

## Baillie Gifford Managed

Mixed Investment 40-85% Shares

### Introduction

The fund's objective is to deliver capital growth over five-year rolling periods – it is not managed rigidly against peer group asset allocations. The fund is designed to be a one stop shop for growth orientated investors and reflects the Baillie Gifford belief that equities will deliver the best returns over the long term. Baillie Gifford look to add value as stock pickers across both equities and fixed interest to deliver above market returns. The equity allocation tends to be high at around 75%.



[Click here to read the Baillie Gifford approach to ESG investing.](#)

### Why RSMR Rate this Fund

- Baillie Gifford have a strong fund management team focussed on a growth investing ethos
- Baillie Gifford are bottom-up long-term growth investors and this approach looks to capture transformative change
- Baillie Gifford have UK, Pacific (Asia and Japan), US and emerging market funds rated by RSMR and so have strength across the regions to apply to this fund.
- The fund's track record goes back to 1987 and over that time it has performed strongly against both the FTSE All Share Index and the FTSE Actuaries Government All Stock Index.

### Fund Process

The fund is designed to be a one stop shop for growth orientated investors and reflects the Baillie Gifford belief that equities will deliver the best returns over the long term which has been the approach used at Baillie Gifford for the past 25 years. Baillie Gifford look to add value as stock pickers across both equities and fixed interest to deliver above market returns.

The Managed fund draws on resources from all the investment teams at Baillie Gifford. Decisions on asset allocation between equities and bonds, and between the model portfolios of the regional equity teams are driven by the views of the Multi-Asset / All Equity Policy Setting Group. This comprises senior investors from investment teams along with members of the Clients Department, who meet regularly to assess these inputs and set targets for the Managed fund's exposure to each region and asset class, including the allocation between bonds and equities.

The fund takes active asset allocation positions but tries to avoid making big top down macro driven calls within the portfolio construction. The process is overwhelmingly biased towards bottom up stock picking and comparing and contrasting individual stocks on an international basis. These positions are driven by the views of the individual regional investment teams, based on the availability of attractive long term investments in each area, with account also taken of the broader views of the Investment Advisory Group. Top down macroeconomic analysis is incorporated at an individual stock level.

The fund is managed with indicative ranges for equities of 65%-85%, bonds of 10%-30% and cash 0%-10%. The fund's neutral position is 75% in equities and 25% in bonds/cash. For every equity holding under consideration they analyse three aspects: the opportunity available to the company, its ability to act on that opportunity, and the valuation of the business, this also drives any decision to sell a stock.

In fixed income, allocation is made on the basis of an assessment of the longer term value in each bond asset class and the level of opportunities found by the respective teams. The Credit and Rates & Currencies teams combine stock picking in corporate bonds with a more macroeconomic approach in government securities and currencies. The fixed interest component is looking to provide diversification and also deliver a positive return. The fund does not hedge currency but will use derivatives from time to time for efficient portfolio management.

### Evaluation

The fund's objective is to deliver capital growth over five-year rolling periods – it is not managed rigidly against peer group asset allocations. It will perform best when growth stocks are leading market growth and perform less well in value or cyclically driven global markets.

### Application

This is a core growth orientated managed equity fund with a relatively high equity content within its peer group.

### Our Opinion

The fund is focused on delivering capital growth over rolling five-year periods. As a house, Baillie Gifford funds tend to have high active share, as it is recognised that to beat the index it is necessary to be different from it. The bias in equities is for growth stocks, using the investment resource across the whole firm. Whilst the fund is diversified at the individual stock level through the large number of holdings, its factor risk through the growth bias is not low. The fund is a competitively priced, good long-term holding within the sector, although investors need to be aware there can be short-term volatility in performance due to the growth style approach.



#### **Important Notice**

This document is aimed at Investment Professionals only and should not be relied upon by Private Investors. Our comments and opinion are intended as general information only and do not constitute advice or recommendation. Information is sourced directly from fund managers and websites. Therefore, this information is as current as is available at the time of production.

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