
GLOBAL STEWARDSHIP STOCK STORIES - NIBE

Stephen Paice, an investment manager of Global Stewardship, discusses the importance of using a consistent framework when making investment decisions and exemplifies a stock in the portfolio which embodies this.

All investment strategies have the potential for profit and loss, your or your clients' capital may be at risk. Past performance is not a guide to future returns.

This film was produced and approved in July 2019 and has not been updated subsequently. It represents views held at the time of recording and may not reflect current thinking.

Stephen Paice: As long-term, bottom up investors it doesn't really matter where a company is domiciled. However as a European specialist, I know that some regions have their own nuances, different cultures, and their strengths and weaknesses. This is why we think regional expertise can provide a lot of value.

With a large and diverse range of companies to invest in, we have a consistent research framework. So the first part is focused on Stewardship. This looks at whether the company is run in a long-term and responsible manner. And then the second part focuses on five fundamental factors. We call them GEARS. This looks at growth, competitive edge, alignment, financial returns and profitability, and the probability of investment success.

Nibe is an example of a stock we bought recently for the fund. This is a Swedish manufacturer of renewable energy heat pumps. These are products which are used to replace conventional oil and gas boilers. When it comes to stewardship, this is a company which clearly benefits society by reducing carbon emissions and reducing the reliance on fossil fuels. But at the same time management show a very long-term and responsible attitude by looking after both its customers and its employees.

This is a company with a very attractive growth opportunity, through increasing environmental regulations and by increasing the penetration rates of its products. In Sweden almost 70 per cent of households would have one of these but in the US, that number is much closer to 1 per cent. And also the company has the potential to continue consolidating what is a very fragmented market.

When it comes to edge, it has economies of scale through its market positions and a very well-known brand because its products are both reliable and very energy efficient. This enables it to generate very attractive returns and capital.

When it comes to alignment, its former and current managers have more than 20 per cent of the outstanding shares so there is alignment between ourselves and the management team in terms of long-term value creation.

And when you tie these things together, this is a company we believe has a much better than average chance of at least doubling over the next five years.

This recording contains information on investments which does not constitute independent investment research. Accordingly, it is not subject to the protections afforded to independent research and Baillie Gifford and its staff may have dealt in the investments concerned. Baillie Gifford & Co Limited is authorised and regulated by the Financial Conduct Authority (FCA).

The views expressed are those of the speakers and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect personal opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

Important Information

Baillie Gifford & Co and Baillie Gifford & Co Limited are authorised and regulated by the Financial Conduct Authority (FCA). Baillie Gifford & Co Limited is an Authorised Corporate Director of OEICs.

Baillie Gifford Overseas Limited provides investment management and advisory services to non-UK Professional/Institutional clients only. Baillie Gifford Overseas Limited is wholly owned by Baillie Gifford & Co. Baillie Gifford & Co and Baillie Gifford Overseas Limited are authorised and regulated by the FCA in the UK.

Baillie Gifford Investment Management (Europe) Limited provides investment management and advisory services to European (excluding UK) clients. It was incorporated in Ireland in May 2018 and is authorised by the Central Bank of Ireland. Through its MiFID passport, it has established Baillie Gifford Investment Management (Europe) Limited (Frankfurt Branch) to market its investment management and advisory services and distribute Baillie Gifford Worldwide Funds plc in Germany. Baillie Gifford Investment Management (Europe) Limited is a wholly owned subsidiary of Baillie Gifford Overseas Limited, which is wholly owned by Baillie Gifford & Co.

Persons resident or domiciled outwith the UK should consult with their professional advisers as to whether they require any governmental or other consents in order to enable them to invest, and with their tax advisers for advice relevant to their own particular circumstances.

Important Information Hong Kong

Baillie Gifford Asia (Hong Kong) Limited 百利亞洲(香港)有限公司 is wholly owned by Baillie Gifford Overseas Limited and holds a Type 1 licence from the Securities & Futures Commission of Hong Kong to market and distribute Baillie Gifford's range of UCITS funds to professional investors in Hong Kong. Baillie Gifford Asia (Hong Kong) Limited 百利亞洲(香港)有限公司 can be contacted at 30/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong. Telephone +852 3756 5700.

Important Information South Korea

Baillie Gifford Overseas Limited is licensed with the Financial Services Commission in South Korea as a cross border Discretionary Investment Manager and Non-discretionary Investment Adviser.

Important Information Japan

Mitsubishi UFJ Baillie Gifford Asset Management Limited ('MUBGAM') is a joint venture company between Mitsubishi UFJ Trust & Banking Corporation and Baillie Gifford Overseas Limited. MUBGAM is authorised and regulated by the Financial Conduct Authority.

Important Information Australia

This material is provided on the basis that you are a wholesale client as defined within s761G of the Corporations Act 2001 (Cth). Baillie Gifford Overseas Limited (ARBN 118 567 178) is registered as a foreign company under the Corporations Act 2001 (Cth). It is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 (Cth) in respect of these financial services provided to Australian wholesale clients. Baillie Gifford Overseas Limited is authorised and regulated by the Financial Conduct Authority under UK laws which differ from those applicable in Australia.

Important Information South Africa



Baillie Gifford Overseas Limited is registered as a Foreign Financial Services Provider with the Financial Sector Conduct Authority in South Africa.

Important Information Canada

Baillie Gifford International LLC is wholly owned by Baillie Gifford Overseas Limited; it was formed in Delaware in 2005. It is the legal entity through which Baillie Gifford Overseas Limited provides some marketing functions in Canada.

