JACKSON SQUARE PARTNERS
SAN FRANCISCO

# Global Growth

**FACT SHEET** I 09/30/22

## STRATEGY HIGHLIGHTS

| | |
|---|---|
| Benchmark | MSCI ACWI Index |
| Style | Growth |
| Positions | 35-45 |
| Investment horizon | 3-5 years |
| Inception Date | 12/31/2008 |

## INVESTMENT PHILOSOPHY AND PROCESS

We seek superior returns through holding a concentrated portfolio of companies that we believe have advantaged business models and opportunities to generate consistent, long-term growth of intrinsic business value.

## IDEA GENERATION/DILIGENCE

- Fundamental, qualitative approach
- Generalist analyst structure
- Low turnover leads to high threshold rates for new ideas
- ESG risk and opportunity assessment
- Preferred company characteristics:
  - Fundamental change
  - Superior business model
  - Significant free cash flow generation
  - High returns on invested capital
- Collaborative group vetting informs PM decisions

## PORTFOLIO CONSTRUCTION

- Benchmark agnostic
- Conviction based weights balancing risk and reward
- Majority of the portfolio consists of all-weather stocks

| TEAM YEARS: | IN INDUSTRY | WITH FIRM |
|---|---|---|
| **CHRIS BONAVICO, CFA** | **34** | **29** |
| **PATRICK FORTIER, CFA** | **27** | **22** |
| **BRIAN TOLLES** | **8** | **6** |
| **+11 ANALYSTS** | ***Average: 19*** | **11** |

## ASSETS

| | |
|---|---|
| **Firm** | $4.0 Billion[1] |
| **Global Growth** | $58 Million |

## RETURNS

| | Gross | Net | MSCI ACWI Index |
|---|---|---|---|
| 3Q22 | -8.54 | -8.71 | -6.82 |
| YTD | -39.20 | -39.48 | -25.63 |
| 1 Year | -39.66 | -40.02 | -20.66 |
| 3 Year | -2.19 | -2.72 | 3.75 |
| 5 Year | 2.30 | 1.76 | 4.44 |
| 10 Year | 7.24 | 6.63 | 7.28 |
| SI | 11.40 | 10.68 | 8.84 |

## GLOBAL GROWTH STATISTICS

| **Risk and Return** | ***12/31/08 – 9/30/22*** |
|---|---|
| Alpha* | 2.21 |
| Beta | 1.06 |
| Return* | 10.68 |
| Benchmark return* | 8.84 |
| Standard deviation* | 18.11 |
| Tracking error | 7.20 |
| Information ratio | 0.36 |
| Upside capture | 113% |
| Downside capture | 101% |
| **Portfolio Characteristics** | |
| Turnover LTM | 32 |
| Active Share | 92 |
| Positions | 31 |

*Annualized
Source: FactSet, Jackson Square
All statistics are calculated since inception, except as noted
Returns are net of advisory fees. See disclosures at end of document.
**Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal.**

*Total Assets for the firm are as of 9/30/22 and include approximately $0.08 billion of non-discretionary assets under advisement, which are excluded from the firm's regulatory assets under management. Jackson Square does not exercise investment discretion over these assets. Large-Cap Growth has $0.04 billion and SMID-Cap Growth $0.03 billion in non-discretionary assets under advisement.

## TOP 10 HOLDINGS[1]

| Company | Position Initiated | Portfolio (%) |
|---|---|---|
| Microsoft Corporation | Oct-2013 | 8.45 |
| Alphabet Inc. Class A | May-2022 | 5.35 |
| Mastercard Inc Class A | Jan-2009 | 4.76 |
| Aon Plc Class A | Feb-2020 | 4.05 |
| Edwards Lifesciences Corp | Aug-2020 | 3.95 |
| Visa Inc. Class A | Mar-2013 | 3.77 |
| LVMH SE | Apr-2020 | 3.76 |
| Canadian Pacific Railway Ltd | Dec-2021 | 3.74 |
| UnitedHealth Group Inc. | Jun-2022 | 3.68 |
| Veeva Systems Inc Class A | Nov-2020 | 3.26 |
| **Top 10 total** | | **44.77** |

## SECTOR ALLOCATION

| | Global Growth[1] | Benchmark |
|---|---|---|
| Communication Services | 12.70 | 7.12 |
| Consumer Discretionary | 8.64 | 11.60 |
| Consumer Staples | 2.80 | 7.73 |
| Energy | 0.00 | 5.23 |
| Financials | 7.08 | 14.77 |
| Health Care | 17.84 | 12.62 |
| Industrials | 21.50 | 9.64 |
| Information Technology | 27.16 | 21.02 |
| Materials | 0.00 | 4.68 |
| Real Estate | 0.00 | 2.48 |
| Utilities | 0.00 | 3.12 |
| Cash | 2.28 | 0.00 |

## MARKET CAP ALLOCATION (% ex cash)

| | Global Growth[1] | Benchmark |
|---|---|---|
| $0-10B | 5.87 | 8.06 |
| $10-20B | 6.82 | 11.16 |
| $20-100B | 45.67 | 37.30 |
| $100-200B | 8.79 | 15.24 |
| $200B+ | 32.85 | 28.23 |
| | | |
| Weighted Avg. | $319 B | $306 B |
| Median | $46 B | $10 B |

## REGIONAL ALLOCATION

| | Global Growth[1] | Benchmark |
|---|---|---|
| North America | 57.39 | 65.41 |
| Europe | 30.52 | 15.31 |
| Japan | 4.81 | 5.37 |
| Asia/Pacific ex Japan | 2.34 | 11.63 |
| South America | 2.65 | 0.80 |
| Africa | 0.00 | 0.39 |
| Middle East | 0.00 | 1.09 |

1. The portfolio information shown above is based on a representative Global Growth portfolio. Holdings, weightings, and characteristics are current as of the day indicated, are subject to change, and may not reflect the current portfolio. A full list of holdings Is available upon request. Sector weights are based on the Index.

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**Investing involves risk, including possible loss of principal.** Investments in the equities markets are subject to risk. Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the portfolio's risk is increased because each investment has a greater effect on the strategy's overall performance. For a complete discussion of the risks involved please consult JSP's Form ADV Part 2A Firm Brochure and refer to Item 8.

Unless otherwise noted, the source of statistical information used in this document was eVestment.

**Past performance is no guarantee of future results.** Return information presented is supplemental to the GIPS Report for the JSP composites.

*Jackson Square is registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser. Registration does not imply a certain level of skill or training.*

*The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance across developed and emerging markets worldwide. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. All returns are stated in U.S. dollars, unless otherwise noted. MSCI World is a service mark of MSCI Barra.*

*Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. The index is provided for informational purposes only. Jackson Square does not manage the strategy to the index and unlike the benchmark, the portfolio is actively weighted. All third-party indices are the property of their respective owners.*

## Strategy Review

For the third quarter of 2022, the Global Growth Portfolio underperformed its benchmark, the MSCI All Country World Index. On a sector level, information technology and health care were the largest detractors.

| TOP CONTRIBUTORS | |
|---|---|
| MercadoLibre, Inc. | Consumer Discretionary |
| New York Times Company Class A | Communication Services |
| MonotaRO Co, Ltd | Industrials |
| Aon PLC Class A | Financials |
| Experian PLC | Industrials |

| TOP DETRACTORS | |
|---|---|
| Catalent Inc | Health Care |
| ServiceNow, Inc | Information Technology |
| Match Group, Inc | Communication Services |
| Veeva Systems Inc Class A | Health Care |
| Alphabet Inc. Class A | Communication Services |

## 3Q 2022 Performance

- In Q3, the market continued to experience volatility driven by the same fears which have plagued markets all year: persistent inflation, hawkish Fed policies, global recession and global unrest. After bottoming in mid June, the market had a brief rally peaking in mid August before coming back down to prior lows.
- Global Growth underperformed the MSCI ACWI Index during the quarter. There were no major outperformers or underperformers in the portfolio, and no significant new idiosyncratic developments among our names. Our strongest performance came from primarily non-US holdings and our weakest performance came from some of our quality US holdings in Health Care and Information Technology due to their sensitivity to increasing interest rates. We continue to monitor inflation and rising interest rates and the impact at each company. We focus on finding companies at attractive valuations that can perform well in any economic environment.
- The strong dollar continues to be a modest headwind overall. It had a relatively small impact on our portfolio due to the limited exposure to USD exports within our holdings.
- We believe the portfolio changes we made year to date led to significantly lower tracking error and volatility for our portfolio while still maintaining a high level of active risk.

We believe we are at an interesting point of market regime change with implications for the type of growth strategy that will be more successful over the next 5-10 years. From 2010-2018, we saw low/steady growth, 1.5-3.5% rates and low inflation. Growth style investing fared well in this time period – with both quality/profitable growth and ultra high duration growth outperforming. Then from 2019 to 2021, we saw massive stimulus and rates going from 3% to 0%. During this environment, ultra high growth companies did exceptionally well and outperformed quality growth significantly. This decade of growth outperformance was so dominant that growth not only delivered higher upside capture to investors, it also provided better downside protection as the tailwinds of low rates and explosive growth into a relatively untapped internet opportunity drove aggressive growth higher.

The past year has seen a significant reversal in these trends. Looking ahead, we believe we will be in an environment with lower growth and modestly higher interest rates and inflation. We see this as supportive of a different style of growth portfolio, where stock selection and idiosyncratic risk exposure are key ingredients for success.

## 3Q Firm Updates

### Assets

We appreciate that changes in firm AUM over the past year have naturally created questions. First, as context, we think it is critical to communicate our longstanding philosophy around building and motivating investment team talent. We have purposefully built up our team over the past eight years to provide clients with exceptionally talented and committed investors, whom we expect to be excellent fiduciaries for decades to come. Our equity structure and economics are positioned to support retention of our critical personnel, with senior partners taking decisive action to buffer younger team members, consistent with our longstanding practice in challenging periods. Our organization and financials are defensively positioned, and we have taken cost-cutting measures over the prior 12 months – rationalizing some products and vehicles which had not scaled and resetting vendor costs – which have resulted in material reductions to our expense base. Most importantly, we can assure you that our investment team is fully committed, and we can support all of our products and clients at and below current asset levels, while offering attractive near-term and compelling long-term economics to our team.

### New Investment Team Member

As previewed earlier this year, Joyce Shi, who interned with Jackson Square in 2021 has joined the investment team as an analyst. Joyce completed her MBA at Stanford Graduate School of Business after six years in the industry, first as a generalist investor at GMO and more recently as a crossover tech investor at Dragoneer Investment group. We are excited to have her on the team.

### Trading Update

Jackson Square has made the decision to transition to an outsourced trading provider. We have engaged Northern Trust Capital Markets to provide these services, expanding on our existing middle- and back-office integration with Northern Trust for improved efficiency and communication. A scaled, global trading partner offers significant advantages in an increasingly complex regulatory and market environment and we believe our dedicated team at Northern Trust will deliver the customized service, market intelligence, and thoughtful trading strategy for which we have always relied on our desk. We expect to complete this transition in the 4th quarter.

## Market Review and Outlook

Market volatility continued into the third quarter as investors struggled to determine the right point to step back into the markets. Although July seemed to signal relief from the relentless stock market decline, any optimism was overwhelmed as the Fed (and central banks around the globe) held a firmly hawkish position in the face of persistently high inflation. Globally, supply chain issues, food shortages, a surging U.S. dollar, and the sharp slowdown in China continued to suppress economic activity. These macro challenges showed up in a broad spectrum of corporate earnings, creating pain for management teams which had not appropriately adjusted investor outlooks and the markets offered little cover across all asset classes.

We expect inflation and rates to continue to drive market volatility as the Fed's messaging increasingly crushes hopes for a soft landing. Market participants will be watching economic indicators for signals of an official turn into recession or prolonged period of slow growth, with near-term prospects for the economy revised down. Top of mind for us in addition to inflation are the fundamental economic data and trends that translate to company earnings and outlooks, including: 1) compressing consumer spending, particularly on the lower end of the income spectrum, with a continuation of the trend shifting from goods to services, 2) slowing business investment, and 3) softening labor markets. Company fundamentals, quality, and resiliency will be increasingly important as those companies which can successfully navigate the obstacle course of macro headwinds should stand out.

At Jackson Square, we remain focused on the three-to-five year growth potential for our portfolio companies and optimizing upside/downside capture over the long term. Regardless of policy outcomes and oscillating investor sentiment, we remain consistent in our long-term investment philosophy: owning what we view as strong secular-growth companies with great competitive positions that can grow market share and have the potential to deliver shareholder value in a variety of market environments.



*Please see additional disclosures on page 2.*

## COMPOSITE STATISTICS AND PERFORMANCE

| Period End | Composite return gross-of-fees (%) | Composite return net-of-fees (%) | MSCI ACWI Index (net) return (%) | Composite Internal dispersion (%) | 3-Year Annualized Standard Deviation (%) | | As of December 31st | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Composite | MSCI ACWI Index (net) | Number of Portfolios | Composite Assets ($mm) | Total Firm Assets ($mm) |
| **2021** | 2.8 | 2.3 | 18.5 | n/a | 20.8 | 16.8 | <6 | 3,403 | 12,342 |
| **2020** | 38.5 | 37.7 | 16.3 | n/a | 21.1 | 18.1 | <6 | 4,514 | 25,497 |
| **2019** | 28.8 | 28.2 | 26.6 | n/a | 12.9 | 11.2 | <6 | 3,443 | 19,889 |
| **2018** | -3.3 | -3.8 | -9.4 | n/a | 13.2 | 10.5 | <6 | 2,715 | 16,779 |
| **2017** | 35.3 | 34.5 | 24.0 | n/a | 12.9 | 10.4 | <6 | 2,834 | 20,154 |
| **2016** | 2.4 | 1.8 | 7.9 | n/a | 13.3 | 11.1 | 6 | 3,244 | 19,749 |
| **2015** | 0.7 | 0.1 | -2.4 | n/a | 12.5 | 10.8 | <6 | 3,146 | 26,197 |
| **2014** | 3.7 | 3.0 | 4.2 | n/a | 11.7 | 10.5 | <6 | 1,914 | 25,753 |
| **2013** | 25.7 | 24.9 | 22.8 | n/a | 14.3 | 13.9 | <6 | 2,050 | n/a |
| **2012** | 18.9 | 18.0 | 16.1 | n/a | 16.8 | 17.1 | <6 | 1,279 | n/a |

## PERFORMANCE DISCLOSURES: GLOBAL GROWTH COMPOSITE

Jackson Square Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Jackson Square Partners has been independently verified for the periods May 1 2014 through December 31, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedure for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Global Growth Composite ("Composite") has had a performance examination for the periods January 1, 2009 through December 31, 2021. The verification and performance examination reports are available upon request. A list of the firm's limited distribution pooled fund descriptions and a list of broad distribution pooled funds is available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Jackson Square Partners is a registered investment adviser established on May 1, 2014. Registration does not imply a certain level of skill or training. Jackson Square Partners manages domestic and global growth equity strategies for institutional and retail clients. Performance shown prior to May 1, 2014 represents results achieved by the Jackson Square Partners team at Delaware Investments prior to the establishment of Jackson Square Partners. Delaware Investments claims compliance with the GIPS standards and was previously verified.

The Composite invests primarily in common stocks of U.S. and non-U.S. growth oriented companies located in developed and emerging market countries that the firm believes have long-term capital appreciation potential and may grow faster than the U.S. economy. The Composite has a concentrated portfolio of equities. The Composite was created and incepted in January 2009. The Composite includes all discretionary, fee paying accounts, including pooled funds managed in this strategy. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of investment advisory fees, and are calculated in U.S. dollars. The returns of some accounts in the Composite may include income from securities lending. Net returns are calculated using a model investment advisory fee derived by applying the strategy's maximum fee schedule in effect for the respective period, monthly. The current fee schedule for the strategy is as follows: first $100 million, 0.75%; next $100 million, 0.65%; next $300 million, 0.55%; amounts over $500 million, 0.45%. Jackson Square Partners investment advisory fees are described in Part 2A of the firm's Form ADV. Some clients may utilize a performance-based fee. Actual advisory fees can vary among clients employing this strategy and may be higher or lower than model investment advisory fees. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request. A list of composite descriptions is available upon request. Past performance is not an indicator of future results. Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the Composite for the entire year. Internal dispersion is only shown if the Composite has at least six accounts that were managed for the full calendar year. All risk measures presented are calculated using gross-of-fees returns.

The three-year annualized standard deviation measures the variability of the Composite and the benchmark over the preceding 36-month period. This measure is not required to be presented when 36 monthly composite returns are not yet available.

The benchmark for the Composite is the MSCI All Country World Index. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index designed to measure equity market performance across developed markets world-wide. Index "net" return reflects minimum possible dividend reinvestment, after deduction of withholding tax at the highest possible rate. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. The index referenced in prior presentations was MSCI World Index (net). The firm has retroactively applied MSCI All Country World Index for prior performance periods due to the fact that it more appropriately reflects the investment strategy. There would be differences in performance between the indices. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners. The benchmark returns are not covered by the report of independent verifiers.

International investments are subject to risks not ordinarily associated with U.S. investments including capital loss from unfavorable fluctuation in currency values, differences in generally accepted accounting principles, or economic or political instability in other nations. Investing in emerging markets can be riskier than investing in established foreign markets due to increased volatility and lower trading volume.

Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment will have a greater effect on the strategy's overall performance.

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