

Edward's Lifesciences

Bought October 2024

Sustainable Growth Hypothesis:

Edward's Lifesciences is a leading manufacturer of medical devices for structural heart disease. Its success hinges on its pursuit of innovation and ability to introduce less invasive techniques that can help alleviate an area of significant unmet need. The more successful Edwards is in pioneering these advancements, the greater the impact on global health.

1. Growth: How likely is the company to deliver 10% p.a. profit growth over the next decade?

- While near-term Transcatheter Aortic Valve Replacement or TAVR growth was lowered to 5–7% due to staffing constraints, the company expects these issues to ease and sees significant long-term upside from moderate Aortic Stenosis and Transcatheter Mitral and Tricuspid Technologies or TMTT expansions that could support around 10% annual profit growth over time.

2. Resilience: How much control does the company have over its own success?

- Its strong R&D focus, high market share in TAVR, and growing presence in TMTT provide resilience, with near-term capacity challenges viewed primarily as transient rather than structural.

3. Valuation: What is our insight?

- The current market valuation seems to underestimate Edwards' innovation leadership and attractive return profile, which are poised for further upside once TAVR capacity pressures normalize.

4. Products: To what extent will the core products & services create value for society over the next decade?

- TAVR substantially improves survival and recovery for severe aortic stenosis patients, and emerging transcatheter therapies for mitral and tricuspid valves offer similarly transformative benefits.

5. Practices: Does the company show leadership in its business practices?

- Extensive investment in R&D, a culture of patient-centric innovation, and low recall rates signify strong business practices, further reinforced by initiatives like "patient day" that links employees directly to patient outcomes.

6. Ambition: What is the company's purpose, and how ambitious are they?

- The company's goal is to dominate multiple structural heart categories beyond TAVR, underscored by targeted acquisitions and significant internal development to expand its portfolio.

7. Trust: Should we trust the company with our clients' capital?

- Consistent innovation, solid financial performance, and a focus on improving patient conditions indicate that the firm remains a dependable steward of investment capital

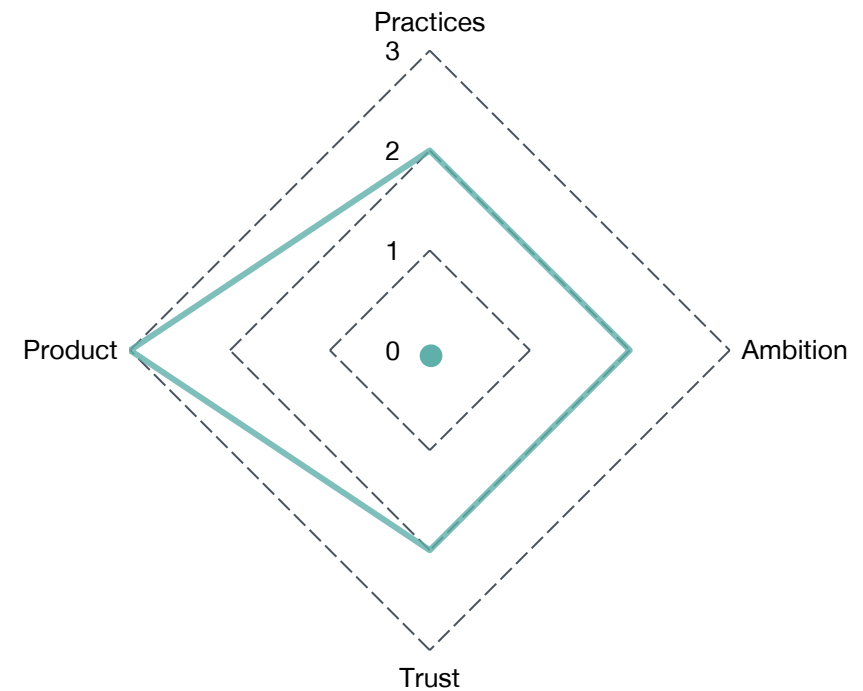
8. Engagement: No company is perfect, what should be our engagement priority?

- Advocating for more challenging compensation targets to reduce reliance on external consultants remains a key engagement priority

9. Milestones: What developments should we pay most attention to? Where could we be wrong?

- Notable developments include TAVR indication expansions, progress in TMTT, and managing supply-side constraints, while potential risks involve any faltering in R&D intensity, acquisitions that dilute focus, or leadership turnover.

Compass Scores



Important information and risk factors

All investment strategies have the potential for profit and loss.

Stock Examples

Any stock examples, or images, used in this presentation are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us.

Any individual examples will represent only a small part of the overall portfolio and are inserted purely to help illustrate our investment style.

Important Information

Baillie Gifford & Co (BG & Co), Baillie Gifford & Co Limited (BG & Co Ltd), Baillie Gifford Overseas Limited (BGO) and Mitsubishi UFJ Baillie Gifford Asset Management Limited (MUBGAM) are authorised and regulated by the FCA in the UK. BG & Co Ltd is an Authorised Corporate Director of OEICs.

Baillie Gifford Investment Management (Europe) Limited (BGE), Baillie Gifford Asia (Hong Kong) Limited 柏基亞洲(香港)有限公司 (BGA) and Baillie Gifford International LLC (BGI) and Baillie Gifford Asia (Singapore) Private Limited (BGAS) are wholly owned by BGO. BGO and BG & Co Ltd are wholly owned by BG & Co.

BGI and BGO are registered with the SEC in the United States of America.

BG & Co claims compliance with the Global Investment Performance Standards (GIPS®). An example of a compliant composite presentation, a complete list of the Firm's composites and performance results is available on request.

BGO provides investment management and advisory services to non-UK Professional/Institutional clients only.

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.

This presentation contains information on investments which does not constitute independent research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned.

Baillie Gifford Investment Management (Europe) Ltd (BGE) 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. BGE also has regulatory permissions to perform Individual Portfolio Management activities. BGE provides investment management and advisory services to European (excluding UK) segregated clients. BGE has been appointed as UCITS management company to the following UCITS umbrella company; Baillie Gifford Worldwide Funds plc. BGE 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.

BGA holds a Type 1 licence from the Securities and Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of collective investment schemes to professional investors in Hong Kong. BGA can be contacted at Suites 2713-2715, Two International Finance Centre, 8 Finance Street, Central, Hong Kong, Telephone +852 3756 5700.

Important Information 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 document 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.

Important Information South Korea

BGO is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Important Information North America

BGI was formed in Delaware in 2005. It is the legal entity through which BGO provides client service and marketing functions in North America.

The Manager is not resident in Canada, its head office and principal place of business is in Edinburgh, Scotland. BGO 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. BGI is regulated by the OSC as an exempt market and its licence is passported across all Canadian provinces and territories. BGE relies on the International Investment Fund Manager Exemption in the provinces of Ontario and Quebec.

Singapore

Baillie Gifford Asia (Singapore) Private Limited is wholly owned by Baillie Gifford Overseas Limited and is regulated by the Monetary Authority of Singapore as a holder of a capital markets services licence to conduct fund management activities for institutional investors and accredited investors in Singapore. Baillie Gifford Overseas Limited, as a foreign related corporation of Baillie Gifford Asia (Singapore) Private Limited, has entered into a cross-border business arrangement with Baillie Gifford Asia (Singapore) Private Limited, and shall be relying upon the exemption under regulation 4 of the Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 which enables both Baillie Gifford Overseas Limited and Baillie Gifford Asia (Singapore) Private Limited to market the full range of segregated mandate services to institutional investors and accredited investors in Singapore.

Important information and risk factors

Important Information South Africa

BGO is licensed with the Financial Sector Conduct Authority in South Africa as a Financial Services Provider (FSP No 44870) in terms of section 8 of the Financial Advisory and Intermediary Services Act, 2002. This licence authorises BGO to carry on financial intermediary services business on behalf of South African clients.

Important Information Israel

BGO 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 presentation is only intended for those categories of Israeli residents who are qualified clients listed on the First Addendum to the Advice Law.

Important Information Japan

MUBGAM is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and BGO.

Financial Intermediaries

This document 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.

**BGI Principal Office: Calton Square, 1 Greenside Row,
Edinburgh EH1 3AN, Scotland
Telephone: +44 (0)131 275 2000**

**780 Third Avenue, 43rd Floor, New York, NY 10017
Telephone: (212) 319 4633**

**BGE Head Office: 4/5 School House Lane East, Dublin 2
D02 N279, Ireland
Telephone: +35 315 294 150**

**BGE Frankfurt Branch: WINX Tower, Neue Mainzer Str. 6-10, 60311 Frankfurt,
Germany**

**BGE Amsterdam Branch: Atrium Building, Strawinskylaan 3051, 4th Floor, 1077
ZX Amsterdam, The Netherlands**

**BGE Representative Office: Bahnhofstr. 10 / Börsenstr. 18
CH - 8001 Zürich, Switzerland**

bailliegifford.com