

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 management team that has seen continuity of fund management
- Baillie Gifford are bottom up long-term growth investors and this approach has been well suited to the lower growth world prevailing in the decade post the financial crisis.
- Baillie Gifford have UK, Pacific (Asia and Japan), European, US and emerging market funds rated by Rayner Spencer Mills Research and so have strength across the regions to apply to this fund.
- The fund has a long track record going back to 1987 and over that time has outperformed 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 utilised 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 Managed fund may, from time to time, take significant over or underweight positions in equities relative to bonds if they believe that the investment environment warrants such a move. 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 their 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%. 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 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.

Our Opinion

The managers try to use the opportunities created by volatility to enter investment positions cheaply. Within equities, as a house Baillie Gifford portfolios 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 quality growth stocks, which are growing, durable businesses run by sensible people, which should outperform in the long run – Baillie Gifford is a long term-investor, not a speculator. The fund has benefitted from its longer term approach and has not panicked out of equities at the wrong time. It is managed in line with Baillie Gifford's long-term bias to growth equities, reflecting their longer term investment time horizons.

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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