

Future Stocks: Our best balanced ideas

September 2024

Investment specialist Lucy Haddow™ explains how investments in salad restaurant Sweetgreen, car dealer Inchcape and low-**cost airline Ryanair have benefitted Baillie Gifford's balanced approach.**

Your capital is at risk.

Lucy Haddow: A balanced approach provides fantastic opportunity, because it provides breadth of exposure to different flavours of growth, to the diversity of our regional equity stock-picking, balanced by holdings in bonds.

Sweetgreen is a US-listed business that sells salads to a fast-food model. This concept is about healthy but delicious food. So Sweetgreen is using automation to produce 500 salad bowls per hour, 50 per cent **faster than a human. Now, that's great for the end consumer, you get your food faster. It's also really helpful for profitability. This is a fast-growing, innovative business that puts people at the core of its proposition, whether that be its customer, its staff, its management team, to ensure that it grows sustainably and that it can deliver those outsized returns for clients over the long term.**

Inchcape, it's a car distributor. It works with really big brands like Toyota, BMW, Mercedes, among many others. So they coordinate everything for these big brands, from inventory management to the logistics, brand management, pricing and aftersales. The investment that they've made in digital, it's something that they've put a lot of emphasis on to gain better insight into their end consumer. And that gives them a real competitive advantage versus peers, because they're then able to share that information with the brands themselves.

We've held Ryanair for a really long time, since 2010, and we've been on quite a journey with them. Of all the companies that we hold, there are very few that were as affected by the pandemic as Ryanair. But what's amazing about this business is that it came out of the pandemic period strengthened versus peers. It was the only airline to come out lower cost per passenger than any of the competition. And that's really testament to the core attraction of Ryanair, which is its cost-focus and its drive for efficiency in every way possible. One of the best ways of demonstrating that is the fact that all of their aircraft are Boeing. It keeps life simple. You train on one aircraft, you train your staff to repair one kind of aircraft. And that's ultimately what this is about, cutting out the

inefficiencies. The company is run to be really financially robust, and with expectations for a future growth in passenger numbers, we think that will translate into commercial success.

Risk factors

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