Baillie Gifford™

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31 October 2024

*If there is anything in this letter which you do not understand or if you are in any doubt as to what action to take, you should consult with an adviser authorised under the Financial Services and Markets Act 2000 immediately. If you require assistance finding a financial adviser, please contact our* ***Client Relations Team*** *using the details set out at the end of this letter. They can direct you to an organisation that can assist you further. If you would like a copy of this letter in an alternative format such as large print, braille or audio transcription, please contact our* ***Client Relations Team.***

Dear Shareholder

**Baillie Gifford Sustainable Multi Asset Fund (the "Fund"), a sub-fund of Baillie Gifford Investment Funds ICVC (the "ICVC")**
**Changes to Fund name and additional disclosures**

We are writing to inform you of changes that we are making to the Fund, including changing the name of the Fund.

**Background**

The Financial Conduct Authority ("**FCA**") has published new rules regarding Sustainability Disclosure Requirements and investment labels ("**SDR**" or the "**SDR Rules**"), which apply to UK based funds that have sustainability characteristics. These rules come into full effect on **2 December 2024**.

The aim of the FCA in introducing the SDR Rules is to help consumers navigate the investment product landscape by providing consumers with better, more accessible information to help them understand the key sustainability features of a fund, and to enhance consumer trust. The SDR Rules include the ability for funds to apply sustainability investment labels, to help investors find products that have a specific sustainability goal and meet certain requirements.

**What is changing?**

As **the Fund has sustainability characteristics and uses sustainability-related terms in its marketing materials**, it falls within the scope of the 'naming and marketing' rules of SDR.

While the Fund has sustainability characteristics, they are not of the nature that would qualify for a label under the SDR Rules and therefore **the Fund will not use a sustainability investment label**. **We refer to this as being a "Non-Labelled" fund.**

The SDR Rules prohibit funds which are not using a sustainability investment label from using the words 'sustainable', 'sustainability' or 'impact' in their name. As the Fund will be a Non-Labelled fund, we are not able to continue to use the Fund's existing name.

**Therefore, we are changing the name of the Fund to "Baillie Gifford Defensive Growth Fund".** We consider that the new name continues to reflect the way in which the Fund is managed, taking into account the new SDR Rules for Non-Labelled funds.

The new fund name is designed to reflect the objectives of the Fund which are to deliver return (growth) while keeping investment risks relatively low (defensive). Sustainability characteristics and diversification remain key parts of the Fund's investment strategy. As Baillie Gifford's multi asset funds are considered relatively low-risk investment strategies, we believe the term 'Defensive Growth' is fitting as it describes how the Fund seeks growth without taking on too much risk. This is also further reflected in the investment policy of the Fund.

**In addition, we are adding new disclosures into the Fund's prospectus to comply with the naming and marketing requirements of SDR**. We are adding a new section to the Fund's prospectus to provide investors with the information which is required to be disclosed for a Non-Labelled fund. This is to ensure current and potential investors in the Fund are aware that the Fund has sustainability characteristics, but that it does not use a sustainability investment label.

We will also publish a new consumer facing disclosure document (the "**CFD**") for the Fund. The CFD aims to provide investors with better information on the key sustainability characteristics of investment products in a simple, accessible, consumer-friendly way. It will be published on the Fund's page on the Baillie Gifford website www.bailliegifford.com from 2 December 2024 and will be kept up-to-date on at least an annual basis.

There will be no change to the nature or purpose of the Fund, its portfolio, investment strategy or risk profile of the Fund because of these changes.

The current and amended investment policy, together with the additional disclosures related to the SDR Rules, for the Fund is set out in the Appendix to this letter.

**How will this affect you?**

From **2 December 2024**, the Fund's name will change to **"Baillie Gifford Defensive Growth Fund"** and the new SDR disclosures will be added into the Fund's prospectus and the new CFD document for the Fund will also be made available on the Baillie Gifford website.

As no changes are being made to the Fund's portfolio as a result of these changes, there are no trading costs associated with this change. However, expenses incurred by us by way of external legal advisers' and other professional advisers' fees in relation to making these changes will be charged to the Fund in accordance with section 5.7 of the Fund's prospectus.

**Do you need to take any action?**

No. **You do not need to take any action** as these changes will take place automatically on **2 December 2024**.

**Further Information**

Both NatWest Trustee and Depositary Services Limited, as the depositary of the ICVC, and the FCA have been advised of the changes that we are making to the Fund.

If you have any queries about this change, or you would like a copy of this letter in an alternative format such as large print, braille or audio transcription, please do not hesitate to contact our **Client Relations Team** on **0800 917 2113** or by email to enquiries@bailliegifford.com. Your call may be recorded for training or monitoring purposes.

Yours faithfully,

**Derek S McGowan**
**Director**
**Baillie Gifford & Co Limited, as Authorised Corporate Director of Baillie Gifford Investment Funds ICVC**

**Appendix**

| Current Investment Policy | New Investment Policy |
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| The Sub-fund will gain exposure to a wide range of asset classes. The Sub-fund is actively managed and is not constrained by any index. The Investment Adviser has the discretion to invest in any country or economic sector, subject to any exclusions identified by the Investment Adviser's sustainable investment screening processes.<br><br>The purpose of the Investment Adviser's sustainable investment process is to ensure that the Sub-fund invests in a way which is, in the Investment Adviser's opinion, in alignment with the aims of the Paris Agreement by excluding carbon intensive investments that do not, or will not, play a role in the transition to a low-carbon future.<br><br>Firstly, the Investment Adviser applies a quantitative screening process to exclude investments on various norms- and revenue-based indicators. In particular, investments operating to a significant degree in certain areas will be completely excluded ('the Exclusions'). The Exclusions will be companies which derive a significant proportion of their annual revenues from (i) the production of military weapon systems, components, and provision of support systems and services for production of military weapon systems and components (10% revenue limit), (ii) fossil fuel extraction and production (10%), (iii) tobacco production (5%), or (iv) thermal coal distribution (30%). For the purposes of the Exclusions, 'fossil fuel extraction and production' is defined as either (i) oil and/or gas extraction and/or production or (ii) thermal coal mining and/or sale.<br><br>The Investment Adviser will also assess companies in which the Sub-fund invests, either via directly held shares or via corporate bonds, using a Norms-based Evaluation and will comply with the Investment Adviser's policy on assessing breaches of the United Nations Global Compact as outlined in its Stewardship Principles and Guidelines document which can be accessed at | The Sub-fund will gain exposure to a wide range of asset classes. The Sub-fund is actively managed and is not constrained by any index. Through harnessing the benefits gained through diversification, the Investment Adviser manages the Sub-Fund with a view to taking a defensive approach with regards to investment risk by aiming to keep this, particularly the volatility of returns, relatively low (below 10% annualised volatility of returns over rolling five-year periods), while also delivering growth. The Investment Adviser has the discretion to invest in any country or economic sector, subject to any exclusions identified by the Investment Adviser's sustainable investment screening processes.<br><br>The purpose of the Investment Adviser's sustainable investment process is to ensure that the Sub-fund invests in a way which is, in the Investment Adviser's opinion, in alignment with the aims of the Paris Agreement by excluding carbon intensive investments that do not, or will not, play a role in the transition to a low-carbon future.<br><br>Firstly, the Investment Adviser applies a quantitative screening process to exclude investments on various norms- and revenue-based indicators. In particular, investments operating to a significant degree in certain areas will be completely excluded ('the Exclusions'). The Exclusions will be companies which derive a significant proportion of their annual revenues from (i) the production of military weapon systems, components, and provision of support systems and services for production of military weapon systems and components (10% revenue limit), (ii) fossil fuel extraction and production (10%), (iii) tobacco production (5%), or (iv) thermal coal distribution (30%). For the purposes of the Exclusions, 'fossil fuel extraction and production' is defined as either (i) oil and/or gas extraction and/or production or (ii) thermal coal mining and/or sale.<br><br>The Investment Adviser will also assess companies in which the Sub-fund invests, either |

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| https://www.bailliegifford.com/en/uk/about-us/esg. Also excluded will be those investments in jurisdictions comprehensively sanctioned by the UN Security Council through passing of an appropriate Resolution.<br><br>The Investment Adviser then applies its proprietary qualitative investment process. Under this process, the Investment Adviser will use both its own research and third-party data to assess whether investments are compatible with a sustainable economy. In making this assessment, the Investment Adviser will make reference to the five dimensions of the Sustainable Accounting Standards Board's Materiality Map: Environment, Human Capital, Social Capital, Leadership & Governance and Business Model & Innovation. Under the process applied by the Investment Adviser, each relevant investment will be assessed against each of these five factors. If any such investment is assessed as being unsustainable on any of the five dimensions, then that investment will be excluded from the portfolio.<br><br>To measure the carbon budget objective, the Investment Adviser will receive carbon emissions data from a third party.<br><br>In the event that an asset held by the Sub-fund ceases to meet the quantitative criteria, and this position is expected to be sustained, it will be sold as soon as practicably possible. In relation to the qualitative process, the assessment of assets will be reviewed and considered on a case by case basis. The preferred approach, where possible, is to use engagement in the first instance as part of the assessment and encouragement for improvement; where an asset is then ultimately assessed as unsustainable, the Investment Adviser will sell the asset as soon as practicably possible.<br><br>At any one time, the Sub-fund may be invested in any of the following: shares, bonds, money market instruments, derivatives, currency forwards, deposits, cash and other transferable securities. This exposure may be achieved directly or indirectly via collective investment schemes (which may include those managed or | via directly held shares or via corporate bonds, using a Norms-based Evaluation and will comply with the Investment Adviser's policy on assessing breaches of the United Nations Global Compact as outlined in its Stewardship Principles and Guidelines document which can be accessed at https://www.bailliegifford.com/en/uk/about-us/esg. Also excluded will be those investments in jurisdictions comprehensively sanctioned by the UN Security Council through passing of an appropriate Resolution.<br><br>The Investment Adviser then applies its proprietary qualitative investment process. Under this process, the Investment Adviser will use both its own research and third-party data to assess whether investments are compatible with a sustainable economy. In making this assessment, the Investment Adviser will make reference to the five dimensions of the Sustainable Accounting Standards Board's Materiality Map: Environment, Human Capital, Social Capital, Leadership & Governance and Business Model & Innovation. Under the process applied by the Investment Adviser, each relevant investment will be assessed against each of these five factors. If any such investment is assessed as being unsustainable on any of the five dimensions, then that investment will be excluded from the portfolio.<br><br>To measure the carbon budget objective, the Investment Adviser will receive carbon emissions data from a third party.<br><br>In the event that an asset held by the Sub-fund ceases to meet the quantitative criteria, and this position is expected to be sustained, it will be sold as soon as practicably possible. In relation to the qualitative process, the assessment of assets will be reviewed and considered on a case by case basis. The preferred approach, where possible, is to use engagement in the first instance as part of the assessment and encouragement for improvement; where an asset is then ultimately assessed as unsustainable, the Investment Adviser will sell the asset as soon as practicably possible. |

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| operated by the ACD). The Sub-fund may also invest indirectly in property, infrastructure, commodities, private equity, insurance-linked securities, and loans. The Sub-fund may also invest in emerging markets. While there is no target nor limit on such exposure, it is expected that the typical exposure of the Sub-fund to emerging markets will remain below 50%. All asset types in which the Sub-fund invests are subject to assessment of their sustainability.<br><br>The collective investment schemes in which the Sub-fund invests may include those managed or operated by the ACD. The Sub-fund may, at any one time, obtain its diversification through investing up to 100% in collective investment schemes. The Sub-fund may use derivatives for both investment purposes and in the management of risk. It is expected that the Sub-fund's use of derivatives will be limited. | At any one time, the Sub-fund may be invested in any of the following: shares, bonds, money market instruments, derivatives, currency forwards, deposits, cash and other transferable securities. This exposure may be achieved directly or indirectly via collective investment schemes (which may include those managed or operated by the ACD). The Sub-fund may also invest indirectly in property, infrastructure, commodities, private equity, insurance-linked securities, and loans. The Sub-fund may also invest in emerging markets. While there is no target nor limit on such exposure, it is expected that the typical exposure of the Sub-fund to emerging markets will remain below 50%. All asset types in which the Sub-fund invests are subject to assessment of their sustainability.<br><br>The collective investment schemes in which the Sub-fund invests may include those managed or operated by the ACD. The Sub-fund may, at any one time, obtain its diversification through investing up to 100% in collective investment schemes. The Sub-fund may use derivatives for both investment purposes and in the management of risk. It is expected that the Sub-fund's use of derivatives will be limited. |
| | **SDR Disclosures** |
| | Sustainable investment labels help investors find products that have a specific sustainability goal. Further information on sustainable investment labels can be found on the FCA website: https://www.fca.org.uk/firms/climate-change-and-sustainable-finance/sustainability-disclosure-and-labelling-regime<br><br>**This product does not have a UK sustainable investment label.**<br><br>Using a label imposes significant obligations on in-scope products, including (without limitation) requiring a specific aim to achieve positive environmental and/or social outcomes.<br><br>The Sub-fund does not explicitly aim to achieve positive environmental and/or social outcomes (beyond having a carbon footprint lower than the carbon budget), but it promotes environmental and/or social characteristics through the integration of sustainability factors in investment decisions, and the application of the |

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| | negative screens through its quantitative screening process and norms-based screening process.<br><br><u>Metrics</u><br><br>The Investment Adviser will produce metrics that investors may find useful in understanding the Sub-fund's investment strategy. These metrics are:<br>• the number of companies in the portfolio that the Investment Adviser has assessed as breaching the United Nations Global Compact, which have been subject to formal engagement and monitoring and the number of companies where the Investment Adviser has sold its holdings in due to their failure to demonstrate improvements during the formal engagement and monitoring process, within a reasonable timeframe (a maximum of three years from the date of engagement), in accordance with its policy;<br>• the percentage of the total assets under management of the Sub-fund which has exposure to companies with revenues generated from fossil fuel activities; and<br>• the carbon footprint of the Sub-fund compared to the carbon budget. |

| **Class of Shares** | **ISIN** |
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| B Accumulation | GB00BMZQ1924 |
| B Income | GB00BMZQ1C59 |
| C Accumulation | GB00BMZQ1B43 |