

**SHINING A LIGHT ON THE.....
BAILLIE GIFFORD MULTI ASSET GROWTH FUND**

AT A GLANCE

(SOURCE: MORNINGSTAR)

Investment Objective
The objective is to achieve attractive returns over the long term at lower risk than equity markets by investing in a multi asset portfolio.

Inception Date	8 December 2015
Fund Factsheet Link	http://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F00000WQL0

Management	
Manager Name	Start Date
Patrick Edwardson	8 December 2015
David McIntyre	8 December 2015

Top 10 Holdings	
Total number of holdings	106
Assets in Top 10 Holdings	60.42%

Name	% of Assets
Baillie Gifford Worldwide Global Credit Fund	11.84%
Baillie Gifford High Yield Bond Fund	11.80%
Baillie Gifford Emerging Markets Bond Fund	7.10%
Baillie Gifford European Fund	6.69%
Baillie Gifford Em Mkts Lead Coms Fund	6.21%
Baillie Gifford Wldwd Japanese Fund	5.41%
Baillie Gifford UK Equity Alpha Fund	3.52%
Baillie Gifford American Fund	3.01%
US Treasury Note	2.92%
Source Physical Gold P-ETC	1.92%

UPDATE....

This is a new fund with a limited track record. It is responding to a desire from investors to achieve positive returns with reduced volatility. Its target return is cash plus 3.5% after fund charges with volatility below 10%. It is worth adding at this point that it is entering a market already flooded with similar funds with longer track records.

The aim of the meeting was to understand what makes this fund stand out from the others and what investors should look out for. Fundamentally the management aim to invest across asset classes to achieve the target return. This effectively means picking those areas they feel will do best and avoiding those they feel won't; simple! On a six weekly basis the team debate their views of the world to identify differences and if necessary make changes to the portfolio.

However, the team added that they are small enough to make instant calls, so for example in August when there were sharp falls in the market they were able to deploy cash to buy assets which had become cheap.

At the moment their view is that no sole asset class is cheap and therefore the fund has a more even spread of investments. They will move across assets depending on their view at any point in time. This is important because this fund is all about calling the asset allocation correctly; for investors this means they need to have belief that the team can achieve this.

The challenge is that this is a new fund. They argued that they manage a similar fund, the Diversified Growth Fund, which is now closed to new money. They highlighted that it is the same team managing this, the same process and the same opportunity set. This they feel gives an example of what they can do although the target return is slightly higher.

It is also worth highlighting that in many cases the way they access different sectors/markets is through investing in Baillie Gifford Funds. They believe this keeps costs down and makes this more transparent than some of the funds on the market. The other side to this is that investors might not be comfortable with the style of management of some of the funds and this may therefore deter them.

Some of the strategies they have in place include (in the run up to BREXIT) a short on sterling to protect on the downside, European equities where they see positive fundamentals and infrastructure with a stable cash flow. They believe we are in a moderate growth environment where risks are from areas like oil, central banks and China.

In summary the call to short sterling in the run up to BREXIT has worked well for them but this is a new fund and there is no guarantee they can repeat previous strategies. On the flip side it may have the flexibility and freedom that other funds don't have due to its size.

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