



Jackson Square Partners International Growth

COMMENTARY | 3/31/22

PHILOSOPHY

We believe that attractive returns can be realized by maintaining a concentrated portfolio of companies that we believe have enhanced business models, strong cash flows, and the opportunity to generate consistent, long-term growth of intrinsic business value.

INTERNATIONAL GROWTH RETURNS

		1Q22	1 Year	Since Inception 12/31/2020
International Growth Composite	Gross	-16.47	-17.04	-14.06
	Net	-16.67	-17.86	-14.90
MSCI ACWI ex US Index		-5.44	-1.48	1.56
Net Relative Return		-11.23	-16.37	-16.46

Source: Jackson Square, MSCI ACWI ex USA Index
 Past performance is not indicative of future returns. Investing involves risk, including possible loss of principal.

MARKET REVIEW

A broad swath of publicly-traded asset classes struggled in 1Q22, with a noteworthy outlier in commodities, which surged. Growth equities, particularly at the lower end of the cap spectrum, were especially challenged, often without much regard for underlying company fundamentals. The headwind of inflation and interest rate fears persisted in the quarter, with investors increasingly questioning just how long a transitory trend might last. Markets appeared to be pricing in not only the biggest one-year increase in rates since 1994, but also a substantial reduction in the size of the Fed’s balance sheet. Further, Russia’s invasion of Ukraine added a new set of concerns for markets to grapple with. In addition to the usual apprehension war creates, the prospect of the international community effectively removing Russia from the global financial markets left investors on edge. The fourth quarter’s selloff in high duration growth equities continued and was joined by most other developed asset classes, as noted above. Emerging market equities were mixed, with Russia being pummeled but Latam rising on the lift in commodities prices. China also declined, as local GDP growth forecasts came into question over not only ongoing regulatory pressure on domestic technology companies, but also the latest COVID wave, which had much of the country seemingly headed to lockdown again at quarter-end.

TOP CONTRIBUTORS

Canadian Pacific Railway Limited	Industrials
MonotaRO Co., Ltd.	Industrials
Aon PLC Class A	Financials
EPAM Systems, Inc.	Information Technology
Universal Music Group N.V.	Communication Services

TOP DETRACTORS

Shopify, Inc. Class A	Information Technology
Farfetch Limited Class A	Consumer Discretionary
Delivery Hero SE	Consumer Discretionary
freee K.K.	Information Technology
Sartorius Stedim Biotech SA	Health Care

Strategy Review

For the first quarter of 2022 the International Growth Portfolio underperformed its benchmark, the MSCI All Country World Index ex USA. While performance was largely driven by our stock exposure, on a sector level, information technology was the largest detractor.

TOP CONTRIBUTORS AND DETRACTORS

Contributors

Canadian Pacific Kansas City Ltd., a Class 1 railway spanning from Canada to Mexico, was a contributor to performance during the quarter as cyclical, and especially railroad, outperformed.

MonotaRO, Co, Ltd., a competitively advantaged supplier of maintenance, repair, and operations products to a broad base of business clients in Japan, was a contributor to performance during the quarter. The stock may have benefited from confidence in the underlying strength of their manufacturing customers rising. We believe the company is structurally well-positioned to continue to grow its market share via its superior, automated, all-online offering. We believe the company will continue to compound sales growth at attractive margins and returns for many years.

Aon Plc Class A, a global professional services firm, was a contributor to performance during the quarter. Aon benefited from factor and technical tailwinds favoring stocks underpinned by cash flows and valuation support. We believe Aon has exceptional management that can capitalize on the structural growth of the risk management and insurance services markets by continuing to deliver free cash flow growth to shareholders.

Detractors

Shopify, Inc., a cloud-based commerce platform designed to help small and medium-sized merchants operate online, reported resilient topline results – especially relative to broader 4Q'21 ecommerce slowdowns and earnings misses from peers – including 41% revenue growth and over 30% gross merchandise value (GMV) growth, driving 2-6% beats vs. consensus on revenue, GMV, and gross payment value (GPV). However, guidance for 2022 – while directionally consistent with our expectations – was vague and back-end loaded, and the company guided to a step-up in both opex and capex geared towards merchant acquisition, expansion of the merchant solutions suite, and Shopify Fulfillment Network (SFN). While the market dislikes the medium-term investment cycle, we believe SFN moving from “market fit” to “build” phase indicates the company believes fulfillment is scalable, and we’d note the immense value creation potential over the long-term if Shopify can continue expanding its merchant services ecosystem (e.g., Pay, Shipping, Capital, Fulfillment). This also creates stickiness and crystallizes the competitive moat. While we are mindful of the potential for volatility over the next several quarters as the market wrestles with difficult year-over-year comparisons to the COVID-fueled demand boost, we believe this is a transitory dynamic that will have no impact on our longer-term thesis around structural e-commerce adoption and the monetization potential of Shopify’s platform which remains under-appreciated.

Farfetch Limited is a UK-based online retail business selling multi-brand digital luxury goods in over 100 countries. Farfetch’s 2022 underperformance has been tied to recessionary concerns and exposure to the European consumer. We remain constructive on the risk/reward profile at these price levels and would note the balance sheet is well capitalized to absorb temporary disruptions.

Delivery Hero SE, a service provider for online food ordering, provided disappointing full year guidance with losses from non-core operations and recently acquired Glovo exceeding expectations. We shared the market’s concern that the company is taking on too many unrelated investment projects globally before achieving healthy profitability in its key markets, and exited the position.

Market Outlook

Time horizons have compressed substantially in recent months and markets have moved in a correlated fashion in response to headlines and shorter-term trends. We believe the deviation between stock performance and company fundamentals is not sustainable over the long-term, but are prepared for a continuation of the broader risk-off and tactical rotations in the near-term. The markets face headwinds from inflation, tightening monetary policy, and slowing growth and we expect elevated uncertainty and volatility to continue, particularly until there is a resolution of the conflict in Ukraine. In our view, the broader re-rating, particularly of higher duration growth stocks, has removed much of the valuation risk from the market, and as countries around the world find a steady state with COVID and economies reopen, normalized consumer behavior and supply-chain relief should prove supportive of growth.

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: we want to own 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.

IMPORTANT INFORMATION

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Holdings are as of the date provided and subject to change. Please note that where a partial list of holdings has been provided, a full list is available upon request.

Investing involves risk, including possible loss of principal. *Investments in the equities markets are subject to risk. An investor should ask questions and understand those risks. Because this 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.*

Past performance is no guarantee of future results.

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 ex US Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance across developed and emerging markets worldwide, excluding the US. 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. The index is a service mark of MSCI Barra.

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COMPOSITE STATISTICS AND PERFORMANCE

Period End	Composite return gross-of-fees (%)	Composite return net-of-fees (%)	MSCI ACWI ex US Index (net) return (%)	Composite Internal dispersion (%)	3-Year Annualized Standard Deviation (%)		As of December 31st		
					Composite	MSCI ACWI ex US Index (net)	Number of Portfolios	Composite Assets (\$mm)	Total Firm Assets (\$mm)
2021	-0.9	-1.9	7.8	n/a	n/a	n/a	<6	10	12,342

PERFORMANCE DISCLOSURES: INTERNATIONAL 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 International Growth Composite ("Composite") has had a performance examination for the periods January 1, 2021 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.

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The Composite invests primarily in common stock of 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. This Composite was created and inceptioned in January 2021. 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 the Jackson Square Partners International Growth Fund's total expense ratio. The total expense ratio as of December 31, 2021 was 0.99%, including the base fee of 0.80% and operating expenses for the fund. 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 ex US Index. The MSCI All Country World ex US Index is a free float-adjusted market capitalization weighted index designed to measure equity market performance across developed markets world-wide (excluding the US). 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. 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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