Baillie Gifford™

The active edge: the case for growth in uncertain times

March 2026

Show notes

A series of "extraordinary" events has made the environment more challenging for growth stocks. But "this level of trepidation can't go on forever", says Baillie Gifford partner Stuart Dunbar in this latest episode, suggesting that patient investors will benefit when stability returns and the markets value exceptional companies at a premium again.

Stuart Dunbar is a director in Baillie Gifford's Clients Department and is responsible for helping shape and communicate the firm's investment philosophy. In this conversation, he considers how a succession of disruptive events – the most recent being the current war in the Middle East – has rattled markets and led investors to focus on companies' short-term profits rather than their long-term potential. However, this period of flux will not last forever, he argues. And when we re-enter a period of stability, patience should be rewarded as markets recognise exceptional companies' future earnings potential and price them accordingly.

In the meantime, Baillie Gifford's investment teams remain focused on finding and supporting businesses that will prosper from change and supporting their management to take the long view. And as Dunbar reveals, as the sources of growth broaden out, we are backing some companies that come as a surprise.

Portfolio companies discussed include:

- Astera Labs – the semiconductor chip designer, whose products tackle data bottlenecks in AI datacentres
- IREN – the datacentre operator whose clients include Microsoft
- Medpace – a contract research organisation that biotech and pharmaceutical companies hire to run their clinical trials
- Nu Holdings – owner of the Latin American fintech Nubank
- Spotify – the audio streaming platform that lets people listen to music, podcasts and audiobooks
- WillScot – North America's largest provider of temporary space rentals, leasing out modular offices, portable storage containers and classroom units

Resources:
Actual investors hub
Actual investing revisited
Baillie Gifford podcasts
Private growth investing
The Compound and Friends podcast
The Success Equation

Companies mentioned include:
AJ Bell
Amazon
Anthropic
Astera Labs
ByteDance
IREN
Medpace
Microsoft
Nu Holdings
NVIDIA
Spotify
WillScot

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Glossary of terms (in order of mention):

Latent heat: energy absorbed or released during a change of state, like ice melting, without a change in temperature.

Active investing: trying to beat the market by choosing investments based on research and judgement.

Passive funds: investment funds that track a market index rather than picking stocks actively.

Quantitative approaches: investment methods that use data, models and statistics to make decisions.

Market capitalisation weights: an index method that gives bigger companies a larger influence based on their total market value.

Alignment of incentives: making sure different parties are rewarded in ways that encourage the same goals.

Drawdowns: significant falls in the value of an investment from a previous peak.

R&D: research and development – spending on innovation and new products or technologies.

Backdate options: setting share-option dates retrospectively to make them more valuable, often controversially.

Shareholder registers: the official records of who owns a company's shares.

Benchmark: a standard, often an index, used to compare investment performance.

Magnificent 7 / Mag 7: the seven giant US tech stocks that have dominated market performance in recent years.

GPU: graphics processing unit – a specialised chip often used for AI computing because it handles parallel tasks well.

Sub-market multiple: a valuation lower than the market average.

Strategic asset allocation: deciding how much to invest in broad asset classes like shares, bonds or private markets.

Benchmark-aware: closely focused on performance relative to a benchmark index.

Venture capital: investment in early-stage, high-growth private companies.

Private equity buyout funds: funds that buy controlling stakes in companies, often using debt.

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Private equity growth: investing in more mature private companies that are expanding but not yet public.

Roadshow: presentations by company leaders to investors ahead of an IPO or fundraising.

Alternative asset classes: investments outside traditional shares and bonds, such as private equity or infrastructure.

Path dependency: the idea that outcomes are shaped by the sequence of earlier decisions and events.

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