



LWM Consultants Ltd

Meeting the Fund Manager

Baillie Gifford American Fund – Ian Tabberer

The Baillie Gifford American Fund is already included in a number of our portfolios and this is unlikely to change at the next review. The fund is managed by Mick Brewis who is both Head of North American Equities and a partner at Baillie Gifford. Ian Tabberer and Gary Robinson are Investment Managers. We met with Ian and he was able to give some insight into how the fund is managed and why this is different to other funds.

What does the fund look to achieve?

The fund looks to drive growth from any sector in the US economy with a focus on a long term time horizon. They are not index huggers and may have holdings greater than the index if the business is a great business at reasonable valuation. The growth is driven from a concentrated portfolio of 40 – 50 holdings.

Introducing the fund manager

Ian has worked for Baillie Gifford for 3 years and previous to this he worked for SWIP as the North American Fund Manager. There was a lot of synergy between the way he thinks and the way we think. He is an avid reader of behavioural finance and installs this discipline in the way he approaches investments.

How the fund is managed?

The approach of the fund is genuinely long term, the average turnover in the fund is around 30% compared to the New York Stock Exchange turnover which tends to be over 100%. As a manager they look for companies with above average, sustainable earnings growth.

They have a strong team which focus on this fund but because 46% of S&P 500 revenues are derived from outside North America they benefit from the wider global insights from across the company which has a culture of information sharing.

To understand what this all means we looked at a couple of stocks which helps explain their approach. They have up until recently held stocks in Deere and Company; these have been long term holdings for nearly seven years. However, with a global focus the company is

being challenged by low cost competitors coming in which are squeezing their margins. It was therefore felt that the growth enjoyed by the company was running out of steam and therefore the decision was made to sell the stocks.

We then looked at a couple of other stocks - Colgate-Palmolive looks set to benefit from growth in emerging markets where brands like Colgate are extremely popular, this demonstrates the importance of looking globally when selecting a stock. We also discussed e-bay, e-bay owns paypal which is often missed by many people and they feel is not priced into the share price, as a business e-bay is also moving away from the auction site to pay now with over 85% of transactions in the UK on this basis.

So in summary what they are look for is long term, quality companies with the potential for future growth irrespective of sector.

Conclusion

We have always liked the Baillie Gifford style to investing and this fund is no different. We think this offers a good blend within the American funds we offer and the stability and structure at Baillie Gifford works well.

The source of information in this note has been provided by Baillie Gifford and is correct to the end of March 2012. These are notes from meeting the fund manager and should not be seen as a recommendation to purchase this fund. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this and you should carry out your own research before making a decision. You should also note that past performance is not a reliable indicator of future returns and the value of your investments can fall as well as rise.