset class by the end of the decade.

We believe it is a great time to be a business owner – when the economy recovers and it will recover, we will find that those businesses that survive this crisis, will have less competition and a better cost structure than prior to the crisis. For many companies revenue and margins will surprise on the upside as the recovery gathers pace.

Firstly we continue to love the technology companies that have demonstrated how vital they are to the workings of the global economy in this pandemic. We believe that many of these will only get stronger. Secondly, we are looking for companies where the competitive dynamics are likely to produce a much more favourable revenue and margin upside in the next five years compared with the last five.

In terms of our current portfolio – just under 75 per cent is concentrated in four countries: China, Korea, Taiwan and Vietnam. Sector-wise technology, consumer discretionary and communications services are our largest weights.

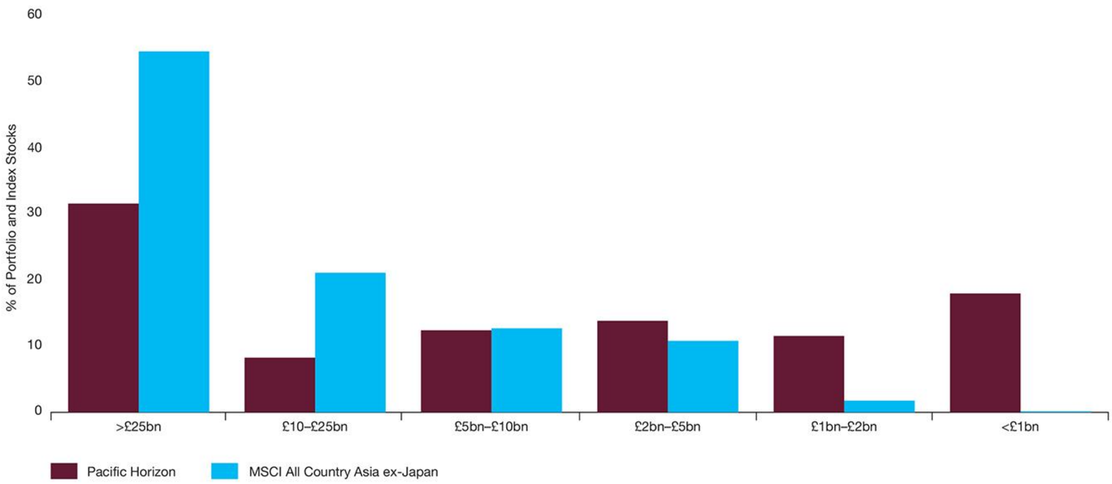




Source: Baillie Gifford & Co. As at 30 September 2020.

Although over 30 per cent of the fund is invested in large cap companies (over $25 billion), we have a very long tail of potentially hyper-growth companies represented by us having 30 per cent of our assets in sub $2 billion companies.

Size Splits (Market Capitalisation of Investments)



Source: Baillie Gifford and relevant underlying index providers. As at 30 September 2020.

In terms of our top 10 holdings, four are related to ecommerce in the region, such as SEA, Alibaba and JD.com. Two are related to online gaming, then we have exposure to the rapidly growing software market in China via Kingdee, the global EV battery market via Samsung SDI and the rapidly rising Chinese footwear brand, Li-Ning.

Top 10 Holdings

Name	Geography	Business	% of Total Assets
SEA Limited ADR	Singapore	Internet gaming and ecommerce	9.6
Alibaba Group ADR	HK/China	Online and mobile commerce business	4.6
JD.com ADR	HK/China	Online and mobile commerce business	4.4
Li-Ning	HK/China	Sportswear apparel supplier	3.1
Samsung SDI	Korea	Electrical equipment manufacturer	3.0
Kingdee International Software	HK/China	Enterprise management software distributor	2.8
Tata Motors Ltd ADR	India	Indian automobile manufacturer	2.1
Meituan Dianping	HK/China	Chinese online services platform	1.9
Nickel Mines	Indonesia	Base metals miner	1.9
L&C Bio	Korea	Medical equipment manufacturer	1.8

Source: Baillie Gifford & Co. As at 30 September 2020.

L&C Bio a small cap Korean biotech company that has recently entered the top ten on account of its stellar share price performance over the year.

Top 10 Holdings by Attribution

Name	Held Since
SEA Ltd ADR	October 2017
L&C Bio Co Ltd	October 2018
Kingdee Int'l Software Group	April 2015
JD.com Inc – ADR	May 2014
Accton Technology	October 2017
Zai Lab ADR	May 2019
Enzychem Lifesciences Corp	February 2018
Samsung SDI Co Ltd	October 2008
Li-Ning	August 2017
Bioneer	June 2014

Source: Baillie Gifford & Co. 12 months to 31 July.

Past performance is not a guide to future returns.

It is good to see our patience paying dividends with the majority of our top 10 attribution stocks held for many years.

In late 2017, I flew to Indonesia to meet with the founder and senior management of SEA ltd, the ecommerce and gaming company we had recently taken a stake in. There I met one of the local "mom and pop" retailers who had just seen their sales go up 10-fold after they moved onto Shopee's ecommerce platform. At the time the market cap was around $5 billion. I had a blue-sky scenario of a $50 billion market cap. Today, at $75 billion, it is the largest listed company in ASEAN markets. We believe the best days for the company are still ahead of it.

We have also been recycling some of our gains into new ideas. For example, on the back of the success of Li-Ning – a turnaround story of China's leading footwear brand – we began looking for other Chinese consumer brands which could benefit from a rise in tastes away from global brands towards domestic brands. Ningbo Peacebird is a small, fast fashion brand, listed in the A-share market in China. It operates in a deeply fragmented industry, undergoing consolidation. We see the possibility of the brand, led by an entrepreneurial management team and leading fashion designers, to potentially replicate Li-Ning's success in this more competitive market.

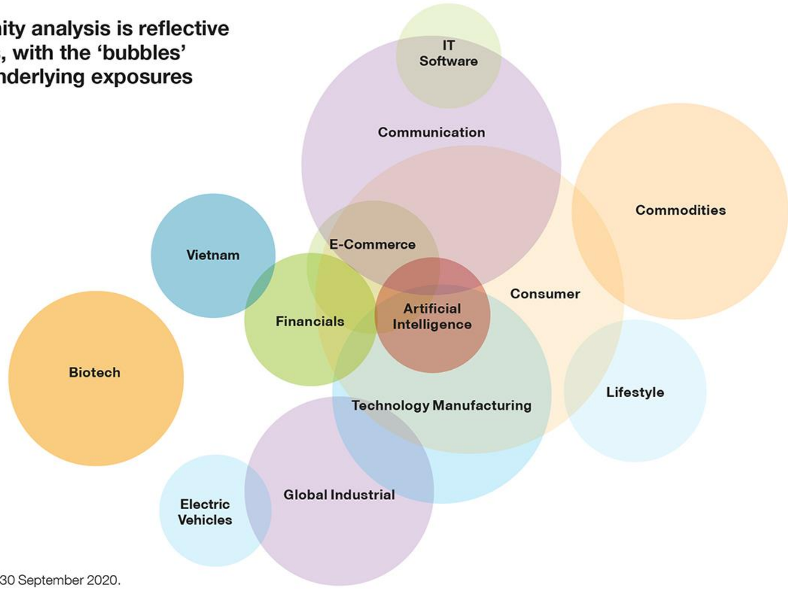
Elsewhere, for example, we have bought Tata Motors, the owner of Jaguar/Land Rover, a company with a chequered past but one, where we see significant upside from a small turnaround in the top line. This can lead to a very significant rise in the bottom line of this business.

Lastly, we acquired Huya, China's leading gaming live broadcasting platform, now majority owned by Tencent. We see a potential merging of the online playing and live watching of games, to create a whole new genre of immersive digital entertainment, which Huya may lead.

It is unlikely that the global uncertainties will abate in the medium-term. However, we have a truly active Asian portfolio of interesting growth ideas, and we believe this is an ideal backdrop, to invest in growth companies for the long term in Asia Ex Japan.

Thematic Exposure

This thematic opportunity analysis is reflective of the managers' views, with the 'bubbles' representative of the underlying exposures in the portfolio



Pacific Horizon Investment Trust. As at 30 September 2020.

Annual Past Performance to 30 September Each Year (%)

	2016	2017	2018	2019	2020
Baillie Gifford Pacific Horizon Investment Trust PLC	33.8	34.9	12.2	-4.1	85.0
MSCI AC Asia ex Japan Index	36.6	19.1	4.7	2.5	12.6

Source: Morningstar, MSCI, total return in sterling. Share price returns.

Past performance is not a guide to future results.

The views expressed should not be taken as fact and no reliance should be placed upon these when making investment decisions. They should not be considered as advice or a recommendation to buy, sell or hold a particular investment. If you are unsure whether an investment is right for you, please contact an authorised intermediary for advice.

This recording contains information on investments which does not constitute independent investment 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. Investment markets and conditions can change rapidly.

The Pacific Horizon Trust invests in overseas assets, priced in foreign currencies and changes in the rates of exchange may cause the value of your shares to go down. The trust invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.

Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA). The investment trusts managed by Baillie Gifford & Co Limited are listed UK companies. The Pacific Horizon

Investment Trust is listed on the London Stock Exchange and is not authorised or regulated by the Financial Conduct Authority.

Legal Notice
MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indexes or any securities or financial products. This report is not approved, endorsed, reviewed or produced by MSCI. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.