

Baillie Gifford US Growth Trust plc

Private companies top 10 deep dive

December 2023

Managed by

Baillie Gifford[™]

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- The Trust invests in overseas securities, changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
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— The trust can borrow money to make further investments (sometimes known as “gearing” or “leverage”). The risk is that when this money is repaid by the Trust, the value of the investments may not be enough to cover the borrowing and interest costs, and the Trust will make a loss. If the Trust’s investments fall in value, any borrowings will increase the amount of this loss.

— Investment in smaller companies is generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Smaller companies may do less well in periods of unfavourable economic conditions.

— The Trust can make use of derivatives. The use of derivatives may impact on its performance.

— The Trust can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back and cancels its shares.











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Past performance is not a guide to future returns.

Size

Seven of the top ten private holdings are large enough* to enter **FTSE 100** if public

| | | | | |
|---|---|--|---|---|
|  |  |  |  |  |
| Valuation: \$155bn | Valuation: \$56bn | Valuation: \$48bn | Valuation: \$12bn | Valuation: \$8.7bn |
|  |  |  |  |  |
| Valuation: \$8.5bn | Valuation: \$7.7bn | Valuation: \$4.8bn | Valuation: \$4.1bn | Valuation: \$1.4bn |

US Growth Trust private company equity valuations as at 30 September 2023. US Dollar. Logos courtesy of companies.

*FTSE100 Index as at 21 December 2023. Assumes £1 GBP = \$1.26 USD.

Concentration

One third (33%) of the US Growth Trust portfolio by weight is invested in **24 private companies**

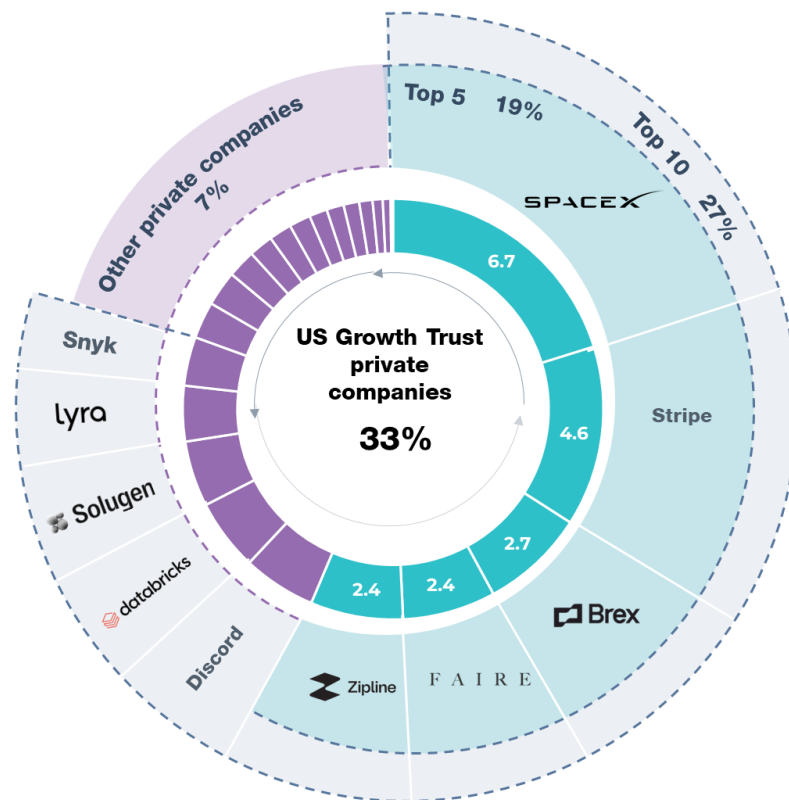
Providing exposure to innovative and disruptive businesses that are not yet available on the public markets

Over half (56%) of private company exposure is in **5 companies** **Four fifths (81%)** of private company exposure is in **10 companies**

A select group of businesses with some of the most promising growth opportunities in the market

These are the companies that matter most

Baillie Gifford US Growth Trust. As at 30 September 2023. Logos courtesy of companies.



Operational performance

Top 10 private companies delivering solid progress

Revenue growth

Strong market traction and substantial sales growth

Leagues ahead of the market over the same period

Adaptability to changing market dynamics. Capitalising on and creating emerging trends

Gross profit margin

Generate stable and some very high gross margins

Ahead of the broader index

Allows more percentage of revenues to reinvest in the business and control own destiny

Research and development (R&D)

Prioritise innovation and growth

Investing at a faster rate than the wider market

Enables deepening of competitive advantage while others cut back

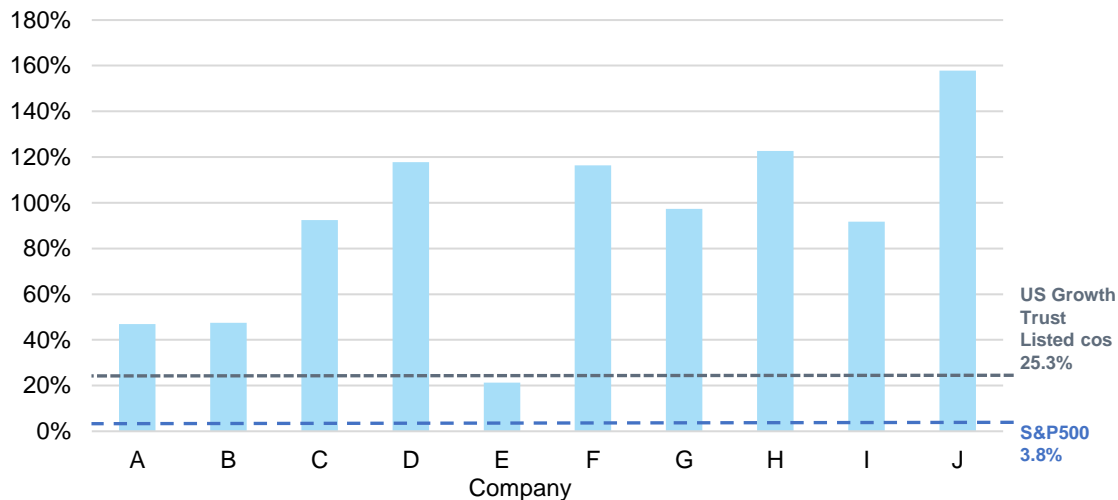
Source: Baillie Gifford & Co, FactSet, S&P.

Revenue growth

Top 10 private companies grew revenue **76%** on average* over the past three years amid a challenging economic backdrop, consistently and materially outpacing major indices

| | 2020 | 2021 | 2022 |
|-----------|------|------|------|
| Company A | 17% | 34% | 102% |
| Company B | 67% | 54% | 25% |
| Company C | 131% | 98% | 56% |
| Company D | 169% | 179% | 38% |
| Company E | -28% | 33% | 86% |
| Company F | 211% | 126% | 44% |
| Company G | 141% | 79% | 78% |
| Company H | 42% | 437% | 44% |
| Company I | 148% | 68% | 69% |
| Company J | 192% | 132% | 153% |

US Growth Trust top 10 private companies 3 year average revenue growth (%)



Pace of growth illustrative of companies still early in their opportunity to create or benefit from structural trends, which we expect to endure for many years. The growth opportunity for any one of these companies can deliver significant long-term fund Net Asset Value progression.

Source: Baillie Gifford & Co, FactSet, S&P. Data to end December 2022. *Weighted average.

Gross profit margin

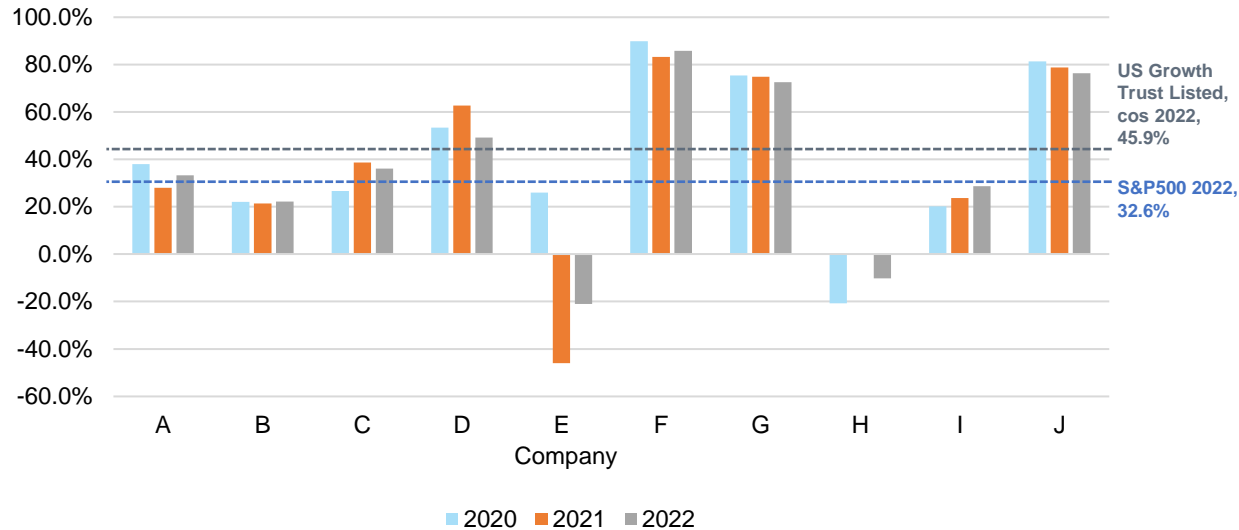
Top 10 private companies at a range of development stages. Most mature stable and high gross profit margin. **34% on average***

Facilitates spending on growth and product development, important for companies reshaping industries

Enables cash flow margin, paramount when financing is more scarce and expensive

Clear pathway to profitability for the negative gross margin companies if successful. Well-financed and pursuing massive opportunities

US Growth Trust top 10 private companies gross profit margin (%)



Source: Baillie Gifford & Co, FactSet, S&P. Data to end December 2022. *Weighted average.

Research and development (R&D)

Top 10 private companies' R&D as % sales **77%** on average*

Fosters innovation to develop new products, services, and technologies

Attracts top talent

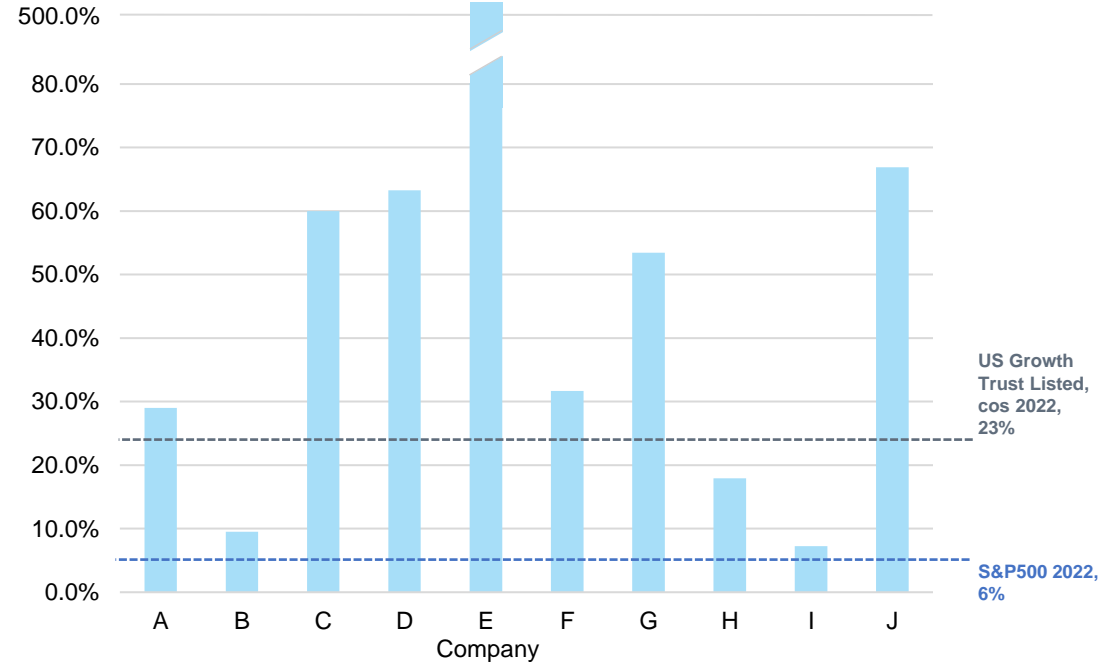
Helps companies seize opportunities in changing economic environments versus those making cuts

Enables process improvements, automation, and optimisation, resulting in cost savings, streamlined operations, and more efficient growth

Deepens long-term competitive advantages

We want these companies to invest for the future

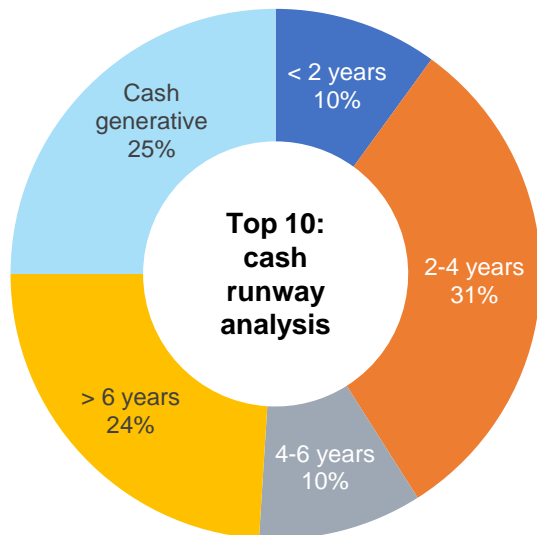
R&D as % sales (2022)



Source: Baillie Gifford & Co. FactSet. S&P. 1 year to 31 December 2022. *Weighted average.

Profitability and cash runways

Top 10 private companies' cash position by weight



The top private holdings have healthy cash positions

Demonstrate solid financial health

Taken proactive measures to secure financial positions, with a range of cash runways that provide stability and confidence in their operations

Positioned for long-term success with a portion generating cash; sound foundation for growth and innovation

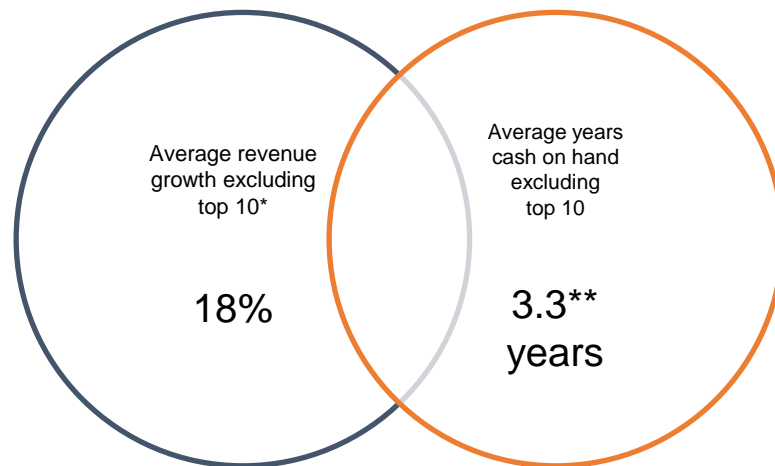
Source: Baillie Gifford US Growth Trust as at 30 September 2023.

...and what about the rest?

Average cash balance of greater than 3 years

Growth well ahead of the benchmark's three-year average

Demonstrates resilience and opportunity



Source: Baillie Gifford US Growth Trust. As at 30 September 2023. *12 months to 30 September 2023. **Excludes cash generating companies.

Transactions

Transactions for top 10

| | |
|---|----------------------|
| Opening balance 1st April 2022 | £ 146,291,263 |
| + capital deployed | + £ 24,845,408 |
| +/- changes in fair value | - £ 4,057,683 |
| Closing balance 30th September 2023 | £ 167,078,987 |

Notable transactions*

| | | | |
|--------------|-------------|-----------|--------------|
| + Zipline | £ 809,048 | + Solugen | £ 4,150,407 |
| + Faire | £ 8,397,884 | + Stripe | £ 11,087,795 |
| + Databricks | £ 400,273 | | |

Source: Baillie Gifford US Growth Trust. *Transactions 21 months to 30 September 2023. Sterling.

Disruption is spreading

We are invested in some of the world's most disruptive companies led by visionary founding management

Disruption is being felt in a wide range of sectors

Some recent additions:

Zipline is transforming delivery with autonomous drones. It has agreements with the NHS and US hospitals, and seeks to reach most US detached homes in future

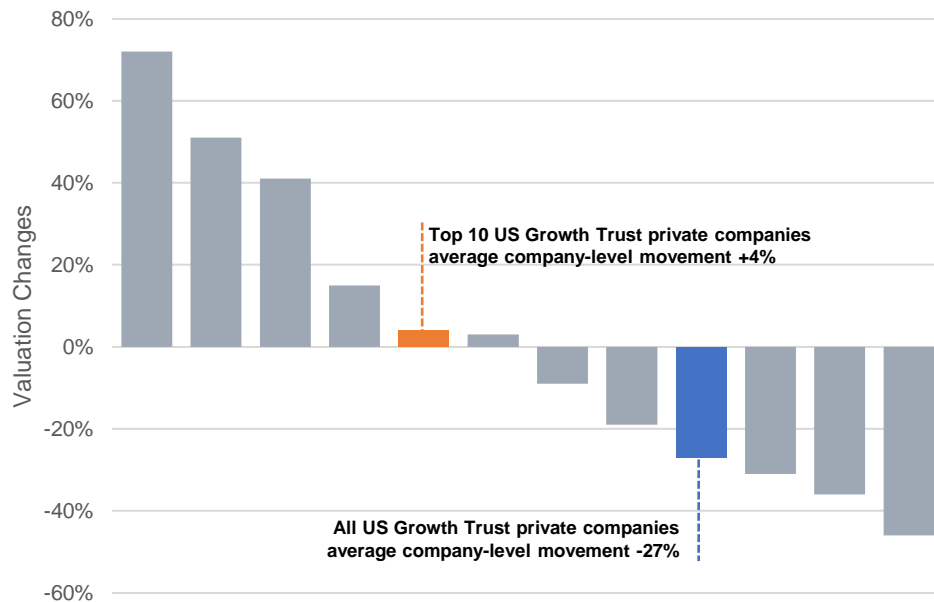
Solugen is scaling synthetic biology and bringing green chemicals to the world. It took minimal funding to make its first plant cash-generative in months

Databricks is democratising AI, described as a fourth industrial revolution, by providing better-managed data currently only available to some large businesses

Each pursues substantial market opportunities, and we continue to invest in promising businesses across different industries

Valuation

Top 10 private companies' dollar valuation changes



Source: Baillie Gifford. US Growth Trust top 10 private company valuation changes and revaluations 18 months to 30 September 2023.

Valuations are robust, independent and frequent:

Each valuation passes through several groups and is audited

Each group is independent of the portfolio managers

Companies valued at least once a quarter, often many more

See video and transcript explaining this process in detail

[The valuation process for private companies | Baillie Gifford](#)

Whole private portfolio summary

| | |
|------------------------|-----|
| Number of revaluations | 450 |
| Instruments held | 57 |

Whole private portfolio revaluation

| | |
|-----------------------|-----|
| Valued up to 6 times | 25% |
| Valued up to 12 times | 95% |
| Valued 13+ times | 5% |

US Growth Trust performance

US Growth Trust annual discrete performance (%)

| | 30/09/18 | 30/09/19 | 30/09/20 | 30/09/21 | 30/09/22 |
|-----------------------|----------|----------|----------|----------|----------|
| | 30/09/19 | 30/09/20 | 30/09/21 | 30/09/22 | 30/09/23 |
| Share Price | -2.2 | 101.5 | 20.9 | -44.7 | -15.5 |
| Net Asset Value (NAV) | -0.5 | 91.9 | 33.4 | -39.0 | -5.3 |
| Index (S&P 500) | 10.3 | 9.8 | 24.6 | 2.1 | 11.2 |

US Growth Trust periodic performance (%)

| | 1 year | 3 years | 5 years |
|-----------------------|--------|---------|---------|
| Share Price | -15.5 | -43.4 | 11.5 |
| Net Asset Value (NAV) | -5.3 | -22.9 | 47.2 |
| Index (S&P 500) | 11.2 | 41.6 | 71.4 |

Past performance is not a guide to future returns.

Source: Morningstar, S&P as at 30 September 2023. The Net Asset Value performance periods are reported as NAV Cum Fair. Total return in sterling terms.

Definitions

| | |
|--------------------------------|---|
| Revenue growth | The amount of money a company makes over a predetermined time, in comparison to an identical period, for example, how much money was made this month compared to last month. |
| Gross profit margin | Company profit after subtracting the cost of goods sold, i.e. the money a company makes after deducting the overall cost of doing business. |
| R&D as a % of sales | The ratio of the proportion of capital expenditures (Capex) a company spends on research and development (R&D) vs its total sales. It is used to evaluate a company's investment in R&D and its ability to generate revenue from those investments. |
| Cash on hand | The amount of money accessible by a company when required for unexpected expense. It can include cash, short-term liquid investments, or liquid assets that can be converted to cash. |
| Cash runway | The number of months a business has before running out of cash. |
| Equity value (EV) | The value of a company available to its shareholders. |

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FTSE Russell

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