

**BOARD OF PENSION TRUSTEES
FOR THE
CITY OF JACKSONVILLE RETIREMENT SYSTEM
Thursday, November 2, 2023, at 12:30 PM
City Hall Conference Room 3C**

AGENDA

1. CALL TO ORDER

2. PUBLIC COMMENT

3. INVESTMENT AND FINANCIAL MATTERS

Baillie Gifford – International Equity

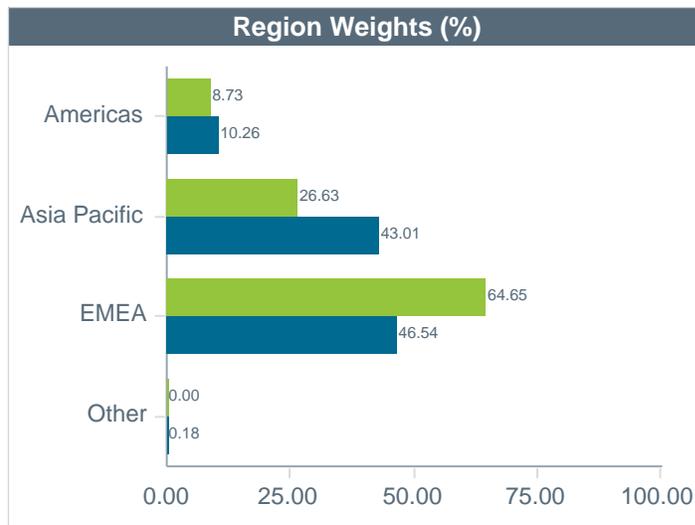
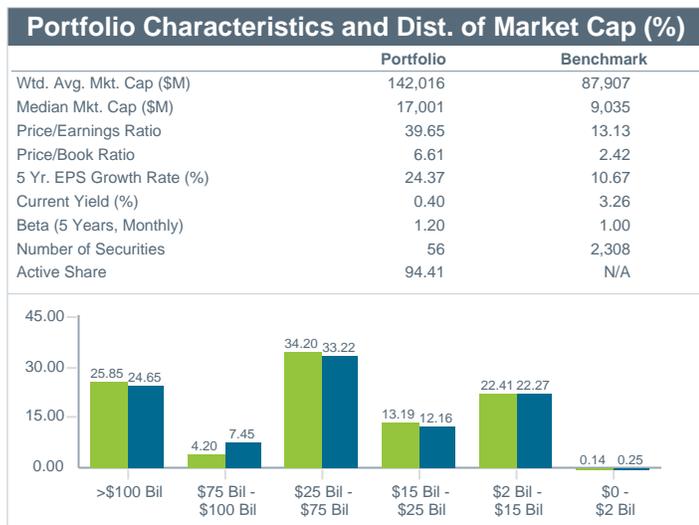
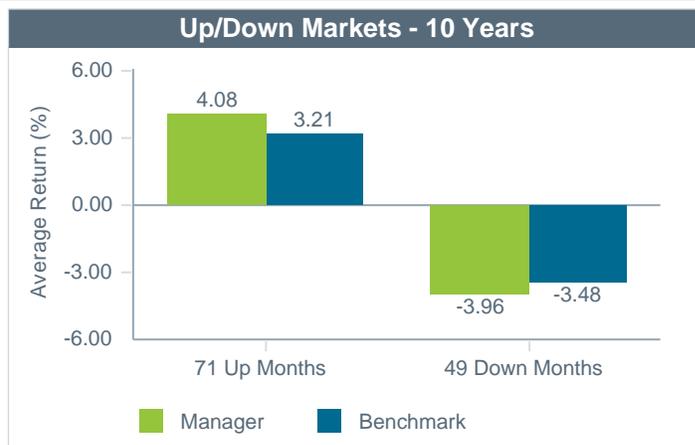
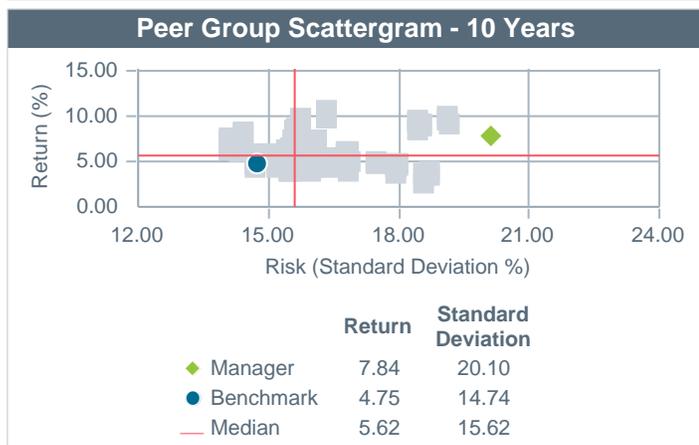
4. INFORMATION

- a. Next regular BOT meeting scheduled for Thursday, November 16, 2023, at 2 PM
- b. Wellington – LCV Equity discussion scheduled for Thursday, December 7, 2023, at 12:30 PM

5. PRIVILEGE OF THE FLOOR

6. ADJOURNMENT

Performance											
	QTD	1 Year	3 Years	5 Years	7 Years	10 Years	2022	2021	2020	2019	2018
Manager	0.08	14.64	-2.18	3.44	9.65	7.84	-34.36	-9.32	63.13	37.48	-17.23
Benchmark	2.44	12.72	7.22	3.52	6.32	4.75	-16.00	7.82	10.65	21.51	-14.20
Difference	-2.36	1.92	-9.40	-0.08	3.33	3.09	-18.36	-17.14	52.48	15.97	-3.03
Peer Group Median	2.12	14.85	4.18	4.06	6.74	5.62	-26.63	7.93	22.75	27.84	-14.32
Rank	94	53	95	68	9	15	90	98	1	2	79
Population	170	170	170	170	162	126	170	170	170	172	176



Performance shown is net of fees and client specific. Calculation is based on monthly periodicity. Parentheses contain percentile ranks.

City of Jacksonville

Kevin Fenelon and Nick Thomas. November 2023

Baillie Gifford™

Where Baillie Gifford pooled funds are held, please note the fund portfolio information contained within this report is confidential, proprietary information and should be maintained as such and not disseminated. The content is intended for information purposes only and should not be disclosed to other third parties or used for the purposes of market timing or seeking to gain an unfair advantage.

Baillie Gifford – a unique investment partnership

1

Stability

Private partnership since 1908

Staff turnover: <5%*

*As at 31 December 2022. Five year average.

2

Experience

Over a century of investing
through periods of rapid change

3

Enduring partnerships

Our first global equity client is still
with us after 114 years



725 clients in 47 countries
177 investors from 56 academic disciplines
1814 staff from 65 countries

As at 30 June 2023.



Our relationship

Appointed

May 2009

Fund value as at 30 September 2023

\$143.6m

Objective

To achieve a rate of return above that of the MSCI ACWI ex US index, in US dollar terms.

Since inception* performance to 30 September

Portfolio return of 7.76% vs 6.15% for the benchmark

Source: Bank of New York Mellon, Revolution, MSCI. In US Dollars.

*29 May 2009.

Index: MSCI ACWI ex US Index (MSCI EAFE prior to 22/11/2019).

All investment strategies have the potential for profit and loss.
Past performance is not a guide to future returns.

Team

Portfolio Construction Group



Tom Coutts

Chair*

24 years' experience (24)



Lawrence Burns

Deputy Chair*

14 years' experience (14)



Julia Angeles

Investment Manager*

15 years' experience (15)



Brian Lum

Investment Manager

17 years' experience (17)



Nick Thomas

Client Relationship Director*

25 years' experience (25)



David Salter

Client Relationship Director*

26 years' experience (22)

Strategy support

Investment analysts

ESG analyst

Investment specialists

As at 30 September 2023. *Partner. (Years with Baillie Gifford).

Performance and attribution

NAV investment returns to 30 September 2023

	Fund %	Index %	Difference %
Since inception* (p.a.)	7.76	6.15	+1.61
10 years (p.a.)	4.81	3.97	+0.84
5 years (p.a.)	1.73	3.05	-1.32
3 years (p.a.)	-10.05	4.25	-14.30
12 months	14.64	21.02	-6.39
3 months	-10.52	-3.68	-6.84

Top and bottom five relative stock contributors to 30 September 2023

3 months

Stock	Fund (avg. weight) %	Index (avg. weight) %	Contribution %
argenx	4.40	0.11	0.95
MercadoLibre	6.40	0.00	0.62
PDD Holdings	1.52	0.19	0.49
Wix.com	1.90	0.02	0.36
Elastic	0.77	0.00	0.24
Adyen	4.14	0.12	-2.97
ASML	6.63	1.12	-0.85
Delivery Hero	1.80	0.03	-0.64
Kering	4.11	0.17	-0.55
WiseTech Global	2.24	0.03	-0.43

12 months

Stock	Fund (avg. weight) %	Index (avg. weight) %	Contribution %
Spotify	3.93	0.00	1.67
Ferrari	5.18	0.14	1.39
MercadoLibre	5.87	0.00	1.36
ASML	6.78	1.09	0.98
Atlas Copco	2.82	0.15	0.56
Adyen	4.32	0.14	-2.55
Meituan	3.60	0.37	-1.93
M3	1.97	0.05	-1.18
Delivery Hero	1.96	0.03	-0.70
NIO	1.07	0.06	-0.67

Source: Bank of New York Mellon, Revolution, MSCI. Totals may not sum due to rounding. NAV returns are based on share class 2 of the Baillie Gifford International Growth Fund.

Index: MSCI ACWI ex US Index (MSCI EAFE prior to 22/11/2019).

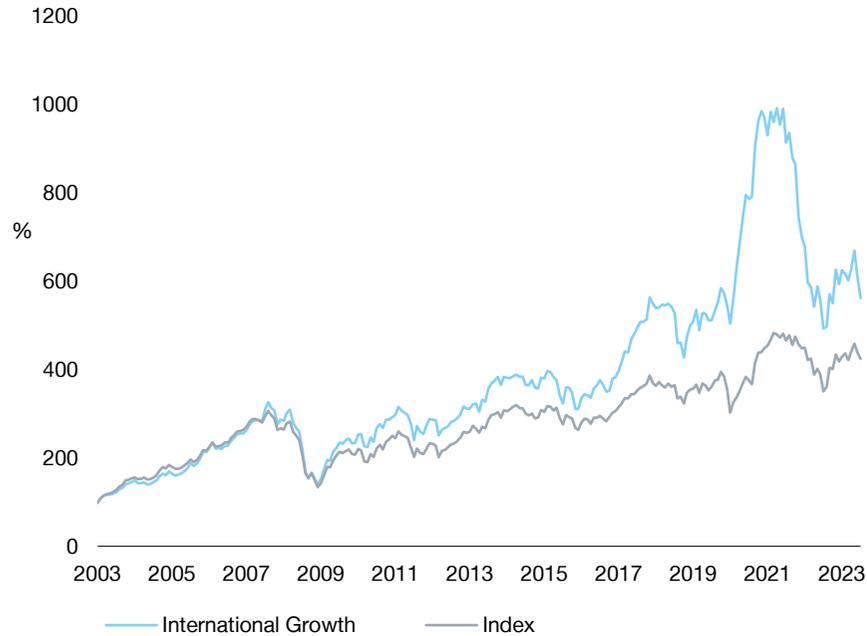
*29 May 2009. ¹Sold during the period.

All attribution figures are calculated gross of fees, relative to the Index from stock level up, based on closing pricing.

All investment strategies have the potential for profit and loss. Past performance is not a guide to future returns.

Long-term performance

Cumulative returns



Source: Revolution, MSCI. As at 30 September 2023. US dollar. Net of fees. Rebased to 100. Based on the International Growth Composite since inception (28/2/2003) to 30 September 2023. Index: MSCI ACWI ex US Index (MSCI EAFE prior to 30/9/2018).

Range of relative returns



Source: Revolution, MSCI. As at 30 September 2023. US dollar. Net of fees. The figures above show rolling monthly returns over each period for the International Growth Composite (28/2/2003 to 30/09/2023) vs MSCI ACWI ex US Index (MSCI EAFE prior to 30/9/2018).

The portfolio

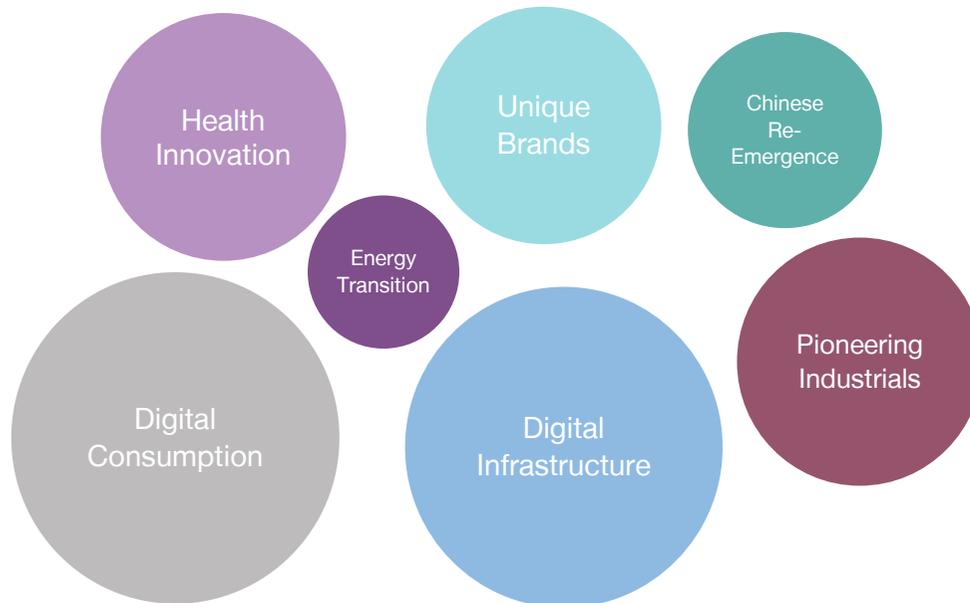
35%		32%		20%		11%	
>10 YEARS		5-10 YEARS		2-5 YEARS		<2 YEARS	
Holding	%	Holding	%	Holding	%	Holding	%
MercadoLibre	7.0	Ferrari	5.3	argenx	4.9	PDD Holdings	2.3
ASML	6.4	Spotify	4.8	TSMC	2.9	Nu Holdings	1.1
Atlas Copco	3.7	Genmab	3.9	Adyen	2.7	Elastic	1.0
Tencent	3.5	Meituan	3.1	WiseTech Global	2.1	Coupang	1.0
L'Oréal	3.3	Wix.com	2.1	EXOR	1.9	Wise	0.9
Kering	3.0	Sartorius Group	1.9	Vestas Wind Systems	1.3	VAT Group	0.8
AIA	2.8	Nidec Corporation	1.6	WuXi Biologics	1.3	Mobileye	0.8
SMC	1.6	M3	1.5	HelloFresh	1.2	Prysmian	0.6
Aixtron	1.6	Ocado	1.5	Temenos	0.8	HDFC Bank	0.6
Hong Kong Exchanges & Clearing	0.9	Delivery Hero	1.4	Xero	0.8	SEA Limited	0.5
Kinnevik	0.7	Zalando	1.4	Adevinta	0.3	SolarEdge	0.5
Schibsted	0.4	Umicore	1.3	Oatly	0.1	GMO Payment Gateway	0.4
		NIO	1.0			AutoStore	0.4
		Ambu	0.7			CyberAgent	0.3
		SBI Holdings	0.6			Ganfeng Lithium	0.3

Notable transactions shown six months to 30 September 2023. **New Buy**, **Addition**, **Reduction**. Complete sales: **Alibaba**, **Novozymes**.

As at 30 September 2023. Totals may not sum due to rounding. Cash: 1.2%. Holding weights and periods based on the Baillie Gifford International Growth Fund.

Portfolio insights

Our portfolio insights analysis is a subjective representation of the various investment themes present in the portfolio. The diagram is an output of our bottom-up stock selection, and not the result of a top down asset allocation. We classify each stock in the portfolio into a maximum of three themes out of the seven possible. We then calculate a weighted average of its holding size in the portfolio. The size of each circle reflects the sum of the weighted averages of the underlying stocks. This thematic analysis represents the underlying growth trends in the economy we are excited about both today and going forward. We believe representing the portfolio in this way is more insightful than looking at standard industry or sector classifications.



As at 30 September 2023. Based on a representative International Growth portfolio.

Health innovation

Computing power and genetic sequencing are transforming the healthcare industry. Treatment methods and business models will change radically.

Energy transition

We are entering a fourth energy transition driven by renewables. The variable cost of electricity will fall towards zero and disrupt traditional energy sources.

Unique brands

Groups providing these unique brands should benefit from rising consumption in many developing markets and increased spending by the affluent.

Chinese re-emergence

China continues to produce ambitious and innovative companies. The scale of its economy means growth runways can be long. We analyse whether companies are "going with the grain" of Chinese society.

Digital infrastructure

The companies in this theme provide the 'picks and shovels' facilitating digitisation in many sectors of the economy.

Digital consumption

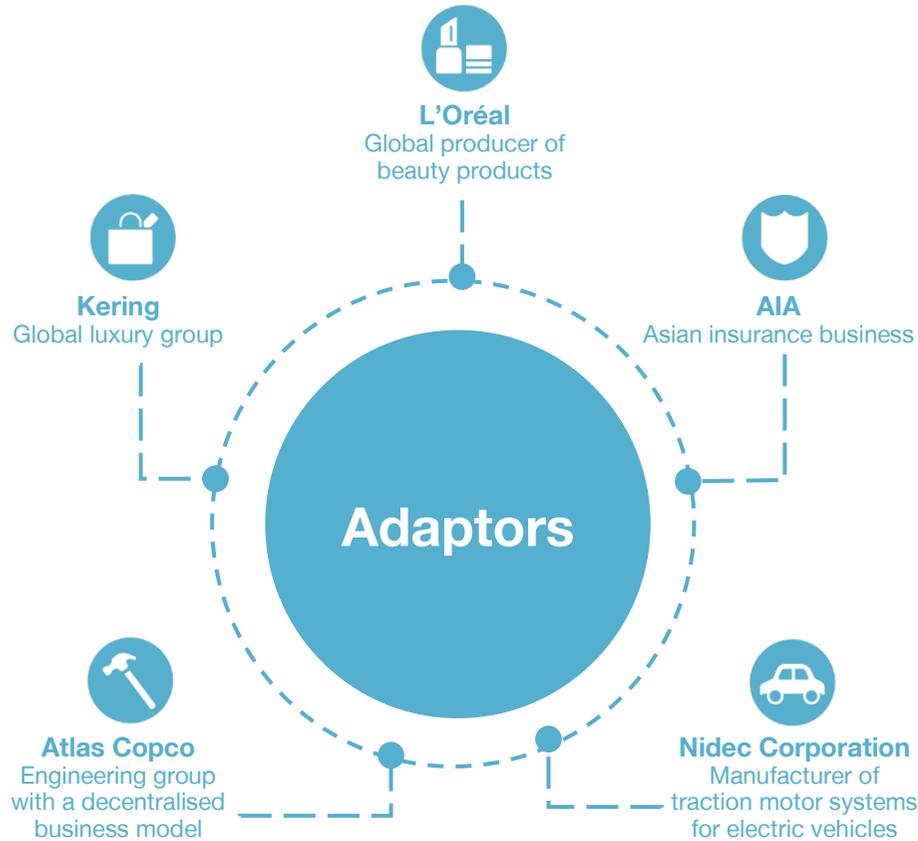
Customers' behaviours are changing. Digitally native companies are driving the rapid adoption of online services.

Pioneering industrials

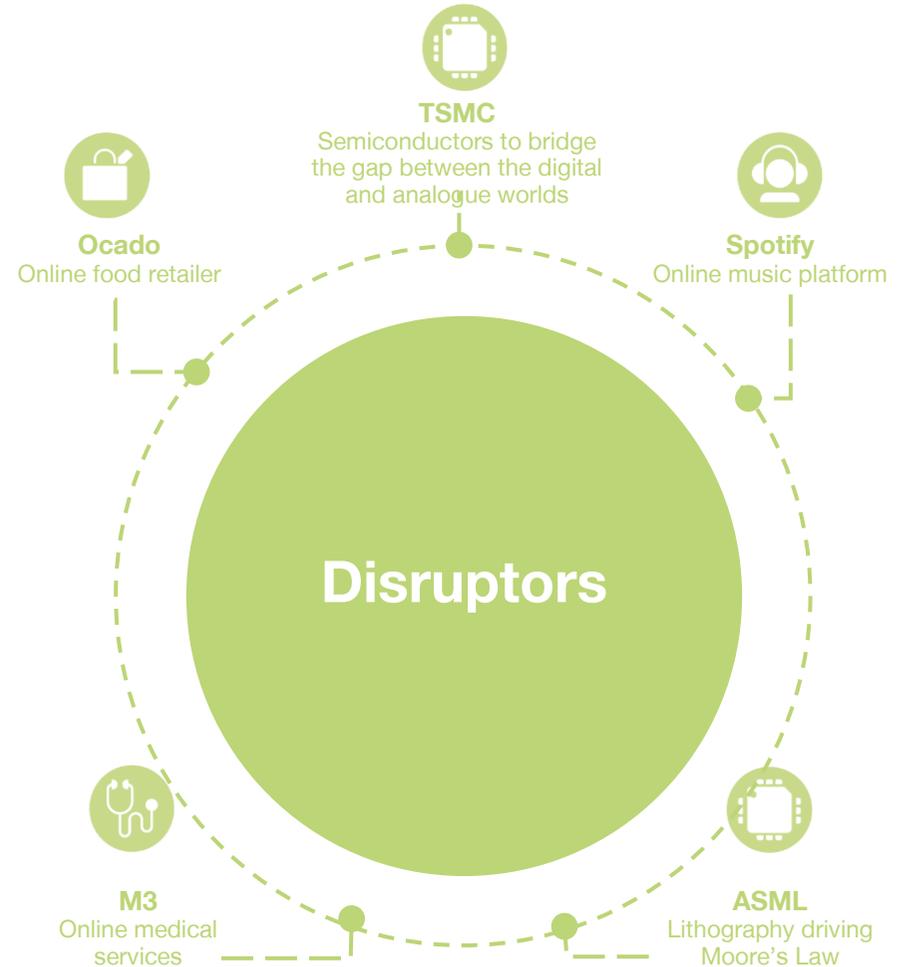
Intellectual property and engineering excellence can give companies a competitive edge that allows them to take advantage of growth opportunities.

Adaptors and Disruptors

Evolving over time as their environments change



Driving change in their industry



As at 30 September 2023. Based on a representative International Growth portfolio.

International Growth portfolio resilience

**Positive earnings per share
78%**

**Negative earnings
per share 22%**

**Positive free
cashflow per
share
12%**

**Negative free
cashflow per
share
10%**

**Net cash
6%**

**Net debt
4%**

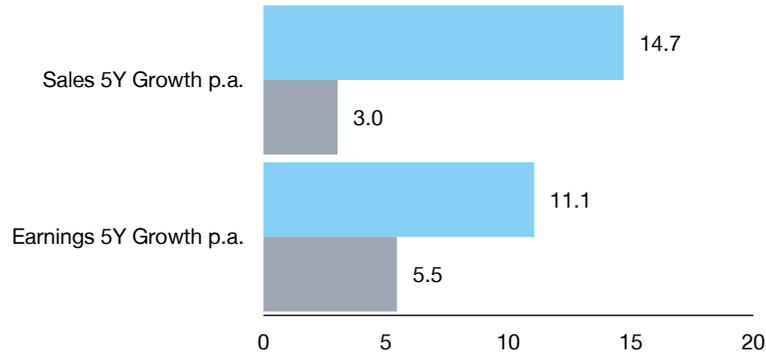
argenx
NIO

Vestas
Delivery Hero
Ocado
Oatly

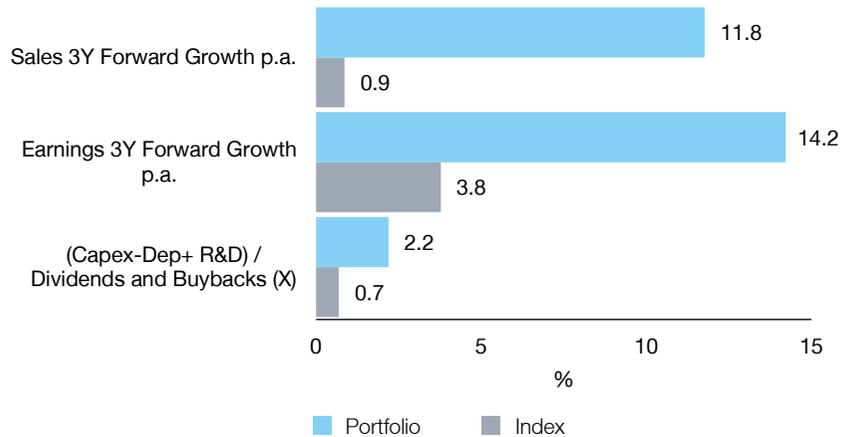
Source: FactSet, Baillie Gifford & Co. As at 30 September 2023. Based on a representative International Growth portfolio.

Portfolio characteristics

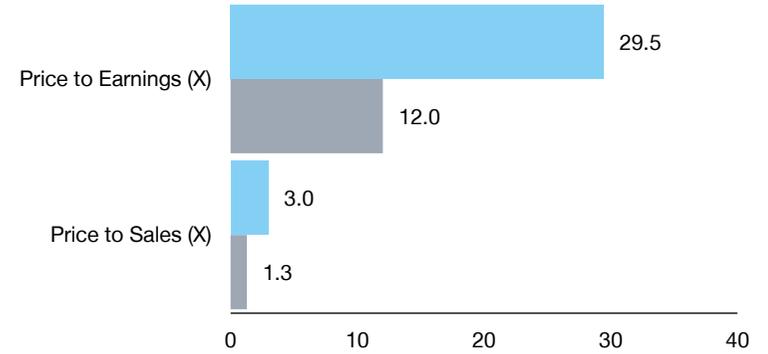
Historical growth



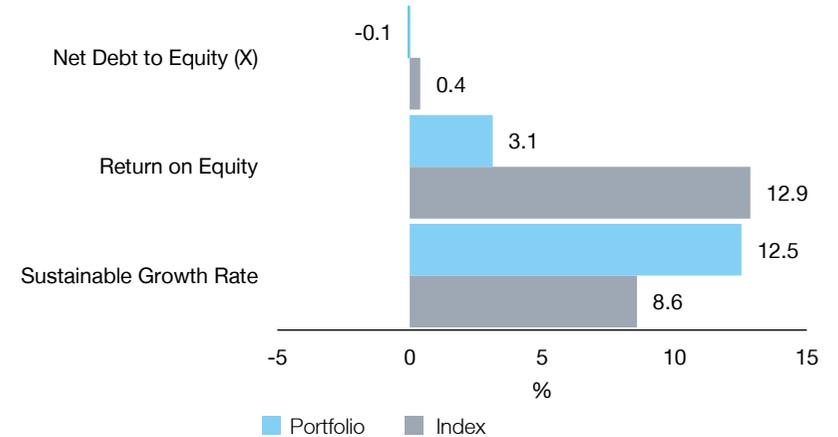
Forward growth



Valuation



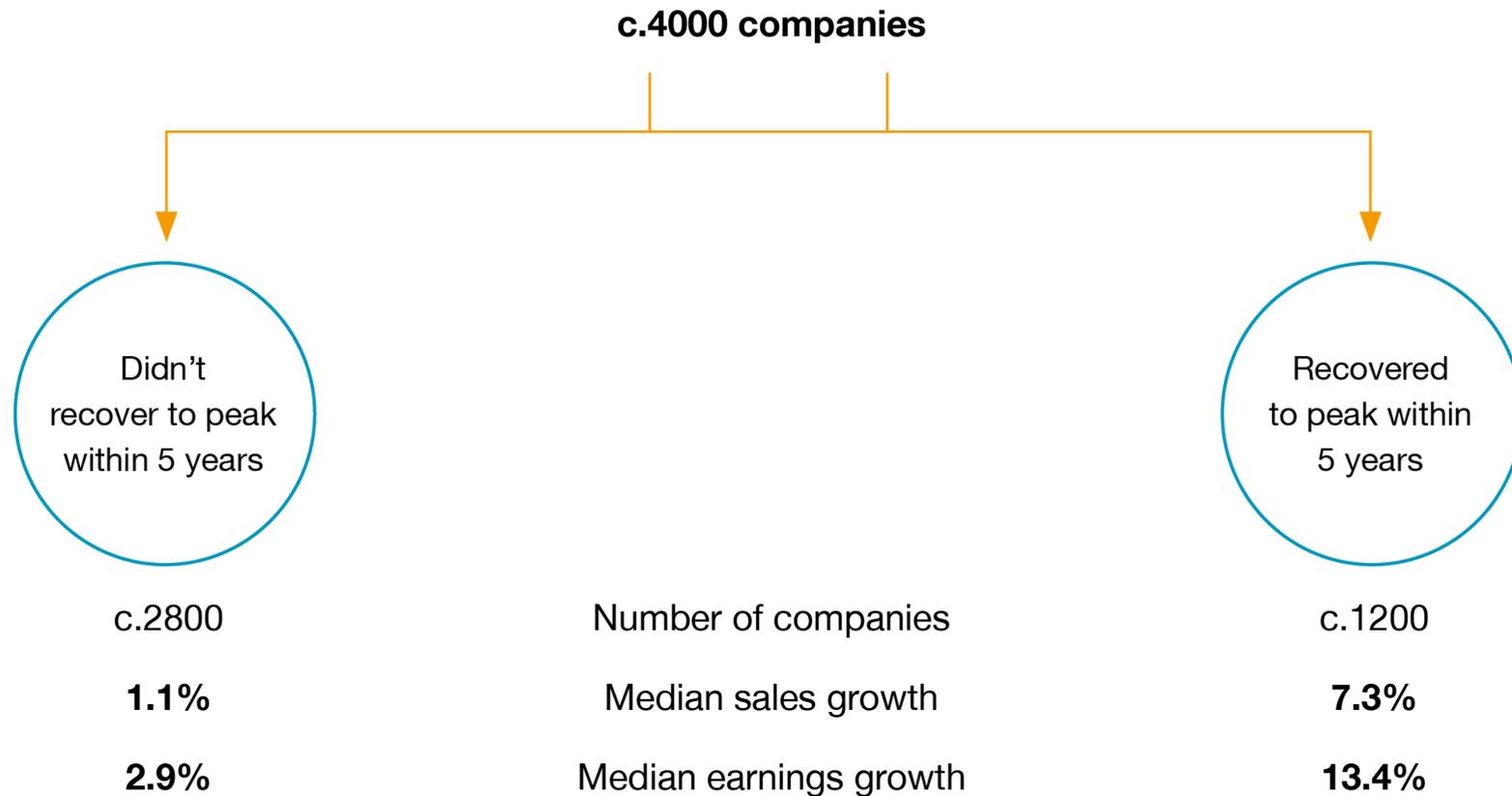
Quality



Source: Baillie Gifford & Co, FactSet, MSCI. US dollar. Based on a representative International Growth portfolio. As at 30 September 2023. Index: MSCI ACWI ex US Index. Price to earnings shown is 12 month trailing and presented as a ratio. Representative portfolio and index earnings figures are calculated excluding negative earnings. Representative portfolio and index net debt to equity figures excludes financials.

Growth matters following drawdowns

We looked at every international company in the index that experienced a drawdown >50% from 1999

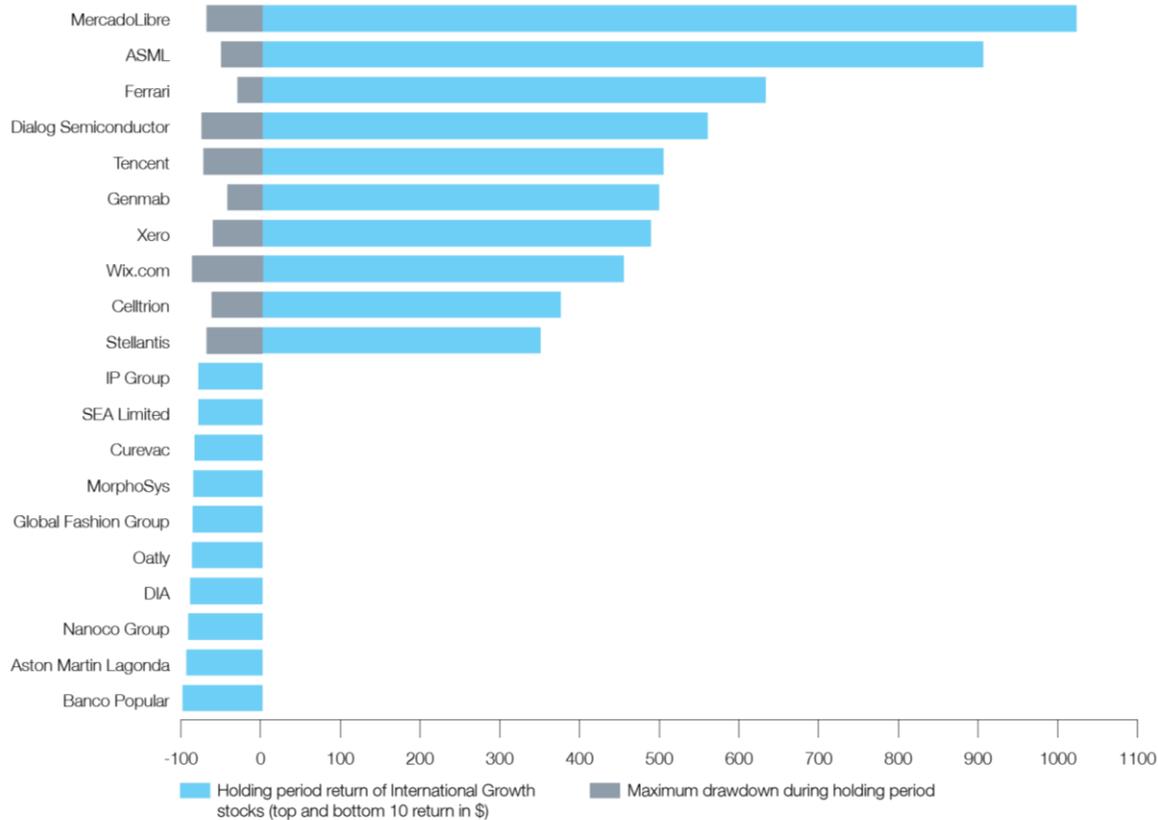


Data presented is from December 1999 to July 2018.
Index: MSCI ACWI ex US Index.

Exceptional outliers and their inevitable drawdowns

Some stocks offer huge upside

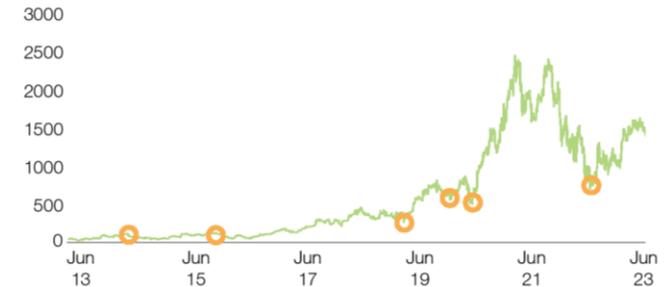
But even the biggest wealth creators experience large drawdowns



Source: Revolution, MSCI. Based on the Baillie Gifford International Growth Composite. US dollars. June 30, 2013 to June 30, 2023. Some stocks were only held for part of the period.

MercadoLibre – 6 drawdowns >30%

Share price performance %



ASML – 4 drawdowns >30%



Ferrari – 2 drawdowns >30%



○ Drawdown events

Source: Thomson Reuters Eikon. Bessembinder (2020).

Learning from academia

‘Even those investments that are the most successful at long horizons typically involve painful losses over shorter horizons.’

– Professor Hendrick Bessembinder

Outlook

The International Growth portfolio is financially resilient; our companies are adapting to tighter conditions

The pace of change in the fields of biology, energy transition and computing/AI is accelerating

The next decade may see more disruption, and growth opportunities, than the last



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MSCI

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Name	Id	Isin	Region	Country	Sector	Fund %	Index %	Relative %
MercadoLibre	50938W	US58733R1023	Emerging Markets	United States	Consumer Discretionary	7.00	0.00	7.00
ASML	152001	NL0010273215	European	Netherlands	Information Technology	6.39	1.04	5.35
Ferrari NV	8802TW	NL0011585146	European	Italy	Consumer Discretionary	5.32	0.16	5.16
argenx	DM0001HB	NL0010832176	European	Belgium	Health Care	4.93	0.12	4.81
Spotify Technology SA	DM00005G	LU1778762911	European	Sweden	Communication Services	4.81	0.00	4.81
Genmab	266617	DK0010272202	European	Denmark	Health Care	3.90	0.10	3.80
Atlas Copco A	929448	SE0017486889	European	Sweden	Industrials	3.68	0.16	3.52
Tencent Holdings	29061M	KYG875721634	Emerging Markets	China	Communication Services	3.46	1.14	2.32
L'Oreal	923386	FR0000120321	European	France	Consumer Staples	3.33	0.44	2.89
Meituan	DM0000HH	KYG596691041	Emerging Markets	China	Consumer Discretionary	3.07	0.32	2.75
Kering	923657	FR0000121485	European	France	Consumer Discretionary	3.04	0.15	2.89
TSMC	140406	TW0002330008	Emerging Markets	Taiwan	Information Technology	2.91	1.73	1.18
AIA Group	70899K	HK0000069689	Developed Asia	Hong Kong	Financials	2.80	0.41	2.39
Adyen NV	DM00014R	NL0012969182	European	Netherlands	Financials	2.68	0.07	2.61
PDD Holdings Inc	DM0000D9	US7223041028	Emerging Markets	China	Consumer Discretionary	2.31	0.25	2.06
Wix Com	93002J	IL0011301780	European	Israel	Information Technology	2.15	0.02	2.12
Wisetech Global Ltd	DM0000H0	AU000000WTC3	Developed Asia	Australia	Information Technology	2.05	0.03	2.02
EXOR	DM0004U9	NL0012059018	European	Netherlands	Financials	1.90	0.04	1.86
Sartorius Pref.	775745	DE0007165631	European	Germany	Health Care	1.87	0.04	1.83
SMC	756687	JP3162600005	Japanese	Japan	Industrials	1.63	0.11	1.52
Aixtron	896674	DE000A0WMPJ6	European	Germany	Information Technology	1.62	0.00	1.62
Nidec	779612	JP3734800000	Japanese	Japan	Industrials	1.60	0.08	1.52
M3	29375R	JP3435750009	Japanese	Japan	Health Care	1.50	0.03	1.47
Ocado	69832L	GB00B3MBS747	UK Equity	United Kingdom	Consumer Staples	1.48	0.02	1.46
Delivery Hero AG	91106A	DE000A2E4K43	European	Germany	Consumer Discretionary	1.44	0.02	1.42
Zalando SE	9110CP	DE000ZAL1111	European	Germany	Consumer Discretionary	1.43	0.02	1.41
Vestas Wind Systems	679534	DK0061539921	European	Denmark	Industrials	1.29	0.09	1.20
Umicore	929345	BE0974320526	European	Belgium	Materials	1.29	0.02	1.27
Wuxi Biologics Cayman Inc	DM0003AG	KYG970081173	Emerging Markets	China	Health Care	1.26	0.10	1.17
HelloFresh SE Ordinary	BG6121	DE000A161408	European	Germany	Consumer Staples	1.24	0.02	1.22
Nu Holdings Ltd.	DM0004CA	KYG6683N1034	Emerging Markets	Brazil	Financials	1.09	0.00	1.09
NIO Inc ADR	DM0000H3	US62914V1061	Emerging Markets	China	Consumer Discretionary	1.05	0.05	0.99
Elastic	DM0004T5	NL0013056914	European	United States	Information Technology	1.01	0.00	1.01
Coupang	DM000371	US22266T1097	Emerging Markets	South Korea	Consumer Discretionary	0.98	0.00	0.98
Hong Kong Exchanges & Clearing	280037	HK0388045442	Developed Asia	Hong Kong	Financials	0.92	0.20	0.72
Wise Plc	DM0003L0	GB00BL9YR756	UK Equity	United Kingdom	Financials	0.88	0.02	0.85
VAT Gp	DM00056H	CH0311864901	European	Switzerland	Industrials	0.81	0.04	0.77
Temenos	259315	CH0012453913	European	Switzerland	Information Technology	0.78	0.02	0.76
Xero Ltd	87809R	NZXROE000152	Developed Asia	Australia	Information Technology	0.77	0.05	0.73
Mobileye Global Inc.	8917ME	US60741F1049	European	United States	Consumer Discretionary	0.76	0.00	0.76
Kinnevik B Shares	679685	SE0015810247	European	Sweden	Financials	0.71	0.00	0.71
Ambu	307640	DK0060946788	European	Denmark	Health Care	0.66	0.00	0.66
SBI Holdings Inc	255020	JP3436120004	Japanese	Japan	Financials	0.65	0.02	0.63
Prysmian	50483U	IT0004176001	European	Italy	Industrials	0.61	0.05	0.56
HDFC Bank	DM0002NW	INE040A01034	Emerging Markets	India	Financials	0.60	0.22	0.38
Sea Ltd ADR	BG6112	US81141R1005	Developed Asia	Singapore	Communication Services	0.52	0.07	0.45
Solaredge Technologies Inc	DM0001B1	US83417M1045	European	United States	Information Technology	0.46	0.00	0.46
GMO Payment Gateway	30413U	JP3385890003	Japanese	Japan	Financials	0.43	0.01	0.42
AutoStore Hdgs	DM0004TB	BMG0670A1099	European	Norway	Industrials	0.41	0.00	0.41
Adevinta	DM00010I	NO0010844038	European	Norway	Communication Services	0.28	0.01	0.27
CyberAgent Inc	280302	JP3311400000	Japanese	Japan	Communication Services	0.27	0.01	0.26
Ganfeng Lithium Gp	DM0004Z2	CNE1000031W9	Emerging Markets	China	Materials	0.25	0.01	0.24
Schibsted B	95258T	NO0010736879	European	Norway	Communication Services	0.23	0.00	0.23

Schibsted Oatly Inc.	307673 DM0003EV	NO0003028904 US674211J1088	European European	Norway Sweden	Communication Services Consumer Staples	0.20 0.05	0.00 0.00	0.20 0.05
US\$ Uncommitted Cash	29401		Cash	Cash	Cash	1.24	0.00	1.24
TOTAL						100.00	7.51	92.48