

# Investment Grade Bond Fund



30<sup>th</sup> June 2014

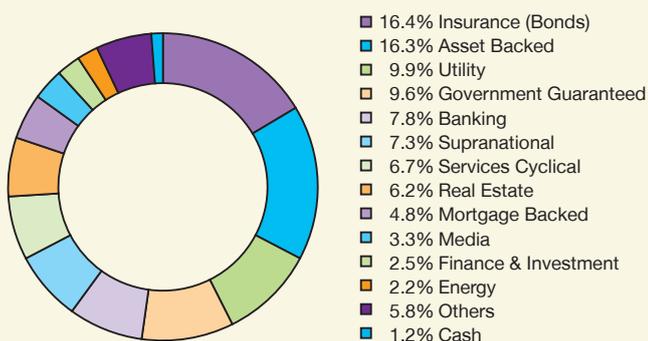
## Fund Aims

To maximise total return, while achieving a higher level of income than would be available from investment only in comparable UK Gilts, by investing primarily in a diversified portfolio of investment grade fixed interest securities denominated in sterling. Derivatives may be used with the intention of either protecting or enhancing the return on the Fund. More than 35% of scheme property may be invested in securities issued or guaranteed by Governments and / or other organisations worldwide. For further details please see the Prospectus.

## Key Information

|              |                                |
|--------------|--------------------------------|
| Fund Manager | Stephen Rodger                 |
| Launch Date  | 30 <sup>th</sup> November 2001 |
| Fund Size    | £202.11m                       |
| IMA Sector   | £ Corporate Bond               |

## Sector Analysis of Total Assets



## Investment Proposition

The Fund seeks to maximise total return by investing primarily in a diversified portfolio of investment grade corporate bonds.

Performance is driven by stock selection. Ideas are sourced primarily from investment grade bonds and are driven by our fundamental, bottom-up stock analysis. The portfolio is well diversified with exposure typically to between 40–60 companies where individual holdings are sized according to our level of conviction in their prospects and the risks they pose.

We monitor our performance with reference to an index which comprises 100% sterling investment grade bonds.

Foreign currency bond holdings are typically hedged back to sterling. The Fund uses derivatives principally to reduce unwanted risks such as foreign currency exposure and active interest rate risk relative to our sterling based investment grade bond index. This can involve the use of currency forwards, bond futures and interest rate swaps.

## Top Ten Holdings

| Holdings                             | % of Total Assets |
|--------------------------------------|-------------------|
| 1 Amlin 6.5% 2016/26                 | 4.2               |
| 2 EDF 6% 2114                        | 4.0               |
| 3 KFW 6% 2028                        | 3.4               |
| 4 Annington Finance 4 5.3236% 2023   | 3.2               |
| 5 Lloyds TSB Bank 6.5% 2040          | 3.0               |
| 6 University of Cambridge 3.75% 2052 | 2.8               |
| 7 Old Mutual 6.376% 2020 Perp        | 2.3               |
| 8 Equity Release II 5.88% 2032       | 2.3               |
| 9 Provident Financial 8% 2019        | 2.2               |
| 10 ENW Capital Finance 6.75% 2015    | 2.2               |
|                                      | <b>29.6</b>       |

## Charges and Yield

|             | Initial charge | Annual charge | Ongoing charge | Distribution & Underlying Yield |
|-------------|----------------|---------------|----------------|---------------------------------|
| Class A-Inc | 3.50%          | 1.00%         | 1.10%          | 3.5%                            |
| Class B-Inc | 0.50%          | 0.25%         | 0.29%          | 4.3%                            |

## Performance



■ Baillie Gifford Investment Grade Bond Fund A-Inc  
■ IMA £ Corporate Bond Sector

## Periodic Performance

|                | 6 Months | 1 Year | 3 Years | 5 Years |
|----------------|----------|--------|---------|---------|
| Class A-Inc    | 4.6%     | 6.2%   | 24.2%   | 59.7%   |
| Sector Ranking | 38/95    | 53/91  | 21/84   | 18/77   |
| Sector Average | 4.4%     | 6.5%   | 20.4%   | 48.5%   |

## Annual Discrete Performance

|                | 30/06/09 | 30/06/10 | 30/06/11 | 30/06/12 | 30/06/13 |
|----------------|----------|----------|----------|----------|----------|
| Class A-Inc    | 20.9%    | 6.4%     | 11.0%    | 5.4%     | 6.2%     |
| Sector Average | 17.5%    | 5.0%     | 6.0%     | 6.7%     | 6.5%     |

Performance source: FE, single pricing basis, total return. Returns reflect the annual charges but exclude any initial charge paid.

FE Crown Rating



## Additional Fund Information

The Fund is a sub-fund of the Baillie Gifford Bond Funds ICVC (Investment Company with Variable Capital) which is an umbrella Open-Ended Investment Company. Its Authorised Corporate Director ('ACD') is Baillie Gifford & Co Limited.

The share price is calculated daily at 10.00am and is based on the mid value of the underlying assets of the Fund, known as the net asset value. All shares are single priced.

The Distribution Yield reflects the annualised income net of expenses of the Fund (calculated in accordance with relevant accounting standards) as a percentage of the mid-market share price of the Fund (excluding tax) as at the date shown. As management expenses are charged from revenue for the Fund and income is distributed on an effective yield basis, the Underlying Yield is the same as the Distribution Yield.

The ongoing charges figure is based on actual expenses for the latest financial period. Where the Fund has been launched during the financial period and / or expenses during the period are not representative, an estimate of expenses may have been used instead. It may vary from year to year. It excludes the costs of buying and selling assets for the Fund. Further explanation of all the charges and costs relating to this Fund can be found in the Enhanced Disclosure of Fund Charges and Costs document which is available through our website, [www.bailliegifford.com](http://www.bailliegifford.com).

## Further Information

Any comments expressed in this factsheet should not be taken as a recommendation or advice.

**This factsheet does not provide you with all the facts that you need to make an informed decision about investing in the Fund. You need to read the associated Key Investor Information Document and Supplementary Information Document and decide whether to contact an authorised intermediary.**

This factsheet has been issued and approved by Baillie Gifford & Co Limited (Financial Services Register 119179), which is wholly owned by Baillie Gifford & Co (Financial Services Register 142597), both of which are authorised and regulated by the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS.

## Risk Warnings

Investment markets can go down as well as up and market conditions can change rapidly. The value of an investment in the Fund, and any income from it, can fall as well as rise and investors may not get back the amount invested. Past performance is not a guide to future performance.

The specific risks associated with the Fund include:

- Corporate bonds are generally perceived to carry a greater possibility of capital loss than investment in, for example, higher rated UK government bonds.
- Bonds issued by companies and governments may be adversely affected by changes in interest rates and expectations of inflation.
- The Fund's concentrated portfolio and long-term approach to investment may result in large movements in the share price.
- Where the Fund invests in overseas assets that are priced in foreign currencies, changes in the rates of exchange may cause the value of your shares to go down.
- Derivatives may be used to obtain, increase or reduce exposure to assets and may create gearing, all of which may result in greater movements (down or up) in the price of shares in the Fund. It is not our intention that the use of derivatives will significantly alter the overall risk profile of the Fund.
- Market values for securities which are difficult to trade may not be readily available and there can be no assurance that any value assigned to such securities will accurately reflect the price the Fund might receive upon their sale.

Further details of the risks associated with investing in the Fund can be found in the Key Investor Information Document, copies of which are available at [www.bailliegifford.com](http://www.bailliegifford.com), or the Prospectus which is available by calling the ACD.

## Contact Us:

Baillie Gifford & Co  
Calton Square  
1 Greenside Row  
Edinburgh  
EH1 3AN, Scotland

For further information about the Fund or Baillie Gifford's range of OEICs, please contact us at the above address, call our Client Relations Team on **0800 917 2113** (your call may be recorded for training or monitoring purposes), visit our website at [www.bailliegifford.com](http://www.bailliegifford.com), fax us on **0131 275 3955** or email [trusenquiries@bailliegifford.com](mailto:trusenquiries@bailliegifford.com)