JACKSON SQUARE PARTNERS
SAN FRANCISCO

# Global Growth

**FACT SHEET** I 12/31/21

## 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 TEAM |
|---|---|---|
| **CHRIS BONAVICO, CFA** | **33** | **28** |
| **PATRICK FORTIER, CFA** | **26** | **21** |
| **BRIAN TOLLES** | **7** | **5** |
| **+10 ANALYSTS** | ***Average: 19*** | **11** |

## ASSETS

| | |
|---|---|
| **Firm** | $14.7 Billion[1] |
| **Global Growth** | $3.4 Billion |

## RETURNS

| | Global Growth | | MSCI ACWI |
|---|---|---|---|
| | **Gross** | **Net** | **Index** |
| 4Q21 | -0.77 | -0.89 | 6.68 |
| YTD | 2.83 | 2.32 | 18.54 |
| 1 Year | 2.83 | 2.32 | 18.54 |
| 3 Year | 22.41 | 21.78 | 20.38 |
| 5 Year | 19.15 | 18.53 | 14.40 |
| 10 Year | 14.40 | 13.74 | 11.85 |
| SI | 16.47 | 15.72 | 11.89 |

## GLOBAL GROWTH STATISTICS

| **Risk and Return** | ***12/31/08 – 12/31/21*** |
|---|---|
| Alpha* | 4.15 |
| Beta | 1.02 |
| Return* | 15.72 |
| Benchmark return* | 11.89 |
| Standard deviation* | 16.81 |
| Tracking error | 6.48 |
| Information ratio | 0.71 |
| Upside capture | 114% |
| Downside capture | 94% |
| **Portfolio Characteristics** | |
| Turnover LTM | 29 |
| Active Share | 93 |
| Positions | 38 |

*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 $14.74 billion as of 12/31/21 and includes approximately $2.40 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 $2.33 billion and SMID-Cap Growth $0.07 billion in non-discretionary assets under advisement.

## TOP 10 HOLDINGS[1]

| Company | Position Initiated | Portfolio (%) |
|---|---|---|
| Microsoft Corporation | Oct-2013 | 8.88 |
| Mastercard Inc. Class A | Jan-2009 | 4.37 |
| Edwards Lifesciences Corp. | Aug-2020 | 3.61 |
| Visa Inc. Class A | Mar-2013 | 3.43 |
| Datadog Inc Class A | Nov-2020 | 3.42 |
| Experian Plc | Feb-2012 | 3.35 |
| Lonza Group Ag | Aug-2021 | 3.12 |
| New York Times Co. Class A | Apr-2018 | 3.10 |
| ASML Holding Nv | Nov-2016 | 3.05 |
| LVMH SE | Apr-2020 | 3.03 |
| **Top 10 total** | Oct-2013 | **39.37** |

## SECTOR ALLOCATION

| | Global Growth[1] | Benchmark |
|---|---|---|
| Communication Services | 8.87 | 8.37 |
| Consumer Discretionary | 9.08 | 12.46 |
| Consumer Staples | 0.00 | 6.88 |
| Energy | 0.00 | 3.41 |
| Financials | 3.05 | 14.05 |
| Health Care | 14.25 | 11.38 |
| Industrials | 24.01 | 9.73 |
| Information Technology | 38.82 | 23.87 |
| Materials | 0.00 | 4.65 |
| Real Estate | 0.00 | 2.51 |
| Utilities | 0.00 | 2.68 |
| Cash | 1.92 | 0.00 |

## MARKET CAP ALLOCATION (% ex cash)

| | Global Growth[1] | Benchmark |
|---|---|---|
| $0-10B | 10.49 | 4.94 |
| $10-20B | 1.78 | 9.08 |
| $20-100B | 51.68 | 36.20 |
| $100-200B | 8.05 | 14.84 |
| $200B+ | 28.01 | 34.92 |
| | | |
| Weighted Avg. | $345 B | $432 B |
| Median | $56 B | $13 B |

## REGIONAL ALLOCATION

| | Global Growth[1] | Benchmark |
|---|---|---|
| North America | 56.24 | 64.41 |
| Europe | 26.76 | 16.80 |
| Japan | 5.04 | 5.54 |
| South America | 4.30 | 0.59 |
| Asia/Pacific ex Japan | 3.74 | 11.51 |
| Middle East | 2.01 | 0.80 |
| Africa | 0.00 | 0.35 |

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.

## Strategy Review

For the fourth quarter of 2021, the Global Growth Portfolio underperformed its benchmark, the MSCI All Country World Index. While performance was largely driven by our stock exposure, on a sector level, information technology was the largest detractor and financials were the largest contributor to performance.

### TOP CONTRIBUTORS AND DETRACTORS

#### Contributors

**Datadog Inc**, an enterprise software provider that allows companies to monitor and analyze their cloud-based infrastructure, was a contributor to performance during the quarter. Datadog reported another quarter of accelerating growth across all of its core products in late November, with evidence of success in its 'platform' strategy. The efficiency of growth also further improved with healthy double digit free cash flow margins despite the rapid topline growth pointing to the long-term underlying profitability of the business. We believe the market is still underestimating the traction of Datadog's emerging platform strategy and rapid product innovation that we feel will sustain high levels of growth at attractive economics for many years.

**Microsoft Corporation**, a global software and technology services company, was a contributor to performance for the quarter. Microsoft continued to enjoy tailwinds from its strong earnings report in late October, and held up well against market volatility in the second half of November given the company's strong underlying secular trends and reasonable valuation. We believe Microsoft remains well positioned in enterprise infrastructure technology and application software, and can grow with expanding margins for much longer than the market appreciates. We see additional long-term upside from renewed innovation in products like Teams which has not yet been monetized in a meaningful way.

**Experian PLC**, the largest global credit bureau provider and a major vendor of data to enable better credit issuance and monitoring, was a contributor to performance during the quarter. The company reported strong results in November and increased its full year organic growth expectation. The stock also performed well in a volatile quarter as interest rates remained relatively steady and non-mortgage credit issuance began to rebound in many geographies. Long term, we think the company is also well-positioned to benefit from secular credit growth in emerging economies and from the rapid growth of direct-to-consumer offerings in developed markets.

#### Detractors

**Vestas Wind Systems A/S**, a wind power plant company, was a detractor from performance during the quarter. The company reported weak earnings due to cost pressures in late November, especially in freight and logistics, which they suggested are likely to continue for several quarters. Order intake was also weak as customers awaited tax credit policy resolution in the US. This weakness carried into December as the BBB bill in the US was shelved temporarily. Longer term, regardless of subsidy policies, we believe value will be driven by continued compounding of revenue in the Services segment and the long-term growth in the wind power install base as it becomes increasingly cost-advantaged versus fossil fuels, especially as fossil fuel prices have rebounded strongly.

**Sea Ltd.**, a leading gaming and ecommerce company focused on emerging markets, was a detractor from performance during the quarter. The company reported strong growth in its ecommerce business but moderating growth in its cash cow gaming business as COVID restrictions ended. The stock also suffered from declines in high duration emerging market equities that continued through December. We believe that the company has a long runway ahead as the dominant ecommerce marketplace in Southeast Asia, which has low but rapidly rising ecommerce penetration. We also believe the payments opportunity is underappreciated by investors as many of Sea's markets are poorly served by incumbent banks and payment networks today.

**MercadoLibre, Inc.**, a top online retailer in Latin America, was a detractor from performance during the quarter. The company reported strong earnings for Q3 but the weakness was likely correlation with continued weakness across broader Latin America as the Brazilian central bank continues to raise interest rates. The bank has raised rates 6 times now in 2021 which stands at 7.75% up from 2% at the start of the year. Rising interest rates and a weakening economy in Brazil have investors concerned with the impact to MercadoLibre's growing credit portfolio as they expand their fintech business. The company also raised $1.5B in primary capital during the month. We believe MercadoLibre remains well positioned to benefit from the secular growth of e-commerce within the region.

| TOP CONTRIBUTORS | |
|---|---|
| Datadog Inc Class A | Information Technology |
| Microsoft Corporation | Information Technology |
| Experian Plc | Industrials |
| Edwards Lifesciences Corporation | Health Care |
| Snowflake, Inc. Class A | Information Technology |

| TOP DETRACTORS | |
|---|---|
| Vestas Wind Systems A/S | Industrials |
| Sea Ltd. Spnsd ADR Class A | Communication Services |
| Mercadolibre, Inc. | Consumer Discretionary |
| Freee K.K. | Information Technology |
| Wix.Com Ltd. | Information Technology |

## Market Review and Outlook

Equities continued to rally through the 4th quarter of 2021, generating strong performance across developed markets. In the US, the signing of a long awaited $1.2 trillion infrastructure bill provided an economic boost after early partisan deadlock on everything from the debt ceiling to avoiding a government shutdown seemed poised to be a source of additional headwinds for the market. The third-quarter earnings season was better than expected, with fundamental improvement as companies moved through COVID-induced challenges. But strong headline numbers came with continued volatility and divergent outcomes within indices amid growing uncertainty about future growth. Mounting inflation concerns in the face of the global supply chain backlog and pressure from rising wages were met with varying levels of hawkish signals from central banks throughout the quarter, with the markets struggling to digest the potential for more aggressive balance sheet cuts and interest rate hikes than expected while receiving some reassurance that the Fed would remain supportive of the economy. Nonetheless, December saw a broad risk-off trend, with hedge funds de-grossing and algorithmic traders exiting higher duration, high multiple names with little regard for fundamentals. Emerging market equities underperformed, with Brazil struggling to control inflation and a contracting economy while the People's Bank of China began to signal an easing bias as policymakers became attuned to downside risk in that economy. Countries across the globe continued to wrestle with the ebb and flow of COVID-19, and the specter of the new Omicron variant reinforced uncertainty as investors sought to understand the ultimate impact of a highly contagious but potentially less severe mutation of the virus.

On balance, the economic backdrop remains generally accommodative to equity prices, though with a sustained higher level of volatility and increasing market concerns over the potential inflation impact of a return to normal business activity. Though the Omicron variant has disrupted and delayed a full snap back in economic activity in the near term, investors seem to be assuming an eventual return to a strong economic recovery. In addition, the Fed and other central banks around the world have either started or previewed a slowing of easy money policies and actions, creating more credible concerns that interest rates could be moving higher. Sector and systematic factor rotations will likely continue to significantly impact market dynamics as investors wrestle with how this economic recovery will impact equity prices. Complicating the fundamental factors of strong economic activity with higher interest rates is the reality of an equity market that has enjoyed several years of strong absolute returns, muddying the outlook for 2022.

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. We have evaluated our portfolios through an inflation risk lens and leaned into quality as we believe fundamentals will drive performance over the long-term.

**Regardless of policy outcomes and of oscillating investor sentiment in any given period, we remain consistent in our long-term investment philosophy: we want to own what we view as strong secular-growth companies with solid business models and competitive positions that we believe 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

| | | | | | 3-Year Annualized Standard Deviation (%) | | As of December 31st | | |
|---|---|---|---|---|---|---|---|---|---|
| Period End | Composite return gross-of-fees (%) | Composite return net-of-fees (%) | MSCI ACWI Index (net) return (%) | Composite Internal dispersion (%) | Composite | MSCI ACWI Index (net) | Number of Portfolios | Composite Assets ($mm) | Total Firm Assets ($mm) |
| **2020** | 38.5 | 37.7 | 16.3 | n/a | 21.1 | 18.1 | 5 | 4,514 | 25,497 |
| **2019** | 28.8 | 28.2 | 26.6 | n/a | 12.9 | 11.2 | 5 | 3,443 | 19,889 |
| **2018** | -3.3 | -3.8 | -9.4 | n/a | 13.2 | 10.5 | 5 | 2,715 | 16,779 |
| **2017** | 35.3 | 34.5 | 24.0 | n/a | 12.9 | 10.4 | 5 | 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 | 5 | 3,146 | 26,197 |
| **2014** | 3.7 | 3.0 | 4.2 | n/a | 11.7 | 10.5 | 3 | 1,914 | 25,753 |
| **2013** | 25.7 | 24.9 | 22.8 | n/a | 14.3 | 13.9 | 4 | 2,050 | n/a |
| **2012** | 18.9 | 18.0 | 16.1 | n/a | 16.8 | 17.1 | 3 | 1,279 | n/a |
| **2011** | -0.8 | -1.7 | -7.3 | n/a | 19.4 | 20.6 | 1 | 13 | 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, 2020. 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, 2020. 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.

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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.

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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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