



Hunting for tomorrow's giants

An introduction to Baillie Gifford's Smaller Companies strategies –
US Discovery and International Smaller Companies

Svetlana Viteva, Brian Lum and Richard Gall



Presenters



Svetlana Viteva

Lead Portfolio Manager,
US Discovery



Brian Lum

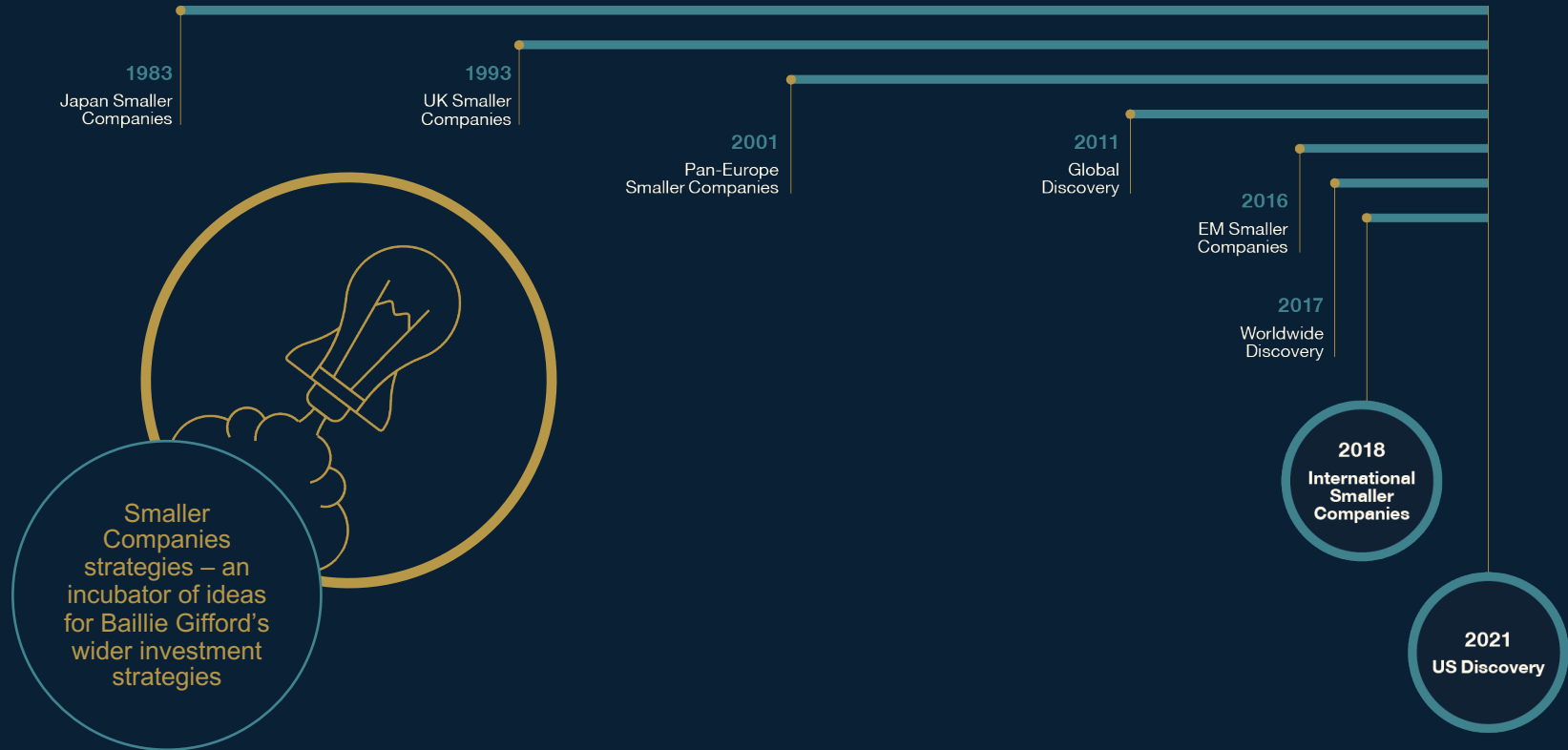
Chair of International
Smaller Companies Portfolio
Construction Group



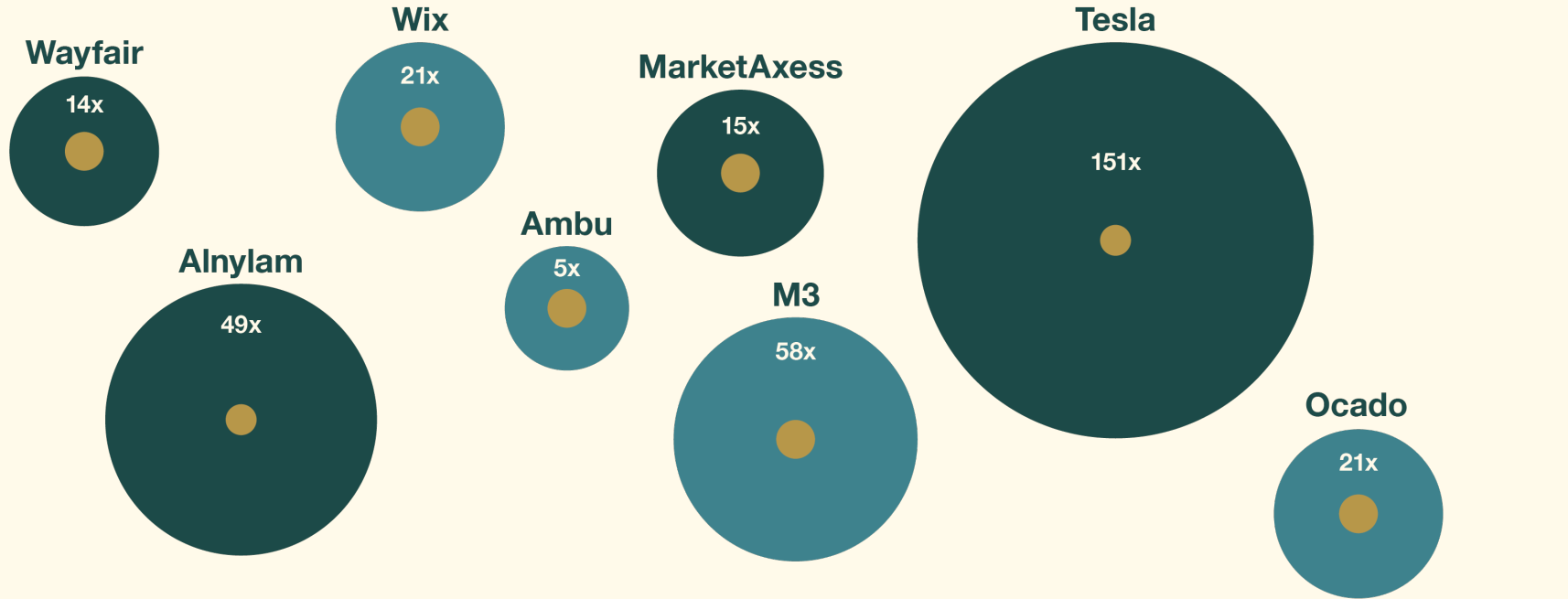
Richard Gall

Member of International
Smaller Companies Portfolio
Construction Group and
Smaller Companies Product
Specialist

A history of investing in smaller companies



Our credentials



Proven experience in investing in smaller, innovative companies

US dollars. Circles representative of increase in market cap from when stock first bought in a representative portfolio to 30 June 2021. Figures show how many times the market cap has grown since first bought as at 30 June 2021.

- Global Discovery
- Initial position taken in other BG strategies, now all held in International Growth

Alnylam: May 2011
MarketAxess: Jan 2012
Wayfair: Aug 2015
Tesla: Jan 2013

Wix: Oct 2015
M3: Jul 2005
Ambu: May 2016
Ocado: Mar 2012

Investment universe

US Discovery

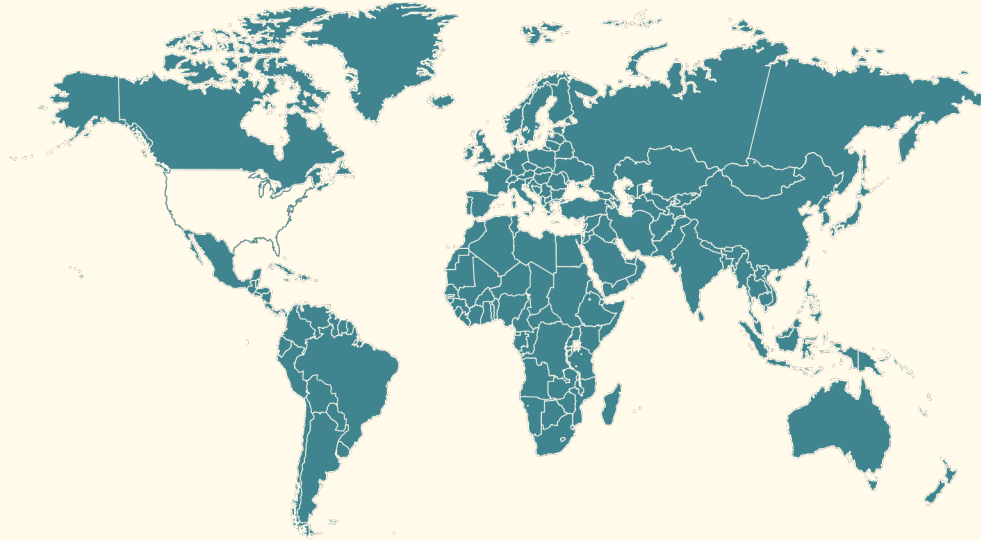


Portfolio characteristics

Stocks	40–75
Market capitalisation	<p>\$10bn or lower at time of purchase</p> <p>At least 80% of net assets invested in securities of small and mid-capitalisation companies with a market cap of \$30bn or less</p> <p>Scope to retain exposure to rare exceptional companies</p>
Time horizon	5–10 years
Comparative index	Russell 2500 Growth Index

Investment universe

International Smaller Companies



Portfolio characteristics

Stocks	At least 75 holdings
Market capitalisation	\$2bn or smaller at time of purchase \$10bn upper threshold
Time horizon	5–10 years
Comparative index	MSCI ACWI ex US Small Cap

Identifying potential

US Discovery



Svetlana Viteva
Portfolio Manager



Douglas Brodie
Portfolio Manager

+ broader Discovery Investment Team

Opportunity



Problem solvers looking
to drive change

Competitive edge



Scope for innovation and
meaningful differentiation
from peers

Culture



Management with a sense
of purpose, skill and vision to
identify and execute against
an opportunity

Scalability



Business models with
a scaling advantage

Identifying potential

International Smaller Companies

Portfolio Construction Group



Brian Lum



Richard Gall



Steve Vaughan

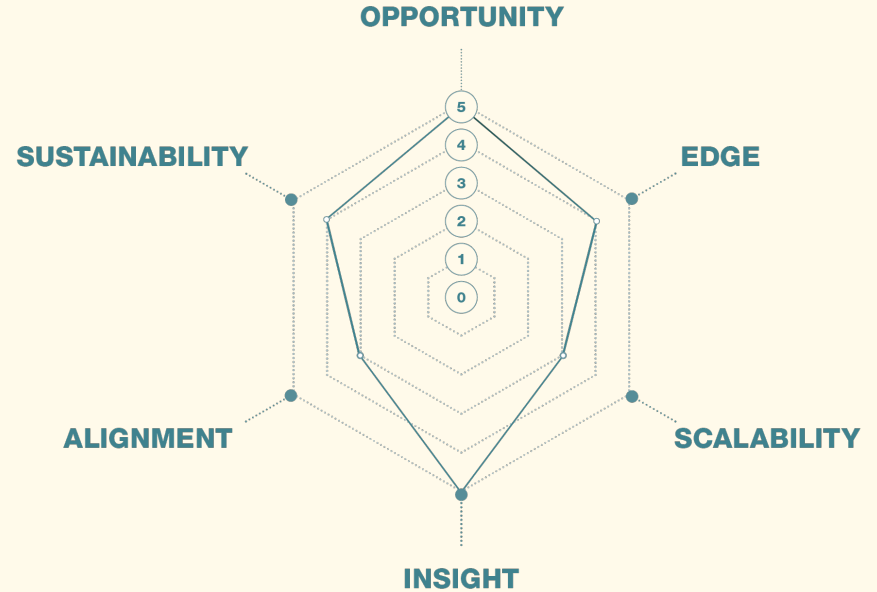


Praveen Kumar



Charlie Broughton

+ 3 analysts



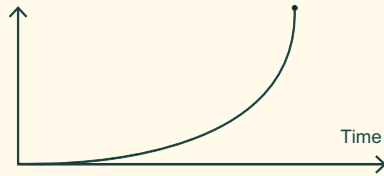
Flavours of growth

US Discovery



Rapid

Earnings



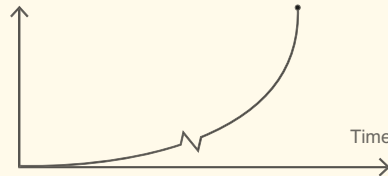
**Pace of growth
is underestimated**

Example: capital-light online platforms which can benefit from network effects and can scale rapidly and profitably



Transformational

Earnings



**Impact of growth
is underestimated**

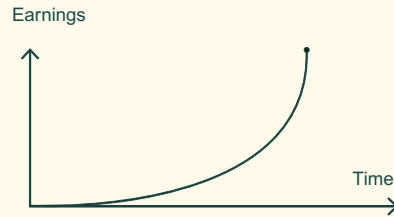
Example: businesses depending on a specific catalyst, such as a biotech business receiving approval for one of its candidates

Flavours of growth

International Smaller Companies



Rapid

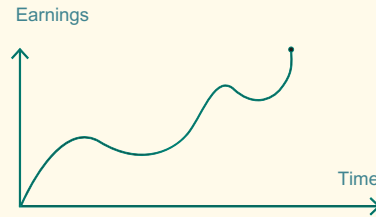


Pace of growth is underestimated

Example: capital-light online platforms which can benefit from network effects and can scale rapidly and profitably



Cyclical

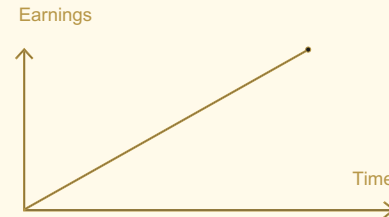


Change is underestimated

Example: companies exposed to product cycles, such as semiconductor companies supplying components for consumer electronics products

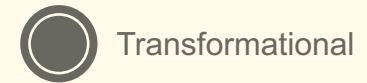


Enduring

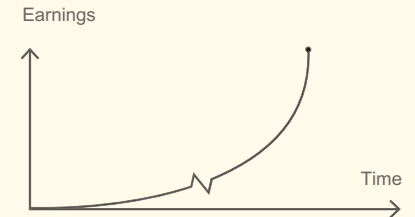


Longevity and durability of growth is underestimated

Example: niche industrial engineering businesses with strong customer relationships and technology



Transformational



Impact of growth is underestimated

Example: businesses depending on a specific catalyst, such as a biotech business receiving approval for one of its candidates

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The Roaring Twenties

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