

BAILLIE GIFFORD

Creative Destruction Long-Term Opportunities & The Threats To What You Currently Own

Tom Wright

9th September 2014



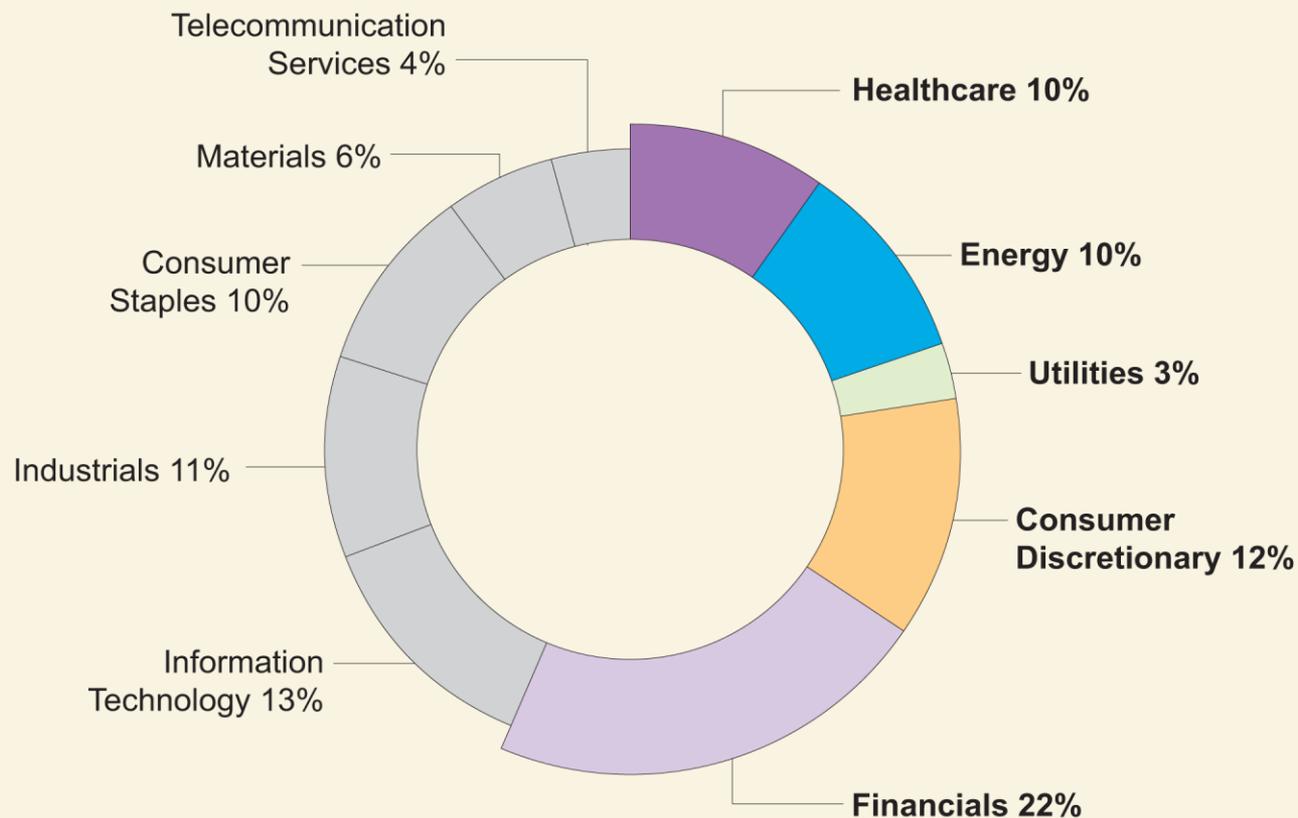
Joseph Schumpeter: A Man of Many Talents



“This process of Creative Destruction is the essential fact about capitalism. It is what capitalism consists in and what every capitalist concern has got to live in”

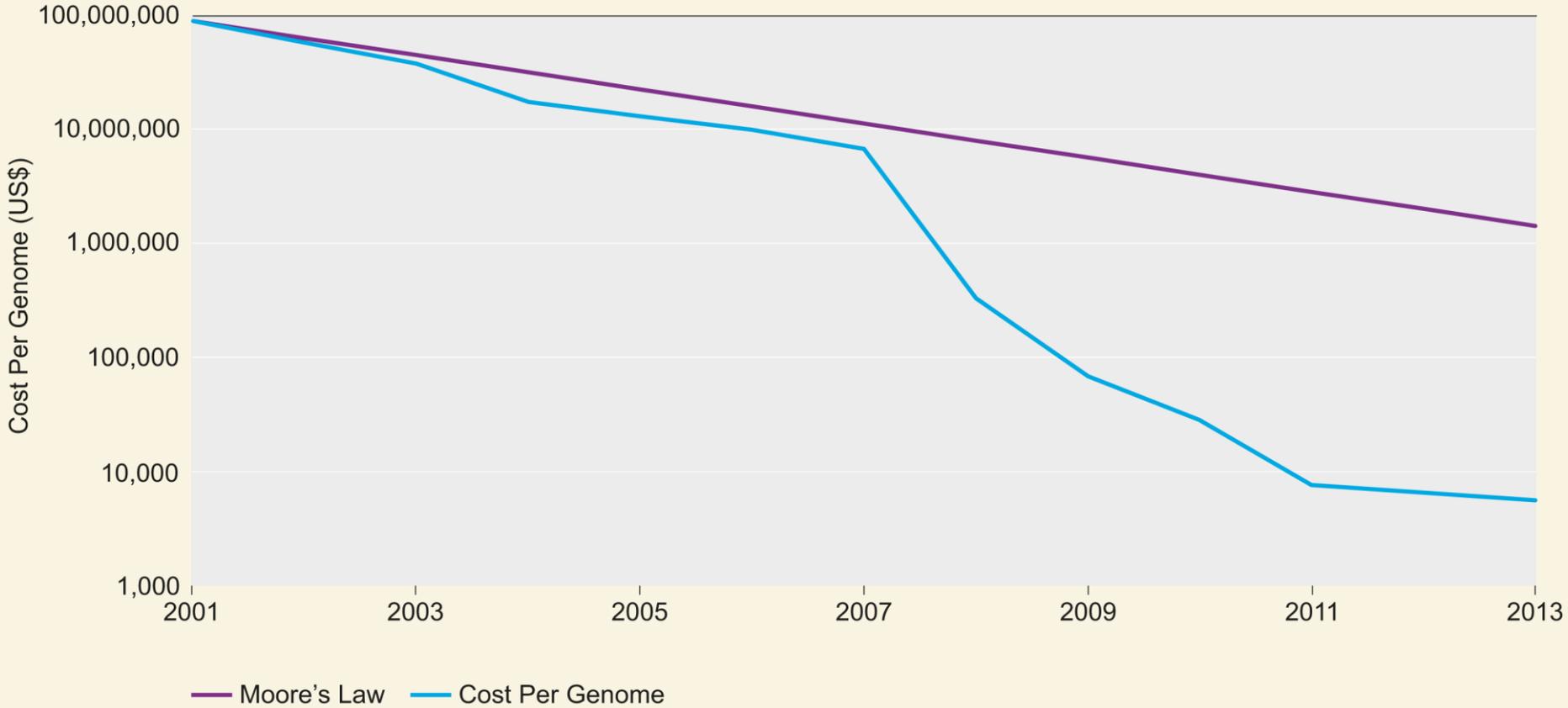
Joseph Schumpeter

The Global Index – Ripe for Disruption



As at 31st December 2013. MSCI AC World, totals may not sum due to rounding.

Personalised Medicine and Genetics



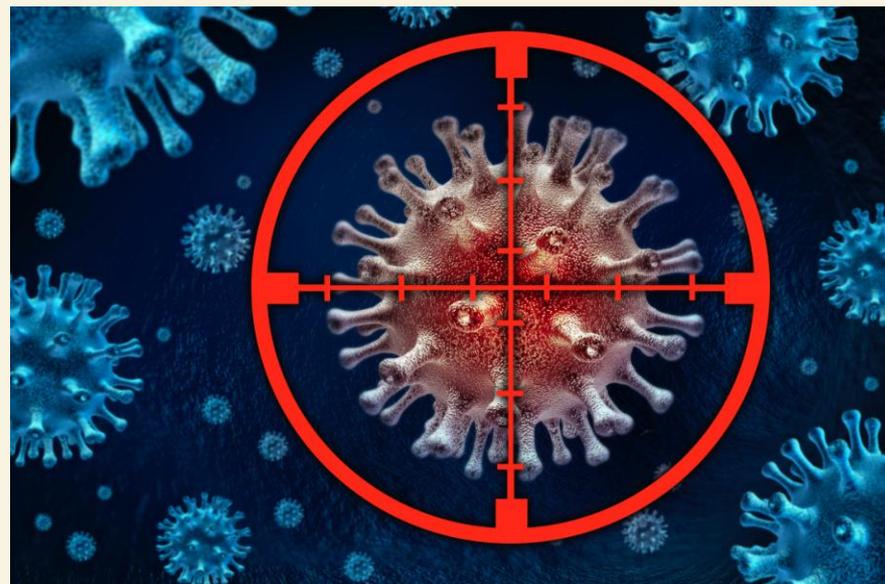
Source: National Human Genome Research Institute.

Transforming the Development of Drugs

The Status Quo



The Future

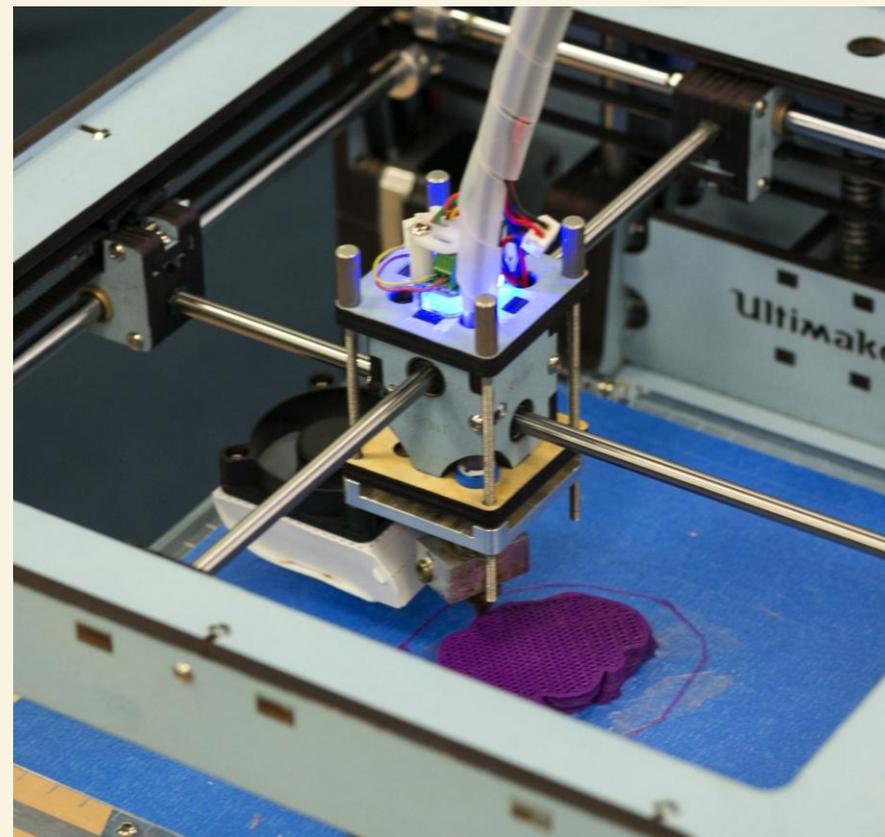


Transforming Surgical Outcomes

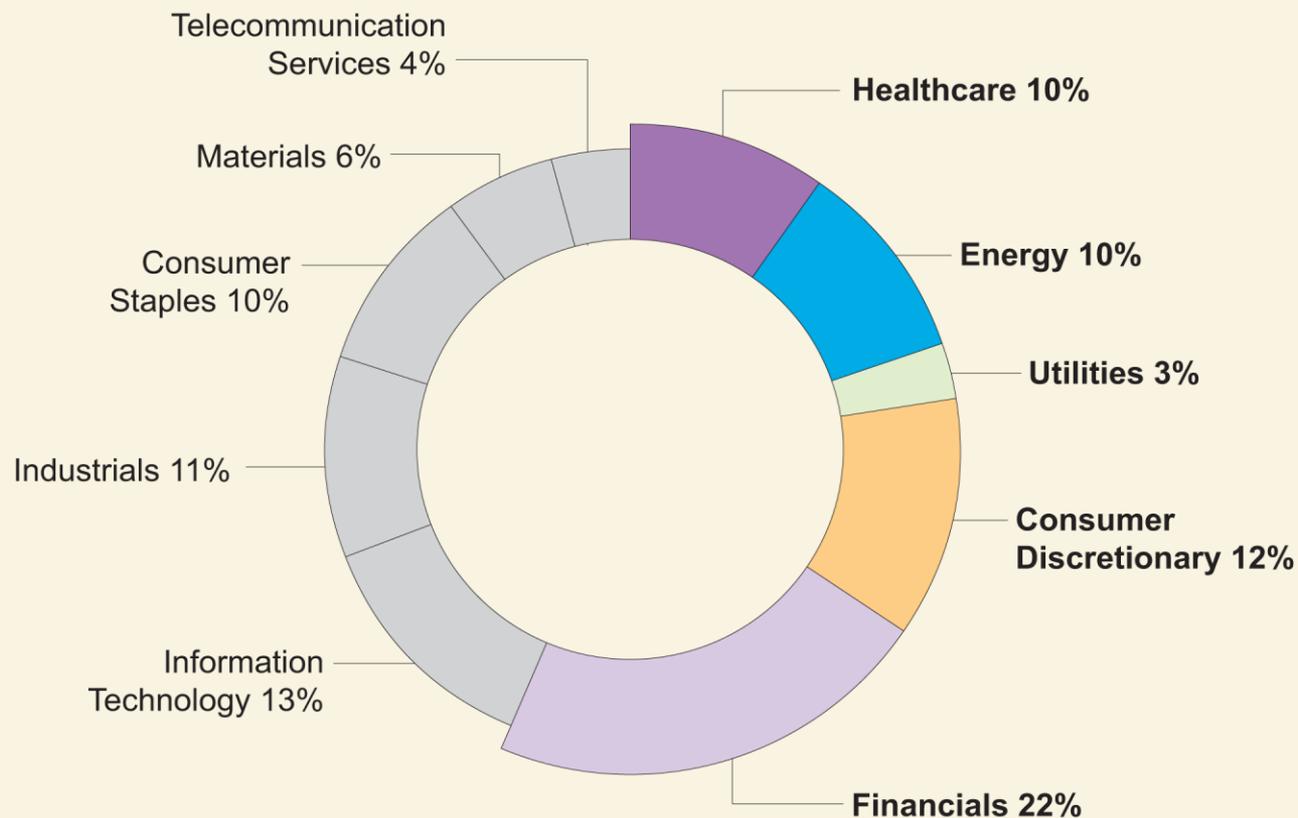
The Da Vinci Robot



The 3D Printing of Organs



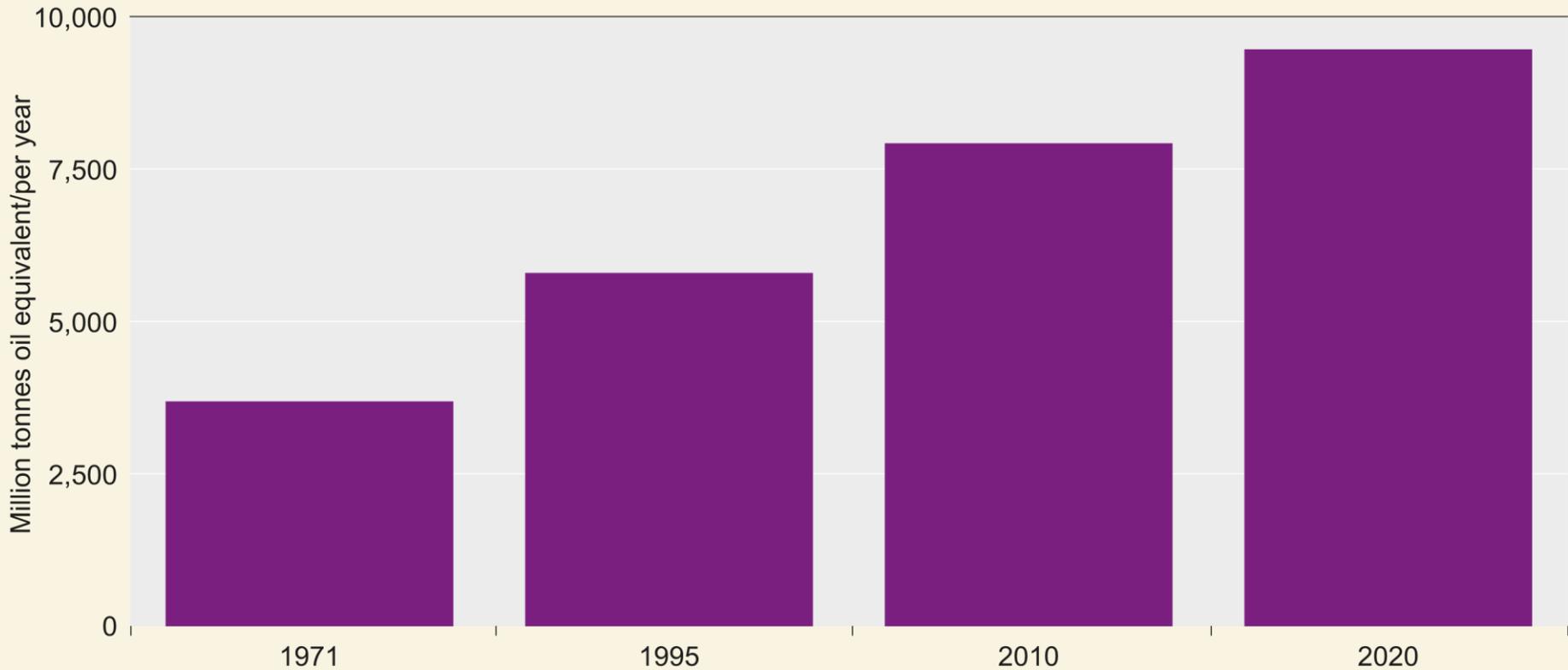
The Global Index – Ripe for Disruption



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Energy: Demand Projections Look Daunting

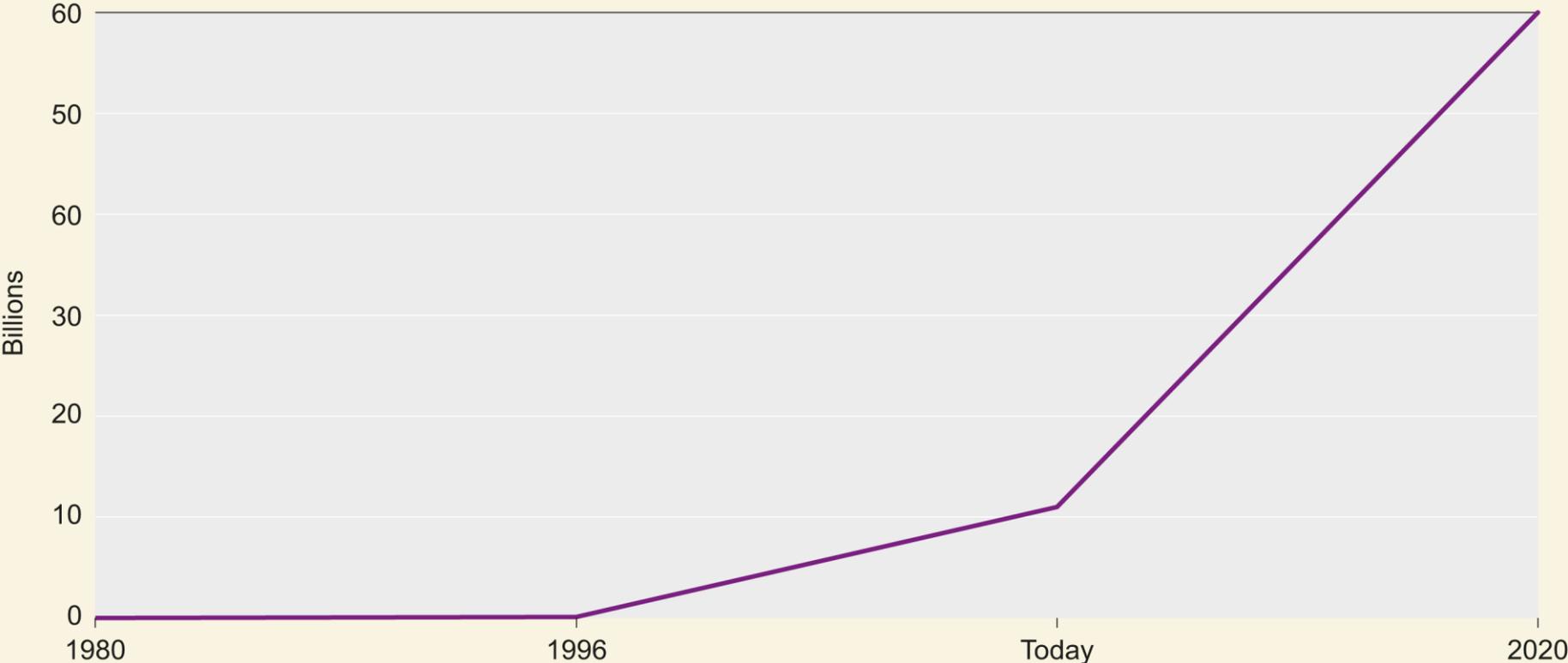
Energy Demand Projections (IEA)



Source: World Energy Outlook, IEA.

But Will Demand Grow as Quickly as Predicted?

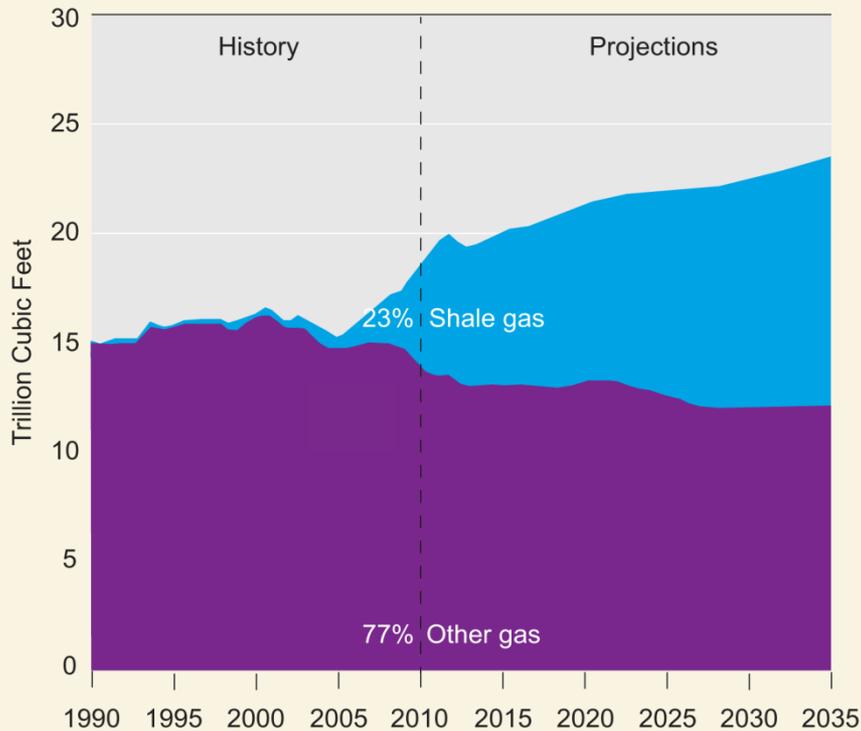
Number of Connected Devices Globally



Source: Baillie Gifford Estimates.

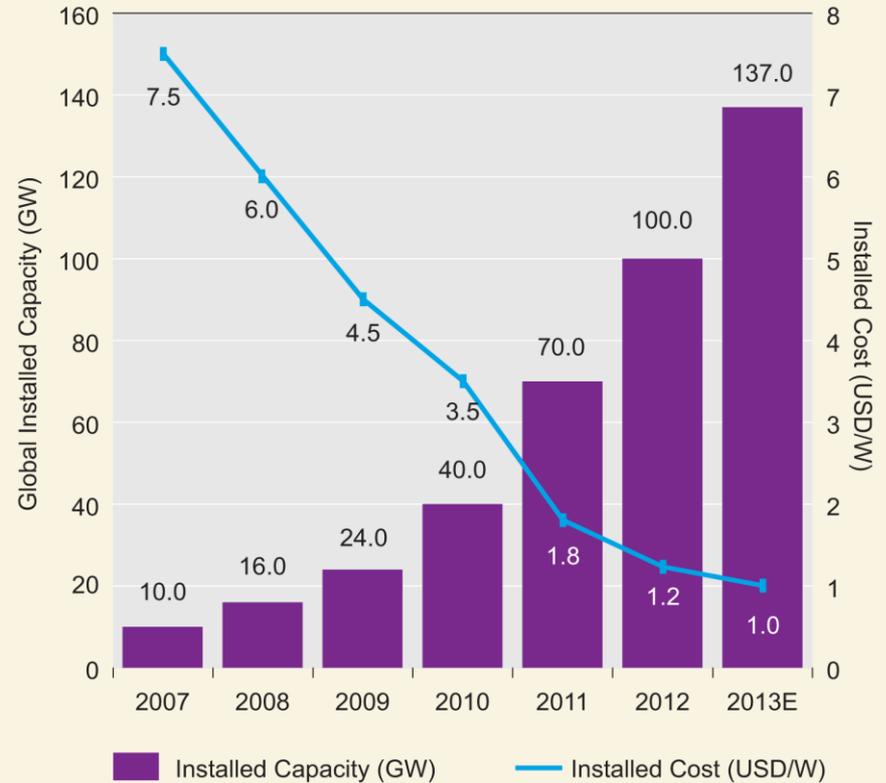
The Supply Side Response

United States Natural Gas Production 1900–2035



Source: United States Energy Information Administration, AEO2012 Early Release Overview. Totals may not sum due to rounding.

Solar Installed Capacity Cost



Source: BP Energy Survey 2013, Company reports, Bernstein estimates and analysis.

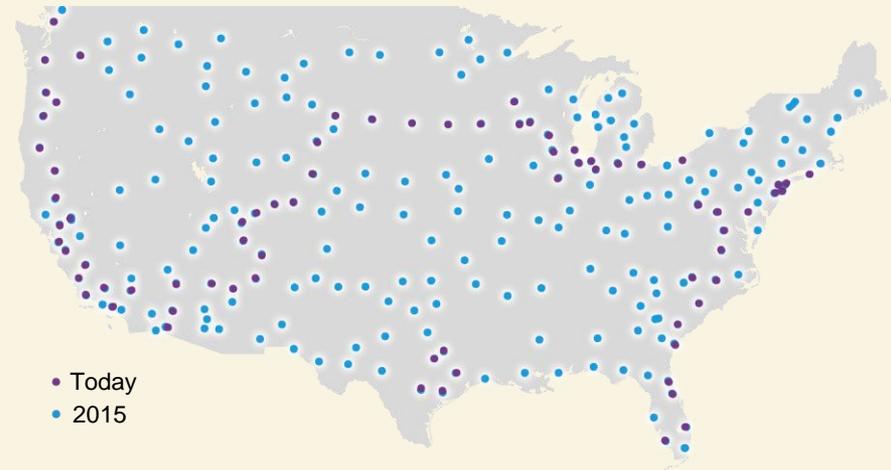
Electric Cars – Back to the Future?



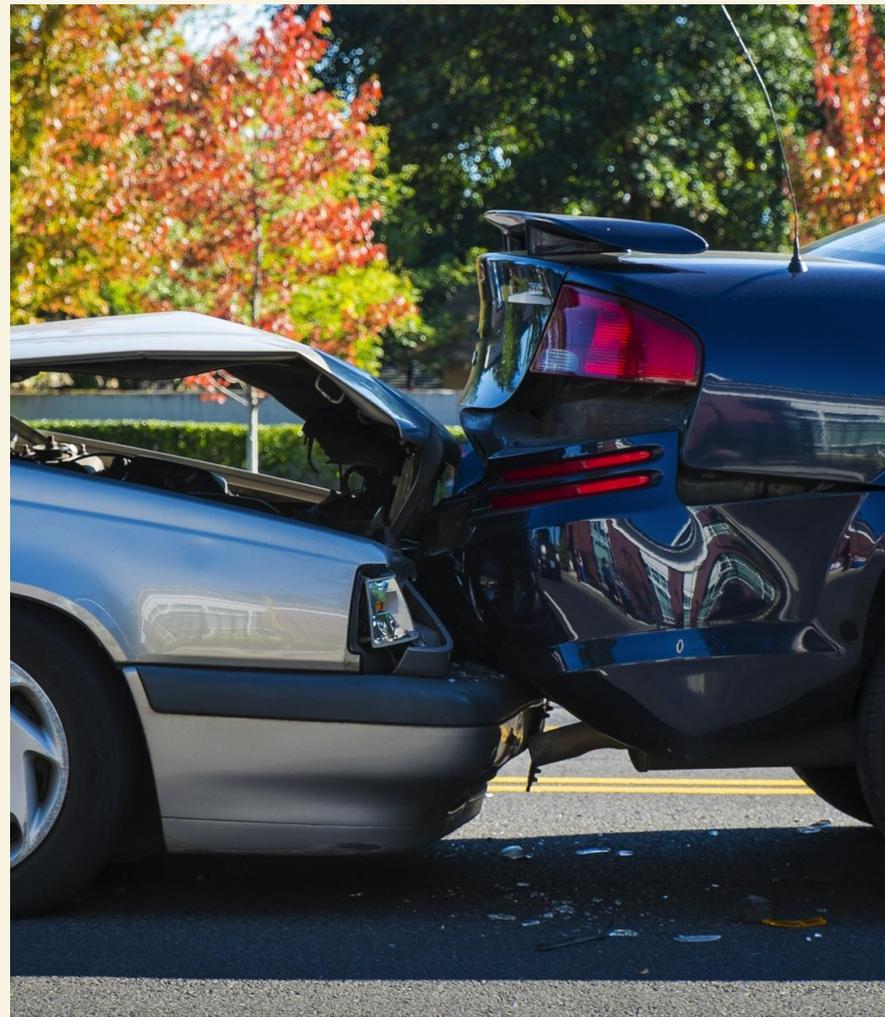
Electric Cars – Back to the Future



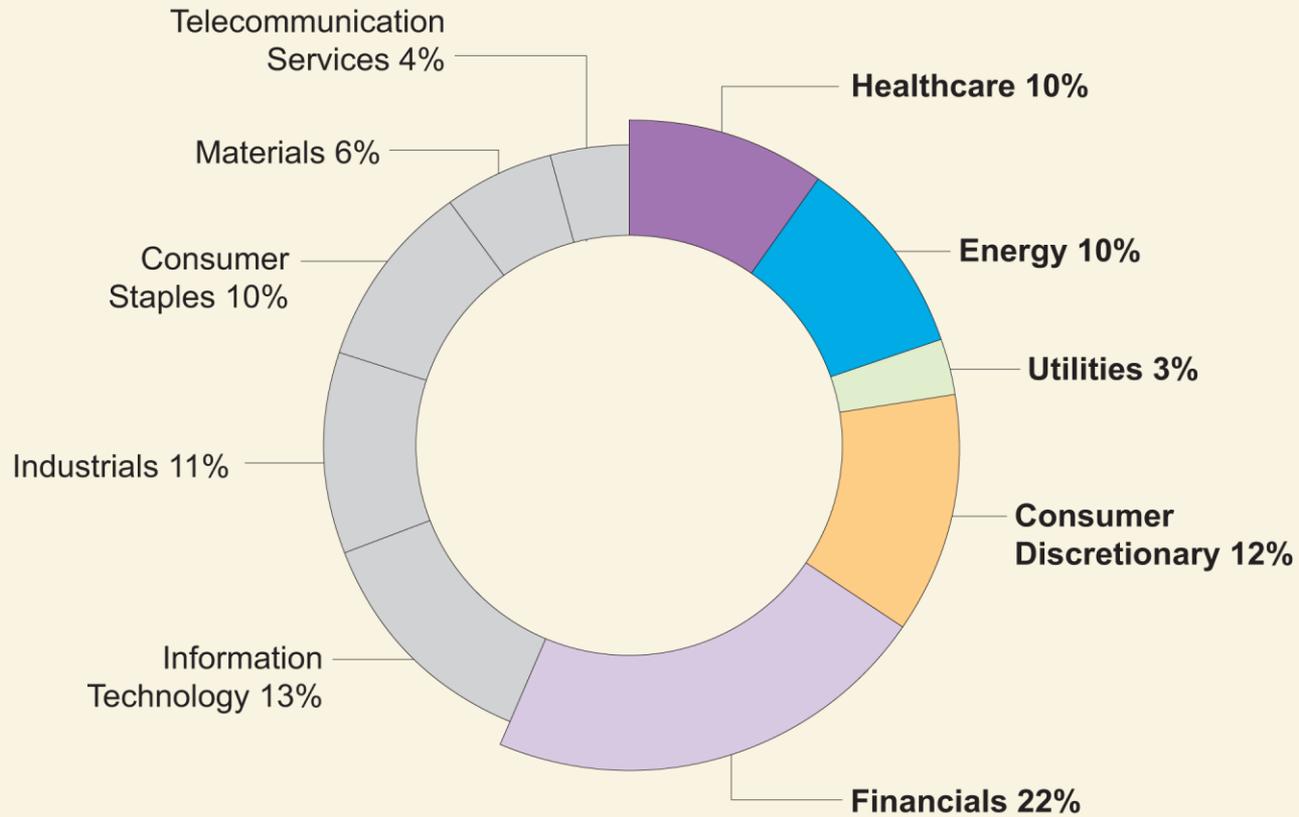
Tesla's rollout of free electric supercharger stations in America



Driverless Cars – Even More Economically Significant?



The Global Index – Ripe for Disruption



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The Nemesis of High Street Retailers in the West



Jeff Bezos



The Nemesis of High Street Retailers in China



Jack Ma

“In the US, e-commerce is just a dessert. In China, e-commerce is the main course”

Jack Ma

Transforming Supply Chains

The Status Quo



The Future



Transforming Payments and Banking



Conclusions

Many index incumbents are in for a shock

Passive approaches are by no means risk free

Much of the change will be led by developing markets

**You should be asking your investment managers
challenging questions!**

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