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# GLOBAL STEWARDSHIP FUND – MANAGER INSIGHTS

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Client Director Amy Attack explains the purpose of the Global Stewardship Fund, before giving an update on the performance of the portfolio, as well as a summary of the three main areas in which the Global Stewardship Team see the potential for future growth.

*The value of your investment and any income from it is not guaranteed and may go down as well as up and as a result your capital may be at risk.*

*This film was produced and approved in June 2021 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.*

**Amy Attack:** Hi, my name is Amy Attack and I'm a partner at Baillie Gifford and portfolio specialist for our Global Stewardship Fund.

Over the next few minutes, I'd like to explain why we are so excited about the outlook for companies in the portfolio.

First though, a quick reminder of the purpose of Global Stewardship. It's an actively managed global equity fund rooted in the foundation of high-growth, long-term stock picking which is common across Baillie Gifford.

What's different about Global Stewardship is its focus on responsible investment and ESG. Global Stewardship is BG's sustainable growth fund.

The defining feature of our approach is to identify and invest in those companies that are helping the world to thrive. Businesses that can grow for a very long time and do so in a way that is good for society.

Importantly the fund's performance has shown that these sorts of companies can also produce great returns for shareholders. Returns from the fund have been really strong over the past five years, both in absolute terms and relative to the benchmark.

In particular, Global Stewardship did very well in 2020. Many of the stocks held by the fund for several years are there because of their potential to change the way we work, play, shop and study. And as we all now know, these sorts of services came to fore during the pandemic, resulting in fantastic growth rates.

In addition, Tesla was the standout contributor to performance over the year. Whilst the company has delivered fantastically operationally, producing nearly half a million electric vehicles in 2020, Tesla will be critical in helping us all to transition to a lower carbon economy with the advances it's making in battery technology and energy storage.

The fund has had a tougher start to 2021. Our style of investment means that, inevitably, short-term returns will be volatile, and we suspect that recent weakness has been driven by a combination of profit taking plus



a change in market sentiment. We've seen all this before and our experience is that it does not detract from meeting the fund's long-term objectives.

That's perhaps a good point to look ahead and talk about how the fund is positioned for the next five years. As we come out of the pandemic, there's huge pressure globally to create a fairer, more sustainable economy. This is an incredible investment opportunity. Global Stewardship wants to own shares in the companies that will be at the very centre of change.

This has led to a handful of themes in the portfolio, all very clearly linked to long-term, sustainable growth. I hope to share three of these with you today.

The first will come as no surprise – climate and the energy transition. The need to transition away from fossil fuels is clear, and it's actually happening much faster than many people realise.

Several holdings in the fund are going to play a critical role here. I've already mentioned Tesla, but we also own shares in the South Korean business Samsung SDI, a leading battery maker and NIBE, selling ground source heat pumps, helping households make that switch away from domestic gas boilers.

The second theme is healthcare. We believe we are on the cusp of a transformation in this industry, based on a great convergence of genomics, technology, and the personalisation of medicine. The incredible success of Covid vaccines may just be the final nudge that was required. Innovative healthcare companies are almost the very definition of sustainable growth. If they succeed it will be wonderful for society, and great for shareholders.

Examples include Illumina, a company that is fundamental, designing and manufacturing the equipment for gene sequencing that allowed scientists to understand and develop vaccines for the coronavirus in just days rather than years. Abiomed, the manufacturer of the world's smallest heart pumps, or Denali at the forefront of creating more effective drugs to treat diseases such as Alzheimer's and Parkinson's.

The third theme is the dramatic way, particularly over the past year, in which the internet is revolutionising how we eat, shop, work and play. The Global Stewardship Fund owns shares in companies like Meituan Dianping, delivering takeaway meals across China; Shopify, providing the online platform for millions of merchants; Zoom, who is allowing us to seamlessly videoconference with colleagues, clients and friends alike; and Wayfair, permitting us to furnish our homes at the click of a button.

These businesses are providing services at scale and creating the growth which we believe will help revitalise our economy. I hope that's given you a flavour of some of the incredible opportunities we are finding to invest in. But if I can leave you with just one message: ESG is rightly front of mind for many investors. That focus, that need to invest for a more sustainable global economy, isn't a problem for us - it's central to our opportunity.

Our search for sustainable growth is a search for companies with a positive purpose, which understand the long-term implications of their ambition. With the right culture, companies can transform societies and economies, usually for the better, and we believe that will be a source of fantastic investment returns in the years to come.



**Annual Past Performance to 31 March Each Year (net %)**

	2017	2018	2019	2020	2021
Baillie Gifford Global Stewardship Fund	39.9	15.9	9.9	2.1	82.0
MSCI ACWI Index	33.0	2.9	11.1	-6.2	39.6
MSCI ACWI Index +2%	35.6	5.0	13.3	-4.3	42.4
Investment Association Global Sector	28.6	2.7	9.0	-6.0	40.6

Source: StatPro, FE. Sterling. Returns reflect the annual charges but exclude any initial charge paid.

The managers believe the MSCI ACWI Index + 2% is an appropriate benchmark given the investment policy of the funds and the approach taken by the manager when investing. In addition, the manager believes an appropriate performance comparison for this fund is the Investment Association Global Sector.

Past performance is not a guide to future results.

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*The fund invests in emerging markets where difficulties in dealing, settlement and custody could arise, resulting in a negative impact on the value of your investment.*

*The fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.*

*The fund invests according to responsible investment criteria and with reference to the ten principles of the United Nations Global Compact for business. This means the fund will not invest in certain sectors and companies and, therefore, the universe of available investments will be more limited than other funds that do not apply such criteria/ exclusions. The fund therefore may have different returns than a fund which has no such restrictions.*

*Share prices can be volatile due to movements in the prices of the underlying holdings and the basis on which the funds are priced.*

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