



Baillie Gifford US Growth (USA)

USA offers exposure to growth opportunities across both public and private markets.

Update

17 September 2025

Overview

Baillie Gifford US Growth (USA) aims to provide exposure to the most exciting growth companies in the US across both public and private markets. When building the **Portfolio**, managers Gary Robinson and Kirsty Gibson focus on businesses that address large market opportunities, benefit from enduring and sustainable competitive advantages, and operate with cultures that foster a long-term vision, characteristics they regard as hallmarks of strong growth potential.

The duo also tend to focus on companies that are well positioned to benefit from significant structural changes, which they refer to as 'sources of demand'. This includes, for example, the 'digital transformation of commerce', represented by holdings such as Shopify, a company providing software tools that enable merchants to easily set up and manage their businesses. Another example of a source of demand is 'content consumers will pay for', exemplified by holdings such as the language learning platform Duolingo.

USA's all-out growth approach has been rewarded over the past 12 months, with the trust comfortably outperforming both the S&P 500 Index and the AIC North America sector's weighted average return. However, the trust struggled in 2021 and 2022 amid a period of surging inflation and rising interest rates, which is weighing on USA's five-year **Performance** numbers. In fact, the elevated volatility exhibited by the portfolio during these years prompted the introduction of guardrails designed to help prevent such extreme outcomes in future.

It is also worth noting that activist investor Saba Capital currently holds c. 30% of the voting rights in USA. While Saba has not taken further action since its resolution to replace the trust's board was defeated in February, its intentions remain unclear, and further activism to realise its investment cannot be ruled out.

Kepler View

By investing across public and private markets USA provides unique exposure to the growth potential in the world's engine of growth and innovation, the USA. The trust is the only constituent of the AIC North America sector to invest in unlisted companies, which are also not accessible to OEICs. Because many companies now tend to stay private for longer, USA offers exposure to some of the world's most exciting businesses, which are hard to otherwise access, like the revolutionary SpaceX.

In addition, the trust offers exposure to themes that appear poised for growth, such as the digital transformation of commerce and digital infrastructure. Notably, USA's portfolio is expected to deliver stronger earnings and sales growth than the S&P 500 Index over the next three years, which could provide a supportive backdrop for relative performance. However, it is worth noting that the nature of the strategy means USA is likely to exhibit high volatility, and it has in fact been the most volatile constituent of the AIC North America sector over the past five years. Furthermore, the trust has also historically struggled in periods when the value factor was in favour. That said, if rates continue to fall in the US, this could see its growth style more in favour.

Finally, USA is trading at a c. 9% **Discount**, arguably offering an attractive entry point. Historically, the discount has narrowed in periods when the growth factor was in favour, and the trust even traded at a premium until late 2021, when interest rates were lower.

Analysts:

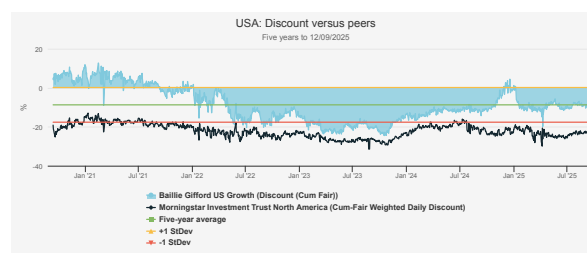
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Key Information:

Price (p)	266.5
Discount/Premium(%)	-8.7
OCF (%)	0.76
Gearing (%)	3
Yield (%)	0.0
Ticker	USA
Market cap (£)	742,225,686



BULL

Investing in both public and private companies results in a unique portfolio

Stronger growth potential than the market

Wide discount offers an attractive entry point

BEAR

Significantly more volatile than its peers

Saba holds c. 30% of the trust's shares and its intention remains unclear

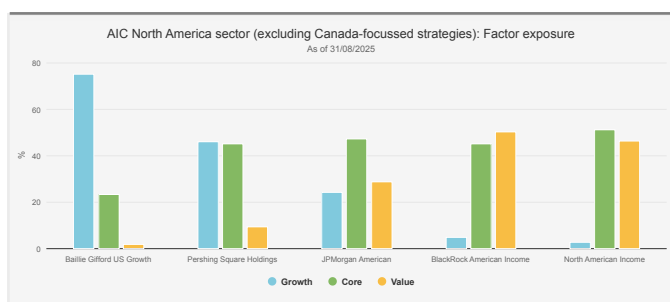
May lag the benchmark in value-driven markets



Portfolio

The belief underpinning the strategy of Baillie Gifford US Growth (USA) is that, over the long term, only a few stocks deliver extraordinary returns, skewing overall market returns upward. Accordingly, managers Gary Robinson and Kirsty Gibson aim to capture such outliers through a portfolio of US companies with strong upside potential across both public and private markets. To earn a place in the portfolio, a public company should have the potential to deliver at least 2.5 times the original investment over five years, while a private company faces a minimum hurdle of five times, reflecting the higher risks associated with lower liquidity. That said, the managers are aware that not every investment thesis will succeed, which is why they embrace the asymmetry of returns, with gains from strong winners expected to more than compensate for names that disappoint. Their approach results in a high-conviction, concentrated portfolio of 74 holdings, with the top ten accounting for c. 48% of the portfolio (as of 30/06/2025), and the largest exposure to the growth factor of any US-focussed strategy within the AIC North America sector, as the chart below shows.

Fig.1: Factor Exposure



Source: Morningstar

Gary and Kirsty note that companies with exceptional growth potential tend to share certain characteristics. For instance, they typically address a large market opportunity (ideally at an early stage), benefit from enduring and sustainable competitive advantages, and operate with company cultures aligned with a long-term vision. One example is Amazon, whose ecommerce platform addresses a market encompassing virtually all retail consumers across most large economies, while it also operates in the fast-growing cloud computing sector. The company is a leader in both areas, with Gary and Kirsty highlighting its culture as a key differentiator that has supported its growth and could continue to do so in the future. This culture is characterised by a long-term perspective, a willingness to be bold, readiness to confront failures, and the ability to scale experiments as the business expands.

The managers build the portfolio on a bottom-up basis, with the freedom to invest wherever they see the best growth opportunities. However, they typically search for

companies operating in areas where important structural changes are happening, which they refer to as 'sources of demand'. The largest of these is 'digital transformation of commerce', accounting for c. 18% of the portfolio, and including names such as Shopify, a company providing software tools that allow merchants to easily set up and manage their businesses. Other important sources of demand in the portfolio include, among others, 'content consumers will pay for', with holdings such as Duolingo, a language learning platform; 'digital infrastructure', which includes names like NVIDIA, a designer and manufacturer of graphics processing units; and 'communication', which includes SpaceX, an aerospace and space transportation company, as well as USA's top holding and one of its private company investments.

Top Ten Holdings

HOLDING	PUBLIC/PRIVATE	SECTOR	WEIGHT (%)
Space Exploration Technologies	Private		11.6
Stripe	Private		4.8
Meta Platforms	Public	Communication services	4.7
Amazon.com	Public	Consumer cyclical	4.6
Shopify	Public	Technology	4.2
Netflix	Public	Communication services	4.2
NVIDIA	Public	Technology	4.1
Cloudflare	Public	Technology	3.9
DoorDash	Public	Consumer cyclical	3.3
Roblox	Public	Communication services	2.3
Total			47.70%

Source: Baillie Gifford, as at 31/08/2025

Due to the nature of the strategy, volatility is likely to be a feature of USA, which has in fact been the most volatile constituent of the AIC North America sector over the past five years (to 31/08/2025). However, steps have been taken to moderate this, as Gary and Kirsty believe the elevated levels seen during the COVID pandemic, as well as in 2021 and 2022, were excessive. To address this, three pillars have been introduced for public holdings, designed to limit such extreme outcomes in the future.

One of these is a higher profitability threshold, with at least half of the portfolio of listed equities now being required to be profitable. The second pillar is the requirement to keep a minimum of one third of the



public portfolio allocated to enduring growth names. These are companies whose profitability and growth are more predictable but may endure longer than the market assumes, with examples including Meta, Amazon and Netflix. This is combined with a cap on early-stage names, limited to 5% of the portfolio of listed equities at the time of purchase. Finally, the third pillar requires that no source of demand accounts for more than 25% of the public portfolio to avoid overexposure to a single theme. In addition, Gary and Kirsty now commit to retest the upside of a listed company once it crosses the 2.5 times return threshold, standing ready to trim or exit the position if the probability that the stock may achieve this return again is not high enough. Due to the illiquid nature of private companies, the managers concede that it is difficult to apply the same guardrails to them, but they pay close attention to how a potential new investment in a private company may affect the overall balance of the portfolio.

Over the trust's last financial year (ended 31/05/2025), investments in three private companies have been made. One of them is Rippling, a company operating a workforce management platform encompassing HR, IT, and finance matters. As such, Rippling enables its customers to complete a variety of tasks, such as managing payroll, benefits, app access, etc., through a single platform. Gary and Kirsty believe the company could be a standout in the next generation of enterprise software platforms, as it faces a very large addressable market, has historically demonstrated operational efficiency, and boasts a track record of rapid growth with strong client retention. Another private company added to the portfolio is Runway, a generative AI video platform pioneering the use of machine learning in creative workflows. The managers believe that the company could become the full-stack solution for next generation of content production, thanks to its platform combining intuitive design with cutting-edge AI models. Cosm, an entertainment and technology company, was also introduced in the portfolio last year. Gary and Kirsty say the company is redefining how audiences experience live events through its Shared Reality platform and believe it is poised to become a leader in immersive media experiences. With the addition of these three unlisted businesses, the portfolio now holds 27 private companies, which accounted for c. 34% of USA's portfolio at the end of June. This is, in our view, one of the key differentiators for USA, as it sets it apart from other US strategies (including its open-ended 'sibling' Baillie Gifford American) as well as index trackers, which only offer exposure to listed companies.

There were also new purchases of listed companies over the same period, including DraftKings, an online sports betting company. Gary and Kirsty believe it is a market beginning to unlock its potential as regulatory barriers ease, and DraftKings, as one of its dominant players, could be particularly well positioned to benefit. The duo

also introduced Globant, an IT services provider, into the portfolio. Gary and Kirsty say the company has built a strong reputation for its expertise in software integration and IT resources, and their investment thesis is that Globant could benefit from a new area of growth, providing support for companies struggling to integrate artificial intelligence (AI) into their activities. The managers also built positions in businesses they see consolidating an industry or gaining market share. For instance, Gary and Kirsty added Lineage to the portfolio, a consolidator within the fragmented temperature-controlled warehousing industry; SharkNinja, a business gaining share in the home appliance market; and The Ensign Group, a leader in the consolidation of the skilled nursing facilities market.

To fund these new positions, various stocks were sold. These include Sprout Social, a social media management platform, which was exited after the company suggested there would be no reacceleration of growth in 2025. Gary and Kirsty believed this fell below their expectations and the company's potential and decided to move on. Open online course provider Coursera and biotechnology company 10x Genomics were also sold, as the managers' investment theses did not play out. Finally, software company HashiCorp was acquired by IBM. Some positions were also trimmed, notably Tesla, whose share price rose dramatically in the aftermath of the US election (05/11/2024), so that the holding size no longer reflected the managers' conviction. That said, Gary and Kirsty see further opportunities for Tesla in full self-driving, fixed energy storage systems, and Optimus robots, but note that these remain at an early stage of development. Another position trimmed over the period was The Trade Desk, on valuation grounds. Following these purchases and sales, USA's portfolio is exhibiting superior growth potential over the US equity market as well as US growth stocks, as it is expected to deliver higher earnings and sales growth than S&P 500 and Russell 1000 Growth indices over the next three years.

Fig.2: Growth Metrics



Source: Baillie Gifford, FactSet, S&P, Russell

While markets have been volatile since the beginning of the year, owing to rising trade tensions between the US and the rest of the world and the unpredictability of the new US administration, Gary and Kirsty believe that such



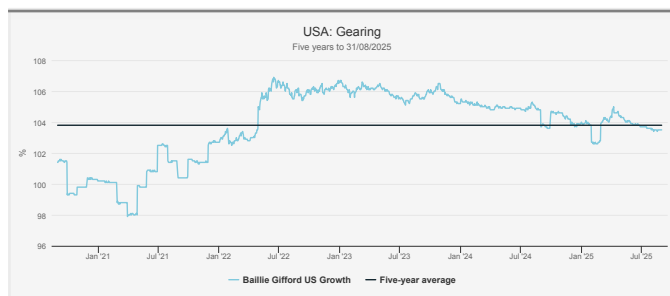
periods create a fertile ground for robust companies to adapt and thrive. In fact, they see now as a particularly attractive time to be a long-term investor in US companies and are excited about the portfolio's prospects. One key reason is the rise of AI and the dominance of US companies in this area, with the portfolio exposed to this theme through multiple angles. This includes companies involved in AI infrastructure, such as Amazon via its cloud platform AWS; data-centric firms like Databricks and Snowflake; and businesses leveraging AI's potential, such as Runway.

Gearing

The team use gearing tactically to fund purchases of securities as and when suitable opportunities arise, but remain cautious to avoid excessive leverage, as it can amplify volatility. As such, gearing has averaged c. 4% over the past five years and was at a similar level at the end of August 2025.

USA has two loan facilities in place: a \$25m (c. £18.6m) revolving credit facility expiring at the end of July 2026, and another \$25m facility expiring on 18/10/2026. Based on net assets of c. £856.6m (as of 05/09/2025), we estimate that USA's borrowings are nearly fully deployed.

Fig.3: Gearing



Source: Morningstar

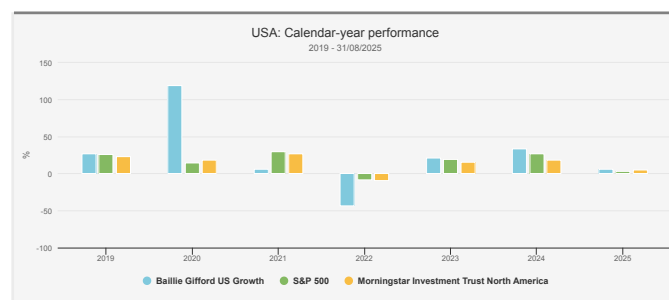
Performance

Since its launch in March 2018, USA has outperformed the S&P 500 Index in four out of six full calendar years and is also ahead of its benchmark year to date (to 31/08/2025), as the chart below shows. The trust delivered exceptional returns in 2020 during the pandemic, which favoured growth names, particularly those embedded in the digital economy, an area to which USA had strong exposure and where managers Gary Robinson and Kirsty Gibson continue to see many opportunities.

However, USA's all-out growth style struggled in 2021 and 2022 when macroeconomic conditions shifted. As inflation surged, investors rotated into cyclical businesses and value stocks, while online-related companies fell out

of favour. Rising inflation also led central banks to raise interest rates, which caused growth stocks to de-rate, while the prospect of a potential severe recession made investors more cautious towards higher-risk investments such as high-growth stocks. USA still delivered positive returns in 2021, albeit significantly below its benchmark, but its NAV fell in 2022, prompting the team to introduce a range of guardrails to help avoid such volatile outcomes in future (see [Portfolio section](#)).

Fig.4: Calendar-Year Performance

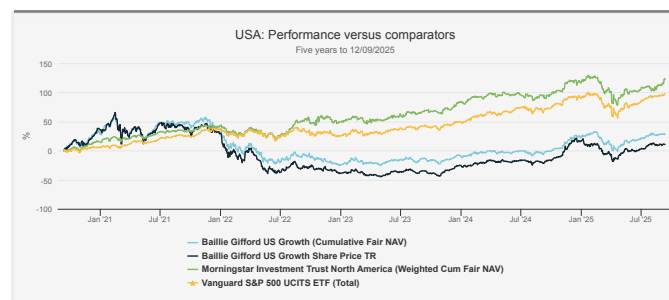


Source: Morningstar

Past performance is not a reliable indicator of future results.

Since 2023, USA has returned to form, outperforming the S&P 500 Index in each calendar year, as the growth factor has come back into favour, notably supported by the AI boom. Nonetheless, the difficult period of 2021 and 2022 continues to weigh on USA's five-year performance (to 12/09/2025), with the trust having delivered NAV and share price total returns (TRs) of 27.9% and 10.6% respectively over that period, underperforming both the 100.3% return of the S&P 500 Index and the 122.7% weighted return of the Morningstar Investment Trust North America sector.

Fig.5: Five-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

USA has comfortably outperformed both its benchmark and peer group in the past 12 months. Over this one-year period, USA generated NAV and share price TRs of 30.5% and 36.2% respectively, which compare to 15% for the S&P 500 Index and 16.8% for the Morningstar Investment Trust North America sector. Performance was supported

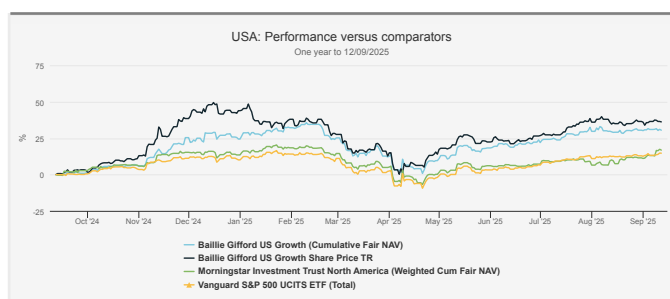


by the revaluation of space technology company SpaceX, with the shares of Elon Musk's unlisted business written up by c. 67% in value. Gary and Kirsty see SpaceX as particularly well-positioned to capture an attractive share of the growing space industry, with its telecommunication subsidiary Starlink having the potential to become the first globally relevant utility company.

Among listed companies, global cloud platform Cloudflare was one of the key contributors to performance, benefitting from the continued AI boom. The managers see the company as uniquely positioned in the AI infrastructure stack thanks to its low-latency network, which allows users to run AI tasks quickly and locally, while its developer platform, Workers, simplifies the creation of AI-powered applications. There were also two important contributors to performance linked to the digital transformation of commerce: on-demand delivery platform DoorDash and commerce platform Shopify. DoorDash has seen strong revenue growth in each quarter of the period and is expanding overseas with the acquisition of Deliveroo, while Shopify has experienced strong earnings growth and enhanced the integration of AI into its products.

However, some names in the portfolio detracted from returns. This includes Moderna, which has suffered from weakness in the COVID vaccine market and lower-than-expected uptake of its vaccine for respiratory syncytial virus. These difficulties were further exacerbated by concerns over the new US administration's approach to vaccines. Brex, a provider of credit cards for start-ups, also negatively impacted performance, with the unlisted company seeing its valuation revised downward over the period. Having overinvested during the pandemic, the company experienced slower growth post-COVID, but the managers note that revenue growth has been accelerating again, supported by strategic partnerships, a revamped sales structure, and a global presence.

Fig.5: One-Year Performance



Source: Morningstar

Past performance is not a reliable indicator of future results.

Dividend

USA is focussed on capital growth and does not target a specific dividend or distribution level. Nonetheless, USA aims to comply with the requirements for maintaining investment trust status, which mandate that at least 85% of net income be paid out. However, as the trust's revenue account has been in deficit since the end of its first financial year (31/05/2019), USA has never paid a dividend since its launch.

Management

USA is managed by Gary Robinson and Kirsty Gibson, both members of the US Equity Growth team and partners at Baillie Gifford. In addition to USA, they are also part of the team managing the open-ended fund Baillie Gifford American, which shares similarities with USA's portfolio of public equities.

Gary joined Baillie Gifford in 2003, working in the Japanese, UK, and European equity teams before moving to the US Equity Growth team in 2008, and has been part of USA's management team since its launch on 23/03/2018. He holds an MBiochem in Biochemistry from Oxford University, awarded in 2003.

Kirsty joined Baillie Gifford in 2012, spent several years in the small- and large-cap global equities departments, and joined USA's management team in 2020. She is also involved in managing the North American portfolios of the Managed and Global Core strategies. Kirsty holds an MA (Hons) in Economics, awarded in 2011, and an MSc in Carbon Management, awarded in 2012, both from the University of Edinburgh.

Gary and Kirsty are supported by the seven other members of the US Equity Growth team, alongside Baillie Gifford's private company team and the wider investment floor of over 60 people analysing US companies as part of global mandates.

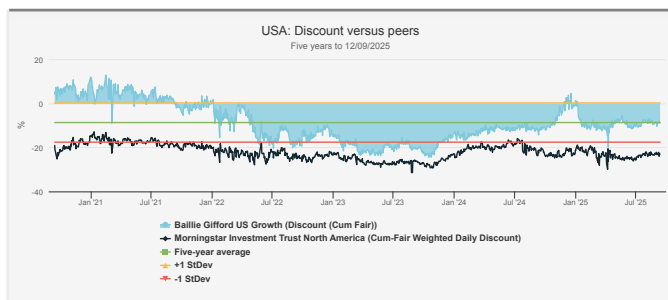
Discount

USA trades at a discount of 8.7% at the time of writing. The discount has narrowed slightly in recent months as US equities have rebounded following the volatility surrounding the announcement of tariffs in April. Last year it traded on a premium as Saba built a large stake, but after their proposals to change strategy were defeated the discount widened once more. USA has traded on a premium at other times when growth was in favour, although in the near future the Saba issue remains unresolved. Saba's stake is over 30% now, although as



this position was reached involuntarily following share buybacks undertaken by the board in the open market, the activist has not been required to make a takeover offer. While Saba has not taken further action since its resolution to replace USA's board with its own nominees was defeated at a general meeting in February, its intentions remain unclear, and further activism to realise its investment cannot be ruled out. We understand that the board of the trust has been engaging with Saba.

Fig.6: Discount



Source: Morningstar

As the trust has traded at an average discount of 8.2% over the 12 months to 12/09/2025, the board has repurchased c. 4.5% of the shares in issue at the start of the period. While the board views buybacks as a way to enhance net asset value for remaining shareholders, it also recognises that this must be balanced with other considerations, such as the potential impact on portfolio composition.

Charges

USA's latest ongoing charges figure (OCF) is 0.72%, according to its latest annual report (for the year ended 31/05/2025). As such, USA is one of the most cost-efficient constituents of the sector, with the sector's weighted average standing at 1.36%. We note that these charges are accounted for in the NAV of the trust, and don't detract from the share price.

The trust's OCF includes a tiered management fee structure: 0.7% charged on net assets up to £100m, 0.55% on next £900m of net assets, and 0.5% on the remaining net assets. With net assets at c. £850.4m (as of 12/09/2025), this tiered structure results in a blended management fee of c. 0.57%.

ESG

While USA does not have a formal environmental, social and governance (ESG) objective, the board believes it is in shareholders' interests for the managers to consider ESG factors when selecting and retaining investments, provided the investment objectives are not compromised. As such, ESG analysis is embedded in the investment

process, with the managers employing ESG stewardship and engagement policies.

However, the managers do not exclude companies from their investment universe solely on ESG grounds. Instead, they take a positive engagement approach with company management teams, aiming to improve relevant policies and management systems. Voting is generally used as an escalation mechanism when the managers do not observe sufficient progress.

At the time of writing, Morningstar had not assigned USA a sustainability rating.



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