

---

# GLOBAL STEWARDSHIP STOCK STORIES: LENDINGTREE

---

Zaki Sabir explains why the Global Stewardship Portfolio Construction Group are very hopeful that LendingTree will be a rewarding investment for clients.

*This paper is intended solely for the use of professional investors and should not be relied upon by any other person. It is not intended for use by retail clients.*

*All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.*

*This film was produced and approved in September 2019 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.*

**Zaki Sabir:** LendingTree is a US company headquartered in Charlotte, North Carolina, that is building an internet platform, to enable consumers to shop for financial products, primarily loans but also insurance and savings. LendingTree has been building this platform for over 20 years and we believe the business is the clear leader at what it does and is set for extraordinary long-term growth, which we are massively enthused by.

There are two lenses [with] which we consider investments for your Global Stewardship portfolio and I will briefly apply LendingTree to each.

Firstly, our stewardship consideration is chiefly: ‘Will this company add value to society over the long term?’ The answer here for me with regards to LendingTree is a resounding “yes”. Loans are essentially commodity products but, surprisingly in the US today, applying for loans is still mainly via [a] traditional paper-based system. So, for many US consumers consequently, having to apply for a loan is opaque, expensive, inefficient and frustrating. Now LendingTree [is] disrupting the status quo. LendingTree’s digital platform allows choice at a touch of a button. And choice with regards to financial products enables the saving of money. For example, on a mortgage which is typically the family’s largest monthly outlay.

The second lens of our investment framework is what we call ‘GEARS’. Growth, Edge, Alignment, Returns and Success. I’ll briefly touch on each of these for Lending Tree.

The G, or growth element, feels very large for LendingTree. LendingTree currently accounts for only 1 per cent of loans originated in the US. It has recently expanded into insurance, another category of a similar size. In time it will go into deposits, savings and investments, all wrapped by a branded internet platform giving the consumer exactly what they want cheaply and quickly.

The E, or competitive edge, at LendingTree is exciting because there is a virtuous circle in play here. As more and more consumers engage with LendingTree and shop there, the financial



providers are and will channel greater efforts and marketing dollars their way which will increase the number of offers on the platform, thereby attracting more consumers.

The A, or alignment, here is all about an energetic and tenacious gentleman, CEO and Chairman Doug Lebda. As a large and supportive shareholder, we have met Doug Lebda and we will continue to support him and encourage him to keep investing in the business, to continue to exploit the fantastic growth opportunity it has in front of it.

The R for returns is all about understanding the financial model. LendingTree, despite investing heavily, is already handsomely profitable and as it scales we see a path to profitability increasing, perhaps substantially so, and we take solace from the scalability we have seen in other digital platforms in your portfolio, such as Netflix or Chegg.

The thesis naturally has S as the pivot. This is about investment success. Success for your investment in LendingTree, we believe, could be substantial if the growth and profitability thesis that I have briefly alluded to transpire over our typical five-year plus investment horizon.

So, summing up, we are very excited and very hopeful that LendingTree will be a very rewarding investment for Global Stewardship clients.

*This recording contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA).*

*The views expressed are those of the speaker and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect personal opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.*

#### **Important Information**

*Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.*

*Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.*

*Baillie Gifford Investment Management (Europe) Limited provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018 and is authorised by the Central Bank of Ireland. Through its MiFID passport, it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Baillie Gifford Investment Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co.*

*Persons resident or domiciled outwith the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.*

#### **Important Information Hong Kong**

*Baillie Gifford Asia (Hong Kong) Limited 百利亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of UCITS funds to professional investors in Hong Kong. Baillie Gifford Asia (Hong*



Kong) Limited 百利亞洲(香港)有限公司 can be contacted at 30/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. Telephone +852 3756 5700.

**Important Information South Korea**

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

**Important Information Japan**

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

**Important Information Australia**

This material is provided on the basis that you are a wholesale client as defined within s761G of the Corporations Act 2001 (Cth). Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth). It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 (Cth) in respect of these financial services provided to Australian wholesale clients. Baillie Gifford Overseas Limited is authorised and regulated by the Financial Conduct Authority under UK laws which differ from those applicable in Australia.

**Important Information South Africa**

Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

**Important Information Canada**

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005. It is the legal entity through which Baillie Gifford Overseas Limited provides some marketing functions in Canada.

