

# *RESILIENT GROWTH FOR THE LONG TERM*

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When surrounded by an ocean of information and noise, it's hard not to get distracted. Global Income Growth investment manager Ross Mathison discusses why investors must stay focused on growth potential.

*Your capital is at risk. Past performance is not a guide to future returns.*

**Ross Mathison:** The vast amount of information available on more and more connected devices can at times feel overwhelming. For Global Income Growth investors, the challenge is to navigate that ocean of information and sort out the signal from the noise.

We manage a global equity income strategy with a growth mindset and a very long investment time horizon. We aim to deliver an income that is attractive, resilient in times of economic stress and importantly is able to keep pace with inflation over the long term.

The pandemic tested the resilience of the portfolio, and we feel it passed with flying colours. And in 2022, when inflation rates hit levels not seen for decades, the income provided by our holdings outpaced inflation.

I'd like to highlight two very different companies held in the portfolio to give you a flavour of the diversity of our growth investment cases: Experian and Albemarle.

With data on 1.3 billion people and 166 million businesses, it is fair to say that Experian thrives on data. At a high level, its business is to aggregate a wide variety of data sets and provide solutions which turn raw data into insights for businesses as well as individuals.

What excites us about the next decade is their ability to broaden out and address new markets beyond finance such as healthcare and auto insurance. We are also focused on ensuring Experian continue to invest enough of its cashflows back into the business to fuel further innovation. Our continued belief is that it is far better for our clients if we focus on long-term income rather than maximising short-term dividends received from our holdings.

Another example of long-term compounding is the US-listed speciality chemicals company Albemarle, one of the largest lithium miners in the world.

Whilst lithium is relatively abundant, producing it at low cost is the challenge and we believe that Albemarle has amongst the best assets in the world.

Over the next few decades, lithium is going to play a critical role in the energy transition, and demand is expected to grow very rapidly as its use case spreads across sectors. This is why Albemarle is reinvesting a large proportion of its cash flows to expand its operations across the globe, and thus laying the foundations for the next decade of earnings and dividend growth.

We believe Experian and Albemarle have the potential to compound their earnings and their dividends at 10 per cent plus for a decade or more. Companies like this are rare, but can produce very attractive returns for shareholders.

Our job as portfolio managers is to build a portfolio of these carefully selected companies to provide resilient and attractive growth prospects to our clients. So when we sift through masses of information to find these opportunities, we have an eye firmly on the long term.

## Global Income Growth dividends

2019	2020	2021	2022	2023
19.75	20.64	20.06	21.05	23.70

Global Income Growth Fund dividends (B inc in Sterling, pence). As at 31 January 2023.

## Worldwide Global Income Growth dividends

2021	2022	2023
0.26	0.27	0.22

Worldwide Global Income Growth Fund (B inc in Euros). As at September 2023. \*Worldwide Global Income Growth Fund launched on 17/07/2019.

Source: Baillie Gifford & Co. Income per unit.

Past performance is not a guide to future returns.

The strategy offers the portfolio through different investment vehicles. Not all vehicles are available in all Baillie Gifford jurisdictions

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