INTERNATIONAL GROWTH FUND MANAGER UPDATE

Nick Thomas and Christel Brodie, investment specialists for the International Growth Fund, give an update on the activity of the portfolio over the last quarter, covering portfolio positioning, transactions and pipeline ideas.

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The information provided should not be considered as investment or other advice or a recommendation to buy, sell or hold a particular investment.

An investment in the fund involves risk, including possible loss of money.

The most significant risks of an investment in the 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, Focused Investment Risk, Geographic Focus 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, 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. Please carefully read the fund's prospectus and related documents before investing.

Christel Brodie: Hello everyone. Welcome to this short video on our International Growth strategy. I'm Christel Brodie and I'm joined by Nick Thomas. Today we will provide an update on the portfolio positioning and our trading activity during the first quarter. We will also share with you what new ideas and themes we have been analysing.

Let's start with an update on the portfolio positioning. In our previous video, we mentioned our performance over three years which was due to the portfolio's exposure to online, its weighting on Chinese growth companies, and our lack of exposure to old economy stocks.

However, during the first quarter of this year, we faced some sector rotation in stock markets. Many growth companies in the portfolio witnessed some pull back in their share prices, notably the ecommerce platforms, despite continuing to perform well operationally.

In this context, our portfolio fell during Q1 and underperformed its benchmark. Importantly, it is still outperforming on a long-term basis.

We firmly believe that the sectors that struggled in 2020 and rebounded in Q1, like oil and gas, banks and even offline retailers, are on a declining structural trend and the pressure of the disruption they face was accelerated by the pandemic.

With that in mind, we did not make investment decisions based on these short-term price movements. Instead, we carried on implementing our growth-focused investment strategy by buying and holding shares in companies that we believe will benefit from long-term structural trends.

Let's now discuss our trading activity. During the first quarter, we continued upgrading the quality of the portfolio. We bought two new holdings, Curevac and Vestas. Curevac is a German biotech company which uses mRNA technology to develop a Covid vaccine but also other therapeutic solutions.

As for Vestas, it is the world's largest manufacturer of onshore wind turbines with a presence in offshore wind.

We also added to our existing positions in Delivery Hero, an operator of online food takeaways, and in Argenx, a biotech business which develops antibody-based drugs by participating in both their capital raising.

We funded these new news buys and additions by selling two holdings in the portfolio, EssilorLuxottica and Rolls Royce, both for fundamental reasons. EssilorLuxottica is the world leader in the design and manufacture of ophthalmic lenses. We noticed a deterioration in its culture which we believe will likely affect its long-term success.

As for Rolls Royce, the British engineering company which makes large engines for wide body passenger planes, it did face some heavy headwinds due to the pandemic as it was attempting to ramp up production and restructure its corporate structure. Having been loyal shareholders for many years, we eventually felt that the long-term picture no longer merited an investment in a growth portfolio.

I'm now going to hand over the Nick [Thomas] to talk about our research agenda and the themes we are excited about.

Nick Thomas: Thanks Christel. Despite the pandemic conditions, and most of us continuing to work from home, our research process is functioning well. We are getting good access to management teams, and we are producing and discussing research notes in our investment team at a good pace, typically two or three per week.

As usual our work splits between maintenance, research on existing holdings, and our quest for new ideas.

Some examples of our work on current holdings - we discussed the positive developments of Afterpay, a company we bought last year, that offers buy-now-pay-later facilities to its customers. Afterpay is one of several fintech companies disrupting the credit card and payment industry.

We also looked at several of the competitors to Delivery Hero, the food delivery company that we hold. These include Just Eat Takeaway, and Deliveroo, the company that IPOd during the quarter. We concluded that Delivery Hero's end markets of densely populated cities in more rapidly growing countries gave it the best chance of success, so we added to that holding as Christel mentioned.

We also drew together some thoughts from a series of CEO-level conversations with our holdings, including L'Oreal, ASML, Nidec and Stellantis (as the newly merged Fiat Chrysler/Peugeot auto-company is known), to improve our framework of how to analyse corporate culture. We concluded that there are common features between strong corporate cultures, such as long termism and creativity. We also learnt that culture needs to adapt, and to be appropriate for the challenges facing a company. It is much more than saying ‘this company has a bad culture’ or ‘this company has a good culture’.

We’ve continued to dig deeper into the supply chain of the renewables industry, given the huge wave of investment that is going to be needed to reach the emissions reductions targets that so many countries are now signing up to. Our work here included research on a solar inverter manufacturer, a large battery storage company, a supplier of power semiconductors to the EV industry, and the leading onshore wind turbine manufacturer Vestas, which we have bought, as Christel mentioned.

Our outlook remains a positive one. At a high level, we believe in the acceleration of disruption, powered by technological advance and human ingenuity. We are encouraged by the evidence that more industries are being heavily affected by these forces. Some of them are huge and seem to have been quite slow moving until now - industries like finance, energy and healthcare. Therefore they offer a great prize to successful innovators.

This general outlook helps to drive our research agenda. We anticipate that the portfolio's exposure to disruptive businesses in the financial sector, the health industry, or to the coming energy revolution, will rise if we are able to identify and analyse great companies within these themes. So to capture this new wave, and defend against the damage that will be done to incumbent companies, it is as important as ever for our clients to invest in growth stocks.

To conclude, despite the recent [sector] rotation in stock markets in the first quarter, we believe our portfolio is well positioned to benefit from long-term structural trends and an acceleration of disruption in many sectors of the economy.

During the first quarter, we added some new growth holdings to our portfolio. We also carried on analysing companies within themes that excite us for the long run.

Thank you very much for your time and if you have any questions, please reach out to your client contact or visit our website where there is much more information about our International Growth strategy.

The Baillie Gifford International Growth Fund (Share Class K) as at 31 March 2021

Top 10 Holdings

Holdings	Fund %
ASML	8.2
Tencent	5.5
MercadoLibre	5.0
Meituan Dianping	4.8
Ferrari	4.1
Alibaba	3.9
Kering	3.8
M3	3.6
Adyen	3.5
Zalando	3.4

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 31 March 2021 (%)

Gross Expense Ratio	0.60
Net Expense Ratio	0.60

Source: Baillie Gifford & Co

Standardised Past Performance to 31 March 2021 (%)

	1 Year	3 Years	5 Years	10 Years
The Baillie Gifford International Growth Fund (Share Class K)	84.59	19.41	22.48	12.11
MSCI AC World ex US*	50.03	7.70	10.09	6.36

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.

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

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.

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