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Matthew Coyle (MC): Good morning and welcome to the Baillie Gifford Long Term Global Growth update for Q3. I do apologise for the slight delay in getting started, a bit of a technical issue at our end, but thank you for joining us today.

Just as a bit of a backdrop, Long Term Global Growth is Baillie Gifford's largest strategy and dates back to 2004. It is available for clients via a separate account and also a US mutual fund.

My name is Matt Coyle. I'm a director in our US Financial Intermediaries Team, and I'm delighted to be joined today by Diana Philip, an investment specialist for Long Term Global Growth Strategy. Good morning, Diana. How are you?

Diana Philip (DP): Very good. Thank you. Delighted to be here. Hello, everybody.

MC: Great. So, Diana, before we kick off, maybe just a bit of a recap in terms of the philosophy that underpins our Long Term Global Growth Strategy, please.

DP: Perfect. We're now into our third decade of running LTGG. And we're doing what we've always set out to do, which is to look for extreme returns, to really capture those outlier holdings, and to hold them at scale over long periods of time.

Our mission continues to be to step away from the short-termism of the market and to think much more about the transformational returns that can really materialise over the next five, 10 years and beyond. We're totally unconstrained by the benchmark, and we're totally unconstrained in terms of our thinking.

And I think that's really important to emphasise because when seeking to identify extreme returns, it does require unconstrained thinking. But it also requires something else: it requires optimism. And within Long Term Global Growth, everything that we do is set out to optimise for that optimism.

MC: Thanks, Diana. Yes, I think that's so important, that potential, that the asymmetry of returns is such a powerful concept and one that we really embrace in that strategy. So, thank you.

I know the team has been really busy over the last few months, but before we get into that, it'd be great if you could provide a bit of an update in terms of Q3 performance, please.

DP: Yeah, I think it's maybe helpful just to absorb or observe the backdrop which we've been operating in. It's one of continued uncertainty, incredibly negative news flow, global trade concerns, inflationary pressures, also local conflicts still playing out and shifting geopolitical fault lines, and a whole host of other negative events that have really dominated headlines.

But what's interesting to observe is that amidst that, equity markets have reached an all-time high. And our portfolio against that has outperformed. So year to date, we're around 7 per cent of the benchmark over the course of the year.

But it's really the longer term that we're focused on. And it's very pleasing to see that our patience, our stock picking, and our resulting concentrated portfolio has delivered outperformance for our clients of around 4 per cent per annum net of fees over the last 21 years.

But if I zoom into this quarter, a lot of the headlines have been dominated by AI. What's interesting to us is looking at the companies that have contributed to the portfolio's performance. Because it's not those obvious AI hyperscalers that have been in the headlines, the NVIDIAs, the TSMCs. It's actually been those companies that are harnessing AI to drive efficiency or to create opportunities within their business, whether that's CATL and batteries, Reddit and social media, or AppLovin in advertising. So it's been a much broader array of AI application that has really generated the returns for the portfolio over the quarter.

MC: That's great. Thank you. Now, we often talk about the importance of perspective. And I think being based here in Edinburgh, Scotland, it provides that natural physical barrier in terms of being away from financial centres like London or New York.

But I think there's a lot of noise at the moment, and that's why we look for that perspective. To my mind, that noise has increased recently, and particularly around valuation. So I'd be interested in your thoughts in terms of how we're thinking about valuation within the strategy.

DP: Yeah, and I think that to answer this, Matthew, I will draw on some of the work of one of our external relationships that we have at Baillie Gifford, because as you say we very rarely listen to media noise or research that comes from the street. We would far rather speak to experts or long-term thinkers.

And one collaboration we have in Long Term Global Growth and at Baillie Gifford is with Professor Carlotta Perez. She wrote a book on technological revolutions and financial capital. And her book has identified five great revolutions, technological revolutions, that have taken place, beginning with the Industrial Revolution of the late 1700s.

She sees AI very much as an extension of what she calls the fifth revolution that we are, technological revolution that we are living in now. For Long Term Global Growth, while there does appear to be a lot of AI-related excitement in equity markets, perhaps suggesting a degree of 'financial mania', as Carlos Perez would term it.

And we're cognizant of the fact that many of the large hyperscalers that are investing heavily in AI CapEx are also demonstrating really robust fundamentals. So if we take NVIDIA, for example, holding in the portfolio, despite it now having a market cap in excess of 4tn, its PE ratio is trading at around a 10 per cent premium to its 10 year average. We think that's hardly unreasonable for a

company that is the leading hardware and software business that is really underpinning the global AI revolution.

And if we go back to the dot-com bubble of 2000, and we think about a company like Cisco, by comparison, it was trading on a PE in excess of 470 times. That's more than eight times greater than NVIDIA today.

Now, we think that that difference is partly explained by the fact that the likes of NVIDIA has been demonstrating extraordinary fundamentals. Its earnings per share has more than doubled every year over the last three years, meaning that it's largely kept pace with share price appreciation.

Now, in addition to the likes of Carlotta Perez, conversations that we've had over the course of the last few months with the likes of Mark Zuckerberg at Meta or Sam Altman at OpenAI have been really helpful to us in helping to understand the enormous capital that is being invested in AI, where there's a real recognition among founders like that, that it's better to be investing early than too late in what could be the predominant technology for the next 20 years or more.

And maybe I just point to one final thing, bringing it back to numbers, which I think for many of us seem pretty mind boggling today. But I think that it's worth recalling that the CapEx on AI data centres today accounts for just 1 per cent of US GDP.

Now, if we think back to Carlotta Perez's great revolutions, that is still far short of the 6 per cent that was spent on railroads in the 1800s.

MC: Wow. Yeah, when you put it in that context, it really just shows the opportunity that still lies ahead, doesn't it?

So we talked a bit about the transformational growth that LTGG seeks. Could you give us some examples across the portfolio in terms of the range of different companies that we see, but still with that transformational opportunity?

DP: I would say that the portfolio is exposed to some of the most deep-rooted and exciting transformational changes that we see today. And these changes are highly unlikely to be dislodged by inflation, by the incumbent of the Oval Office.

These are huge changes, which many companies in LTGG are pioneering, whether that be in artificial intelligence, whether that be in digitisation of e-commerce or in health care. But I want to observe something about Long Term Global Growth and the portfolios that we have today, because one characteristic that has really characterised the success of Long Term Global Growth since its inception is the adaptability of the companies that we hold for our clients.

And I say that because I can talk about the exciting growth that we have in the portfolio today. But there will be so many opportunities that we, even being as long term and as optimistic and futuristic as we are, have failed to imagine today.

You know, if I look at Amazon, if I look at NVIDIA, if I look at Tencent, all among our top contributors since the inception of the strategy, all of these businesses are generating revenue from lines of business that they weren't in, or were incredibly nascent at the time that LTGG purchased the stock initially.

Another example in the portfolio would be Netflix. It's been held in the portfolio now for just about a decade. It was once a mail-order DVD business. Today, it has 300 million subscribers and a presence in over 190 countries. It is a company that has demonstrated incredible adaptability.

But what's exciting about Netflix today is the future. It's still very early in terms of how it's monetising its user base through adverts, for example. And it's generating and turning out incredibly exciting content.

So I think that adaptability is something that I'd love to leave you with. And it's probably one of the most important ingredients in the most valuable companies that we see in the world.

MC: Thanks, Diana. And just while you were talking that through, I was thinking about something else that I certainly know we place a lot of value on, and that is the company management teams.

So you talked about the relationship we have with some of the world's greatest leaders. But I think having that adaptability comes from having strong management teams. And I know that many of the portfolio holdings are founder-led companies.

I just wondered if you want to say a few words on that, because I really do think that is something that maybe sets us apart from some others when we're thinking about that long-term alignment.

DP: Yeah, absolutely. About 70 per cent of the companies in the portfolio today are founder-led, and I think that that gives a great edge to those companies. Typically, those founders would be quite technology-led or futuristic, and I think that's very helpful in what is a very fast-evolving environment that we are living in today.

But I also think that alignment with management as you say is incredibly important and that provides an edge in the age of AI. We have great access to management and we can listen, we can learn from, we can challenge them in a way that you can't do behind a ChatGPT for example.

MC: Yeah, thank you. You've referenced it a couple of times, but I just want to pull in a little thread in terms of our longevity as a strategy dating back to 2004. There have been some suggestions that the market environment was quite similar now to it was in the early 2000s. So what are some of the lessons that we've been able to learn from our experience in the market over the last 21 years?

DP: Yeah, so we have been through many crises. We were founded not long after the dot-com bubble bursting. We've had the GFC, European sovereign debt crisis, coronavirus, Trump one, now Trump two.

I think that what has remained constant is that focus on the long term and that ability to remain optimistic. And the two really go hand in hand. It's so important to take a step back from the noise of the markets and not to make knee-jerk reactions.

Just looking at the volatility that we've seen over the course of this year, there have been huge gyrations in company share prices. And what has remained constant is our focus on the fundamentals of the companies that we own on our clients' behalf.

And we will continue to quietly research and diligently research those companies rather than reacting to the noise of the markets. And that's something that has become ever more instilled in the team over the course of the last 21 years.

MC: Thank you. You finished mentioning the team, perhaps bringing it back to a more recent activity. How have the team been spending their time over the course of the last few months?

DP: It's been a busy few months. But it's been busy doing what we always do, which is deep research, speaking with our expert network, meeting with management teams, and calibrating the investment cases of the companies that we own, but also looking for new opportunity. There are tremendous opportunities today for us as long-term investors.

We have had several trips to China, to the States a few times, Europe, we've hosted many management teams in our Edinburgh office. Maybe to bring it to life, we were in China for two weeks. During that time, we had 21 company meetings that covered existing holdings, prospective holdings, private companies, public companies. And it was an incredibly fulfilling couple of weeks.

China's a really interesting market. It's only 3 per cent of the MSCI ACWI by weight, but it's home to more than a third of the world's most innovative companies. So it is a really exciting hunting ground for us as long term growth investors.

During the visit, we visited CATL, which I mentioned is one of our holdings, the battery manufacturer. We had a meeting at their headquarters and we also toured their automated smart factory. [It] was incredible to see the process being brought to life.

It now commands nearly a 40 per cent market share and what they're able to do with that automation is quite staggering. They are able to produce batteries at a third faster than the industry average and at a unit cost that is about a third cheaper. So it really just brings to life the fruits of that innovation and that investment in R&D.

I mentioned we've also been to the States a couple of times. During those visits, we met with holdings such as Symbotic, Rivian, Joby Aviation, and we really heard more about how they're ramping up production of their automated warehouses, electric vehicles and their flying taxis.

We've also been discussing new ideas across very different areas of growth, whether that be EVs, social media, developers of large language models, and we'll continue to do that. We will continue

to look for ideas wherever they may be, irrespective of geography, irrespective of industries, because we want to be at the forefront of owning the world's most exciting growth opportunities for our clients.

MC: Great. And did all that activity result in any transactions within the portfolio?

DP: Yes, there were two transactions since our last webinar. So we purchased a new holding, Rocket Lab, and we also sold a company, Enphase, from the portfolio. Two very different businesses.

Rocket Lab is a space business. It's a highly vertically integrated space company. So it launches rockets into space. It builds satellites. And longer term, it has an ambition to operate its own space service applications.

It is run by a fascinating founder, Peter Beck, who is from New Zealand. And he's had a real obsession about space all of his life. And he built Rocket Lab in New Zealand from scratch, with no connections to NASA or expertise. And indeed, it's the first company in the Southern Hemisphere to reach space.

And I think that that is incredible point even in itself in a country like New Zealand where there's no aerospace infrastructure or system situated thousands and thousands of miles away from the traditional centres of rocket launch. So a really interesting new holding for the portfolio and one that is very interesting when compared to the unlisted company, SpaceX, which Baillie Gifford, of course, owns in other portfolios.

Turning to the sale, we sold a company called Enphase, which is a solar inverter company that we've held in the portfolio since 2023. Now, Enphase has been a company that has demonstrated really remarkable adaptability, but ultimately it is operating in an industry where there have been several exogenous factors, particularly around legislation, which ultimately overwhelmed the investment case and we took the decision to move on and invest in higher conviction names in the portfolio.

MC: Great. Thank you. So I think we've covered a lot of ground this morning, Diana. Thank you very much. But I'm interested in terms of what excites you most in terms of where the portfolio is positioned and the opportunity ahead.

DP: It would be the companies in the portfolio. And I think I hope I've demonstrated this on the call. This is a portfolio of hugely exciting companies globally. It's concentrated in what we believe are the most exciting global growth companies today. But I'd also like to draw out the fundamentals of the portfolio because I think they're worthy of note.

Our exposure to the top quintiles of forward earnings growth is at the highest that it's been in over a decade. And that's important when we know that share prices follow earnings. But it's also important to notice that despite those strong fundamentals, the valuation premium is at the lowest

that it's been in over a decade. So it's rarely been such an attractive and exciting time for patient stock pickers.

MC: That sounds like a fantastic note to end on. Thank you, Diana. Well, I'd just like to say thank you to all the audience for joining us this morning. LTGG has delivered fantastic returns for clients over the last 21 years. And as we've heard this morning, the opportunity from a forward-looking perspective feels incredibly exciting.

We hope you've enjoyed today's webinar. There are others in the series coming up over the course of the next week, so please do subscribe to those if you haven't already. And we wish you a great day ahead. Thank you very much.

Long Term Global Growth

Annual past performance to 30 September each year (%)

| | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|------|-------|------|------|------|
| Long Term Global Growth Composite (gross) | 26.8 | -48.4 | 20.7 | 40.0 | 32.1 |
| Long Term Global Growth Composite (net) | 25.9 | -48.8 | 19.9 | 39.1 | 31.2 |
| MSCI ACWI Index | 28.0 | -20.3 | 21.4 | 32.3 | 17.8 |

Annualised returns to 30 September 2025 (%)

| | 1 year | 5 years | 10 years |
|---|--------|---------|----------|
| Long Term Global Growth Composite (gross) | 32.1 | 7.9 | 19.0 |
| Long Term Global Growth Composite (net) | 31.2 | 7.1 | 18.2 |
| MSCI ACWI Index | 17.8 | 14.1 | 12.5 |

Source: Revolution, MSCI. US dollars. Returns have been calculated by reducing the gross return by the highest annual management fee for the composite. 1 year figures are not annualised.

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