Baillie Gifford™

Asia ex Japan: portfolio manager update

December 2023

Investment managers Roddy Snell and Ben Durrant join investment specialist Qian Zhang to discuss their current views and portfolio positioning for the Asia ex Japan strategy, including why they believe this continues to be the most attractive region globally for growth investors.

Your capital is at risk. Past performance is not a guide to future returns.

Qian Zhang (QZ): Hello, everyone. Welcome, thanks for joining us today. My name is Qian Zhang, I'm a client director at Baillie Gifford. I'm joined by Roddy Snell and Ben Durrant, co-managers of our Asia ex Japan strategy. Both Roddy and Ben have travelled to Asia several times this year. Ben actually spent three months this summer there, meeting quite a range of Asian companies, so we will be hearing from him about that.

As usual, we will do a country tour, covering all of the major markets we invest in Asia, and we will also discuss about performance and portfolio changes. We are happy to receive your questions as we go through, so please do submit them. So, Roddy, can we first start with you and your broad asset class views on Asia, please?

Roddy Snell (RS): Sure. I think it's fair to say our positive view on the asset class remains constructive and is largely unchanged since we last spoke, back in the May webinar. There have, however, been some headwinds to the asset class in the shorter term, including a steepening of the US curve and dollar strength, which has triggered some equity flows from the region. And then secondly, the events in the Middle East certainly caused more risk aversion.

Now, speaking to some of our political and military connections, it appears to us that the escalation out of Israel is unlikely, as most related parties, especially the US, have no interest or benefits to do so. So the oil markets have generally, and thus far correctly, been pricing this as an isolated event and we're happy with our current overweight position in energy.

In the medium to longer term, we've previously discussed really four key reasons why Asian economies look particularly attractive, especially compared to developed markets, and they remain very much in place. So that's, firstly, that Asian balance sheets are in superior shape having lacked

Copyright © Baillie Gifford & Co 2023.

the quantitive easing and money-printing of the West. Secondly, most of Asia has maintained positive real rates compared to zero or negative over here. Thirdly, there are no significant inflationary pressures, there's certainly no labour shortages across the region. And finally, capital flows into Asia have been negative for a decade, and the region therefore is far less vulnerable to the money outflows that happened in the past.

So you put that all together and the result today is that Asia's financial position really is superior to much of the developed world. Combine this with Asia's structurally faster growth rates, most Asian economies are expected to grow by at least double developed markets, and with valuations at multi-year lows relative to developed markets, we really do believe that the longer-term outlook for Asian investors looks very encouraging at the moment.

QZ: Thank you for that overarching view. Before we start our country tour, let me come to you, Ben, about your actual tour on the ground. Can you tell us a bit more about who you visited and where you visited?

Ben Durrant (BD): Yes, of course. I visited seven countries in Asia this summer, the likes of Hong Kong, Korea and much of Southeast Asia as well, meeting over 70 companies and a whole host of contacts that we have there as well. We always find it more effective to meet companies in their own offices, or see them in their factories, where, for them, we're only a brief diversion from their day's task of running their business, as opposed to seeing them on a roadshow or in a conference where they are constantly speaking to investors.

And for us, getting out and about, meeting companies and focusing on the investment cases, we avoid the distracting headlines that appear in the Financial Times or Wall Street Journal or the encouragement to do something new that turns up in our inbox, as excited brokers try and call us with things that must be paid attention to now. And none of those tend to actually impact the day-to-day reality of the businesses that we are investing in. So I found it a very helpful reminder that we're investing in long-term progress, not short-term newsflow.

Some of this trip was just groundwork for the future, as we always do, such as meeting private companies. Other parts were to explore countries that we've invested in less as growth investors recently but want to ensure we don't miss anything, the likes of Malaysia and Thailand. And of course, much of the time was spent with longstanding holdings such as Indonesia's Bank Rakyat or parts of Korea's excellent semiconductor industry cluster there.

I'd say two take-aways in general, though it's tough to generalise here. Firstly, when you're on the ground talking to real business owners, it was always domestic politics that generated the most emotion and thought, while geopolitics was seen as a distant rumbling, something that people were aware of but generally seen as less relative to the practicalities of what mattered for their business on multi-year periods.

Where geopolitics did touch on lives, such as Chinese investment in Indonesia or exporters in Vietnam, it was almost seen pragmatically as an opportunity or something that would pass or can

Copyright © Baillie Gifford & Co 2023.

be coped with. And so while events are inherently uncertain, for the companies we've talked to in Asia, these issues aren't nearly as polarising or significant as many market commentators present them.

Secondly, the breadth of new ideas and areas of enthusiasm coming from these meetings was just far broader than I'd anticipated. The companies that we're excited about range from dockyards to IT companies to laser-based equipment manufacturers. What does link all of these though is that single-minded focus on improving their lot by doing something better than anyone else around them, often anyone else globally. And that's really exciting, and where we want our portfolio to be focused on for the years to come.

QZ: Thank you, Ben. We'll bring you back to talk about some of these companies shortly. Let's now spend a few minutes on our first stopover country, in China, which many of our clients have been asking recently. There has been quite a high amount of pessimism on the Chinese economy this year. Roddy, can you share with us your thoughts here, please?

RS: Sure. China certainly faces a number of challenges, and there's no doubt that the country's lockdown and regulatory crackdowns have inhibited consumer and entrepreneurial spirits, and that's been subduing the domestic economy. Our consumer-related holdings here, for instance, JD.com had to be one of the largest detractors of this year, in part because of that slowdown.

However, the pessimism really does look overdone to us, and actually I'd be really quite positive over the next 12 to 18 months on China. Firstly, take the big picture with the economy, and actually it's not that bad. They've been growing somewhere between 3 per cent to 5 per cent over the coming 12 months. I don't think there's any other economy of significant size going anywhere close to that.

And we've got to remember that China hasn't done any quantitive easing or money-printing. It's had sensible, positive interest rates, so actually, from a macro perspective, it's behaved pretty well for some time and is better positioned than a lot of other major economies.

Secondly, within that environment, a number of companies are actually growing incredibly well. If I look at some of our internet platform names, they've been growing anywhere between 15 per cent to 30 per cent in the last couple of quarterly numbers. Tencent's advertising business was growing 20 per cent. Kuaishou, which is the shortform video business, that's growing in excess of 20 per cent its revenues. So there are signs of sectors actually performing very well operationally.

And then, thirdly, there is a clear sign that the government is moving to support the economy and, as discussed, there are a lot of levers they can pull here. They can cut rates, they haven't done money-printing, they're actually in a pretty good position if they want to stimulate more. And perhaps more important than stimulation, it's actually just coming out and supporting the private sector, which again we've seen top level Politburo Bureau coming out and acknowledging that the private sector is key to growth. We've seen a big pullback in regulation on the technology sector, we think that cycle's probably over. And that's probably the single-most important part of really

Copyright © Baillie Gifford & Co 2023.

getting China moving again.

And finally, against that backdrop, valuations look extremely cheap. They are factoring in some very bad outcomes here. You can get Baidu at the moment, the Google of China, on a low-single-digit P/E multiple for the core search business and the billions of dollars they've invested into autonomous driving and AI, where they're probably the leader in China, you're paying nothing for that. So starting to see some real opportunities and have been adding a little bit to those areas which we'll come on to in a bit.

QZ: Yes, thank you. Can you also talk in more detail on how the portfolio positioning has changed, specifically in China allocation?

RS: Sure. We've got around a third of the portfolio in China, which is roughly flat to the index, and that overall position hasn't changed too much over the year. As I say, we've had mixed signals from recent companies' earnings results, the platform companies, as I say, recovering really quite well, reflecting a continuous, albeit slow, recovery in the consumer sector, whilst some of the cyclical areas, like semiconductors, they've actually seen some pretty sharp, short-term challenges.

Now, as mentioned, the regulatory environment for the internet companies appears to be stable. I think that's really very important. We actually had Joe Tsai, the co-founder of Alibaba and also the current chairman of the group, recently visited our offices in Edinburgh. He mentioned the policymakers had been very keenly listening to them and other big tech platforms on what they can do better to restore private sector confidence.

And really, conversations like this between the regulators and businesses had clearly picked up, which was rarely, if at all, seen during the 2021 clampdown, so I think that's quite a significant shift we're seeing. So we've been topping up our positions in companies like Baidu, and are happy with our current internet-related holdings in China.

However, it's probably worth saying that we are seeing increasing signs of potentially regulatory tightening in the financial sector. Our portfolio hold a fairly large underweight, actually, in Chinese financials already, but we do have a decent-sized position in companies, for example Ping An Insurance. In our view, this remains one of the best candidates to benefit from the increasing insurance penetration in China and is trading at less than one times price to book. But we are doing some more thinking about the potential regulatory implications in the financial space.

In energy, we continue to hold significant positions both in energy and materials in China, and we topped up CNOOC recently, so that's nearly at a 4 per cent to 5 per cent position within the fund. It has fantastic privileged access and assets in the South China Sea. We see decent growth in production of maybe 5 per cent to 8 per cent in the coming years, and it's trading on only a three to four times P/E multiple with a 10 per cent to 12 per cent dividend yield. So we think there's a really high chance to double or triple our returns in the next five years, year. And CNOOC has actually been one of the largest or best-performing contributors to the portfolio over the past 12 months.

Copyright © Baillie Gifford & Co 2023.

Finally, on the flip side, we have actually exited a number of our green technology businesses in China, for example LONGi Green Energy, the solar panel maker, and Wuxi Lead, which makes battery components. And that's really because we've seen substantially more capacity come into the market than we expected in many of the green technology areas, so, as I say, we've been trimming and selling those, particularly in China.

QZ: Thank you. So, now let's move from China to China Plus One countries in Southeast Asia. Let me come to you, Ben, on this one. Firstly, any observations from your trip on supply chain repositioning? Is it happening, and where is it happening?

BD: Sure. It's largely, if anything, an acceleration of what's been happening for many years for purely economic reasons. China, through its own success really has had labour rates, labour costs, increasing, and so it's made sense for many companies to have already shifted some of that low-value manufacturing outside of China. And so as a result, you've seen the region, Southeast Asia, delivering dollar export growth that's exceeded global GDP growth rates for many years, faster than many other parts of the region.

Geopolitics, I suppose, and particular the uncertainty in COVID, a realisation that having single points of reliant supply chains is dangerous, both of those have encouraged companies to make a shift for more than economic reasons already. And the countries that made sense to go to are the ones they're going to increasingly as well.

As you can see in our portfolio, one of our longstanding beliefs, and evidenced as well, hopefully, is that Vietnam has been the biggest beneficiary of that and is really the driver, it's the next Asian tiger, if you like. And so while that has delivered 10 per cent export growth a year for the last 15-plus years, over the last couple of years you're seen $50bn of increased exports from Vietnam, closely matched though by a similar amount of imports in from China. So a lot of Chinese companies using Vietnam as a staging point for that final step of manufacturing, that final stamp, and then exporting to the rest of the world.

We think that that becomes increasingly interesting as they start to build manufacturing clusters there. I was speaking to the likes of Techtronic, the power tools manufacturer, Hong Kong-based but big sales in the US. I think it's about equivalent costs between Vietnam and China, because while Chinese labour's more expensive, they benefit from scale and the clusters of expertise, and Vietnam has lower-cost labour but doesn't have the same clusters. But being encouraged to go to Vietnam by these geopolitical factors means that those clusters start to form and then Vietnam becomes compelling for multiple reasons. So it's largely a reinforcement, a doubling down on what was happening already.

There are a few countries that essentially fumbled their chance previously, the likes of Indonesia, maybe a bit of Thailand, and India certainly. And so geopolitics has given them another chance, although I'd say the jury is still out on whether they will get sufficient benefit from the China Plus One element for it to really move the dial from a GDP perspective, or from a broader economic development perspective. But there are certainly opportunities we see. I was in India earlier this

Copyright © Baillie Gifford & Co 2023.

year and met one of the Foxconn subsidiaries in the south of India there, trying to understand what they're doing as well. And so you can certainly see some signs of excitement, but from our perspective, Vietnam is still most compelling.

QZ: Thank you. Obviously India and Indonesia have been two key overweights in our portfolio for quite some time, can you elaborate on that a bit more, on what have been the recent changes in those?

BD: Yes, sure. India's been a darling of the markets recently. In part, that's a natural shift, because people are looking for simpler, more positive stories than China, and India's the next big place, but also you've seen some strong government investment in road, in rail, and you've seen hopes of a domestic consumption improvement as a result of some pretty strong household and bank balance sheets there.

So we found some exciting growth areas there, and as a result, India's been a contributor to relative performance, but we need to be careful not to get caught up in the hype, I suppose. We remain focused on what those opportunities are and the price we're being asked to pay for those. So in some of those smaller companies, we've trimmed some exposures, take profit there to invest elsewhere in the region, in China for example, but overall we remain constructive, especially in some of our larger holdings which we think remain very attractively valued.

For example, Reliance Industries, our largest holding, crudely split one-third telecoms, one-third retail and then one-third energy, that's both old energy refining businesses and also new batteries, solar, hydrogen as well. But this is a business that's invested $15bn a year over seven years, mostly in the retail and telecom side, and increasingly in the new energy side. Analysts have real problems on the sell-side modelling the company. For us, that's a big part of the investment appeal because we understand what they're trying to do, we understand that they have a good probability of achieving that. We don't know exactly what it will look like, but we're happy to accept the uncertainty on the path as to how we get there because we think that actually they will continue to generate value like they have in the past.

A new holding in India is Jio Financial Services, recently spun out from Reliance. What's interesting there is the synergy between the country's largest mobile network, the e-commerce and the physical retail business. And all of these generate really promising individual data that positions Jio Financial Services well, become a leading financial services by being able to price risk and also access contacts far better than anyone else can, really.

And currently, again, no one really knows precisely what this business looks like, and so you're seeing essentially blank sheets of paper issued as research reports. But this company now trades at not more than one times price to book, and we think there's a real potential there, and so it could be a very interesting case over the next five years, as people start to understand better what they're trying to do. And we think that, through our relationship with Reliance, our long-term investment there, we have a better handle on what they are trying to, and will likely, achieve.

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

Copyright © Baillie Gifford & Co 2023.

Turning to Indonesia, I think that they've been a big beneficiary of commodity price rises, and one of our longstanding holdings there is Bank Rakyat, which is the leading microfinance business in the region, and they've certain benefited as well as providing credit to those who need it elsewhere in the country.

It's an unusual beast, actually. It's a very well-run state-owned enterprise. And so one of the key things that we do when we update our research on that is test that that remains true, because there's not a common combination. They've recently started implementing share-based incentives. The new Minister of SOEs in the country has tried to encourage the SOEs to be a bit more focused on actually what the shareholders want. And so trying to understand how that changes the culture, changes the management dynamics of a company I think is very important, so I met some of the senior management there, and we actually had the CEO of the business in Edinburgh quite recently as well.

But out with that business, which I think is going to be probably a core holding in Indonesia, given what it's trying to do and its strengths, we've had nickel exposure that we've sold recently because it's done what we'd liked it to do. You saw the supply constraints, you saw the increasing demand, and we've seen an awful lot of Chinese investment into Indonesia in particular in nickel.

And they've managed to make a new technology, high pressure acid leaching, which takes a lower quality ore traditionally used for stainless steel manufacturing, they've taken that which lets them produce high-purity nickel for the battery market. And so we think while good for the Indonesian economy overall, lots of investment in, lots of supply growth, lots of tax takes, employment, etc., we don't think it's necessarily so good for the nickel price, and perhaps for the companies themselves. So we've sold down some of those holdings. But we remain having exposures in copper, for example, with Merdeka Copper Gold in Indonesia.

I think that we have an overweight in Indonesia at the moment, and that probably remains true but, unlike the likes of Vietnam for example, it is very much driven on cyclical elements rather than that inherent generational China Plus One investment case.

QZ: Thank you, Ben. And just a reminder for our audience, if you have questions, do submit them through the Q&A. On your point on battery materials, it might be good for us to move to South Korea. And Roddy, I know we have several key battery producers there. Has the position in Korea changed recently? Can you share with us about that?

RS: Sure. And it's pretty similar, actually with the solar industry. Competition in the battery sector is also intense, especially from the Chinese who actually almost doubled their capacity from 2021 to 2022, and they're actually looking to triple it again by 2025. And this is why there's already huge excess capacity. The utilisation rates are 50 per cent already and, as I said, they're looking to triple that capacity further.

So this made us pretty worried, actually, about the supply-demand dynamics in the next few years. Plus, Chinese battery makers have proved to be successful in their LFP battery technology. This

Copyright © Baillie Gifford & Co 2023.

was thought of as lower-quality battery technology compared to the likes of the South Koreans, but actually it's beginning to take market share in developed markets, especially Europe, which we think is actually a potentially big headwind for the higher-end battery makers, predominantly in Korea. So we trimmed our exposure to Samsung SDI, the battery maker, fairly recently.

On the other hand, we have been purchasing a number of holdings, including new ones, in the country, for example, SK Hynix. This is one of the world's largest manufacturers of computer memory chips, DRAM and NAND. Now, this is a very cyclical industry and it used to be absolutely terrible, however DRAM has seen massive consolidation. Over the past ten years, we've gone from about 12 players to now being a tightly controlled, three-player oligopoly. And those survivors now actually make excellent returns through the cycle. Hynix has averaged about 20 per cent ROEs over the past decade.

And in terms of growth, increasing digitalisation, AI, demand for memory is really insatiable and is going to grow for many years. So given the fact that we think we're probably at the bottom of the latest cycle, and Hynix are actually making losses at the moment, valuations look extremely low. So we took a position back in June, and have been adding to it since. So it's about 2 per cent in the portfolio today.

We actually like the whole semiconductor space at the moment. So out with Hynix, we also continue to like a number of niche Korean suppliers in the memory chain. For instance, we've spoke about EO Technics before, that's a company that makes lasers that are used to mark and cut wafers. And as wafers get thinner, connections get smaller with more layers and packaging, technology means that we will increasingly need lasers to start doing that work. So we think demand for lasers, at some point, will increase exponentially, and EO Technics are really one of the dominant players in that area. So that's done very well this year actually, it's been one of the top contributors to performance, but very happy to have it as a significant proportion of the portfolio.

QZ: Cool. I have one last question for you, Roddy, before we're finishing off here. We've been discussing about the fundamental strengths in Asia for quite some time, and I think a lot of our investors and our clients are wondering what would be the catalyst for the market to perform better next year. Can you share with us your thoughts on that, please?

RS: Sure. That's a very valid question, because despite the better position Asia's in, it hasn't really performed yet. So I think first you've probably got the slow burn, that might just be the fundamentals you mentioned come to the fore and the differentials in growth rates between EM and DM become clearer, and Asia starts to benefit. But in terms of actual significant catalysts, single events, probably two or three.

The first would be the dollar. The US dollar hit a near-40-year high during the year, and that is typically bad for emerging markets and Asia as it sucks liquidity out of the region. And I'd be probably believing in this, but if rates were to have peaked and start to fall, that would be a very positive tailwind for Asia over the coming years. That'd be a very significant change in the investment environment, and Asia being probably the biggest beneficiary of that.

Copyright © Baillie Gifford & Co 2023.

Secondly, I suppose the biggest issue in the region, and what's possibly held Asia back, is China. So any positive actions on the economy would be very beneficial, either stimulus or, perhaps more important is that backing of the private sector. So if China came out and more supported the economy, that would be a major plus.

And thirdly, and linked to China, and I don't necessarily think that this will happen but any significant improvements in the geopolitical situation between the US and China, again, would be very positive, certainly for Chinese multiples. But as I say, of the three, I think that improved geopolitics is the least likely.

QZ: A lot to watch on for next year. And to finish off here, can I ask both of you the [unclear] you're looking for from Asia for a relatively longer period of time, and how the portfolio is positioned for that, please?

BD: Yes, sure, shall I go first?

QZ: Please.

BD: What excites us is the multiple growth drivers that are in play in the region, and a genuinely diverse set of high quality growth companies to select from. That ranges from Indian domestic growth to semiconductor manufacturing into the China Plus Ones you're talking about to China actually being realised as another exciting large economy, rather than a geopolitical, simple black or white.

And so as a result, a lot of Asia companies are at the forefront of global trends. You can see that even more with electric vehicles, batteries, hardware in Asia to power AI development, or simply the pursuit of self-sufficiency in these massive domestic markets. And so our portfolio is really a reflection of all of these, and for us it's the difficulty in choosing and allocating between those. But it's exciting that you have these multiple levers, those multiple viable investment cases over many years.

QZ: Roddy?

RS: I think we're at a moment where a number of positive conditions are aligned. As mentioned, Asia is growing faster than the rest of the world, and we're actually investing in the growthier companies within Asia. Companies are generally in very good health. Asia is trading at a discount to developed markets, despite its fundamentals. And if you look at our portfolio, it's outgrowing its index, yet it's trading at roughly a flat P/E ratio to the benchmark. So you have this very favourable situation where growth really is on offer.

So we're optimistic about the region and certainly for the potential for the future returns. I don't think Asia's looked better positioned than it has really in the past 20 years, relative to developed markets. It should be the five years or the decade of Asia, if we're right.

Copyright © Baillie Gifford & Co 2023.

QZ: Thank you. We are at the 30-minute time mark. Thank you, both. That's a very good message to end this on as well. Thank you all for joining us and for your support for our Asia ex Japan strategy throughout the year. I wish you and your family a happy holiday season ahead, and we'll see you in 2024. Thank you very much. Bye-bye.

Annual past performance to 30 September each year (net %)

	2019	2020	2021	2022	2023
Asia ex Japan Composite	6.8	43.0	27.9	-20.9	-0.9
MSCI AC Asia ex Japan	2.5	12.6	10.0	-13.6	1.8

Annualised returns to 30 September 2023 (net %)

	1 year	5 years	10 years
Asia ex Japan Composite	-0.9	8.9	11.6
MSCI AC Asia ex Japan	1.8	2.2	6.8

Source: Baillie Gifford & Co and MSCI. Share price, total return, sterling.

Past performance is not a guide to future returns.

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.

Risk factors

This communication was produced and approved in November 2023 and has not been updated subsequently. It represents views held at the time and may not reflect current thinking.

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

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

This communication contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research, but is

Copyright © Baillie Gifford & Co 2023.

classified as advertising under Art 68 of the Financial Services Act ('FinSA') and Baillie Gifford and its staff may have dealt in the investments concerned.

All information is sourced from Baillie Gifford & Co and is current unless otherwise stated.

Important information

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs. Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Persons resident or domiciled outside the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Financial intermediaries

This communication is suitable for use of financial intermediaries. Financial intermediaries are solely responsible for any further distribution and Baillie Gifford takes no responsibility for the reliance on this document by any other person who did not receive this document directly from Baillie Gifford.

Europe

Baillie Gifford Investment Management (Europe) Limited provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018. Baillie Gifford Investment Management (Europe) Limited is authorised by the Central Bank of Ireland as an AIFM under the AIFM Regulations and as a UCITS management company under the UCITS Regulation. Baillie Gifford Investment Management (Europe) Limited is also authorised in accordance with Regulation 7 of the AIFM Regulations, to provide management of portfolios of investments, including Individual Portfolio Management ('IPM') and Non-Core Services. Baillie Gifford Investment Management (Europe) Limited has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. Through passporting it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Similarly, it has established Baillie Gifford Investment Management (Europe) Limited (Amsterdam Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in The Netherlands. Baillie Gifford Investment Management (Europe) Limited also has a representative office in Zurich, Switzerland pursuant to Art. 58 of the Federal Act on Financial Institutions ("FinIA"). The representative office is authorised by the Swiss Financial Market Supervisory Authority (FINMA). The representative office does not constitute a branch and therefore does not have authority to commit Baillie Gifford Investment Management (Europe) Limited. Baillie Gifford Investment

Copyright © Baillie Gifford & Co 2023.

Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co. Baillie Gifford Overseas Limited and Baillie Gifford & Co are authorised and regulated in the UK by the Financial Conduct Authority.

Hong Kong

Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 and a Type 2 license from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. Telephone +852 3756 5700.

South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Australia

Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth) and holds Foreign Australian Financial Services Licence No 528911. This material is provided to you on the basis that you are a "wholesale client" within the meaning of section 761G of the Corporations Act 2001 (Cth) ("Corporations Act"). Please advise Baillie Gifford Overseas Limited immediately if you are not a wholesale client. In no circumstances may this material be made available to a "retail client" within the meaning of section 761G of the Corporations Act.

This material contains general information only. It does not take into account any person's objectives, financial situation or needs.

South Africa

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

North America

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005 and is registered with the SEC. It is the legal entity through which Baillie Gifford Overseas Limited provides client service and marketing functions in North America. Baillie Gifford Overseas Limited is registered with the SEC in the United States of America.

Calton Square, 1 Greenside Row, Edinburgh EH1 3AN
Telephone +44 (0)131 275 2000 / bailliegifford.com
79700 10041198
Copyright © Baillie Gifford & Co 2023.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. Baillie Gifford Overseas Limited is regulated in Canada as a portfolio manager and exempt market dealer with the Ontario Securities Commission ('OSC'). Its portfolio manager licence is currently passported into Alberta, Quebec, Saskatchewan, Manitoba and Newfoundland & Labrador whereas the exempt market dealer licence is passported across all Canadian provinces and territories. Baillie Gifford International LLC is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. Baillie Gifford Investment Management (Europe) Limited ('BGE') relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Israel

Baillie Gifford Overseas Limited is not licensed under Israel's Regulation of Investment Advising, Investment Marketing and Portfolio Management Law, 5755-1995 (the Advice Law) and does not carry insurance pursuant to the Advice Law. This material is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

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

79700 10041198

Copyright © Baillie Gifford & Co 2023.