
BAILLIE GIFFORD GLOBAL ALPHA – 10 MINUTES WITH HELEN XIONG

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Ben Drury (BD): Hello, welcome everyone. My name is Ben Drury, I'm a director in our Clients Department, and I'm joined for the next 10, 15 minutes or so by Helen Xiong, one of the investors in our Global Alpha strategy. As we announced a few months ago, Charles Plowden will be retiring next year after over 15 years within the Global Alpha team, and Helen will be replacing Charles as one of the three decision makers on the strategy from May of next year.

As a Global Alpha alumnus, Helen re-joined the team in April, and having given Helen a few months to re-acquaint himself, we thought the clients might be interested in hearing from Helen directly about how she's settling in, and what she brings to the team. Helen, thanks for joining me today. How have you found your return to the fold?

Helen Xiong (HX): It's been going well so far. I guess one of the things that not many people know is that I've actually known about this move for over a year now, which has definitely helped me to prepare myself mentally. I didn't quite prepare for the pandemic, but I think the fact that I had the chance to think about this move has made it much smoother than it would otherwise have been.

BD: As we mentioned at the start, you know the team and the strategy very well, having spent two years as an analyst between 2012 and 2014, and then more recently operating as our North American scout. Looking back to your earlier time in the team, have you noticed any differences or evolutions in how the team operates, or how we frame the investment discussions which we have?

HX: I think the biggest one is that we have more resources than we did before. So we now have an experienced and dedicated analyst in New York, and we also have a new scout, a dedicated scout in China. So we have more on the ground dedicated resources in two of the largest markets in the world. And then I think there's been a couple of small process evolutions, for example we've gotten much more disciplined in how we think about valuation and upside in a probabilistic manner, and more disciplined in applying those across the portfolio.

BD: And in terms of the personalities within the team, we've often characterised Charles as something of the wise old owl of the team. What qualities do you think you bring, and how have you been enjoying working alongside Malcolm and Spencer and the wider team since you've re-joined?

HX: I'll probably answer the second part first. I've always enjoyed working with Charles, Malcolm and Spencer; as you mentioned earlier I've worked with them for eight years, and part of what makes it so fun



is that Charles, Malcolm and Spencer are so different in personalities, but there's so much trust between them, and it's just very unusual to see three characters complementing each other and working so well together.

As to what I bring, I've always found that one a bit awkward to answer. I wouldn't describe myself as wise, and I don't think I'm old, so I guess I bring youth, energy, a real love for the role. I've been told that I'm very good at remaining calm under pressure, but I think I get just as stressed as everyone else, I'm just better at hiding it.

BD: I'm not sure Charles would call himself old either, but maybe we do that when he's not listening. On this topic, you've come into a decision-making group which has been together for quite a few years now, what gave you the comfort that the challenge and the fresh perspective which you bring will be welcome?

HX: I guess I don't expect my views to be welcomed, I expect them to be challenged. One of the reasons, as we talked about, why the team of three managers works so well is because there's so much trust between the three managers, and I think honest conversations is the basis on which that trust is built. So I don't expect them to agree with everything I say, I expect them to be honest in what's their views, and how they think.

I think we've all worked with each other for long enough to know that none of us take disagreement personally, and I tend to be of the view that in a very small team if two people always have the same opinions then one of us is superfluous.

BD: Your time over the last six years – you've been in the US Growth Team – has very much been focused on North American markets. How are you going about refamiliarising yourself with the rest of the world, and calibrating the opportunities which we have available to us in those markets versus those that you're more familiar with?

HX: I think this goes back to Baillie Gifford's philosophy, in that everyone is a generalist. So in my time at Baillie Gifford I've rotated across five teams, four of which were regional, and one is Global Alpha. But I think also, putting my North American lens on, I think we've always argued that technology is breaking down the geographic barriers, at least for many of our companies that we own, such that almost all of the largest companies in the North American portfolio, whether it's Amazon, or whether it's Facebook, Netflix, Tesla, etc, none of them were North American companies, they were all global companies with a global competitive set.

So much so that two years ago I spent six weeks doing an extended research trip in China. So we've always had a global perspective, and I definitely think broadening my perspective from being a North American investor is a challenge, but it is one of the reasons why I really wanted to join this team.

BD: And how have you been spending your time – expanding on this topic a little bit – since you re-joined? Have there been any particular areas of focus for you since you re-joined? Any ideas you are very keen to revisit and bring to the table?

HX: It's been great, actually, because in preparation for this role I've shed almost all my portfolio management responsibilities just before joining the team, so it's been quite amazing, because I've been doing nothing but research. Within that, at the moment I'm trying to spend most of my time on new ideas, and perhaps a smaller fraction on the portfolio, and that ratio may change over time. So I've just finished a note on Wayfair, the on-line furniture retailer, and I'm currently looking at Adyen, which is a Dutch company that's trying to build the payment infrastructure for the future of commerce.



BD: And Wayfair has just come into the portfolio, so thank you for your input there. I suppose just to wrap up, how do you feel that, without getting into the specifics, how does the portfolio compare now to when you were last in the team, and how do you characterise the change in the opportunity set and the level of excitement that you have as you look forward over the next five years and beyond?

HX: I think what we've seen over the last couple of years is that the broad technological disruption that we saw, that started out in very well-defined areas of the economy, say in media and advertising with Alphabet, or in retail with Amazon, that has started to broaden to other areas of the economy that have been hitherto immune. So whether it is Netflix in entertainment and Tesla in automotive in the last few years, but that pattern of disruption is now broadening out to many, many areas of the economy, such as enterprise software, healthcare, and it's even starting to creep into areas of finance, as I've mentioned with Adyen. And I think that's a pattern that will continue for the next decade.

BD: Okay, thank you very much for joining us, and we'll look forward to hearing from you again soon. Thanks.

HX: Thank you.

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