BAILLIE GIFFORD EMERGING MARKETS: INTRODUCTION

Will Sutcliffe, Sophie Earnshaw and Mike Gush, investment managers in the Emerging Markets team with a combined total of 45 years' experience, give an introduction to the team's approach.

The Baillie Gifford Emerging Markets Equities 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 summary prospectus. For a prospectus or summary prospectus please visit our website at www.bailliegifford.com/usmutualfunds. Please carefully read the Fund's prospectus and related documents before investing.

The views expressed are those of the speaker and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect personal opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

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

The most significant risks of an investment in the Baillie Gifford Emerging Markets Equities Fund are Investment Style Risk, Growth Stock Risk, Long-Term Investment Strategy Risk, Geographic Focus Risk, Emerging Markets Risk and Asia 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 focuses on investments in a limited number of countries or regions, meaning it may offer less diversification and be more volatile than other funds. Investing in emerging markets can involve additional market, credit, currency, liquidity, legal or political risks than investing in more developed markets. Some Asian securities may be less liquid than US or other foreign securities. They can be affected by high inflation, currency fluctuations, political instability and less efficient markets. Many Asian economies are dependent on international trade and only a few industries and can be badly affected by trade barriers. Other Fund risks include: China Risk, Conflicts of Interest Risk, Currency Risk, Equity Securities Risk, Focused Investment Risk, Frontier Markets Risk, Government and Regulatory Risk, Information Technology Risk, IPO 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, Underlying Funds 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's high returns during 2020 were in part due to unusual market conditions caused by the Coronavirus pandemic which benefitted a number of existing holdings in the Fund's portfolio. These companies saw faster than expected growth as a result of early adoption by people of some technologies and services. That rate of growth is unlikely to be repeated in normal market conditions. The Fund's investment horizon spans several years so periods of short-term volatility should be expected.

Will Sutcliffe (WS): We've been running dedicated GEM (global emerging markets) mandates since 1994. Now obviously that's a period that's had plenty of highs and plenty of lows for the asset class. So we like to think it's a tried and tested approach. Our key goal is to build long-term relationships with like-minded clients. Now we're aware we can only do that if we generate significant alpha after fees and we're very proud of the track record we've built up.

The team itself is relatively small. Now obviously there are lots of conversations going on with other Baillie Gifford investors who also look at emerging markets as part of their broader mandate. But when it comes to decision making for GEM clients, we like to keep things nimble.

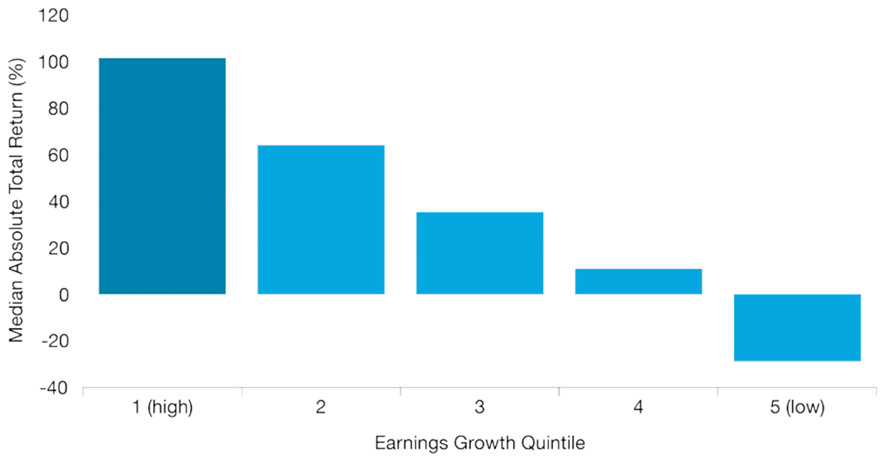
It's also a very stable team. If you look at the five or six most senior investors, we've all been working together in emerging markets in excess of a decade so hopefully that provides reassurance that that track record actually means something.

Sophie Earnshaw: It's becoming commonplace for investment managers to tell you that they think about things over the long term but we'd argue that only a small proportion of firms have the remuneration structure and the firm structure to really incentivise long-term thinking about the businesses in which they invest.

Information overload is a challenge and short termism, particularly in emerging markets, is prevalent. We've found that over the short term, share prices bear no relation to company fundamentals. That's why we don't think our skill lies in short-term forecasting.

What really interests us is the strong correlation we've found between share prices and company fundamentals over the long term. If you can find a company that delivers earnings growth in the top quintile over a 5-year view, we've found that you can be rewarded with roughly a doubling in total return over that period.

Returns Follow Earnings Over Long Term in Emerging Markets



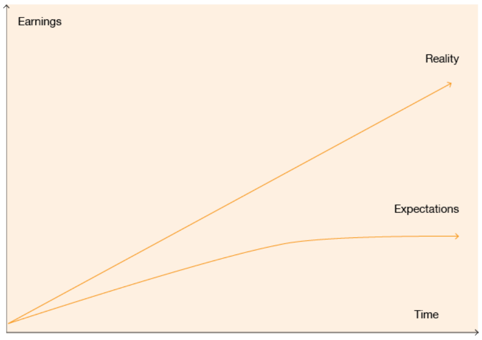
Source: Baillie Gifford & Co and Factset.
MSCI Emerging Market and FTSE Emerging Market Indices constituents as of the end of December of each year between 1997 and 2019 and with a market capitalisation larger than time-adjusted USD1bn. Earnings growth rates are based on previous fiscal year data, all in USD.

That's why our process is focused on finding those businesses, those companies that we believe can double in share price terms over 5 years and we'd expect the majority of that doubling to come from earnings growth rather than a rerating.

Mike Gush: To find these ideas for fundamental research, we're looking to exploit three key inefficiencies.

One of the inefficiencies we're looking to exploit is underappreciated growth duration.

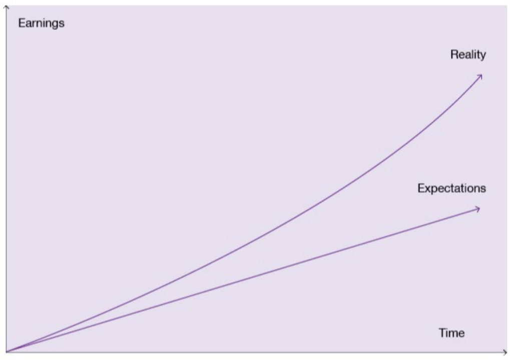
Duration



These are businesses with strong competitive positions, excellent management teams and importantly are investing through the cycle. Investing in R&D (research and development), investing in capital projects. These investments can take years to come off. It's not a case that they make their return in the next quarter or next coming quarters. And having the patience to let that deliver is really important. One of the great strengths of Baillie Gifford is the partnership structure, which allows us to take that long-term view and accept some short-term volatility on the way.

The second inefficiency we're looking to exploit is underappreciated growth pace.

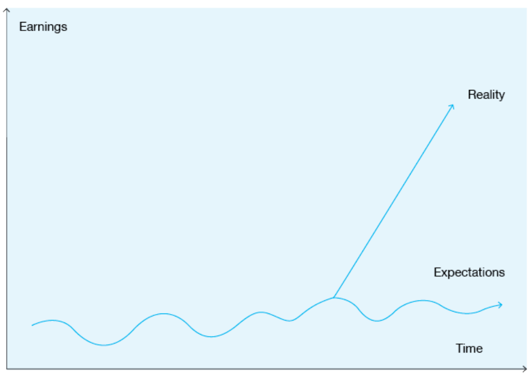
Pace



These are businesses that are growing much faster than the market expects, and importantly, sustaining that for many more years. A good example of this would be internet companies. These network businesses really do grow faster the more they scale and people have been very slow to adjust to that. We tap into multiple research sources and a wide number of independent research providers in order to help inform where we should be looking for these ideas.

The last inefficiency we're looking to exploit is underappreciated growth surprise.

Surprise

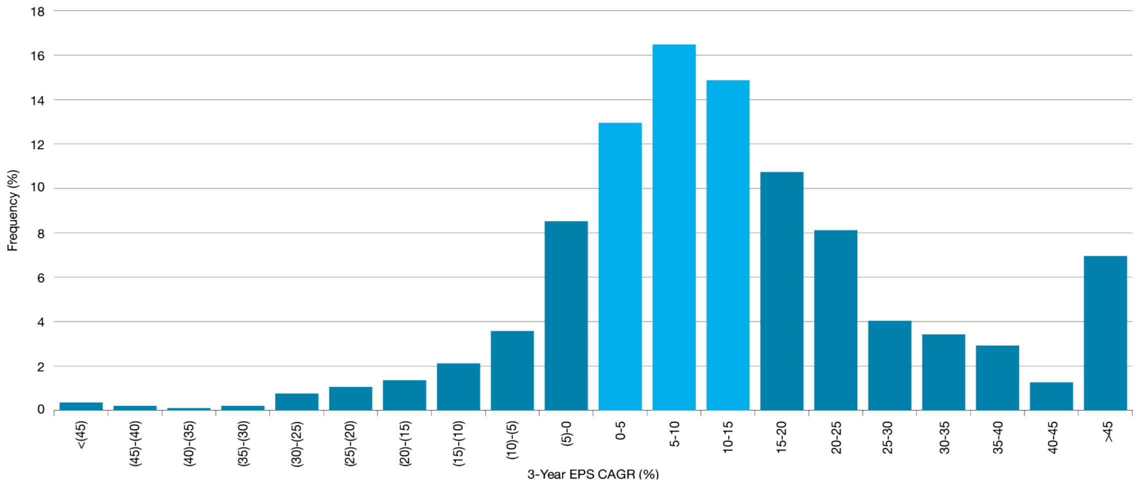


These are businesses where we have a very different view as to the future than the market expects. Typically, they operate in more cyclical industries and it's through a key parameter, an external factor often, where we have a very differentiated view, such as a key commodity price.

WS: Our growth hurdle is ambitious. Very few companies in emerging markets will meet it. Just as unfortunately very few countries in emerging markets are ever likely to truly emerge. So we're asking a lot from the companies that we invest in and we think that one thing we can exploit in that sense is the market's consistent inability to correctly price the likelihood of extreme returns.

So if you were to look at the sell-side forecasts for growth rates in emerging market companies right now, they seem to imply that we live in this nice neat world where every single company will grow somewhere between 5 per cent per annum and 15 per cent per annum.

Emerging Market Stocks – Range of Sell Side Estimates for 3-Year Compound Annual EPS Growth Rate



Source: Baillie Gifford & Co and Factset.
Based on Emerging Market stocks in MSCI EM Index or FTSE EM Index. Data as at 31 December 2019. US Dollars.

But the reality of course is that most don't. Most will grow far in excess of that level or far below. We live in a world of fat tails. And of course, the companies that interest us, are the ones on the right-hand side of that distribution.

So that failure of imagination, if you like, is something very powerful, that active investors can exploit.

The Baillie Gifford Emerging Markets Fund (Share Class K) as at June 30 2021

Gross Expense Ratio	**0.80%**
Net Expense Ratio	**0.80%**

Annual Past Performance to June 30 Each Year (net %)

	1 Year	3 Years	5 Years	10 Years
The Baillie Gifford Emerging Markets Equities Fund	49.81	17.45	19.29	7.72

Source: Bank of New York Mellon and relevant underlying index provider(s). 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.

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 our website at www.bailliegifford.com/usmutualfund/emergingmarketsfund

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The Baillie Gifford fund's performance shown assumes the reinvestment of dividend and capital gain distributions and is net of management fees and expenses. Returns for periods less than one year are not annualised. 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. Fees and expenses apply to a continued investment in the funds. All fees are described in each fund's current 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.

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