

Baillie Gifford™

Our Shared Beliefs

We believe that



Our style of active investment management will add material value over the long term

Successful active investment management is not easy. It requires dedication, independent thought, engagement with companies and a long-term perspective. Our whole firm is built around this and we must remain resolutely investment-driven in our outlook.



Our clients come first

We act with integrity, judging our actions and intentions through the eyes of our clients. We strive for excellence across all areas of the firm and every contribution plays a role in developing trusted long-term partnerships with our clients.



Our firm must be an engaging and progressive place to work

Our strength is our people. Our diverse perspectives, experiences and how we collaborate are all fundamental to the firm. We encourage our people to be curious, innovative and forward-thinking. We have high standards and expectations, always holding ourselves and others to account.



Our actions and behaviours should support society as a whole

We make a significant contribution to society through our effective investment, which helps to secure financial futures and contributes to long-term prosperity. Additionally, our active management supports companies solving complex problems for the benefit of all. Our philanthropic efforts directly support many in society. More generally, we strive for the highest standards of professionalism and integrity, thus setting a positive example with our actions.



Our ownership structure is a key strength

Being an independent, private partnership offers an environment in which we can live up to our shared beliefs. It helps our stability, motivation and culture. It also ensures our actions and behaviours are independent of external parties, allowing us to take a long-term view.

Our style of active investment management will add material value over the long term

Successful active investment management is not easy. It requires dedication, independent thought, engagement with companies and a long-term perspective. Our whole firm is built around this and we must remain resolutely investment-driven in our outlook.

When active management is done well it can add material value over the long term. Successful active management is not easy, and many in our industry fail their clients, particularly after paying what can sometimes be high fees. However, we have confidence in and are dedicated to our differentiated approach. The keys to success, we believe, are independence of thought, ambition and a long-term perspective focusing not on stock markets but on progress in the real world.

In a world of short-termism, such an approach can at times be stressful and lonely. Successful active management requires a willingness to take a differentiated view and tolerate volatility. Periods of underperformance relative to other investors and benchmark indices are inevitable, and this is when our culture is a huge source of value. We must have the courage to back our process, our individual investors and our teams. Our firm is designed to be supportive and understanding, greatly helped by our private partnership structure.

We value the ability of our teams to operate with intellectual freedom, to innovate and to be spared the bureaucracy that hampers our ability to deliver outperformance for clients. We are committed to an environment where this autonomy is married with a deep sense of purpose and alignment. This commitment allows ideas to be shared and expertise to be leveraged. These strengths are underpinned by relationships of trust across the firm.

We see our role as helping companies to realise their full potential. This is often through supporting high levels of investment for the future and by encouraging them to avoid shorter-term targets and distractions (such as detailed quarterly guidance and reporting). When engaging with companies, our influence is most often exercised in private discussion between our investors and senior management. While we wish to maintain strong relationships with investee companies, we will vote against management when our views are not being heard. Baillie Gifford votes on all of our clients' holdings at public ballots, wherever we have the authority to do so.

While we believe Baillie Gifford has a number of structural and cultural advantages which we are determined to retain and strengthen, we can't be complacent. Continued success is far from certain. We must all strive to improve in everything we do and embrace a culture of learning. This includes the search for new and different sources of investment insight as well as ongoing personal development. We must also work hard to ensure we remain relevant to our clients' investment requirements, by maintaining close relationships which should help us to anticipate their future needs. Our investment capabilities will undoubtedly need to evolve over time, as they have in the past, but should always play to our core beliefs and skills.

Our clients come first

We act with integrity, judging our actions and intentions through the eyes of our clients. We strive for excellence across all areas of the firm and every contribution plays a role in developing trusted long-term partnerships with our clients.

We have long held as our core principle that we should always put our clients' interests ahead of the firm's. In an industry that often seems to put its financial returns ahead of client outcomes, this focus gives us an opportunity to clearly demonstrate our own high standards and that success can come from truly putting clients first.

For example, we have repeatedly demonstrated a willingness to close successful strategies to new investments in order to ensure that existing clients are not disadvantaged by rapid inflows or excessive funds under management. For more than 20 years, we have avoided paying any third-party soft commissions with client money and we were among the first firms to absorb the full costs of external research. More recently, we have been taking the lead in helping to establish new industry guidelines for transparency of costs and in pre-emptively sharing economies of scale with clients by lowering fee scales.

Behaving with integrity supports the trust-based relationships we wish to establish with our clients. We aspire to be seen as more than merely the 'hired help', but rather as a trusted long-term partner who can be relied on to give honest and objective advice at all times. This is as true for the companies in which we invest as for our clients themselves. We believe we can provide valuable perspective and insights across a wide range of issues.

All of our operations and client service functions are vital in helping to contribute towards delivering a first-class service. The nature and requirements of our clients change continuously, demanding flexibility and ongoing enhancements in the service we provide. The more value we can add in different ways for our clients, including through excellence in all elements of service, the more secure our own prospects should be.

Our firm must be an
engaging and progressive
place to work

Our strength is our people. Our diverse perspectives, experiences and how we collaborate are all fundamental to the firm. We encourage our people to be curious, innovative and forward-thinking. We have high standards and expectations, always holding ourselves and others to account.

Our ability to attract and retain high-quality staff is vital to our future success. We want an environment that is inclusive and dynamic, with opportunity and challenge for all. This is why it's so important that the firm continues to develop and creates new opportunities and positions of responsibility for staff.

We believe in fostering a culture of learning across the firm and that individuals must take responsibility for setting high personal standards. We want all staff to feel valued and for their work to count. We want to create a workplace that supports and sustains our mental wellbeing. We must treat all staff with dignity and respect; and be willing to call out bad behaviour.

We see ourselves as a true meritocracy, rewarding and promoting people solely on their contribution, without bias or prejudice of any sort. In this, as in everything we do, we can of course improve: our efforts to increase diversity and flexibility should be seen in this light. We are also strong advocates of teamwork, and our remuneration schemes are designed to align individual rewards with client satisfaction and with the long-term success of the whole firm.

While focusing on excellence and high service levels across the firm, we must also ensure that we continue to evolve, both as individuals and in the capabilities we possess. To do so, we need to be forward-looking and always open to change, while encouraging enterprise and innovation across all our activities. New skills, new capabilities and new routes to market all require forethought and development. We cannot afford any complacency.

Our actions and
behaviours should support
society as a whole

We make a significant contribution to society through our effective investment, which helps to secure financial futures and contributes to long-term prosperity. Additionally, our active management supports companies solving complex problems for the benefit of all, and our philanthropic efforts directly support many in society. More generally, we strive for the highest standards of professionalism and integrity, thus setting a positive example with our actions.

Ultimately, we must recognise the greatest impact that we can have on society is by adding significant value to the funds of our underlying investors, be they pension funds, foundations or individual investors. This will help many thousands of people increase their financial security and prepare for their future. We can do this by investing effectively, ensuring transparency, improving client service and passing on the benefits of economies of scale via lower fees.

At a broader level, our active management fulfils an essential economic role by allocating capital from investors to those companies with the best prospects of adding the most to long-term prosperity. This can often include companies that are helping society to solve complex and major problems, for the benefit of everyone. This is too important and nuanced a task to be left to passive investment flows and index providers.

Baillie Gifford has always tried to adhere to the highest possible standards of professionalism, integrity and courtesy, and we believe that positive client and staff feedback backed up by excellent retention rates of both suggest that we have succeeded. Trust, however, has to be earned every day. We have an ongoing responsibility to promote the highest professional and personal behaviours; strive to do the very best for our clients and put their interests ahead of the firm's; and be a fair and progressive employer.

We can set a positive example and help enhance the reputation of our industry, as well as our firm through media engagement, industry forums and discussions with trusted peers. Importantly, our philanthropic efforts help support the communities around us, and the opportunity for staff to allocate time to charitable activities provides personal fulfilment while helping those less fortunate.

Our ownership structure is a key strength

Being an independent, private partnership offers an environment in which we can live up to our shared beliefs. It helps our stability, motivation and culture. It also ensures our actions and behaviours are independent of external parties, allowing us to take a long-term view.

Baillie Gifford's ownership structure has long been seen as a key strength and differentiator. A partnership is often the ideal structure for asset-light people businesses such as ours, even if it is increasingly uncommon. Many professions were once dominated by partnerships but sadly this is no longer the case, often as a result of inter-generational issues. We have a well-established process for transferring ownership between generations, and all the current partners recognise the importance of our structure to our past and future success. We would be loath to see any material change.

Partnership and our Edinburgh head office location are helpful because we are answerable to no one except our clients and we are located 'far from the madding crowd' of markets. Both of these factors contribute to a culture of staff loyalty and continuity. This, in turn, allows us to take a thoughtful approach, to do things in our own way, to ignore fads, markets and benchmarks and to take a long-term attitude in everything we do. All of our growth has been organic and we have shunned takeover activity which we believe would most likely be damaging to our culture.

The lack of any short-term financial targets makes it easier to put the interests of our clients first, and to always take a longer-term view when thinking about recruitment, internal investment or the development of new capabilities. Consistent investment over time is better than stop-start. We intentionally do not analyse divisional or departmental profitability, with all partners and staff being rewarded from the same profit pool. This one-firm attitude reduces unhelpful internal rivalries and haggling over resources, encouraging partners and senior staff to put narrow self-interest aside, for example, when moving into new roles or in taking decisions for the longer-term best interests of the business as a whole.

Although we believe that our partnership structure is a key strength, we must also be aware that it can have downsides. For example, unlimited liability could make us excessively cautious and risk-averse while a partnership of over 50 individuals can be vulnerable to slow and consensual decision-making as well as a lack of accountability, particularly for unpopular decisions. It is essential that we guard against such weaknesses and continually challenge ourselves and each other.

Final word

Understanding our shared beliefs unites us in a common goal. We must uphold them together, building trust and earning respect through our actions. Meaningful work brings greater intangible rewards, fostering both personal satisfaction and fulfilment. Let's work together to make a positive impact and achieve something we can be truly proud of.

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