Kepler Trust Intelligence

Your USA needs you

Baillie Gifford US Growth shareholders must vote if they wish to keep control of their investments.

Thomas McMahon

21 September 2026 View latest version

Baillie Gifford US Growth's (USA) shareholders have had some disappointing years since the pandemic, but the past year has seen an impressive return to form. Annual results were just published for the 12 months ending 31/05/2026, in which USA delivered a 31% NAV total return, ahead of the 29.8% of the S&P 500 Index. The shares were up 44.5%. If we bring things up to date, in 2026 the NAV total return of 17.9% is well ahead of the 12.1% of the S&P 500, while the shares are up 22.1% (as of 17/09). The trust has kicked on just as more passive strategies have slowed, with strong performance from SpaceX prior to IPO being very helpful.

PERFORMANCE OF TRUST VS ETF
Source: Morningstar
Past performance is not a reliable indicator of future results

The setup for the near future looks really exciting too. In the last financial year the managers invested in Anthropic, the global leader in enterprise AI, which is expected to IPO in October and made up 6.4% of the portfolio as of the end of May. Anthropic has already made a meaningful contribution to returns for 2026, having been written up prior to the listing process. They also added a position in OpenAI, most famous for ChatGPT but breaking new ground with coding models and competitive across multiple vectors. USA also owns the unlisted fintech company Stripe which makes up 7.3% of the portfolio and has been revalued upwards over 2026, within the 28.9% of the portfolio in unlisted investments (after accounting for the listing of SpaceX).

USA offers exposure to many of the key themes that investors are focused on right now. AI is firmly established and proliferating in the real economy. The fallow years for the unlisted equity space seem to be over, with the IPO market coming back for the right sorts and secondary market activity picking up. Meanwhile, global markets are increasingly concentrated, meaning that differentiation and highly active approaches are arguably more necessary than ever for those seeking to avoid a quasi-tracker that costs more. Having been patient when the environment served the trust ill, shareholders should be able to hope for their reward in the coming years.

Saba's latest approach to the company therefore seems spectacularly ill-timed. The activist investor has proposed three directors for the board. Saba will of course claim they are independent. Saba also claims to want to offer shareholders a 100% cash exit, but the board points out they have offered this to the activist before and been rejected. If this is so, it can't simply be that Saba wants its money back at NAV, which means we have to wonder what else they might want. The board suggests that Saba wants to get control of the company for its own interests, and this is likely to lead to the end of the current strategy.

That strategy is something that investors will struggle to find elsewhere. Baillie Gifford have used the flexibility of the investment trust structure to the full in taking meaningful positions in private companies, something which typical (open-ended UCITS) funds owned by many ordinary British investors are not allowed to do. They have built up punchy, high conviction single stock positions, taking holdings well over the 10% limit which usually applies for open-ended funds. Shareholders have been rewarded with the spectacular returns of SpaceX pre-IPO. It's worth noting that not all investors are offered access to companies like SpaceX or Anthropic, as the investee companies have a long line of suitors. The current managers' access relies on their contacts and experience built up over years, and the trust placed in them by company management. For that reason amongst others, it's hard to see the current strategy continuing if the board wants a new manager. But, of course, we don't know what they want.

We think shareholders should vote against the nomination of Saba's three directors to the board. All the details of when and how to do this are at **USA's website**. Voting should be available through your platform, and should be done in good time before the AGM on 23/10/2026. The deadline for proxy voting is 1 p.m. on 21/10/2026. Deadlines for voting through platforms will be earlier and may be as early as 14/10/2026, so shareholders must act within the month. Saba cannot win the vote on its own, but if retail shareholders don't vote, it may do.

If Saba wins, there can be no guarantee that USA will continue to offer its current, distinctive growth strategy, and that means one less way to access the world's most exciting and exclusive private companies via an experienced and, increasingly, results-proven team. Those thinking they can sit it out and take a cash exit need to consider Saba's rejection of an exit themselves and that the terms offered by a new board might end up being deeply unattractive, if an exit is offered at all. A vote for Saba is a vote for uncertainty and a vote to one way or another close the book on a highly distinctive strategy investors will struggle to replicate, just as it seems to be coming into form.

View the announcement on RNS Read our research on USA Click here to add USA to your watchlist

Disclaimer