

BAILLIE GIFFORD US GROWTH TRUST PLC

IPO Presentation – March 2018



Important Information

The Baillie Gifford US Growth Trust plc (the “Company”) will be managed by Baillie Gifford & Co Ltd and will be a listed UK company. As a result, the value of its shares, and any income from them, can fall as well as rise and investors may not get back the amount invested.

The Company will adopt an investment philosophy and process similar to that employed by the Baillie Gifford American Fund. Accordingly, we have included information for the Baillie Gifford American Fund as an example of our US equity investing approach. This information is not a guide to the potential performance of the Company.

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Past performance is not a guide to future returns.

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A Key Information Document for the Company will be available at the website address below.

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The specific risks associated with an investment in the Company include (but are not limited to) the following:

- The Company will invest in overseas securities. Changes in the rates of exchange may also cause the value of your investment (and any income it may pay) to go down or up.
- The Company is expected in due course to have a significant exposure to unlisted investments. The Company’s risk could be increased as these assets may be more difficult to buy or sell, so changes in their prices may be greater.
- The Company may invest in companies at an early stage of growth. Investment in such companies is generally considered higher risk as changes in their share prices may be greater and the shares may be harder to sell. Further, such companies may do less well than more mature companies in periods of unfavourable economic conditions.
- The Company's risk is increased as it will hold fewer investments than a typical investment trust and the effect of this, together with its long term approach to investment, could result in large movements in the share price.
- The Company can borrow money to make further investments (sometimes known as “gearing” or “leverage”). The risk is that when this money is repaid by the Company, the value of the investments may not be enough to cover the borrowing and interest costs, and the Company will make a loss. If the Company's investments fall in value, any borrowings will increase the amount of this loss.
- The Company can buy back its own shares. The risks from borrowing, referred to above, are increased when a trust buys back and cancels its shares.
- The Company may not be able to value its assets accurately. Market values for securities which have become difficult to trade may not be readily available, and there can be no assurance that any value assigned to such securities will accurately reflect the price the Company might receive upon their sale.
- The Company can make use of derivatives. The use of derivatives may negatively impact on its performance.

Baillie Gifford

Independence

- 43 partners run the firm
- No external shareholders

Single Focus

- Investment management
- Firmwide assets under management and advice: £180bn as at 31 December 2017

Commitment

- Founded in 1908
- Focus on long-term growth
- Currently manage 7 Investment Trusts

*OWNER-RUN BUSINESS:
ALIGNMENT WITH OUR CLIENTS*



Opportunity

Baillie Gifford already manages an open-ended fund, the Baillie Gifford American Fund (the “American Fund”), investing only in listed US growth companies

Baillie Gifford believes that:

- Exceptional growth companies are the major drivers of market wealth creation
- The US is home to many of the world’s exceptional growth companies
- As the regulatory burden of a listing increases, with access to private capital also increasing, visionary entrepreneurs are deciding to stay private for longer
- As a result, many exceptional growth companies in the US are not publicly listed companies

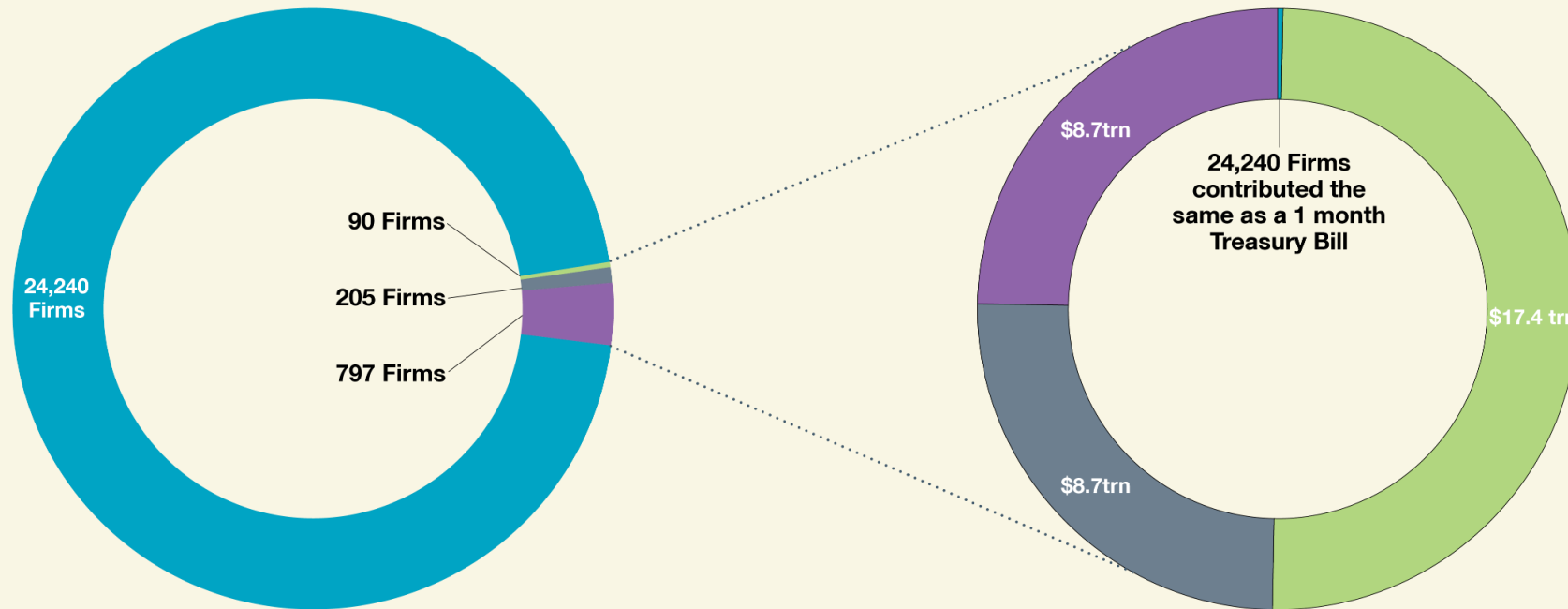
The Baillie Gifford US Growth Trust plc will seek to build on the success of the American Fund but will have the ability to invest across the listed and unlisted spectrum.

The US – a Wonderfully Inefficient Market

Total wealth created by all 25,332 firms listed in the US from 1926-2016

Market Proportion

Value Created: \$34.8 trillion



The chart demonstrates the asymmetry of stock market returns. It tells us that over the long-term only a few companies generate high returns for investors.

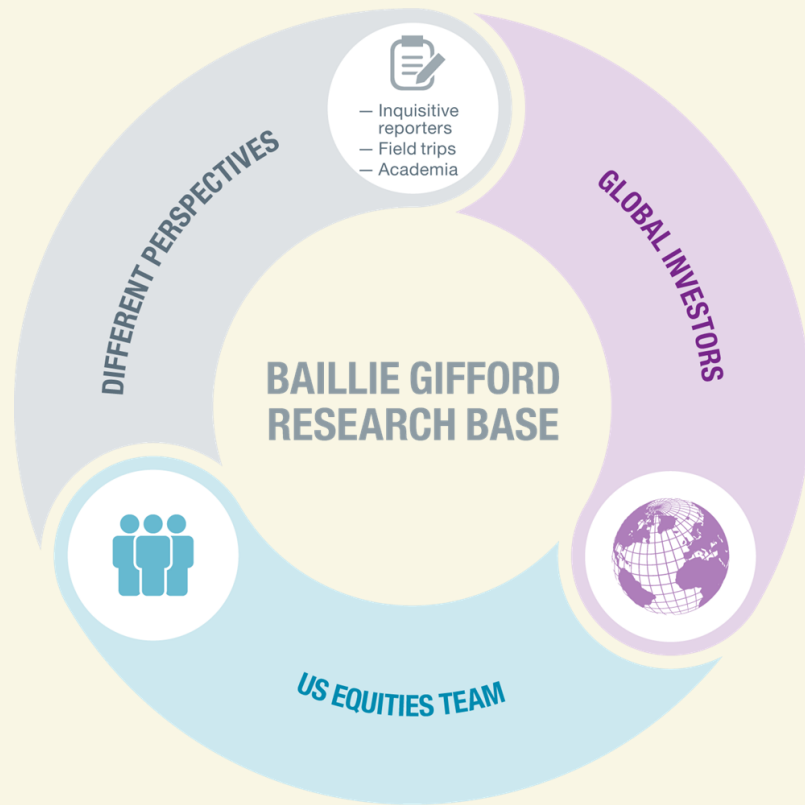
90 firms, 0.4% of all US stocks, created half the wealth

US Dollars

Source: Bessembinder, Hendrik, Do Stocks Outperform Treasury Bills? (November, 2017). Available at SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2900447

The data includes all 25,967 Center for Research in Security Prices common stocks from July 1926 to December 2016. In cases where stocks list or delist within a calendar period the return is computed for the portion of the period where data is available. These 25,967 stocks were issued by 25,332 firms owing to dual share classes; US dollar wealth is therefore assessed at the company level. Beyond the best-performing 1,092 firms, an additional 9,579 firms (37.8% of the total) of stocks created positive wealth over their lifetimes. However, the wealth creation of these stocks was just offset by the wealth destruction of the remaining 14,661 (57.9% of total) firms, so that the top 1,092 firms created the same wealth as the overall market.

The US Equities Team



Gary Robinson

Lead Manager†

15 years' experience

15 years with Baillie Gifford



Helen Xiong

Deputy Manager†

10 years' experience

10 years with Baillie Gifford



Andrei Kiselev

Deputy Manager†

9 years' experience

9 years with Baillie Gifford



Tom Slater*

Head of US Equities

Co-manager
Scottish Mortgage

18 years' experience

18 years with Baillie Gifford



Kirsty Gibson

Investment Manager

6 years' experience

6 years with Baillie Gifford

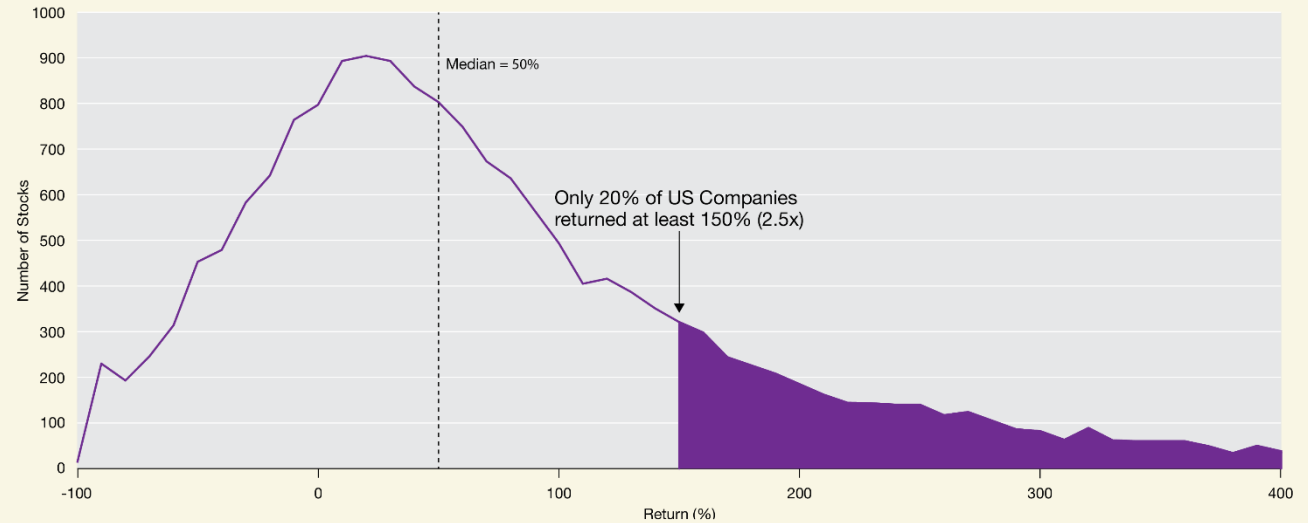
Plus 3 investment analysts
†of the Company
*Partner

Our Core Investment Beliefs

Asymmetry

- It's not how often you're right, but how much you make when you are

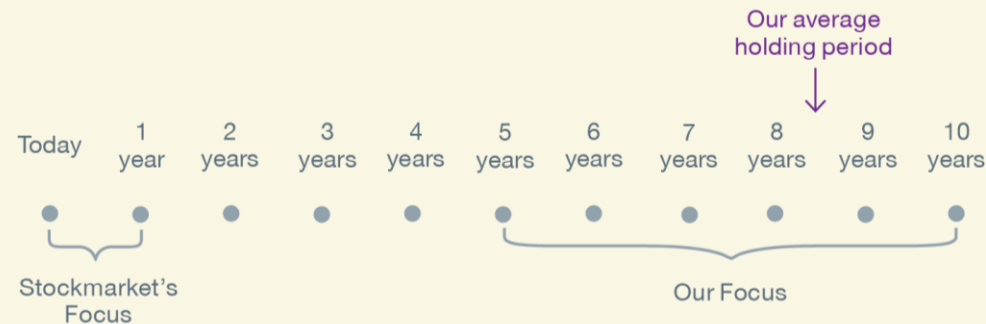
S&P 500 rolling 5 year stock returns from 1984-2013



Source: Baillie Gifford & Co, Datastream and S&P. US Dollars.

Longevity

- We try to identify outliers and own them for as long as possible



As at 31 December 2017. Average holding period based on annual turnover. Based on the Baillie Gifford American Fund. Stockmarket's Focus based on Baillie Gifford's views.

Our Core Investment Beliefs

Growth Investors

- Identify exceptional businesses focusing on growth potential, culture and competitive advantage

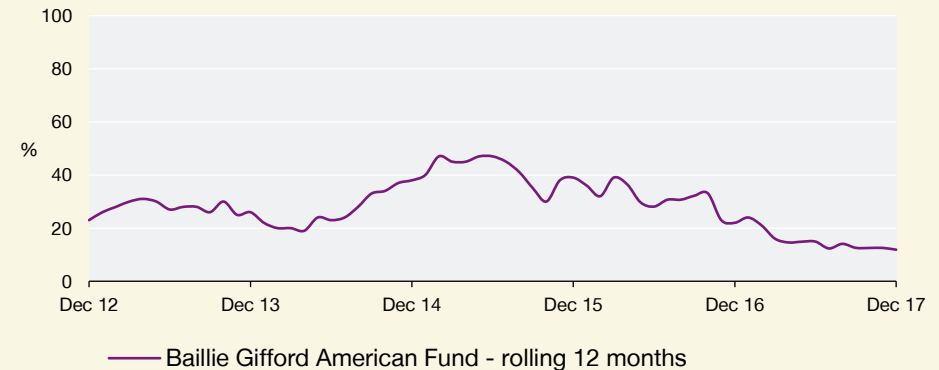
Long-term Investment Horizon

- In our experience, returns follow fundamentals over five years and beyond

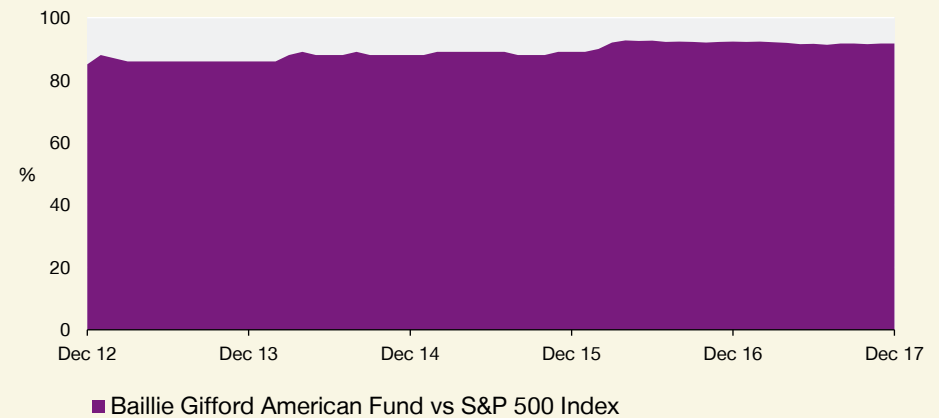
Active

- Concentrated portfolios – avoid dilution of exceptional businesses
- The American Fund's high active share indicates high differentiation of holdings compared with the S&P 500 Index

Turnover



Active Share



Source: Baillie Gifford & Co and S&P.
Based on the Baillie Gifford American Fund.

We believe our long-term approach enables us to take advantage of asymmetric equity returns (i.e. potential downside is limited to the original investment, but potential upside is theoretically unbounded)

Investment Process



Routine information carries little value, in our view

9 Question Research Framework

1. What is the point of this company and what are its long-term ambitions?
2. What is distinctive about the company's culture and is this a source of competitive advantage?
3. What are the other enduring sources of competitive advantage?
4. Does this company address a large market opportunity?
5. How rapidly can it capitalise?
6. What are the important forward-looking financial characteristics?
Are the long run incremental returns attractive?
7. How might we make a 2.5x return over the next five years?
How likely is this?
8. Why might the return be higher?
9. What should we do next?



Consistent framework facilitates comparison. Focus on growth, culture, competitive advantage

Unlisted Investments

An essential part of our research process and opportunity set

- Many exceptional growth companies in the US are unlisted companies
- We believe that this is likely to remain true for the foreseeable future

- In our experience, conventional equity markets are failing to encourage future entrepreneurial success
- Easier for companies to grow, raise capital and invest privately

- The Company intends to invest in these opportunities
- We will seek to build on the expertise and experience of Scottish Mortgage, which has made 37 unlisted investments in the last 3 years

We consider unlisted investments to be a natural evolution of our long-term philosophy and process

Stock Examples

The ability to invest in both listed and unlisted companies enables the Company to access a wider opportunity set

Three of the world's most innovative healthcare companies, only one is currently listed

ILLUMINA



© Image courtesy of Illumina.

Listed

Global leader in genomics analysis systems

Grail



Unlisted

Working to detect cancer early, when it can be cured

Intarcia Therapeutics



©Intarcia Therapeutics Inc

Unlisted

Novel delivery mechanism for diabetes

Unlisted investments are historic Baillie Gifford investment examples and may not be held by the Company.

Further Unlisted Company Examples

Industrial Biology

Bolt Threads

— Creating new fabrics and fibres



Ginkgo Bioworks

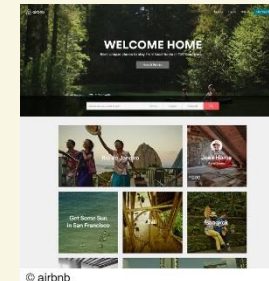
— Developing new organisms that replace technology with biology



Sharing Economy

Airbnb

— Holiday rentals, homes, experiences and places



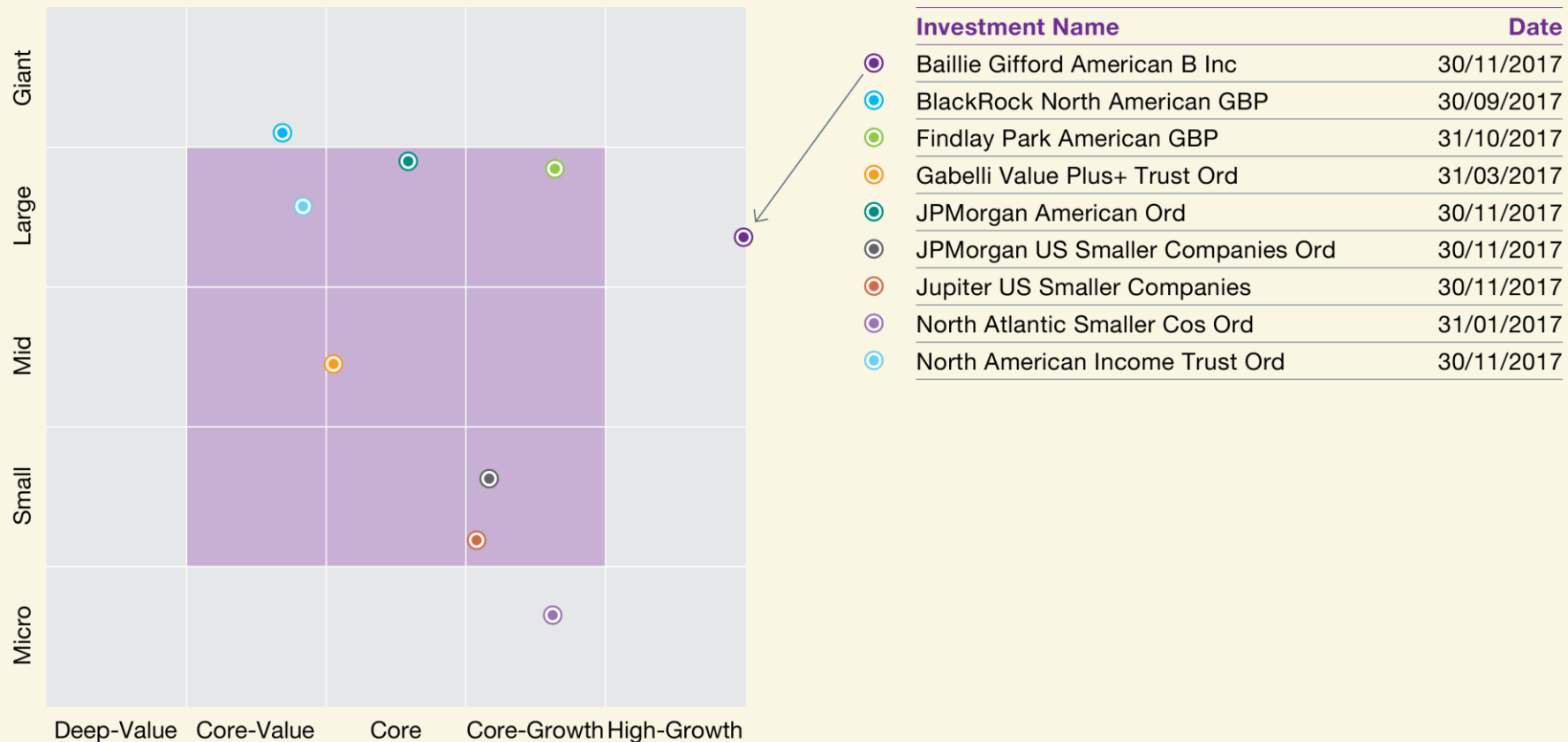
Lyft

— On-demand transportation



Unlisted investments are historic Baillie Gifford investment examples and may not be held by the Company.

North American Style Map



Source: Morningstar.

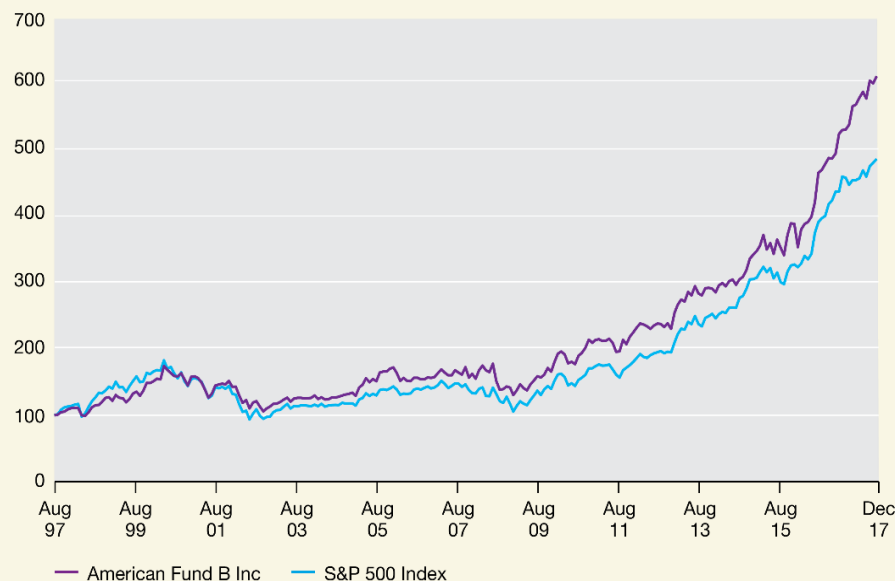
The Morningstar Style Map provides a graphical representation of the "investment style" of a fund. It classifies funds according to market capitalisation (the vertical axis) and growth and value factors (the horizontal axis) of the securities held by the fund.

The graph shows the Baillie Gifford American Fund invests in high growth and large capitalisation companies.

Baillie Gifford US Growth Trust plc is expected to have a similar "investment style" to the Baillie Gifford American Fund.

Information on the American Fund

Cumulative returns of the American Fund and S&P 500



Past performance is not a guide to future returns

Source: Morningstar and S&P.
Rebased to 100 at inception of American Fund, 31 July 1997 to 31 December 2017.
Total return in sterling terms.

Cumulative returns of different funds invested in US companies

	1 Year %	3 Year %	5 Year %	10 Year %	20 Year %
American Fund B Inc	23.6	78.6	165.2	253.0	508.0
S&P 500 Index	11.3	59.4	150.1	232.6	388.2
BlackRock North American	-1.1	53.7	87.6	-	-
JPMorgan American	11.2	46.4	138.6	251.6	370.8
North American Income Trust	9.5	67.7	130.7	186.8	328.4

Source: Morningstar and S&P.
Periods to 31 December 2017.
Total return in sterling terms.

Annual discrete performance of different funds invested in US companies

	2013 %	2014 %	2015 %	2016 %	2017 %
American Fund B Inc	26.3	17.6	13.5	27.3	23.6
S&P 500 Index	29.9	20.8	7.3	33.5	11.3
BlackRock North American	12.6	8.4	1.4	53.3	-1.1
JPMorgan American	33.0	22.6	-2.4	34.9	11.2
North American Income Trust	28.2	7.3	-1.9	56.1	9.5

Source: Morningstar and S&P.
Total return in sterling terms.
Periods to 31 December.

We have included past performance information for the American Fund as an example of our US Equities approach. Whilst the Company will adopt an investment philosophy and process that is similar to that employed by the American Fund, please note the American Fund does not invest in unlisted securities. This information is not a guide to the potential performance of the Company.

Information on the American Fund

Material differences

	American Fund	US Growth Trust
Unlisted Securities	None	Expected to increase exposure over time
Max holding size	10% of NAV (absolute)	10% of NAV (at time of investment)
Gearing	None	Expected to be employed for investment purposes
Structure	Open ended investment company	Investment Trust

Overlap between American Fund and other Baillie Gifford funds

	Scottish Mortgage Investment Trust	Monks Investment Trust	Edinburgh Worldwide Investment Trust
Number of stocks	13	20	7
% overlap	31.8	21.5	15.8

As at 31 December 2017.

Top ten holdings of the American Fund

Holding	Portfolio %
Amazon.com	9.4
Tesla Inc	6.4
Facebook	5.7
Alphabet	5.6
MarketAxess	5.1
Grubhub	4.7
Illumina	3.9
Netflix	3.8
Wayfair	3.5
First Republic Bank	3.4

As at 31 December 2017.
Based on the Baillie Gifford American Fund

Key Features

Investment Objective	To produce long-term capital growth
Portfolio	Invested predominantly in equities of companies which are incorporated or domiciled, or which conduct a significant portion of their business, in the United States, and which the Company believes have the potential to grow substantially faster than the average company over the long term. Maximum of c.90 holdings, typically with 30-50 holdings in listed securities
Investment Restrictions	<p>Maximum investment in any one holding limited to 10% of the Company's total assets at the time of investment</p> <p>Maximum investment in unlisted securities shall not exceed 50% of the Company's total assets, measured at the time of investment</p> <p>Derivatives may be used for the purposes of efficient portfolio management – no hedging of currency risk expected</p>
Gearing	The Company intends to employ gearing in the normal course of events. Aggregate borrowings equalling up to 30% of the NAV of listed securities held by the Company (calculated at the time of drawdown) permitted, although expected to typically represent 10-20% of the NAV of listed securities held by the Company
Dividend Policy	No specific dividend target. The Company will distribute amounts such that it does not retain an amount greater than 15% of its income in any accounting period
Liquidity Policy	The Board is committed to utilising share purchase and issuance authorities when appropriate to mitigate the effects of any sustained and significant imbalance of buyers and sellers of Shares which might lead to a material discount or premium. The Board will keep shareholders regularly apprised of its approach to implementing this liquidity policy through commentary in its annual and interim reports.
Management Fee	Annual fee of 0.7% on first £100m of the Company's NAV, 0.55% thereafter. Once launched, the Company will bear other ongoing operational expenses that will be included in its ongoing expenses and charges.
Opening NAV	Not less than 98.5p

Timetable

Event	Date
Offer for Subscription Opens	7 March
Offer for Subscription Closes	19 March
Issue Results Announced	21 March
Admission	23 March



APPENDICES

Unlisted Investments

Allocation Policy

Starting premise: consider clients whose investment strategies authorise investment in unlisted securities

No one client/group of clients to be favoured or dis-favoured in the allocation of investment opportunities

Treat all clients/groups of clients fairly

Valuation Policy

Unlisted investment valuation policy will apply methodologies consistent with the International Private Equity and Venture Capital (IPEV) Guidelines

Characteristics

Young companies with limited disclosure

Lower liquidity

Greater volatility

— These characteristics will potentially create differences in the discount/premium to NAV for the Company that may not be observed in a trust that invests only in listed companies.

Legal Notices

S&P

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PRIIPS Regulation

Baillie Gifford has made available at www.bailliegifford.com/usgrowthtrust a Key Information Document required under the Packaged Retail and Insurance-based Investment Products Regulation (EU) No 1286/2014 (“PRIIPS Regulation”).

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