



The Scottish Parliament  
Pàrlamaid na h-Alba

Information Management and Governance  
Scottish Parliament  
Edinburgh  
EH99 1SP

foi.officer@parliament.scot

18 March 2022

Dear Requester

**REQUEST FOR INFORMATION: 2022-671976**

We acknowledge your request for the following information:

*In the financial accounts for the SPPS and in previous FOISA responses you have disclosed fees payable to Baillie Gifford for Fund Management Services.*

*In respect of these fees please can you advise:*

*- where SPPS is invested in a Baillie Gifford fund (e.g. "A"), what % of A (for each fund) is held in other BG funds (Z, Y, Z, etc.).*

*- taking account of this, what fees are reported in the disclosures relating to Baillie Gifford or other investment management fees, within the accounts. Are they the fees of A or do they include Z, Y, Z*

*- considering the disclosures made by Baillie Gifford according to the value statements and taskforce on fee transparency, are the fees in the accounts of SPPS consistent with these disclosures (i.e. do they include all fees, not just the AMC)*

*By my own estimate you are reporting, both in your FOISA response to me previously and your financial accounts, less than one third of the total fees payable by SPPS to Baillie Gifford.*

Your request was received on 19 February 2022 and has been handled in accordance with the Freedom of Information (Scotland) Act 2002 (FOI(S)A).

Responding to each part of your request in turn the position is as follows:

***In the financial accounts for the SPPS and in previous FOISA responses you have disclosed fees payable to Baillie Gifford for Fund Management Services.***

The information in the annual accounts is based on information provided by Baillie Gifford on the fees paid on the NAV (Net Asset Value) and Explicit Transaction Costs. For each fund these are set out in the attached annex.

Fees paid from NAV and Explicit Transaction Costs are disclosed as a % of the Pooled Fund(s) on a historical rolling 12 month basis and will only include Pooled Funds held at the end of the quarter. These have been rounded to the nearest two decimal places.

In addition, the SPPS receives quarterly rebates of management fees and these are used to offset the total fees disclosed in the annual accounts.

***In respect of these fees please can you advise:***

***- where SPPS is invested in a Baillie Gifford fund (e.g. "A"), what % of A (for each fund) is held in other BG funds (Z, Y, Z, etc.).***

SPPS invests in Baillie Gifford Managed Fund (Managed Fund) and Baillie Gifford Diversified Growth Fund (Diversified Growth Fund). These funds gain exposure to certain asset classes by investing in other Baillie Gifford funds. Noted below is a list of the other Baillie Gifford funds that Managed Fund and Diversified Growth Fund invest in, with the weighting as a percentage of fund NAV as at 31/03/2021:

The Baillie Gifford Managed Fund includes investment in a variety of investments, with holdings in other Baillie Gifford funds as at 31 March 2021 as a percentage of the total Fund amounting to:

Baillie Gifford British Smaller Cos Fund C Acc	0.72%
Baillie Gifford Japanese Smaller Cos Fund C Acc	0.86%

The Baillie Gifford Diversified Growth Fund includes investment in a variety of investments, with holdings in other Baillie Gifford funds as at 31 March 2021 as a percentage of the total Fund amounting to:

Baillie Gifford Cyclical Recovery Fund	5.2%
Baillie Gifford Global Inc Growth Fund C Acc	4.7%
Baillie Gifford Global Alpha Growth Fund C Acc	4.4%
Baillie Gifford LTGG Investment Fund C Acc	3.8%
Baillie Gifford Worldwide Japanese Fund C GBO Acc	2.4%
Baillie Gifford US High Yield Credit	1.9%
Baillie Gifford High Yield Bond Fund C Acc	1.6%
BG Worldwide Global Strategic Bond Fund C USD Acc	1.9%
Baillie Gifford Emerging Markets Bond Fund C Acc	2.6%
Baillie Gifford EM Government Bonds (Hard Currency)	1.4%

**- taking account of this, what fees are reported in the disclosures relating to Baillie Gifford or other investment management fees, within the accounts. Are they the fees of A or do they include Z, Y, Z**

When Managed Fund and Diversified Growth Fund invest in another fund managed by Baillie Gifford, they hold C class shares. C class shares do not have a management fee, the logic being that clients investing in Managed Fund and Diversified Growth Fund already pay an investment management fee to Baillie Gifford, so additional fees should not be levied if the fund manager decides to invest in another Baillie Gifford fund.

SPPS holds B class shares in Managed Fund and Diversified Growth Fund. B class shares pay an investment management fee to Baillie Gifford. Additional costs are paid to other service providers, for example; depositary, custodian and audit fees. These are referred to as 'other fees'. There are also 'embedded costs', also referred to as 'look through costs'. These are the 'other fees' incurred by the Baillie Gifford funds that Managed Fund and Diversified Growth Fund invest in, or the costs (including management fees) of investment in open ended funds that are managed by other asset management firms. Collectively all these fees make up the Ongoing Charges Figure (OCF). The OCF therefore equals: Management Fee + Other Fees + Embedded Costs. On top of these are embedded costs from investment in closed ended funds. Historically these have not been included in the OCF but a change in industry guidance means that with effect from 30 June 2022 these will also be included in the OCF. All these fees are collectively shown in the annexe and noted under the 'Fees Paid from NAV'.

When the investment managers invest on behalf of Managed Fund and Diversified Growth Fund, transaction costs are incurred. Transaction costs include commission paid to brokers, taxes and other fees. These are noted separately from the OCF as they are not deemed to be 'ongoing charges' associated with the running of the fund. They are transactional and incurred when there are cashflows into or out of funds, or when the investment manager makes a decision to change the composition of the portfolio. These costs are noted under the 'Explicit Transaction Costs' as noted in the table above.

**- considering the disclosures made by Baillie Gifford according to the value statements and taskforce on fee transparency, are the fees in the accounts of SPPS consistent with these disclosures (i.e. do they include all fees, not just the AMC)**

Please note it is the OCF that is disclosed in Baillie Gifford's Value Assessment report to 31 March 2021 and the figures may vary to those quoted above as they are at different points in time. In addition, the OCF quoted in the Value Assessment report excludes the embedded costs from investment in closed ended funds, for the reasons noted above.

**By my own estimate you are reporting, both in your FOISA response to me previously and your financial accounts, less than one third of the total fees payable by SPPS to Baillie Gifford.**

Baillie Gifford have confirmed that SPPS are not paying a fee to hold the underlying strategies. Please note that the SPPS receives quarterly rebates of management fees and these are used to offset the total fees disclosed in the annual accounts.

In keeping with our FOI procedures, this information may also be posted on the Parliament's disclosure log (usually within 24 hours). For further details on the Parliament's Disclosure Log and the information released under FOI, visit:

<https://archive2021.parliament.scot/abouttheparliament/17700.aspx>

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<https://www.parliament.scot/about/copyright>

We would welcome feedback or comment on how we handled your request.

Please feel free to contact the Head of Information Governance at

[foi.officer@parliament.scot](mailto:foi.officer@parliament.scot)

Please find below Annex A, which explains how we handle FOI requests and reviews.

**We are currently working remotely and so would ask you to contact us by email at [foi.officer@parliament.scot](mailto:foi.officer@parliament.scot)**

Yours sincerely,

Robin Davidson  
Head of Information Governance

## REQUESTS MADE UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002

### How we handle FOI requests

Information on how we handle FOI requests is available on the Parliament's website at:

[Privacy notice: Information rights: Freedom of Information request handling | Scottish Parliament Website](#)

Alternatively, please contact the Public Information & Resources Team to request a copy.

<https://www.parliament.scot/contact-us>

### Review

If you are dissatisfied with the way in which we have dealt with your request for information, you can ask us to review our decision and actions. You must do this in writing (or other permanent form) within 40 working days of the date of this letter, stating the reasons for your dissatisfaction, and we will respond within 20 working days of receipt. A request for a review should be made to the Head of Information Governance:

Post: Head of Information Governance  
The Scottish Parliament  
Edinburgh  
EH99 1SP  
Telephone: 0131 348 5281

We welcome calls using the Text Relay service or in British Sign Language through [contactSCOTLAND-BSL](#).

E-mail: [foi.officer@parliament.scot](mailto:foi.officer@parliament.scot)

### Application to the Scottish Information Commissioner

If, on the outcome of any review, you are still dissatisfied, or if we are unable to resolve any other complaint, then you can contact the Scottish Information Commissioner:

Post: The Office of the Scottish Information Commissioner  
Kinburn Castle  
Doubledykes Road  
St Andrews  
Fife  
KY16 9DS

Email: [www.itspublicknowledge.info/Appeal](http://www.itspublicknowledge.info/Appeal)

Telephone: 01334 464610

Fax: 01334 464611

Website: [www.itspublicknowledge.info](http://www.itspublicknowledge.info)

A decision by the Scottish Information Commissioner may be appealed on a point of law to the Court of Session.

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### **Feedback or comment**

We would welcome feedback or comment on how we handled your request. Please contact the Head of Information Governance.

### **Data Protection**

If you wish to find out more about how we use your personal data then you can access our Privacy Notice at the following link:

[Privacy notice: Information rights: Freedom of Information request handling | Scottish Parliament Website](#)

### **Complaints**

If you are dissatisfied with the way in which we dealt with your enquiry, then you may wish to raise the matter with Public Information and Resources.

### **How to contact us**

Post: The Scottish Parliament  
Edinburgh  
EH99 1SP

Telephone: 0131 348 5000  
0800 092 7500 (Public Enquiries)  
0131 348 5395 (Gàidhlig)

We also welcome calls using the Text Relay service or in British Sign Language through [contactSCOTLAND-BSL](#).

E-mail: [info@parliament.scot](mailto:info@parliament.scot)