Baillie Gifford US Growth Trust

The pursuit of exceptional growth continues

Investment companies
North America

26 September 2025

Price		**268.00p**
Market cap		**£745m**
Total assets		**£818m**
NAV		294.5p
Discount to NAV		9.1%
Current yield		0.0%
Shares in issue		277.4m
Code/ISIN		USA/GB00BDFGHW41
Primary exchange		LSE
AIC sector		North America
Financial year end		31 May
52-week high/low	295.0p	183.6p
NAV high/low	300.9p	226.2
Net gearing		4.0%

Baillie Gifford US Growth Trust (USA) invests in exceptional US businesses with the potential to grow substantially faster than the market and deliver above-market returns. The company's recent performance has been strong. The portfolio returned an impressive 31.6% in NAV terms and 37.6% on a share price basis in the year to 31 August 2025, well ahead of the benchmark return of 12.7%. However, USA's managers are disappointed in its performance over three and five years, which was affected by the surge in growth stocks in 2020 and their subsequent sharp re-rating as interest rates rose in 2022. In response, the managers have implemented several portfolio construction 'enhancements and guide rails' to limit the adverse performance impact of future volatility. USA's managers are confident about its outlook as they believe AI is generating exciting investment opportunities across the market. The trust is invested in a variety of companies focused on space travel, entertainment and online retail and business services. The managers expect these innovative and adaptable businesses to realise the outsized returns they are targeting as they develop into the mega caps of tomorrow.

Exhibit 1: NAV relative to benchmark over three years

Source: LSEG Data & Analytics, Edison Investment Research. Note: Total returns in sterling.

The analyst's view

- USA provides exposure to private companies that are otherwise difficult for some investors to access.
- USA's aggressive return targets, two-and-a-half times returns over five years for listed companies and fivefold returns for private companies over the same period, will be appealing to some investors.
- Other investors will welcome the recent implementation of a number of enhancements and guide rails intended to reduce performance volatility.
- The trust's ongoing charge is very competitive when compared with its closest peers, and significantly below the cost of similar US funds.
- USA's discount has narrowed over the past year, but there is scope for further progress towards the discount's long-term average of around 5%, if recent strong performance continues. Meanwhile, the current discount may provide a window of opportunity for investors to acquire USA shares at an attractive price.

Fund objective

Baillie Gifford US Growth Trust (USA) aims to produce long-term capital growth by investing predominantly in equities of companies that are incorporated, domiciled or conducting a significant portion of their business in the United States. The trust invests in both publicly listed and privately owned companies. Its benchmark is the S&P 500 TR Index (in sterling).

Bull points

- Offers exposure to companies at the cutting edge of AI and other advanced technologies.
- Aggressive return target at a competitive ongoing charge.
- Provides investors with otherwise hard-to-access unlisted companies.

Bear points

- USA was only established in March 2018, and so needs time to prove its investment thesis and realise its ambitious long-term return target.
- Unlisted companies have been under pressure and bring additional risk and lower liquidity, although conditions in the IPO market are now improving, and USA's private holdings are all relatively well-established, late-stage investments.
- USA does not usually pay a dividend, as its priority is to generate capital growth.

Analysts

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Baillie Gifford US Growth Trust is a research client of Edison Investment Research Limited

USA: Seeking exceptional businesses with exceptional returns

The world is changing quickly and USA's managers, Kirsty Gibson and Gary Robinson, seek to position their portfolio on the right side of the resultant disruption by investing in companies driving this change, adapting to it and capitalising accordingly. Many of these companies reside in the US, which the managers view as the world's most entrepreneurial economy, with the most innovative and deep venture capital market. Such companies tend to be exceptional early-stage growth businesses, with huge market opportunities; businesses USA's managers refer to as 'outliers', the upside potential of which is unbounded. Gibson and Robinson seek to identify these companies and own them for long enough for their strong and unique business models and cultural strengths to deliver unusually high investment performance. For example, USA bought Tesla in 2018, and it has been the single most significant contributor to relative returns since inception. Tesla remains a portfolio holding.

USA has scope to invest up to 50% of total assets in private companies, although current exposure totals only 35.5%, and its managers are willing to be patient. They adopt a five-year investment time frame, looking through short-term volatility to give all portfolio holdings time for their fundamental strength to drive significant long-term share price rises. Specifically, the managers target publicly listed companies with the potential to grow returns by two-and-a-half times or more over rolling five-year periods, and unlisted companies with scope to grow their returns fivefold over the same period.

Scope to buy private companies gives full access to all growth opportunities

The managers argue the flexibility to invest in private companies is a valuable element of their strategy. This is in part because companies are staying private for longer. According to Baillie Gifford, in 2024, the median age of venture capital-backed private companies was 10.7 years, compared to 6.9 years in 2014, as businesses seek to avoid onerous reporting responsibilities and the whims of the market, and focus instead on getting on with what they do best. This means that including private markets in USA's investment universe is the only way to ensure the managers are able to consider the full spectrum of growth investment opportunities.

The trust's access to private markets is greatly enhanced by Baillie Gifford's well-established position in this part of the market. In addition to its long participation in public markets, which dates back more than a century, since 2012, Baillie Gifford has made investments worth more than $9.5bn in over 150 private companies. Baillie Gifford has since established a reputation as the investor of choice for privately held companies with public listing ambitions. USA's managers cite their participation in the recent $13bn late-stage fund-raising by Anthropic, an AI systems developer, as the latest demonstration of their ability to access attractive and heavily subscribed deals.

Corporate culture sits at the heart of the investment process

The managers place great weight on a company's corporate culture, which they view as an essential component of a business's long-term success. For this reason, they favour businesses that are run by founders, whose vision, strategy and long-term growth ambitions permeate the company's day-to-day operations, team behaviour and employee incentive schemes. Around 75% of USA's portfolio holdings are run by their founders and the team's engagement with all their investee companies includes ongoing efforts to ensure their conviction in these companies' distinct cultures, leadership and execution remains justified.

Recent changes to investment approach to reduce exposure to volatility

USA's recent performance has been strong. In the year ended 31 August 2025, the portfolio returned an impressive 31.6% in NAV terms and 37.6% on a share price basis, well ahead of the company's benchmark, the S&P 500, which returned 12.7% over the same period. However, performance over the three- and five-year periods to end August 2025 was more muted (Exhibit 4). The company made an annualised return of 12.5% in NAV terms and 16.7% on a share price basis over the three-year period, and corresponding returns of 3.9% and 1.9%, respectively, over the five-year period. NAV returns lagged the benchmark, which made annualised returns of 13.7% over three years and 14.5% over five years. The managers attribute this underperformance in part to the base effect created by the 'extreme outperformance of growth stocks during the COVID period'. The subsequent adverse valuation impact of higher rates was also detrimental to USA's private company holdings.

Disappointment in the company's longer-term performance has prompted the managers to implement several portfolio construction enhancements and guide rails to limit the adverse performance impact of future volatility. Specifically, Gibson and Robinson now automatically retest the upside of all listed stocks once they cross the strategy's two-and-a-half times return threshold, regardless of the time frame over which this return was generated. The managers are also monitoring the overall shape of the portfolio more closely to ensure an appropriate balance of growth styles, maturities and structural growth drivers across listed holdings.

Due to the illiquid nature of the private company investments, it is difficult to apply the same guide rails, but, when making new investments in private companies, the team has regard to the overall balance in the portfolio. In effect, this means the portfolio will, going forward, hold fewer early-stage companies, while including businesses with a greater diversity of revenue sources and sectoral exposure. The managers are especially concerned to ensure the portfolio does not have too much exposure to consumer sectors.

To achieve these objectives, they have taken some profits on strong performers such as DoorDash (an online food delivery service), Affirm (a payments company) and Cloudflare (a cloud services provider). The proceeds of these partial sales have been used to purchase listed names such as Circle Internet (a stable coin platform) and Figma, which provides online assistance to product design and development teams.

The AI revolution heralds exciting times ahead

As long-term investors, Gibson and Robinson do not try to second guess short-term events and they are unfazed by recent US political developments. Their focus is on identifying and supporting exceptional businesses, regardless of who is in power. In their view, AI will have a far greater impact on global growth and markets over the next decade than the policy machinations of the incumbent or subsequent US administrations. Furthermore, in the managers' view, the US is the only economy with the capacity to invest in the infrastructure necessary to scale up the integration of AI. Meta, Microsoft, Amazon and Alphabet are expected to invest $500bn between them on AI-related projects this year alone.

For USA's managers, the opportunities generated by AI are many and varied. Amazon is strategically well-positioned thanks to Amazon Web Services' (AWS's) vast cloud infrastructure and its growing chip capabilities. By locating its data centres on the fringes of large cities, Cloudflare is bringing AI computation and data storage closer to end-users, thereby enhancing real-time processing. Data-centric firms like Databricks and Snowflake are providing essential data management solutions that underpin effective AI implementation across enterprises. Innovators, such as Runway AI (a video laboratory assisting creators), are using existing AI infrastructure to deliver generative AI tools and related workflow enhancements. Investments in all these names, as well as many other exceptional growth companies, suggest USA is set to benefit, whatever the future may hold.

Performance

Exhibit 2: Five-year discrete performance data

12 months ending	Total share price return (%)	Total NAV return (%)	S&P 500 TR GBP (%)	CBOE UK All Companies (%)
31/08/21	41.6	39.8	27.6	27.1
31/08/22	-51.2	-39.3	5.0	1.8
31/08/23	-7.6	-4.8	6.5	5.5
31/08/24	25.0	13.7	22.6	17.3
31/08/25	37.6	31.6	12.7	13.4

Source: LSEG Data & Analytics. Note: All % on a total return basis in pounds sterling.

USA's performance has been strong recently, as mentioned above. Three of the top contributors to performance over the year to end June 2025, SpaceX, Cloudflare and Shopify (which provides retailers with software tools to facilitate business set up and management), number among the most significant contributors to returns since inception, along with Tesla and The Trading Desk, which sells advertising to targeted audiences through its platform (although this position detracted from performance over the year to end June 2025).

Among the recent top performers, SpaceX has been making impressive progress in the rocket launcher and satellite sectors of its business and Starlink, SpaceX's satellite internet service, now has six million subscribers in 140 countries, with huge scope for further expansion in remote and inhospitable environments, such as operating robot miners in Siberia and providing internet coverage at sea and in disaster zones.

Cloudflare is growing quickly thanks to the speed and efficiencies it offers to users, and the managers believe the company has scope to become the fourth-largest AI platform after Meta, Microsoft and Alphabet. Cloudflare is also playing an important role in the evolution of the internet in the age of AI via its gating mechanism, which stops AI scraping data for use in large language models. As such, the managers view this position in part as a play on AI infrastructure.

Shopify has the kind of strong, founder-driven culture favoured by Gibson and Robinson, and it is reaping the benefits of its strategic adaptability. From its beginnings as a simple online retailer, Shopify has evolved to offer a range of products, including its AI-driven Sidekick assistant, which automates large swathes of merchant operations (eg marketing, inventory management, payments, order processing and shipping), boosting merchant efficiency. The company maintains a rapid pace of innovation and its growth is ahead of the managers' expectations, generating substantial free cash flow. Shopify's ultimate ambition is 'declarative software', which would allow merchants to command complex tasks via simple instructions. If realised, this would make Shopify 'indispensable' to retailers, placing the business in a strong competitive position from where it could dramatically expand its market reach.

Other key contributors to returns over the year to end June included Netflix and DoorDash. Netflix has entered what the managers' term its 'fourth act' of development. After initial successes as a supplier of DVDs, then streaming services and its subsequent move into content creation, Netflix is now expanding further into advertising, live events and gaming. This latest move is generating more content for a greater number of target audiences and concomitant advertising opportunities, creating a 'flywheel' of momentum that gives the company scope to keep growing beyond its 300 million subscriber base.

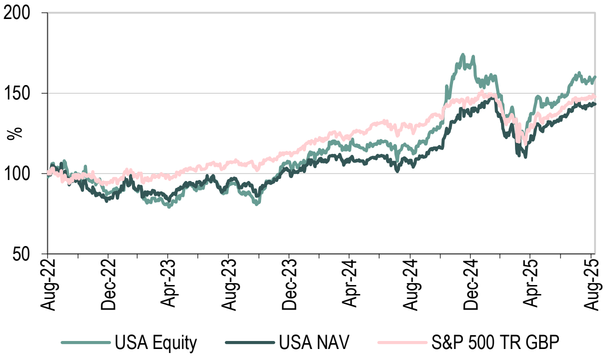
DoorDash is using its restaurant delivery infrastructure to expand into high-frequency, non-restaurant deliveries such as groceries, alcohol and package returns for major carriers such as UPS and FedEx. The company aims to be a comprehensive last-mile delivery solution for various products that fully uses its drivers (dashers) and payment systems, while dramatically increasing its addressable market. DoorDash remains profitable thanks to its focus on efficiency, logistics and effective data usage.

The main detractors from performance over the year to end June were Moderna, Brex and Nvidia. For Moderna, the post-pandemic period has been challenging, and the stock has been under greater pressure over the past year due to softer demand and disappointing execution. The share price is now discounting a significant amount of bad news. However, the company has been working to reset expectations, and it has new products coming on stream, including combination vaccines and personalised cancer treatments, which advanced trials suggest can deliver great improvements in survivability. Furthermore, Moderna does not rely on government funding so, unlike some of its competitors, it is not vulnerable to shifts in US policy. USA's managers believe Moderna has turned a corner, and they are excited about its drug pipeline, so they continue to hold this stock.

Brex, a private fintech company providing services for small and medium-sized businesses, is also undergoing a reset. The sudden rise in interest rates in 2022 exposed internal issues and revenue growth slowed. The company is now leaner and is refocusing and expanding its product offering, including via a partnership with another USA holding, Stripe (a fast-growing payments technology company).

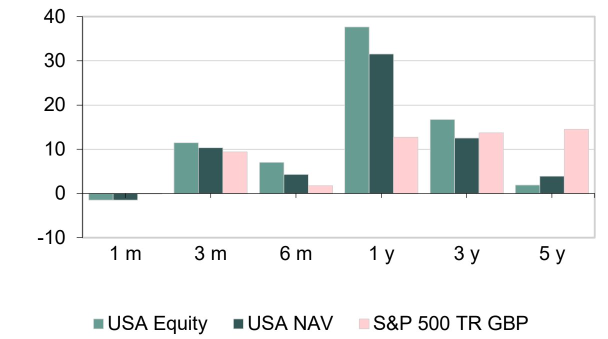
The trust's underweight to Nvidia detracted as the stock continued to perform strongly. The managers reduced the position significantly in 2024 and in January this year on valuation grounds, but they took the opportunity provided by subsequent share price weakness in March and April to rebuild the holding, using recycled profits from a reduction in Cloudflare. The subsequent rebound in Nvidia's share price has supported recent performance.

Exhibit 3: Trust performance (at 31 August 2025) – price, NAV and benchmark total return, three years, rebased



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 4: Trust performance (at 31 August 2025) – price, NAV and benchmark total return performance (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three- and five-year performance figures annualised.

AIC North America peer group comparison

Baillie Gifford US Growth Trust is a member of the Association of Investment Companies (AIC) North America sector, which has seven constituent members with varying mandates (Exhibit 5). Three of these funds focus on providing income, as well as capital growth, two (Canadian General Investments and Middlefield Canadian Income) are focused primarily on the Canadian market, and one has a dedicated sustainability mandate. JPMorgan American Investment Trust and Pershing Square Holdings share USA's goal to achieve capital growth from North American investments, but none of the other funds in this sector shares USA's intense focus on exceptional growth companies. However, there are several closed-ended funds in other AIC sectors whose investment strategies share USA's objective of realising long-term capital growth from investment in global listed or unlisted technology companies. So, to provide a fuller picture of USA's true peer group, Exhibit 6 includes a selection of these funds.

Exhibit 5: Comparison with AIC North America peer group (% unless stated)

		1 year	3 year	5 year	10 year					
Group/Investment	Latest market capitalisation, £m	NAV TR (cumulative)	NAV TR (cumulative)	NAV TR (cumulative)	NAV TR (cumulative)	Latest discount (cum fair)	Latest ongoing charge ex perf fee	Performance fee	Latest net gearing (ex par)	Income only yield (price) - UK
Baillie Gifford US Growth Ord	**742.2**	**31.4**	**36.1**	**28.5**		**-11.8**	**0.7**	**No**	**104.0**	**0.0**
BlackRock American Income Trust Ord	117.9	9.4	12.9	62.4	187.3	-4.3	1.0	No	100.7	4.9
Canadian General Investments Ord	499.9	22.8	37.7	91.1	328.3	-43.2	1.4	No	108.6	2.1
JPMorgan American Ord	1886.6	13.4	45.5	115.3	362.3	-3.3	0.3	No	105.7	0.7
Middlefield Canadian Income Ord	145.3	10.5	6.5	83.4	158.6	-2.5	1.3	No	118.1	4.0
North American Income Trust Ord	403.9	13.1	24.1	76.3	215.0	-7.4	0.8	No	107.4	3.4
Pershing Square Holdings Ord	7556.0				-5.0	-41.9	1.6	Yes	107.1	0.0
Simple average	**632.6**	**16.8**	**27.1**	**76.2**	**250.3**	**-12.1**	**0.9**		**107.4**	**2.5**
Weighted average		**17.9**	**37.8**	**88.1**	**320.8**	**-10.6**	**0.7**		**106.2**	**1.6**
Rank	**3.0**	**1.0**	**3.0**	**6.0**	**-**	**5.0**	**2.0**		**5.0**	**6.0**

Source: Morningstar, Edison Investment Research. Note: Performance as at 11 September 2025 based on ex-par NAV. TR, total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

Exhibit 6: A comparison with selected technology-focused companies (% unless stated)

		1 year	3 year	5 year	10 year					
Group/Investment	Latest market capitalisation, £m	NAV TR (cumulative)	NAV TR (cumulative)	NAV TR (cumulative)	NAV TR (cumulative)	Latest discount (cum fair)	Latest ongoing charge ex perf fee	Performance fee	Latest net gearing (ex par)	Income only yield (price) - UK
HgCapital Trust Ord	2272.6	3.1	26.6	104.3	412.3	-8.3	1.6	Yes	99.2	1.1
Scottish Mortgage Ord	12547.7	37.2	32.1	27.7	418.5	-9.6	0.3	No	110.6	0.4
Allianz Technology Trust Ord	1782.1	36.2	87.2	119.2	793.7	-9.2	0.7	Yes	98.7	0.0
Polar Capital Technology Ord	4773.8	41.7	96.9	116.8	722.9	-10.2	0.8	No	97.6	0.0
Simple average	**5344.1**	**29.5**	**60.7**	**92.0**	**586.8**	**-9.3**	**0.8**		**101.6**	**0.4**

Source: Morningstar, Edison Investment Research. Note: Performance as at 11 September 2025 based on ex-par NAV. TR, total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

USA is the third-largest fund in its North America peer group, but the smallest among its technology peers. Its one-year NAV total return ranking continues to improve. Over the past year, it has climbed to rank top among its AIC sector peers, from third previously, and its ranking over three years has improved to third, from seventh previously. Its returns also exceed the average of its broader peer group over these periods. However, its five-year ranking has slipped to sixth from fourth. Its share price discount to cum-income NAV is slightly below the average of its AIC sector peers, but above the discounts of most of its broader technology peer group. USA's ongoing charge is competitive, being the second lowest of all its peers, and, in common with most, it does not have a performance fee. USA's net gearing level, at 4%, is a little below the average of its North America peers, but higher than the average of its technology peers. It is the only trust among its AIC peers not to pay a regular dividend, although several funds in its broader peer group adopt a dividend policy similar to that of USA.

Discount

USA's discount has narrowed over the past year from around 11% to 8.5% at end August 2025. Indeed, the discount closed completely for a brief period at the end of 2024 (Exhibit 7) as a decline in US interest rates significantly boosted the outlook for the company's high-growth portfolio companies. USA's NAV performance benefited accordingly during the period.

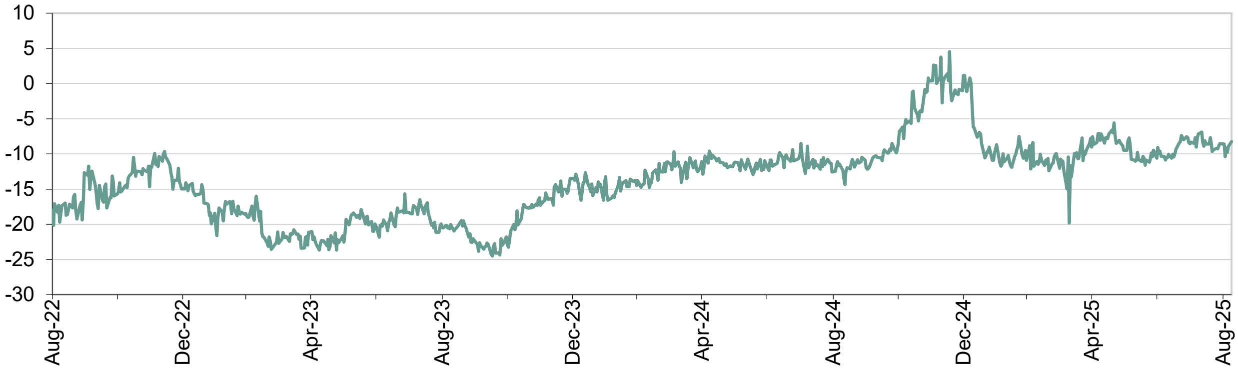
USA's shares were subsequently subject to some renewed pressure in early 2025 after the company was requisitioned.

However, at a general meeting held in early February 2025 (see our last note for details), shareholders voted decisively against the requisition resolutions. Following the general meeting, the board engaged with a significant number of shareholders to understand their views on the company. Consultations included USA's largest shareholder, Saba Capital Management (Saba), which owned 29.9% of USA's issued capital as at end May 2025. (USA's second-largest shareholder at this time was Brewin Dolphin, which held 9.6% of the company's shares.) The board has reported that these consultations revealed 'overwhelming shareholder support for the company's long-term objective of investing in the most exceptional growth companies America has to offer'.

In addition to this demonstrable shareholder support, and the general improvement in the business outlook for the company's holdings as rates have declined and AI begins to deliver promised benefits, USA's shares have also been supported by buybacks. In total, the company repurchased 16.0m shares during the year for £35.5m (FY24: 7.9m), representing 5.4% of issued share capital (FY24: 2.6%). So far in FY26, the company has repurchased a further 3.1m shares (as at 23 September 2025).

However, USA's discount is still well above its long-term average of around 5%, and we see scope for it to continue narrowing towards this level if the recent strong performance is maintained. Meanwhile, the current discount may provide a window of opportunity for investors to acquire USA shares at an attractive price.

Exhibit 7: Share price discount to NAV (including income) over three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

Portfolio composition

In USA's financial year ended May 2025, portfolio turnover was 9.1%, lower than the previous year's turnover of 14.1%, and consistent with the trust's long investment time horizon. Recent turnover has been driven in part by the pace and depth of change since the emergence of generative AI, high competition for capital within the portfolio, as well as process enhancements, as discussed above. In addition to the recent participation in the Anthropic fund-raising, new purchases of private companies over FY25 included:

- Rippling, a workforce management system that uses automation and modular design to help fast-growing companies operate smoothly across functions;
- Runway AI, a generative AI video platform built to assist the video production process, catering to the needs of individual creators through to professional studios; and
- Cosm, an immersive entertainment company creating pioneering 360° group-based 'shared reality' experiences through massive LED domes located in US cities, including Los Angeles and Dallas. It partners with the NBA and others to reimagine live events.

As at end-August 2025, the portfolio weighting in private company (unlisted) investments stood at 35.5% of total assets, invested in 28 companies (FY24: 34.1% invested in 24 companies). Total holdings numbered 74 at this time.

New listed company purchases, from a variety of industries, include DraftKings, a leading US online sports betting company operating in an expanding industry; Lineage, the global leader in temperature-controlled warehousing, which is buying up competitors and improving their offerings; and SharkNinja, a manufacturer of high-quality, well-priced appliances, with scope for significant growth.

More recently, the trust participated in the initial public offerings of Circle Internet, a digital currency pegged to the US dollar, which Gibson and Robinson believe has the potential to rival Mastercard, and Figma, a web-based design platform with 80% penetration of Forbes 2000 companies. Another recent new holding is Knife River, a vertically integrated building materials business taking advantage of local monopolies in bulky building materials. The managers believe this company has the potential to compound earnings for decades. They have also purchased AppLovin, a leader in the mobile games market that uses its vast platform to generate operational leverage, sales and advertising revenues.

The managers thought that the acquisition of AppLovin caused too much exposure to digital advertising, so they closed the position in Roku, a TV streaming company. The trust had held this company since inception. Roku's share price plummeted after the pandemic, and while the business is making progress with its recovery plans, competition is mounting, and profitability remains elusive, so the managers made the decision to close the position.

They also closed another long-term position in Airbnb in August. USA has held this name since 2019, when it was a private company, and investors have since more than doubled their money. Gibson and Robinson believe the stock still has upside as the business is still growing, but competition is intensifying and the company is maturing, and pressure from other investment opportunities triggered the sale. Other sales included Sprout Social, following disappointing guidance on near-term growth, 10x Genomics and Coursera, the performances of which failed to meet expectations, and software company HashiCorp, following its acquisition by IBM.

Exhibit 8 illustrates the managers' high and rising conviction. Portfolio concentration has increased over the year to end August 2025. The trust's top 10 holdings now comprise almost 50% of portfolio value and the top 20 holdings represent 75%. SpaceX remains USA's largest holding, while Amazon and Stripe remain among the portfolio's top five positions. Stripe has claimed the number two ranking, having become profitable during the past year. DoorDash has also become a larger holding, despite some trimming, on account of its strong share price performance, while the top-up to Cloudflare has increased its portfolio weighting. Significant profit taking on Nvidia, mentioned above, has reduced its weighting, but it remains a sizeable position.

Exhibit 8: Top 10 holdings (at 31 August 2025)

Company	Main area of business	31 August 2025 (%)	31 August 2024 (%)	Change (pp)
Space Exploration Technologies	Satellites & Rockets	11.6	7.8	3.8
Stripe	Payments systems	4.8	4.5	0.3
Meta Platforms	Internet content and information	4.7	3.9	0.8
Amazon.com	Ecommerce platform	4.6	4.9	-0.3
Shopify	Ecommerce platform	4.2	3.7	0.5
Netflix	Streaming service	4.2	3.5	0.7
NVIDIA	Semiconductors	4.1	4.7	-0.6
Cloudflare	Cloud services	3.9	N/A	N/A
DoorDash	Internet content and information	3.3	2.8	0.5
Roblox	User generated content gaming	2.3	N/A	N/A
Top 10 holdings		**47.8**	**44.1**	

Source: Baillie Gifford & Co, Edison Investment Research

At the sector level (Exhibit 9), one notable change over the past year is the increase in exposure to IT, which lifted the portfolio's exposure to close to the benchmark. Consistent with the managers' desire to reduce exposure to consumer activity, holdings in consumer durables have declined, although the sector remains the portfolio's largest overweight. Exposure to industrials has increased, while financial positions have dropped, adding to a significant underweight.

Exhibit 9: Portfolio sector exposure at 31 August 2025 (% unless stated)

	Portfolio weight end August 2025	Portfolio weight end August 2024	Change (pp)	Index weight	Active weight vs index (pp)
Information technology	33.8	29.8	4.0	33.5	0.3
Consumer discretionary	17.9	19.1	-1.3	10.5	7.4
Industrials	15.4	12.6	2.8	8.5	6.9
Communication services	14.0	16.5	-2.5	10.0	4.0
Healthcare	10.4	10.5	-0.1	9.1	1.3
Financials	3.7	5.6	-1.9	14.0	-10.3
Real estate	2.1	2.0	0.1	2.0	0.1
Materials	1.3	1.2	0.1	1.9	-0.6
Consumer staples	1.2	1.0	0.2	5.2	-4.0
Energy	0.0	0.0	0.0	3.0	-3.0
Utilities	0.0	0.0	0.0	2.4	-2.4
Cash	0.3	1.7	-1.4	0.0	0.3
Total	**100.0**	**100.0**		**100.0**	

Source: Baillie Gifford US Growth Trust, Edison Investment Research. Note: Figures may not add up to 100 due to rounding.

The managers' very positive view of USA's outlook is underpinned by the portfolio's three-year forward growth figures for both sales and earnings, which are markedly better than both the S&P 500 and the Russell 1000 Growth Index (Exhibit 10).

Exhibit 10: Sales and earnings three-year forward growth estimates (as at June 2025)

	US Growth	Large cap growth index	S&P 500
Sales 3Y forward growth, % per year	18.2	14.4	10.0
Earnings 3Y forward growth, % per year	65.6	20.3	17.0

Source: Baillie Gifford & Co Note: Calculations based in US dollars. Based on a representative US equity growth portfolio.

Dividends

USA's priority is to generate capital growth over the long term, so the company has no dividend target and will not seek to provide shareholders with a particular level of dividend. The company's net revenue return per share for the year to 31 May 2025 (FY25) was a negative 2.54p (period to 31 May 2024, a negative 2.07p). Net revenue return per share has been negative since inception, as portfolio companies tend to reinvest cash flows to boost future growth, rather than pay dividends to shareholders. In light of the ongoing deficit, no final dividend will be paid for FY25. The board has stated that should the level of underlying income increase in future years, it will seek to distribute the minimum permissible to maintain investment trust status by way of a final dividend.

Gearing

The trust has scope to use gearing up to 30% of NAV of the listed securities held by the trust, although typically the board expects that borrowings will be 10–20% of NAV of the listed securities. The use of gearing has been relatively modest to date and as at end August 2025 net gearing was 4%, unchanged over the past year.

Gearing is funded via a combination of structural and flexible facilities. The company has two loan facilities in place: a US$25m three-year revolving credit facility from ING Bank, which expires on 31 July 2026; and a US$25m three-year revolving credit facility from The Royal Bank of Scotland that expires on 18 October 2026. The facilities are available to be used to fund purchases of securities as and when suitable opportunities arise. As at 31 August 2025, the facilities had been drawn down in full (equivalent to £37.1m) (31 May 2024: US$50m).

Fees and charges

USA's managers endeavour to operate efficiently and economically and to keep management fees and ongoing costs low, as they appreciate that even modest amounts can add up to substantial sums when compounded over long periods of time and the managers do not wish to dilute the compounding of investment returns with the compounding of costs.

The annual management fee is 0.70% on the first £100m of net assets, 0.55% on the next £900m and 0.50% on net assets in excess of £1.0bn. With a tiered fee structure, the benefits of economies of scale are passed on to investors as the trust increases in net asset value. There are no performance fees, as the board believes that calculating the management fee on this basis is unlikely to exert any positive influence on performance.

The trust's ongoing charge stood at 0.7% for the financial year ended May 2025, unchanged from the previous year. The fees investors pay are competitive when compared with the AIC North America peer group, which is a cohort of seven funds with an average ongoing charge (ex-performance fee) of 1.0% (Exhibit 5).

The board

Members of the board come from a broad variety of backgrounds and the board can draw on an extensive pool of knowledge and experience. All the directors are deemed independent of the Investment Manager and are subject to annual re-election at the AGM in October.

Following the resignation of Rachael Palmer in April 2025, the board no longer complies with the UK Listing Rule target with respect to ethnic background and the 40% target for women. However, the board states that it supports all the UK Listing Rule diversity targets and will continue to take these targets into consideration during ongoing succession planning. In the company's latest Annual Report for the year ended 31 May 2025 the board also stated that it is actively reviewing its composition.

Exhibit 11: Baillie Gifford US Growth Trust's board of directors

Board member	Date of appointment	Remuneration in FY26, £	Shareholdings at end FY25
Tom Burnet (chairman)	5 March 2018	44,915	126,040
Graham Paterson (Audit committee chair)	6 March 2018	39,976	80,000
Sue Inglis (senior independent director)	7 March 2018	34,248	56,750
Chris van der Kuyl	1 June 2021	32,564	285,314

Source: Baillie Gifford, as at 15 September 2025. Note: Rachael Palmer resigned from the board on 23 April 2025.

For details on USA's Investment process, valuation policy and approach to ESG issues, see our previous review note.

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