

# BAILLIE GIFFORD GLOBAL ALPHA GROWTH FUND - GBP

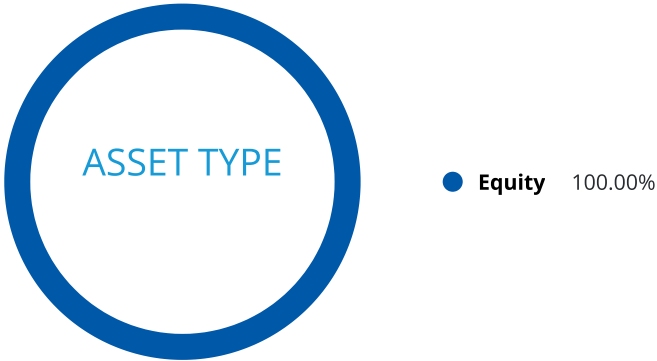
INVESTMENT RESEARCH NOTE  
FEBRUARY 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).

SUMMARY

A concentrated, long-only global growth equity strategy which takes the best ideas from the firm's regional research teams. The strategy maintains a high active share (usually over 90%), as well as a low turnover (14% per annum), which highlights the high conviction approach and the bottom-up, fundamental research focus. The portfolio aims to hold approximately 100 stocks.

There is a patient approach to investment, and a 3-5 year time horizon. The team is led by Malcom MacColl, a partner at Baillie Gifford, alongside two other investment managers, Spencer Adair and Helen Xiong. There are also 2 dedicated analysts employed on the strategy. The 3 person fund management team have a blend of styles with Spencer Adair, a former doctor, having a 'blue sky' approach to ideas. It takes a majority vote among the 3 to incorporate an idea into the portfolio.



INVESTMENT PROCESS

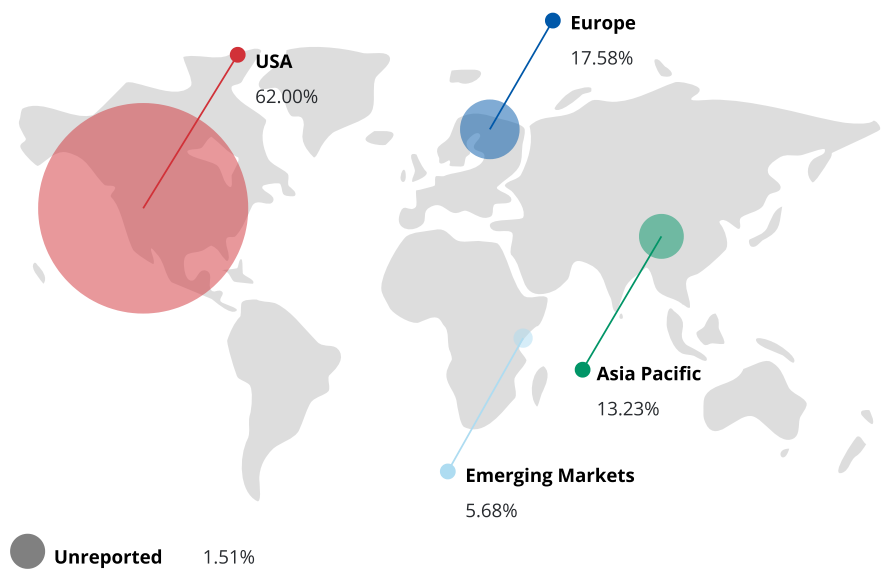
The investment philosophy is to make long-term investments in well-managed businesses which enjoy sustainable, competitive advantages. The team's core belief is that share prices ultimately follow earnings and the team cannot predict short-term share price movements. They aim to select stocks that offer the prospect of sustainable above-average growth in earnings and cash flow. After seeing the best ideas from the regional teams, the Global team will undergo further analysis to filter the highest conviction ideas for their fund. The investment process starts with 'discovery', where ideas are examined across all regions or a universe of about 750 stocks; next follows 'debate', where a representative from each region will form part of an 11-man team that meets monthly to discuss the best ideas (the 'Portfolio Review group'). This results in a 'decision', where 3 questions are considered for each stock and which the 3 FMs decide on:

- How does the business compare globally? designed to test durable competitive advantage
- What does the stock bring to the portfolio? a new theme or it is replicating an existing investment? (diversification is key here)
- Where do we differ from the market? are the attractions of the stock already reflected by the broader market? All stocks are placed in 4 growth categories:
  1. Stalwart (Growth) - predictable/durable franchise, competitive scale reach, strong brands
  2. Rapid - higher risk/return profile; early stage opportunities, disruptive, typically sized smaller
  3. Cyclical - favour quality cyclicals, structural growth prospects
  4. Latent - not a typical BG stock, offers recovery or company specific catalyst potential.

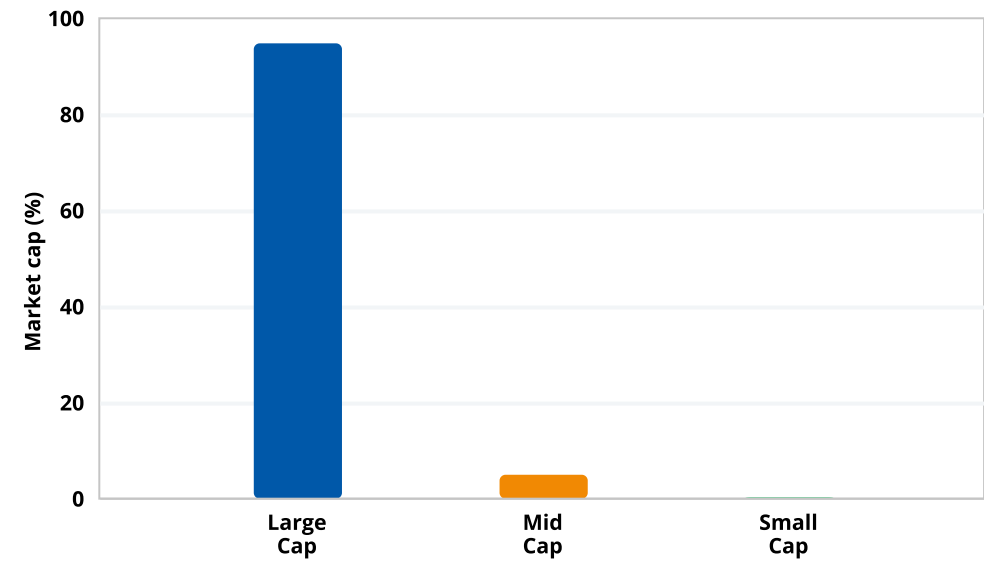
The FMs have an open minded approach to growth, recognising that companies grow at different rates, some more cyclically than others, hence this 4-flavoured approach described above which allows the team to capture more volatile growth from companies in a range of industries that other growth investors may overlook, and size them appropriately. BG believe this 4-growth policy is unique to them therefore.

# AGGREGATED NET EXPOSURE

## REGIONAL EXPOSURE



## EQUITY MARKET CAP (%)



BOND  
MATURITIES

Not Applicable



BOND  
RATINGS

Not Applicable

# OVERALL PERFORMANCE

● BAILLIE GIFFORD GLOBAL ALPHA B Acc ● FTSE World Equity

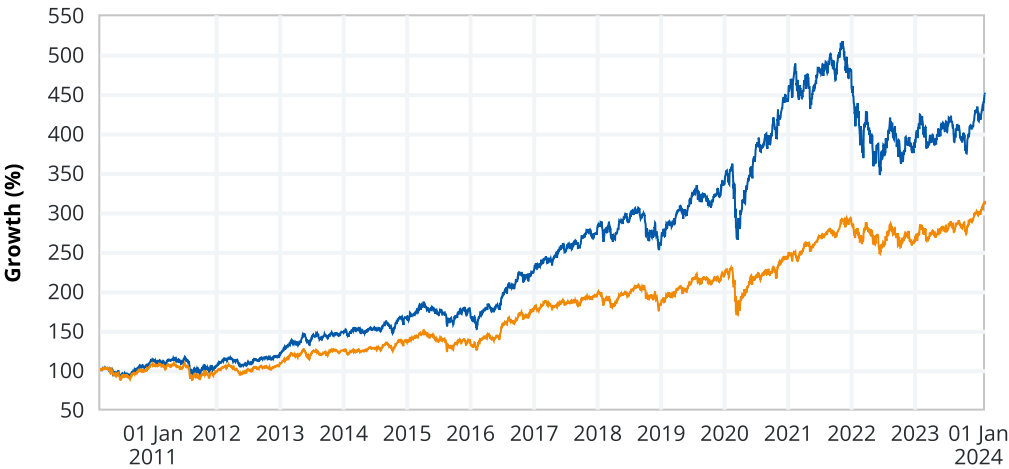
## GROWTH (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



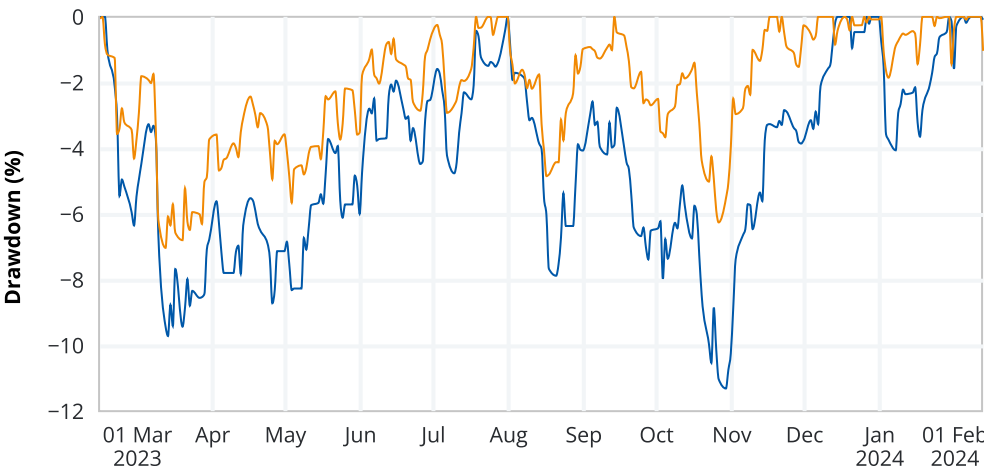
## GROWTH (%) - FROM INCEPTION

9 Mar 2010 - 13 Feb 2024



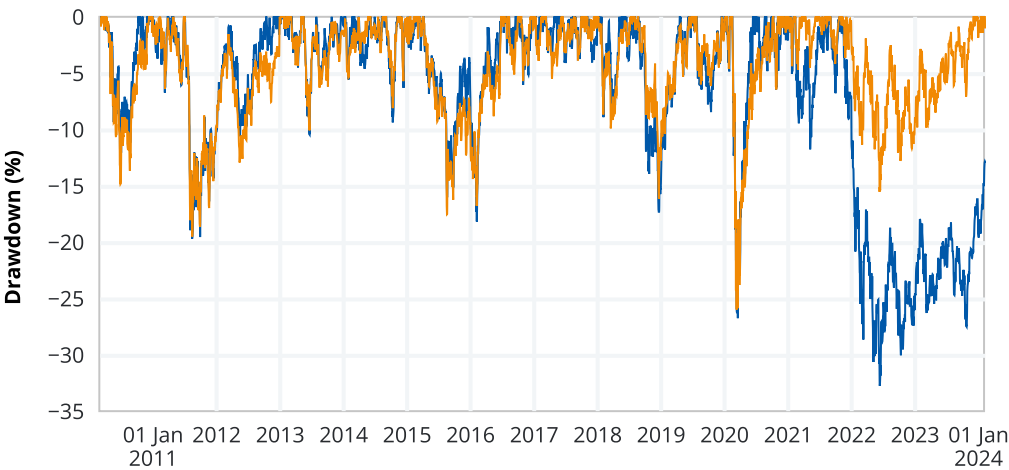
## DRAWDOWN (%) - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024



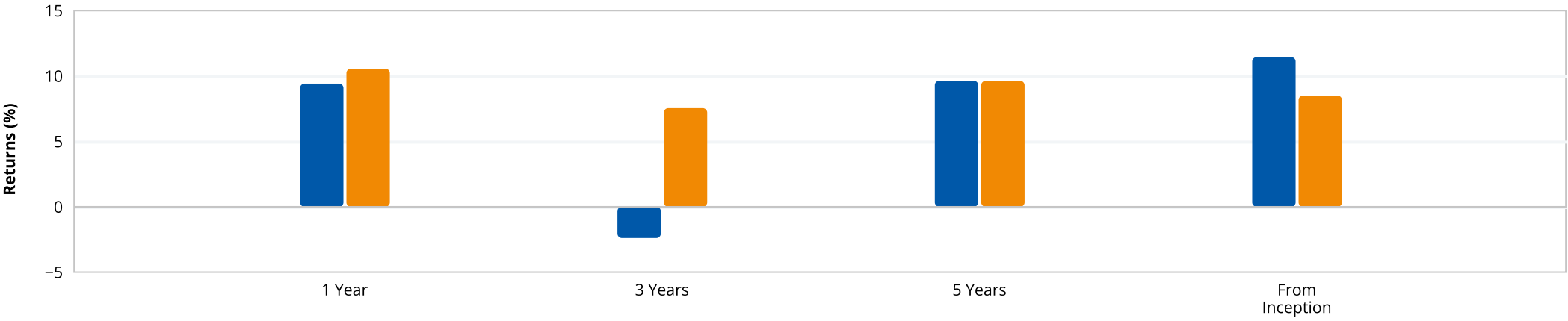
## DRAWDOWN (%) - FROM INCEPTION

9 Mar 2010 - 13 Feb 2024



# RETURNS

● BAILLIE GIFFORD GLOBAL ALPHA B Acc    ● FTSE World Equity



## MONTHLY BREAKDOWN AND YEARLY TOTALS (%)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2024	0.39	3.49											3.90
2023	5.93	-2.56	-0.46	-0.38	2.14	2.75	2.19	-3.54	-2.56	-4.53	7.71	6.65	13.13
2022	-12.94	-3.71	5.19	-5.83	-3.48	-4.41	6.49	2.19	-5.99	-1.51	4.26	-0.96	-20.29
2021	1.02	1.68	-1.54	5.35	-3.46	6.36	-0.81	2.77	-2.58	3.65	-0.50	-2.95	8.74
2020	1.43	-6.59	-7.78	12.24	5.33	6.50	2.61	4.63	0.43	-0.63	9.02	2.70	31.95
2019	6.46	2.71	2.60	5.31	-3.45	5.93	6.05	-3.57	-1.77	-0.86	5.34	1.58	28.76

Capped to 6 years.

## ANNUALISED ROLLING RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	9.42	-2.39	9.64	11.45
●	10.56	7.54	9.63	8.50

## CUMULATIVE RETURNS (%)

	1 YEAR	3 YEAR	5 YEAR	INCEPTION
●	9.38	-6.96	58.08	350.19
●	10.52	24.22	58.01	210.25

● BAILLIE GIFFORD GLOBAL ALPHA B Acc ● FTSE World Equity

PERFORMANCE - OVER 1 YEAR

14 Feb 2023 - 13 Feb 2024

	BAILLIE GIFFORD GLOBAL ALPHA B Acc	FTSE World Equity
RETURNS (%)	9.42	10.56
VOLATILITY (%)	13.88	10.87
ALPHA	-0.82 *	
BETA	1.11 *	1.00
CORRELATION	0.83 *	1.00
SHARPE RATIO	0.32	0.61
SORTINO RATIO	0.45	0.87
MAX DRAWDOWN (%)	-11.31	-7.03

\*Calculated over a 3 year period where history permits.

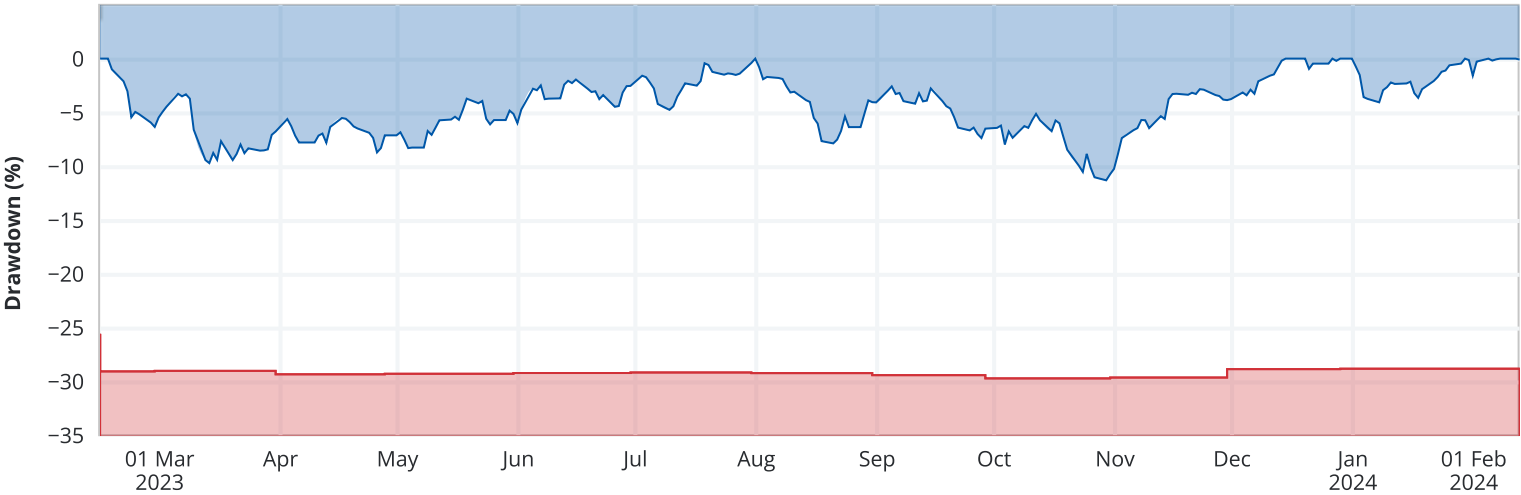
PERFORMANCE - FROM INCEPTION

9 Mar 2010 - 13 Feb 2024

	BAILLIE GIFFORD GLOBAL ALPHA B Acc	FTSE World Equity
RETURNS (%)	11.45	8.50
VOLATILITY (%)	16.99	14.46
ALPHA	0.21	
BETA	1.05	1.00
CORRELATION	0.87	1.00
SHARPE RATIO	0.61	0.52
SORTINO RATIO	0.86	0.73
MAX DRAWDOWN (%)	-32.75	-25.98

SIMPLE STRESS TEST DRAWDOWN (%)

14 Feb 2023 - 13 Feb 2024



Stress test notes

This chart shows the calculated drawdown over the last year. The Review Point is the fund intervention point. Any drawdown above this line indicates a typical drawdown in a normal market cycle. Should the drawdown hit the review point, then this indicates that market conditions may be abnormal. This is the point that we would consider taking immediate action for an extreme market event.

# DISCLAIMER

Baillie Gifford Global Alpha Growth Fund - GBP | February 2024

Risk warning: The past is not necessarily a guide to future performance. The value of your investment and the income from it can fall as well as rise and is not guaranteed. You may not get back the full amount invested. Our views are based upon our understanding of current legislation in England. Levels and bases of, and reliefs from, taxation are subject to change and their value to you will depend upon your personal circumstances. You should not act on any of the information without seeking professional advice. clarity Ltd is authorised and regulated by the Financial Conduct Authority (FCA).