

**Baillie Gifford & Co Limited**  
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24 April 2023

*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.*

Dear Shareholder

**Baillie Gifford Positive Change Fund (the “Fund”), a sub-fund of Baillie Gifford Investment Funds ICVC (the “ICVC”) – change to investment objective and investment policy**

**Background**

We are writing to inform you of changes that we are making to the Fund. We are changing:

- 1) the investment objective by adding a second non-financial objective, alongside the existing financial objective, to communicate better the Fund’s existing aim of both achieving a financial return and contributing to a more sustainable and inclusive world; and
- 2) the wording of the investment policy of the Fund to better reflect the impact themes which form a key part of the Fund’s investment strategy, as well as to add some additional detail on how environment and social considerations are taken into account throughout the investment process.

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

No. We want to let you know about them, but you do not need to take any action in relation to these changes as they will take place automatically on 30 June 2023.

## **Why are we making these changes?**

In light of rising expectations in relation to sustainable investing, we have undertaken a review of how we can enhance the transparency and clarity of the information provided to investors in the Fund. As a result, we are clarifying the investment objective and the investment policy of the Fund. Our updates aim to explain better how the Fund is focused on, and invests in, a sustainable manner; and in particular to provide further detail on the process that the investment manager applies to assess whether companies make a positive contribution to society and/or the environment before the Fund invests, as well as the monitoring that is done on an ongoing basis, including the engagement and divestment process.

Please note the updates will not result in any change to the purpose or nature of the Fund, its risk profile, or require any changes to be made to the Fund's portfolio.

### *1) Investment objective*

We are adding a second non-financial objective, to sit alongside the existing financial objective of the Fund. This will read: *“the Sub-fund also aims to contribute to a more sustainable and inclusive world through investing in companies whose products and/or services contribute to impact themes addressing critical social and/or environmental challenges, measured over at least a five-year period”*.

This non-financial objective is currently pursued by the Fund's investment management team and is reported on in the Fund's annual Impact Report and therefore we consider it to be appropriate to formally reflect this in the Fund's investment objectives as set out in the prospectus and other fund documents. To reconfirm, there will be no change to the purpose or nature of the Fund or its risk profile: it is solely an update for transparency and clarity purposes to formalise this existing non-financial objective.

### *2) Investment policy*

We believe that companies whose products and/or services make a positive contribution to society and/or the environment will also experience rising demand for their products and/or services: impact and financial returns are complementary, so both are considered throughout the Fund portfolio decision-making process. In particular, investments are made in companies with products/services that, in our opinion, address critical challenges in areas according to impact themes, such as: social inclusion and education; environment and resource needs; healthcare and quality of life; and base of the pyramid (addressing the needs of the poorest four billion people in the world).

These impact themes are already reported on in our annual Impact Report, available on the Baillie Gifford website at: [www.bailliegifford.com/positivechange](http://www.bailliegifford.com/positivechange).

We are updating the investment policy to better reflect the impact themes that are currently pursued by the investment management team for the Fund and the environmental and/or social considerations which are taken into account throughout the investment process. The investment policy is also being updated to better reflect our current approach to ongoing monitoring, engagement and divestment. No changes are being made to the Fund's investment strategy, rather the updates are intended to provide enhanced transparency and clarity on the Fund's current strategy and investment process.

The current and amended investment objective and investment policy for the Fund are set out in the Appendix to this letter.

**Are there any costs associated with these changes?**

No. There are no costs to you associated with these changes and there will be no change to the current portfolio of the Fund as a result of these changes. The Fund's strategy is already aligned with the amended investment objective and investment policy, as set out above.

**Further Information**

Both NatWest Trustee and Depositary Services Limited as the depositary of the ICVC and the Financial Conduct Authority have been advised of the changes that we will be making to the Fund.

If you have any queries about these changes, please do not hesitate to contact our Client Relations Team on 0800 917 2113. 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

<b>Current investment objective of Baillie Gifford Positive Change Fund</b>	<b>New investment objectives of Baillie Gifford Positive Change Fund</b>
<p>The Sub-fund aims to outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.</p>	<p>The Sub-fund aims to outperform (after deduction of costs) the MSCI ACWI Index, as stated in sterling, by at least 2% per annum over rolling five-year periods.</p> <p>The Sub-fund also aims to contribute to a more sustainable and inclusive world through investing in companies whose products and/or services contribute to impact themes addressing critical social and/or environmental challenges, measured over at least a five-year period.</p>
<b>Current investment policy of Baillie Gifford Positive Change Fund</b>	<b>New investment policy of Baillie Gifford Positive Change Fund</b>
<p>The Sub-fund will invest at least 90% in shares of companies anywhere in the world whose products or behaviour make a positive impact on society and/or the environment in the investment manager’s opinion. Investments will be made in companies addressing critical challenges in areas such as, but not limited to; education, social inclusion, healthcare and the environment. The Sub-fund will be actively managed, concentrated and will invest in shares of companies of any size, any country and in any sector.</p> <p>Investments will be made following a process of fundamental business analysis by the investment manager using its own research to identify companies where delivering a positive impact is core to their business and whose products or services represent an improvement to the status quo.</p> <p>To the extent that the Sub-fund is not fully invested in shares, the Sub-fund may also invest in other transferable securities of companies anywhere in the world, money market instruments, deposits and</p>	<p>The Sub-fund will invest at least 90% in shares of companies anywhere in the world whose products and/or services make a positive contribution to society and/or the environment in the investment manager’s opinion. Investments will be made in companies addressing critical challenges in areas according to impact themes, such as: social inclusion and education; environment and resource needs; healthcare and quality of life; and base of the pyramid (addressing the needs of the poorest four billion people in the world). Such impact themes may evolve over time and are reviewed by the investment manager on a regular basis. The Sub-fund will be actively managed, concentrated and will invest in shares of companies of any size, any country and in any sector, provided they are assessed in line with the investment manager’s proprietary qualitative framework as having products and/or services which contribute to impact themes addressing critical social and/or environmental challenges.</p> <p>Initial selection: Investments will initially be screened and selected by the investment manager using its own research. The investment manager</p>

<p>cash. The Sub-fund may not invest in or otherwise use derivatives.</p>	<p>conducts independent analysis of a company's products and/or services to assess whether they contribute to one of the impact themes identified by the investment manager and deliver financial returns over a five-year period. The analysis of a social and/or environmental contribution of a company is carried out using the investment manager's proprietary qualitative framework that is based upon assessing three factors:</p> <ul style="list-style-type: none"> <li>i) products and/or services – the impact assessment considers the relationship between the products and/or services and the relevant critical challenge. There is an analysis of the breadth and depth of the environmental and/or social contribution including the materiality of the product and/or services, both in the context of the business and the relevant critical challenge;</li> <li>ii) intent – the analysis of a company's intent towards delivering a positive social and/or environmental contribution, to determine how likely it is that the company will deliver on the expected impact. This includes consideration of a company's mission and how it is implemented; its strategy, actions, commitments and structures; and its influence in the wider society; and</li> <li>iii) business practices – the analysis of a company's business practices to determine whether it can achieve sustainable growth. There is an analysis of the company's actions across the full value chain and its relationship with all stakeholders.</li> </ul> <p>All investments made by the Sub-Fund, with the exception of cash and cash-like instruments, are subject to the investment manager's analysis using this proprietary qualitative framework. Contributions that companies' products and/or services make to the UN Sustainable Development Goals are also considered.</p> <p>Ongoing monitoring: The investment manager will monitor on an ongoing basis the investee</p>
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	<p>companies' performance and their progress towards delivering positive social and/or environmental contribution(s) and investment returns. As part of the monitoring process, where possible engagement will be used in the first instance as the preferred approach to encourage improvement if a company is assessed as not delivering from a financial or non-financial perspective. Where, in the investment manager's opinion, improvement in either investment performance potential or delivering positive social and/or environmental contribution(s) is ultimately not considered to be able to be delivered by that investee company in at least a five-year period, the investment manager will sell the investment as soon as practically possible.</p> <p>In both the initial selection process and ongoing monitoring of investments, the investment manager primarily relies on its own proprietary assessment methodology and data. Third party data is used to support and supplement the investment manager's assessments.</p> <p>To the extent that the Sub-fund is not fully invested in shares, the Sub-fund may also invest in other transferable securities of companies anywhere in the world, money market instruments, deposits and cash. The Sub-fund may not invest in or otherwise use derivatives.</p>
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<b>Class of Shares</b>	<b>ISIN</b>
B Accumulation	GB00BYVGKV59
B Income	GB00BYVGKX73
C Accumulation	GB00BYVGKY80