
INTERNATIONAL CONCENTRATED GROWTH: MANAGER INTRODUCTIONS

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

This film was produced and approved in May 2022 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.

Paulina McPadden (PM)

Spencer Adair (SA)

Lawrence Burns (LB)

SA I'm excited about international concentrated growth, because of its radical simplicity. We buy a small number of the very best structural growth companies we can find. We don't worry about the other 99% of listed companies that are perfectly steady and solid. We focus on the companies that might be extraordinary. That are trying to build the future. It is simple, yet radical.

LB I spent my last 12 years at Baillie Gifford really trying to understand and study transformative change. And the ICG strategy for me is really an investment in change. And change matters, because it's what powers the opportunity for growth companies. It's what enables companies to produce truly transformative outcomes for our clients.

PM We each bring different passions and interests to the team. So for me, it could be something like price deflation powering different industries. Whether that's ASML creating a monopolistic position for itself by driving Moore's law forward, or Tesla, creating mass market electric vehicles, and forcing its competition to catch up.

But what really links us together is a commitment to investing in companies that are benefitting from our driving deep structural changes in the economy. And in order to do that well, we put every company through our 12-question research framework.

SA The select few that make it past the due diligent process are owned for exceptionally long holding periods. We give these companies the space and the time to grow. To make a few mistakes, to learn and adapt. We've got to be able to tolerate times when



stocks are out of favour. If the market thinks in days or quarters, we think in periods of more than five years, literally decades.

PM Now, given that we can hold companies for ten years, or even longer, ownership is by far the longest stage in our research process. So, continuing to do research, and developing deeper links with management, and engagement with them is really important to helping us build conviction over time. But we're very lucky. The companies we hold are exposed to some of the most interesting and transformational changes the world is going through. So there's always something novel and exciting to dig into.

LB And the last 30 years has seen a great deal of change. Much of this has been driven by the consistent improvements in computing technologies. With computing power having doubled every 18 to 24 months for the same price. And this has helped radically reshape a range of industries.

As we think about the next 30 years, we see change that is both broader and far more profound. I think there are three areas worth touching on. The first is that computing technology continues to become both more powerful, and cheaper. And so, its utility in a range of new areas increases. And so, what we see is the digitisation of an increasingly broad range of industries. Take automotive, for example, where the car is increasingly becoming a computer on wheels. Or food and finance, to name but a few.

We see the advances in computing technology intersecting now with biology, as we move from a system whereby we encode in ones and zeros information, to encoding using the four chemical letters of our DNA. And the impact here is large and potentially more profound than what we've seen before. It's all great to get a package from Amazon delivered really quickly at a low price. But the ability to have revolutionary drugs that help with cancer are likely to have a more profound impact on human life.

The third area is the energy transition. This is something that we as a society need to make in order to combat climate change. But it's also one that makes increasing economic sense with the rapid falls in the cost of solar energy, and of batteries. And this in turn provides a huge opportunity as our societies must make a once in a generation transition to a new energy system.

PM Because when you're investing with a five-to-ten-year view, whether a company is creating positive externalities, or solving problems for society really starts to matter. And all of this feeds into our valuation where we construct different scenarios and assign probabilities to each of these.

SA That often includes a scenario or two of failure. But we spend more time and energy on what might go right. We are biased towards optimism, because that's where we will garner most insight. That's what studying the pattern of returns tells us is the most important thing.

PM No particular scenario has to be very likely. In fact, the probability of a company being worth five or ten times more in a decade's time is only 5%, or one in 20. But we combine all of these probabilities together into a probability weighted valuation. And this really helps in our decision making and comparing companies across the portfolio.



We discuss every new idea as a team of three. But importantly, we back each other's enthusiasm, because we think that even controversial ideas, as long as they have that required degree of upside, should be able to get into the portfolio. Of course, for something to become a larger holding, there has to be a greater degree of buy-in from the three managers.

LB Our objective now is to try and execute on that and provide patient capital to those companies that are building the future. And we hope will end up being era defining.

SA Miss out on these, and your chances of building long term wealth creation are almost zero. Now that's the real risk.

Now the cherry on the cake is that all of these radical yet simple factors that attracted me to International Concentrated Growth play exactly into the structural advantages that we have as a partnership. Others may find this easy to copy on paper but very difficult to put into practice. The embracing of radical simplicity needs stability, it needs the rejection of industry norms, it needs a drive to be open minded and the ability to tolerate volatility. It needs a humbleness, and an ability to tolerate individual stock failures. In short, one needs the confidence and culture of a century-old partnership in order to be radically simple.



Important Information

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.

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 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.

The images used in this communication are for illustrative purposes only.

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 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.

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.

Oman

Baillie Gifford Overseas Limited ("BGO") neither has a registered business presence nor a representative office in Oman and does not undertake banking business or provide financial services in Oman. Consequently, BGO is not regulated by either the Central Bank of Oman or Oman's Capital Market Authority. No authorization, licence or approval has been received from the Capital Market Authority of Oman or any other regulatory authority in Oman, to provide such advice or service within Oman. BGO does not solicit business in Oman and does not market, offer, sell or distribute any financial or investment products or services in Oman and no subscription to any securities, products or financial services may or will be consummated within Oman. The recipient of this material represents that it is a financial institution or a sophisticated investor (as described in Article 139 of the Executive Regulations of the Capital Market Law) and that its officers/employees have such experience in business and financial matters that they are capable of evaluating the merits and risks of investments.

Qatar

The materials contained herein are not intended to constitute an offer or provision of investment management, investment and advisory services or other financial services under the laws of Qatar. The services have not been and will not be authorised by the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or the Qatar Central Bank in accordance with their regulations or any other regulations in Qatar.

Israel

Baillie Gifford Overseas 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.

