

Baillie Gifford Insights

**Actual
investors.**

**What do we
mean by that?**



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**Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 www.baillieghifford.com**

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THE EAFE PURE FUND

INTERNATIONAL FOCUS

BAILLIE GIFFORD

This document has been prepared solely for the use of existing Baillie Gifford clients in the
aforementioned fund

Fund Valuation

	As at March 31, 2019
The EAFE Pure Fund	\$422,815,403

Source: Baillie Gifford & Co.

Headline Performance to March 31, 2019

	Fund (NAV) %	Benchmark %	Difference %
Since Inception* (p.a.)	3.74	3.16	+0.58

Source: Baillie Gifford & Co, Bank of New York Mellon, StatPro, MSCI. 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. Benchmark: MSCI EAFE. *April 15, 2014.

Baillie Gifford

In May 2019, there were two partnership promotions and three retirements taking the total number of partners to 43

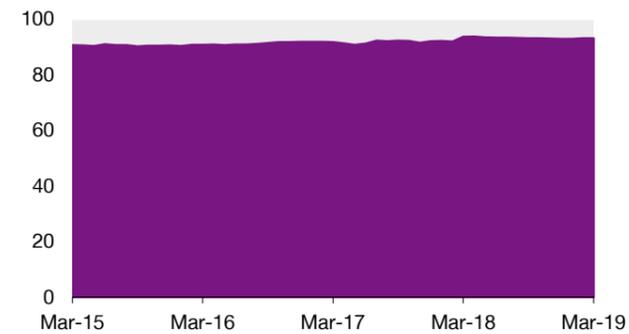
Annual rotation of investors in September included a change for International Focus

Our excitement about future investment opportunities in a number of areas is being expressed through a small number of new investment strategies

Firm assets under management and advice	\$252.4bn
North American clients' assets	\$108.6bn
International Focus clients' assets	\$16.2bn
International Focus clients	54

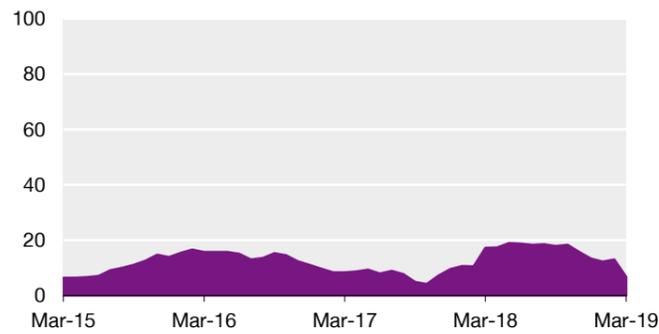
Source: Baillie Gifford & Co.
As at March 31, 2019.

High Active Share (%)



■ Active Share of The EAFE Pure Fund
Source: Baillie Gifford & Co, MSCI.
Benchmark: MSCI EAFE.

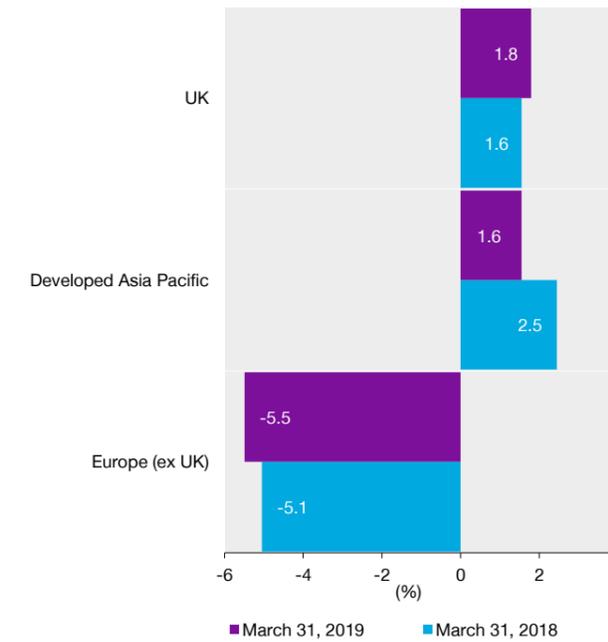
Low Portfolio Turnover (%)



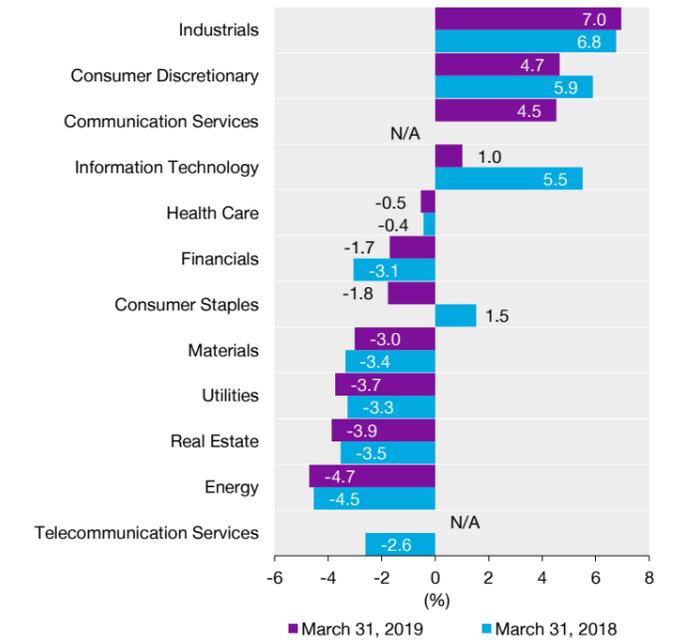
■ The EAFE Pure Fund Rolling 12 month turnover

Portfolio Positioning

Relative Regional Weightings



Relative Sector Weightings



Source: Baillie Gifford & Co, MSCI. Portfolio does not currently have any holdings in Real Estate or Utilities. Benchmark: MSCI EAFE. Excluding cash.

Chinese/Asian slow-down



Weaker Asian consumption
Long-term growth vs. short term noise

Long-term growth prospects remain



Operational performance encouraging
Market volatility can present exciting opportunities

Performance Analysis

Performance to March 31, 2019

	Fund (NAV) %	Benchmark %	Difference %
Since Inception* (p.a.)	3.74	3.16	+0.58
3 Years (p.a.)	6.65	7.82	-1.17
12 Months	-5.17	-3.22	-1.95
3 Months	12.86	10.13	+2.74

Top and Bottom Five Relative Stock Contributors
3 Months to March 31, 2019

Stock	Fund (Avg %)	B'Mark (Avg %)	Contribution (%)
Zalando	1.69	0.03	0.53
Mettler-Toledo	2.88	0.00	0.43
Olympus	1.88	0.09	0.41
Sartorius	1.66	0.00	0.38
ASOS	1.15	0.00	0.28
DENSO	1.49	0.14	-0.29
Svenska Handelsbanken	2.63	0.13	-0.25
Jardine Matheson	1.33	0.11	-0.22
Cochlear	2.80	0.06	-0.21
Hargreaves Lansdown	3.26	0.05	-0.21

Top and Bottom Five Relative Stock Contributors
12 Months to March 31, 2019

Stock	Fund (Avg %)	B'Mark (Avg %)	Contribution (%)
Auto Trader	1.89	0.04	0.70
Mettler-Toledo	2.55	0.00	0.69
AIA	3.07	0.76	0.53
Shiseido	2.99	0.19	0.51
Sartorius	1.59	0.00	0.38
ASOS	1.84	0.00	-1.49
Zalando	2.06	0.03	-0.62
Infineon Technologies	2.31	0.19	-0.50
Nestlé ^{††}	0.00	1.84	-0.47
DENSO	1.53	0.15	-0.38

Source: Bank of New York Mellon, StatPro and MSCI.
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.
Benchmark: MSCI EAFE.
*April 15, 2014.
†Not held.
††No longer held in portfolio.

Volatile period for equities



All equity markets suffered during 2018 due to macro and political fears

The start of 2019 saw a welcome rebound

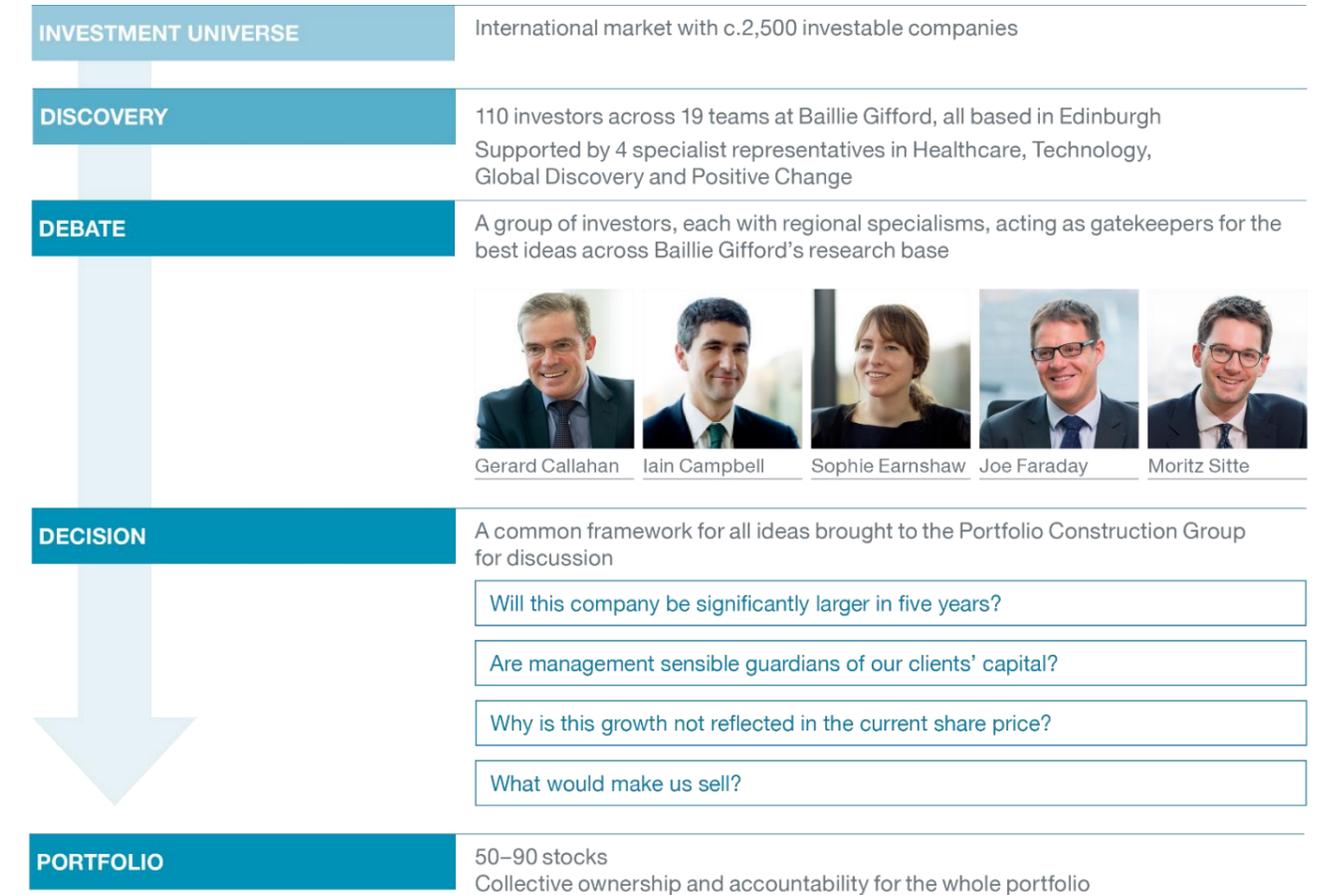
Image Sources: © Bloomberg / Getty Images

Competition in apparel stocks



Aggressive discounting among retailers
ASOS and Zalando profit warnings in 2018

Portfolio Construction

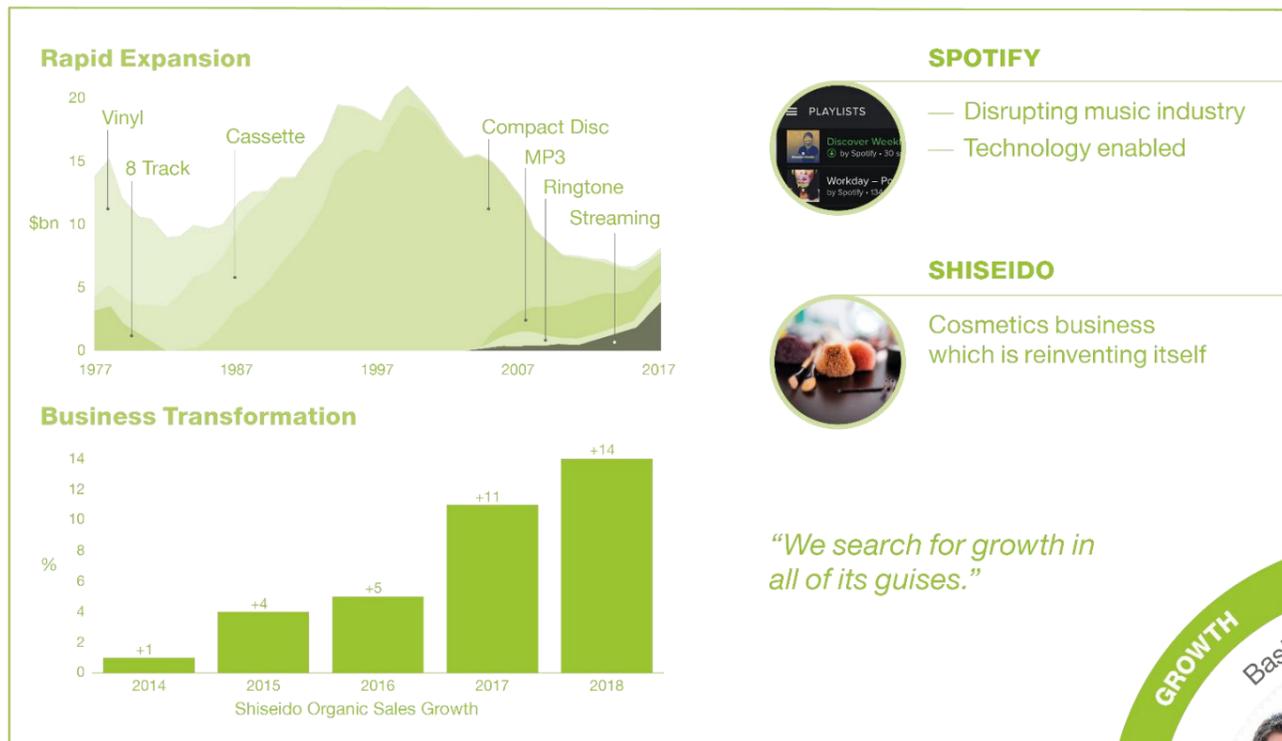


Portfolio Holdings as at March 31, 2019

75% >3 YEARS		14% 1-3 YEARS		9% <1 YEAR	
Holding	%	Holding	%	Holding	%
Hargreaves Lansdown	3.3	Kao	2.1	AIA	3.5
Mettler-Toledo	3.1	Johnson Matthey	2.0	ASML	2.2
Shiseido	3.0	Olympus	1.9	Infineon	2.0
Rightmove	2.8	Zalando	1.9	Sartorius Group	1.8
Shimano	2.6	Jeronimo Martins	1.9	SoftBank	1.7
Cochlear	2.5	Intertek	1.6	HomeServe	1.3
MS&AD Insurance	2.5	Kone	1.5	Nidec Corporation	1.1
adidas	2.5	Treasury Wine Estates	1.5	u-blox	0.3
Inditex	2.5	Kakaku.com	1.5	Jardine Strategic	0.8
Svenska Handelsbanken	2.4	Burberry	1.5		
Novozymes	2.4	DENSO	1.3		
United Overseas Bank	2.4	SEEK	1.3		
SMC	2.3	ASOS	1.2		
Auto Trader	2.3	Wood Group	1.1		
Legrand	2.3	Jardine Matheson	1.1		
Schindler	2.3	Pigeon	1.1		
Investor	2.2	Jupiter Fund Management	0.8		
Richemont	2.2	Weir	0.8		
Atlas Copco	2.2	Sugi Holdings	0.5		

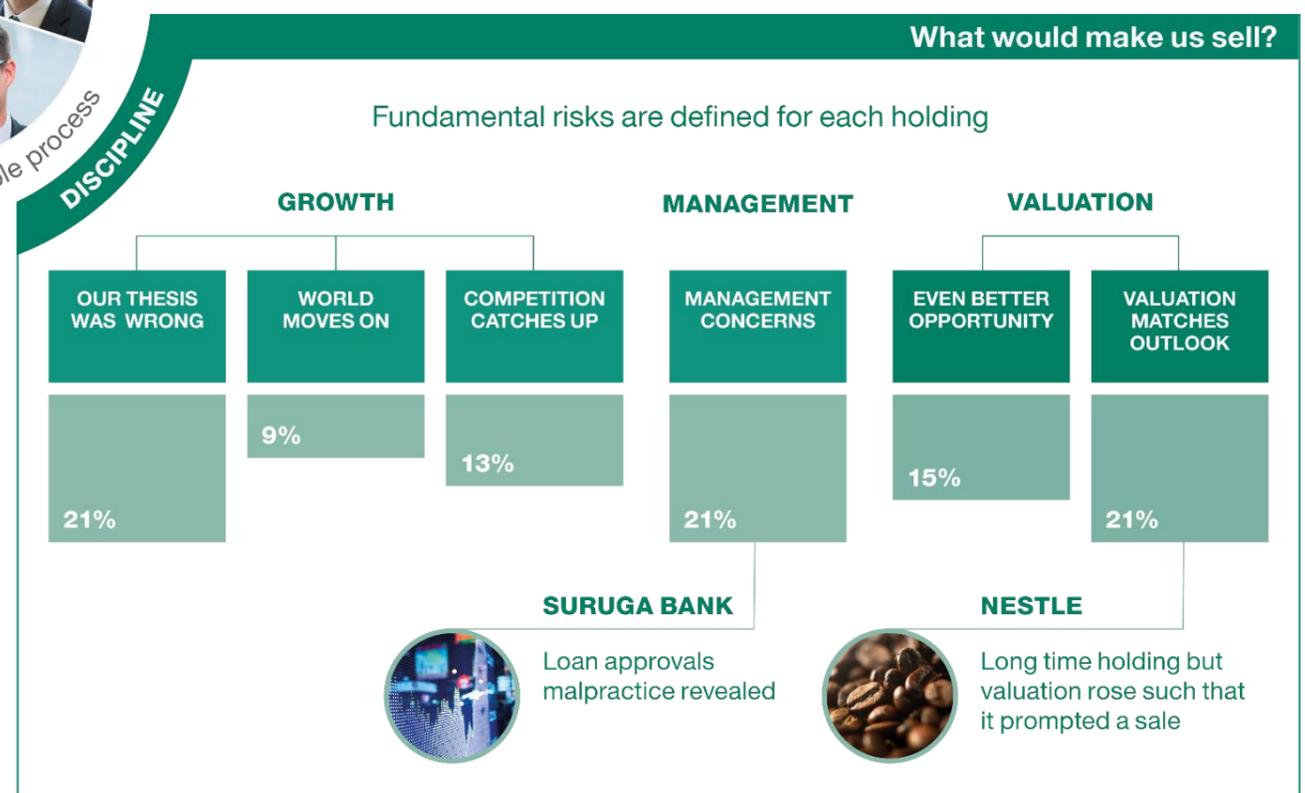
Source: Baillie Gifford & Co, as at March 31, 2019. Cash = 2.1%.
Holding weights and periods based on the EAFE Pure Fund.
Transactions over 6 months to March 31, 2019: **New Buys**, **Additions**, **Reductions**.
Complete Sales: Advantest, DIA, Suruga Bank.

International Focus: Asking the right questions



Will this company be significantly larger in five years? Are management sensible guardians of our clients' capital?

Source: RIAA, company reports and Visual Capitalist. Source: Baillie Gifford & Co, Factset. Benchmark: MSCI EAFE.



Source: UBS, MSCI, London Stock Exchange, FTSE. Benchmark: MSCI EAFE. Source: Baillie Gifford & Co. Based on sell decisions made by International Focus PCG for each category shown. 5 years to end December 2018.

*As at December 31, 2018. **5 Years trailing, as at December 31, 2018. Portfolio data based on the EAFE Pure Fund. © Spotify, © ASML, © Zalando, © Shiseido.