

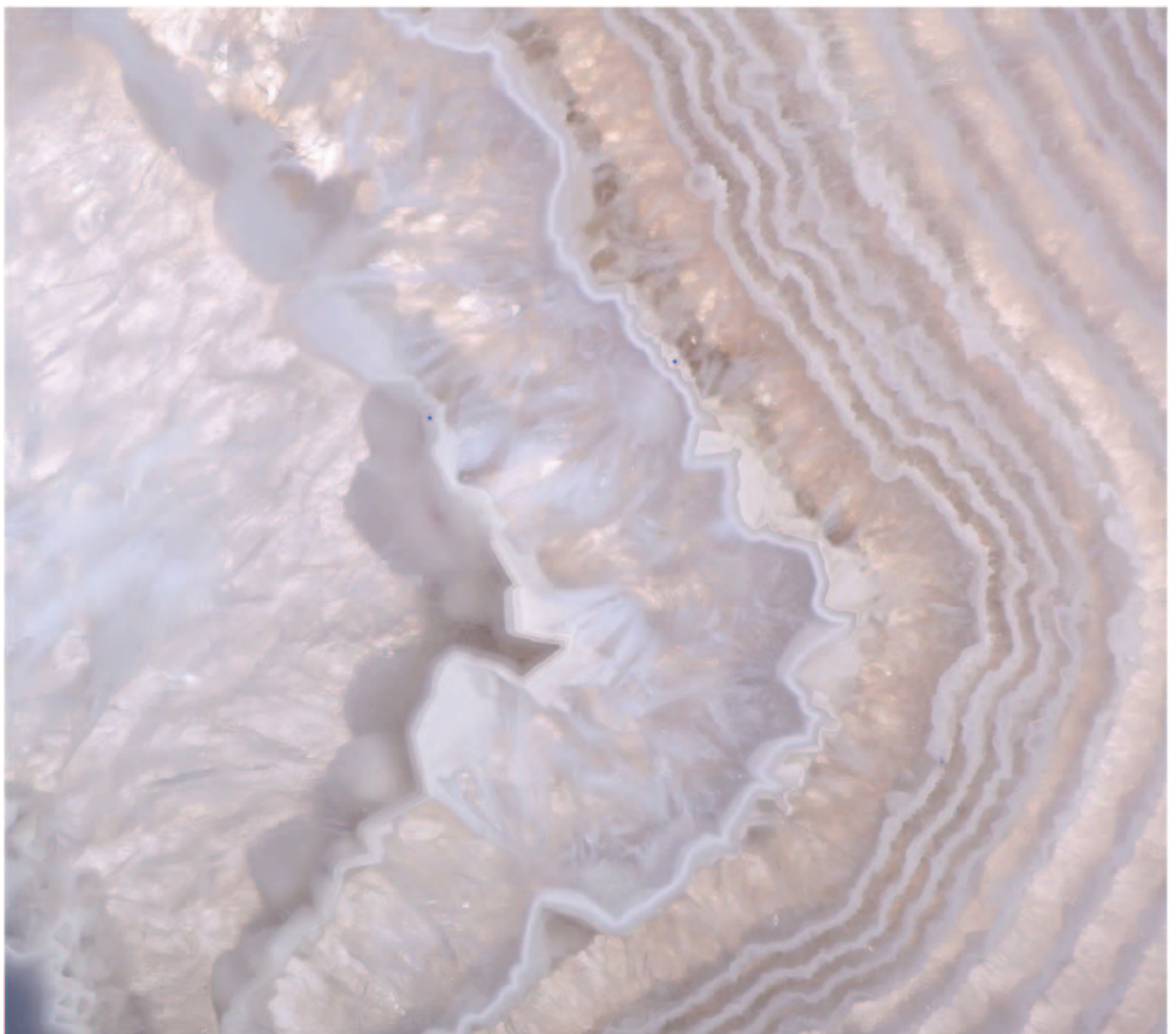
# **BAILLIE GIFFORD**

Baillie Gifford Investment Funds ICVC

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Annual Report and Financial Statements

*for the year ended 31 December 2018*



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**Contents**

About The Company*	1
Statement of Authorised Corporate Directors' Responsibilities	4
Statement of Depositary's Responsibilities and Report to Shareholders	5
Report of the Independent Auditor	6
Accounting Policies	9
Risk Disclosures	11
Remuneration Report	13
Baillie Gifford Diversified Growth Fund*	15
Baillie Gifford Long Term Global Growth Investment Fund*	59
Baillie Gifford Multi Asset Growth Fund*	81
Baillie Gifford Positive Change Fund*	119
General Information	141
The Group's Funds	147

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\*Collectively these comprise the Authorised Corporate Director's Report as required by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ("COLL").

## About the Company

Baillie Gifford Investment Funds ICVC (Investment Company with Variable Capital) ('the Company') is an umbrella UK Open-Ended Investment Company ('OEIC') under regulation 14 (Authorisation) of the Open-Ended Investment Companies Regulations 2001. An OEIC is a collective investment vehicle in which your funds are pooled with those of other investors and spread across a portfolio of companies, thus reducing risk.

At 31 December 2018 the Company offered four sub-funds, and the range may be varied in the future. Each sub-fund is valued on a daily basis and is subject to different charging structures and subscription limits. All shares are single priced. Details of the sub-funds and the share classes are contained in the Prospectus, along with details of the switching facility available between sub-funds. The Prospectus was last revised on 30 November 2018 and the Instrument of Incorporation was last revised on 30 November 2018. Copies of the Prospectus or Instrument of Incorporation can be obtained from Baillie Gifford & Co Limited, the Authorised Corporate Director ('ACD') by contacting Client Relations.

The Company is registered in Great Britain, registered number IC000719, and the address of its Head Office is Calton Square, 1 Greenside Row, Edinburgh EH1 3AN. The operation of the Company is governed by the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') and the Financial Conduct Authority's Investment Funds Sourcebook ('FUND'), collectively referred to as (the 'Regulations'), its Instrument of Incorporation and its Prospectus.

The Company's shareholders are not liable for its debts beyond the amount subscribed. Each sub-fund is classed as a non-UCITS retail scheme under COLL and an Alternative Investment Fund ('AIF') under FUND.

The ACD has, in respect of Baillie Gifford Diversified Growth Fund and Baillie Gifford Multi Asset Growth Fund, made an election into the Tax Elected Fund ('TEF') regime and these sub-funds may therefore pay both dividend and non-dividend distributions. No such election has been made in respect of Baillie Gifford Long Term Global Growth Investment Fund nor Baillie Gifford Positive Change Fund and these sub-funds may therefore only pay dividend distributions. Future sub-funds launched may or may not be TEFs and the tax treatment will vary accordingly.

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

### **Alternative Investment Fund Managers Directive ('AIFMD')**

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The Directive creates a regulatory and supervisory framework for alternative investment fund managers within the EU. The scope of the Directive captures the management and the marketing of all non-UCITS funds; the Fund, a UK authorised non-UCITS retail scheme, is therefore within its remit and is deemed to be an AIF. Ongoing disclosure under AIFMD is made in the annual report and financial statements.

### **Change of Depositary and Custodian**

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With effect from 15 October 2018, the legal entity that the Company contracts for depositary services changed from National Westminster Bank plc to NatWest Trustee and Depositary Services Limited. Also with effect from 15 October 2018, the legal entity that the Company contracts for custody services changed from Bank of New York Mellon SA/NV LB to Bank of New York Mellon London Branch.

## About the Company cont.

### Sub-fund Cross-holdings Table

Sub-fund	Cross-holding	Number of Shares	Value of Shares £'000
Baillie Gifford Diversified Growth Fund	Baillie Gifford Long Term Global Investment Fund C Acc	39,835,225	216,704

At 31 December 2018 no other sub-funds had any cross-holdings.

## About the Company cont.

### **Authorised Corporate Director ('ACD')/Alternative Investment Fund Manager ('AIFM')**

Baillie Gifford & Co Limited  
(Authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 119179)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN  
Telephone: 0800 917 2113  
Fax: 0131 275 3955

### **Directors of the ACD**

A W Paterson (Chairman)  
E Delaney  
P J Edwardson  
C M Fraser  
D S McGowan  
S Swindells  
A J Telfer  
M J C Wylie

### **Investment Adviser**

Baillie Gifford & Co  
(Authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 142597)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN

### **Depositary**

NatWest Trustee and Depositary Services Limited  
(formerly National Westminster Bank Plc)  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Financial Services Register No. 794152)  
Trustee & Depositary Services,  
Drummond House,  
1 Redheughs Avenue,  
Edinburgh EH12 9RH

### **Registrar**

Baillie Gifford & Co Limited  
(Authorised and regulated by the Financial Conduct Authority, Financial Services Register No. 119179)  
Calton Square,  
1 Greenside Row,  
Edinburgh EH1 3AN

### **Auditor**

PricewaterhouseCoopers LLP  
Atria One,  
144 Morrison Street,  
Edinburgh EH3 8EX

*Baillie Gifford & Co Limited, the Authorised Corporate Director of the OEIC, is wholly owned by Baillie Gifford & Co. We only provide information about our products and do not provide investment advice.*

# Statement of Authorised Corporate Directors' Responsibilities

The Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL') requires the Authorised Corporate Director to prepare financial statements for each interim and annual accounting period which give a true and fair view of the financial position of the Company and of its income and expenditure and of its net gains and losses on the property of the Company for the year. In preparing the financial statements the Authorised Corporate Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to the Financial Statements of UK Authorised Funds issued in 2014;
- follow generally accepted accounting principles and applicable accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation; and
- take reasonable steps for the prevention and detection of fraud and irregularities.

The Authorised Corporate Director is responsible for the management of the Company in accordance with the Instrument of Incorporation, the Prospectus and the Regulations.

The Annual Report and Financial Statements were approved by the Authorised Corporate Director and signed on its behalf by:

*A W Paterson, Chairman*  
*C M Fraser, Director*  
*Baillie Gifford & Co Limited*  
28 February 2019

# Statement of the Depositary's Responsibilities and Report of the Depositary to the Shareholders of Baillie Gifford Investment Funds ICVC ('The Company') for the Year Ended 31 December 2018

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228) (the OEIC Regulations), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of the shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations and;
- the instructions of the Alternative Investment Fund Manager ('the AIFM') are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company, and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

NatWest Trustee and Depositary Services Limited  
Trustee & Depositary Services  
Edinburgh  
1 January 2019



# Independent Auditors' Report to the Shareholders of Baillie Gifford Investment Funds ICVC

## Report on the audit of the financial statements

### Opinion

In our opinion, Baillie Gifford Investment Funds ICVC's financial statements:

- give a true and fair view of the financial position of the Company and each of the sub-funds as at 31 December 2018 and of the net revenue and the net capital gains/(losses) of the scheme property of the Company and each of the sub-funds for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Baillie Gifford Investment Funds ICVC (the "Company") is an Open Ended Investment Company ('OEIC') with four sub-funds. The financial statements of the Company comprise the financial statements of each of the sub-funds. We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report") which comprise: the balance sheets as at 31 December 2018; the statements of total return and the statements of change in net assets attributable to shareholders for the year then ended; the distribution tables; the accounting policies; and notes to the financial statements.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the Authorised Corporate Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Authorised Corporate Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's or any of the sub-funds' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's and each of the sub-funds' ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union, which is currently due to occur on 29 March 2019, are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



# Independent Auditors' Report to the Shareholders of Baillie Gifford Investment Funds ICVC cont.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## *Authorised Corporate Director's Report*

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Authorised Corporate Director for the financial statements*

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities set out on page 4, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the sub-funds' ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or individual sub-fund, or has no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Opinion on matter required by the Collective Investment Schemes sourcebook**

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

# Independent Auditors' Report to the Shareholders of Baillie Gifford Investment Funds ICVC cont.

## **Collective Investment Schemes sourcebook exception reporting**

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

*PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
28 February 2019*

# Accounting Policies

## (1) *Basis of accounting*

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with UK Generally Accepted Accounting Principles, the Instrument of Incorporation, the Statement of Recommended Practice ('SORP') relating to the Financial Statements of UK Authorised Funds issued in 2014, and the Financial Conduct Authority's Collective Investment Schemes Sourcebook ('COLL'). Unless otherwise stated, accounting policies within these financial statements are consistent with prior year policies.

FRS 102 requires the Company to disclose, for the financial instruments held, the level within the fair value hierarchy that the fair value measurement of those instruments should be categorised. The fair value hierarchy is as follows:

- Level 1: The unadjusted quoted price in an active market for an identical instrument.
- Level 2: Valuation techniques using observable inputs other than quoted prices included within Level 1.
- Level 3: Valuation techniques using unobservable inputs.

## (2) *Recognition of income*

Equities: Dividends on equities are recognised when the security is quoted ex-dividend. The ordinary element of stocks received in lieu of cash dividends is recognised as revenue and, where applicable, is included in the distribution. Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

Debt securities: Income on debt securities is recognised on an effective interest basis by reference to the purchase price.

Collective investment schemes: Distributions and accumulations from holdings in collective investment schemes are recognised when the scheme units go ex-dividend or ex-interest; where a scheme reports income that amount is recognised when the report is made. Amounts stated as equalisation on units in distributions or reports are treated as a return of capital and deducted from the cost of investment. Where the manager of a scheme rebates a portion of the management fees suffered by that scheme this is recognised as revenue when the amount becomes due.

Deposits and other income: Interest on deposits is accounted for on an accruals basis. Underwriting commission is recognised when the issue takes place. Other income is accounted for on either an accruals or a receipts basis depending on the circumstances of each particular case.

Real Estate Investment Trusts: Distributions from Real Estate Investment Trusts (REITs) are recognised when the security is quoted as ex-dividend. Income is streamed between dividend income and property income distributions as appropriate. Special dividends are treated as repayments of capital or revenue depending on the facts of each particular case.

## (3) *Treatment of management expenses*

For all of the sub-funds, all management expenses, other than those relating to the purchase and sale of investments and custodian transaction costs, have been allocated against revenue. For all of the sub-funds, VAT is written off to the extent that it is not considered to be recoverable.

Where the ACD, at its sole discretion, considers the expenses within a sub-fund to be too high, the ACD may rebate some of those expenses to that sub-fund. Where the ACD pays a rebate to a sub-fund this will reduce the expenses within that sub-fund.

## (4) *Allocation of revenue and expenses to share classes*

Revenue is allocated when earned in the proportion of the net asset value of each share class to the total net asset value of the relevant sub-fund. Expenses incurred solely in respect of a share class are allocated directly to that class. Expenses incurred in respect of, or attributable to, the relevant sub-fund as a whole are allocated when incurred in the proportion of the net asset value of each share class to the total net asset value of the relevant sub-fund.

## Accounting Policies cont.

### (5) *Distribution policies*

Distributions: Two sub-funds, Baillie Gifford Diversified Growth Fund and Baillie Gifford Multi Asset Growth Fund, distribute income six monthly and pay both dividend distributions and non-dividend distributions. Income is recognised as dividend or non-dividend depending on the source. Expenses are allocated between dividend and non-dividend at the ACD's discretion and in keeping with the TEF rules. All of the other sub-funds distribute income annually and pay dividend distributions. All sub-funds pay distributions out of income after the deduction of relevant expenses.

Investments in non-reporting offshore funds: Where the ACD deems an amount equivalent to that which would be reported had the share class in the offshore fund elected to report then that amount is transferred from capital to the distribution account and forms part of the distribution to shareholders.

Equalisation on units in collective investment schemes: Equalisation declared on distributions or reports for units held in collective investment schemes reduces the cost of investment and does not form part of the distribution to shareholders.

### (6) *Taxation*

Corporation tax is charged at 20% of the revenue liable to corporation tax less expenses allocated to revenue and, where applicable, interest distributions made.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay less or receive more tax. Deferred tax assets are recognised only to the extent that the ACD considers that it is more likely than not that there will be taxable profits from which the underlying timing differences can be deducted. Deferred tax assets are not discounted.

### (7) *Basis of valuation of investments*

The investments of the sub-funds have been valued at the closing bid prices on 31 December 2018, or the Investment Adviser's valuation where indicated. Investments are valued using the fair value hierarchy, referenced in accounting policy 1.

### (8) *Foreign exchange*

All foreign securities and currencies held at the year end have been translated into sterling at the rate of exchange ruling at 31 December 2018. Transactions during the year have been translated at the exchange rate ruling on the transaction date.

### (9) *Financial Derivative Instruments*

Currency Contracts: Spot and forward currency contracts are marked to market daily and the change in value, if any, is recorded by the sub-fund as an unrealised gain or loss. Realised gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are recorded upon delivery or receipt of the currency or, if a spot or forward currency contract is offset by entering into another spot or forward currency contract with the same broker, upon settlement of the net gain or loss.

Futures Contracts: Futures contracts are marked to market daily and an appropriate gain or loss for the change in value ('variation margin') is recorded by the sub-fund as realised.

# Risk Disclosures

## General Risk Management Process

The Company's overall risk management process is the responsibility of the ACD. Risks which are specific to the sub-funds are managed by the ACD in accordance with their Risk Management Policy, with oversight by the Depositary. The ACD has established a risk management framework, including a permanent risk management function, to monitor the risks in relation to the sub-funds. Where appropriate, the risk management function builds on the existing parts of the risk management framework of the Investment Advisor to make use of expertise and advice, and avoid unnecessary duplication.

The risk profile of each of the sub-funds is considered by the ACD to determine the nature and extent of risk management procedures and assess the appropriateness of disclosures made to investors. The ACD then considers the material risks facing the sub-funds via the receipt of quarterly reports from the risk management function.

## Sub-Fund Risk Profile

In accordance with the Alternative Investment Fund Managers Directive ('AIFMD'), information in relation to a sub-fund's risk profile and leverage and the remuneration of the ACD, is required to be made available to investors.

The risk profile of a sub-fund is determined using a number of factors including market risk (comprising foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and leverage (please see the "Leverage" note to the financial statements for each sub-fund). As described above, the ACD operates a risk management framework to oversee the risks that the sub-funds are exposed to and assess the sensitivity of a sub-fund's portfolio to these risks. The approach to managing these risks is set out below with oversight and monitoring provided by the ACD's risk management function.

### *Market Risk*

Market risk is the potential for changes in the market value of underlying investments in a sub-fund. This comprises foreign currency risk, interest rate risk and other price risk.

Asset allocation is determined by the Investment Adviser who ensures that the distribution of each sub-fund's assets is appropriate in terms of the investment objectives. Divergence from the target asset allocation is strictly controlled and the portfolio closely monitored in terms of risk.

For Baillie Gifford Diversified Growth Fund and Baillie Gifford Multi Asset Growth Fund, derivatives are used in keeping with each sub-fund's investment objective, with the intention of either protecting or enhancing the return of the sub-fund. The strategies used may include active currency management, bond curve strategies, interest rate strategies, asset allocation and market spread strategies; in addition, derivatives are used for the purposes of efficient portfolio management. The Investment Adviser makes use of these strategies as and when it considers it appropriate to do so. Derivative investments (which may be exchange-traded and/or off-exchange) are undertaken on a covered basis and the types of asset which underlie the derivative contract are appropriate in the context of each sub-fund's investment objective and policy. The Investment Adviser does not consider the use of derivatives to be either extensive and complex or significant and accordingly no value at risk or sensitivity analysis information is given.

### *Foreign currency risk*

The Investment Adviser has identified three principal areas where foreign currency risk could impact the sub-funds, being where movements in exchange rates affect the value of investments, short-term timing differences and the revenue received.

A proportion of the net assets of the sub-funds are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements. The balance sheet net currency exposure is disclosed in the currency exposures section of the "Derivatives and other financial instruments" note to the financial statements for each sub-fund.

The sub-funds may be subject to short-term exposure to exchange rate movements, for instance where the date of an investment purchase and the date when the settlement occurs are different. To reduce this risk the Investment Adviser will normally execute a foreign currency contract on the transaction date wherever practicable.

## Risk Disclosures cont.

The sub-funds receive revenue in currencies other than sterling and hence movements in exchange rates can affect the sterling value of this revenue. To minimise this risk arrangements are in place to convert all revenue receipts to sterling on, or shortly after, the date of receipt.

### *Interest rate risk*

The sub-funds are subject to interest rate risk because bond yields are linked to underlying bank rates or equivalents. The interest rate risk profile of each sub-funds' portfolio is disclosed in interest rate risk profile of financial assets and financial liabilities section of the "Derivatives and other financial instruments" note to the financial statements.

### *Other price risk*

Market price risk arises mainly from uncertainty about future prices of the financial instruments held. It represents the potential loss a sub-fund might suffer through holding market positions in the face of price movements.

### *Credit risk*

For Baillie Gifford Diversified Growth Fund and Baillie Gifford Multi Asset Growth Fund, the Investment Adviser monitors both the creditworthiness of counterparties and the extent to which the counterparty risk is diversified. The organisations with whom derivative transactions are arranged are either top rated institutions themselves or subsidiaries of such institutions. The aim is to strike a balance between spreading counterparty risk amongst a number of institutions and keeping costs low by achieving economies of scale. In some cases, counterparty risk is further reduced by collateralising net positions with the counterparty.

Stock settlement is normally on a delivery versus payment ('DVP') basis where the payment for stock is due at the time of delivery. Where stock settlement is not on a DVP basis, additional procedures are in place and approvals required to manage the settlement risks that may arise.

### *Liquidity risk*

Each sub-fund's assets mainly consist of readily realisable securities. This enables the payment of any investor redemptions without unbalancing the portfolio. During the year, there have been no new arrangements put in place for managing the liquidity of the sub-funds with no assets subject to special arrangements.

### *Operational risk*

Failure of Baillie Gifford & Co's accounting systems or those of other third party service providers could lead to an inability to provide accurate reporting and monitoring or a misappropriation of assets. Baillie Gifford & Co have a comprehensive business continuity plan which facilitates continued operation of the business in the event of a service disruption or major disaster. The ACD reviews Baillie Gifford & Co's report on internal controls and the reports by other key third party providers.

### **Fair values**

The financial assets and liabilities of the Fund are included in the valuation at market value. These values have been determined by reference to prices available from the markets on which the instruments are traded.



# Remuneration Report

Baillie Gifford & Co ('Baillie Gifford') maintains a Remuneration Policy (the 'Policy') which applies to group companies, including Baillie Gifford & Co Limited, which is the group's sole Alternative Investment Fund Manager ('AIFM') for the range of Alternative Investment Funds ('AIFs') operated within the group. The Policy is subject to review on at least an annual basis by the Management Committee of Baillie Gifford & Co and the Board of Baillie Gifford & Co Limited. It was updated in May 2018, no material changes were made.

In accordance with Article 107(4) of the Alternative Investment Fund Managers Directive ('AIFMD') Level 2 Regulation, Baillie Gifford & Co Limited is required to provide the following general information relating to the financial and non-financial criteria of the AIFM Remuneration Code to enable shareholders to assess the incentives created.

## *Application of the AIFM Remuneration Code*

Baillie Gifford & Co Limited is required to identify individuals whose professional activities have a material impact on its risk profile or the AIFs it manages, (known as 'Code Staff') and the AIFM Remuneration Code requirements and disclosures apply to those individuals. The list of Code Staff compiled by Baillie Gifford & Co Limited principally covers governance and control and support functions.

Baillie Gifford & Co Limited delegates portfolio management and certain administration roles to other entities, namely its parent Baillie Gifford & Co and another affiliate Baillie Gifford Overseas Limited, these delegates are not required to comply with the AIFM Remuneration Code as they are subject to regulatory requirements on remuneration that are considered equally as effective as those applicable under the AIFM Remuneration Code.

## *General Principles of the AIFM Remuneration Code*

Baillie Gifford & Co Limited endeavours to reward staff fairly and appropriately for their contribution towards the success of the business and the level of service and performance delivered to the firm's clients. The Policy is designed to be consistent with and promote sound and effective risk management and should not encourage risk-taking that exceeds Baillie Gifford & Co Limited's risk tolerance. It is designed to be in line with the firm's strategy and values and the long-term interests of the firm, its AIFs and other clients. The Policy has been designed to avoid conflicts of interest and is subject to independent internal review by the Compliance and Business Risk functions. In order to achieve this, the remuneration of staff is reviewed annually, taking into account individual performance and market practice for the role being undertaken.

## *Governance of Remuneration*

Baillie Gifford's Remuneration Policy is overseen by the Group's Remuneration Committee. The Remuneration Committee in turn reports to the management body of Baillie Gifford & Co, the Management Committee. The Board of Baillie Gifford & Co Limited also oversees adherence to the AIFM Remuneration Code.

## *Salary/Bonus Review Process*

In terms of the Baillie Gifford group salary review process, the level of salary awarded is influenced by individual

performance, the profitability and performance of the firm and the movement in salary levels for the relevant job match within independent survey data utilised by Baillie Gifford. This information is collated and analysed by the Human Resources Department, who submit recommendations on salary awards for each individual member of staff to the Remuneration Committee. The Remuneration Committee may adjust salary awards according to the information provided which will include input from the Compliance, Business Risk and Internal Audit functions on any relevant risk and compliance concerns.

The Management Committee then finalises and authorises the annual salary awards for all staff, and specifically the remuneration of senior officers in the risk management and compliance functions.

In terms of variable remuneration, there are currently three separate bonus schemes in operation within the group for specific business areas and within each scheme there are four levels of maximum potential bonus. Maximum levels have been established for each scheme and the levels of maximum potential bonus will vary according to the group's profitability. Within these maximum limits, performance for determining the actual levels of bonus awarded is measured at both an individual and a team level. The Policy is also designed to ensure that fixed and variable components of total remuneration are appropriately balanced.

The amounts available for variable remuneration are subject to an overall risk adjustment and individual awards can be adjusted via the annual appraisal process with input from the Business Risk and Compliance functions.

## Remuneration Report cont.

Ratings for individual performance are determined, following discussion with the individual, as part of the firm's annual appraisal process which considers both the completion of annual objectives and the level of competence an individual has demonstrated in the role, including integrity. The methods used to determine team performance vary according to the business area that the scheme covers.

With effect from 1 January 2015, Baillie Gifford introduced a deferral of a proportion of variable pay for all bonus scheme participants including Code Staff. The proportions deferred vary between 20% and 40% of variable remuneration depending upon scheme level. The deferral period will be for three years and will vest on a pro-rata basis with a retention period of six months thereafter. The proportion of variable remuneration which is deferred will be held in shares in a selection of Baillie Gifford collective investment schemes (and for a small number of individuals an element of the cash bonus will also be paid in shares). Deferred amounts of variable remuneration are also subject to malus provisions where Baillie Gifford has the ability to reduce or withdraw the value of unvested awards prior to vesting in exceptional circumstances.

Further information with respect to the Policy is available at [www.bailliegifford.com](http://www.bailliegifford.com).

	Headcount	Total Remuneration <sup>1</sup> £'000
<b>Baillie Gifford &amp; Co Limited</b>		
Fixed remuneration	29	880
Variable remuneration	29	530
<b>Baillie Gifford &amp; Co Limited Remuneration Code Staff<sup>2</sup></b>		
Total remuneration	18	1310

This remuneration disclosure has been provided at the level of Baillie Gifford & Co Limited as Alternative Investment Fund Manager of AIF, as at 31 March 2018. Remuneration information at an individual AIF level is not readily available.

<sup>1</sup>The total remuneration is the proportion of overall remuneration for Staff as it relates to the time spent on AIF related activity for Baillie Gifford & Co Ltd.

<sup>2</sup>All Code Staff are senior managers or staff engaged in control functions of Baillie Gifford & Co Limited and therefore a breakdown of remuneration between senior management and other risk takers is not applicable.

# BAILLIE GIFFORD

## Baillie Gifford Diversified Growth Fund

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a sub-fund of Baillie Gifford Investment Funds ICVC

*Annual Report and Financial Statements  
for the year ended 31 December 2018*



# Baillie Gifford Diversified Growth Fund

## Investment Objective

The Fund aims to achieve long-term capital growth at a level of risk lower than investment in shares of companies.

## Investment Policy

To invest in a variety of asset classes, either directly or indirectly or through other funds. The asset classes include, but are not limited to, shares, bonds, property, private equity, infrastructure, commodities, and currencies. Investment may be in transferable securities (such as bonds and shares), other funds, money market instruments, cash and near cash. Currency forwards and derivatives, which are types of financial contract, are used to protect or enhance the return of the Fund, including for investment purposes. Other bonds are used for investment purposes. The Fund is exposed to foreign currencies.

## Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases. The Fund is classified in the category above because it invests in a variety of asset classes which generally provide higher rewards and higher risks than other investments such as investment solely in bonds or cash. The indicator does

not take into account the following relevant material risks which may affect income and reduce the capital value of the Fund. You might not get back the amount originally invested.

The Fund does not guarantee positive returns. It aims to limit the extent of loss in any short-term period to a lower level than equities, however this is not guaranteed. Investment markets can go down as well as up and market conditions can change rapidly.

The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise. The Fund invests in emerging markets where difficulties in trading could arise, resulting in a negative impact on the value of your investment. Custody of assets, particularly in emerging markets, involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

Bonds issued by companies and governments may be adversely affected by changes in interest rates, expectations of inflation and a decline in the creditworthiness of the bond issuer. The issuers of bonds in which the Fund invests, particularly in emerging markets, may not be able to pay the bond income as promised or could fail to repay the capital amount. Part of the Fund is invested in bonds that are exposed to the risk of extreme insurance losses from natural disasters such as earthquakes or hurricanes. If a number of specified disasters occur while the Fund is invested in such bonds, the Fund will suffer a capital loss.

In certain circumstances it can be difficult to buy or sell the Fund's holdings and even small purchases or sales can cause their prices to move significantly. Market values for securities which are difficult to trade, or value less frequently than the Fund, such as holdings in weekly or monthly dealt funds, may not be readily available. There can be no assurance that any value assigned to them will reflect the price the Fund might receive upon their sale.

The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

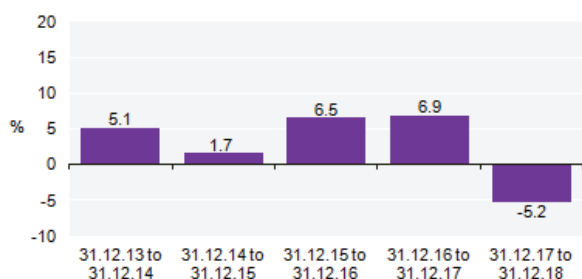
## Baillie Gifford Diversified Growth Fund cont.

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations.



# Investment Report

## Past Performance<sup>1</sup>



The performance figures shown in this graph are for Class B1 Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.65%, but exclude any initial charge paid. Please note these returns differ from the return quoted in the Investment Report, which is based on the closing net asset value at the year end. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

For the year to 31 December 2018, the return on B1 Accumulation Shares was -4.9%<sup>2</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance. Over that period, the return on B1 Accumulation Shares has been 3.0%<sup>2</sup> on an annualised basis.

After several good years when most asset classes have performed well, 2018 served as a reminder to us all that we should never become complacent. Most asset classes struggled as the buoyant sentiment of the past few years was overwhelmed by the weight of perceived risks to the macroeconomic environment.

Listed equities was the biggest detractor for the Fund over the year, with the final quarter being particularly challenging. Emerging market government bonds was the second largest detractor, despite a late rally which failed to outweigh the losses sustained earlier in the year. In a similar vein, active currency also detracted over the year.

However, 2018 was also a year beset by extreme natural weather events, with hurricanes Florence and Michael in the Atlantic, typhoons Jebi and Mangkhut in the Pacific and the most deadly and destructive wildfires on record sweeping through California. Consequently, despite the cause of the losses being unrelated to financial markets, insurance linked securities were one of the main detractors to the Fund over the year.

Historically, asset classes such as infrastructure, absolute return and insurance linked securities have provided diversifying benefits when other economic assets are falling. Indeed, infrastructure and absolute return have fulfilled this role over 2018, both generating a positive return. Within absolute return our positions in volatility futures proved to be beneficial during the rise in market volatility back in February, as well as during the final quarter of the year.

In terms of our outlook, despite a central case of reasonable global growth, we have long been cautious on the number of risks that could derail this progress. In particular, we will monitor the US/Chinese relationship, where rounds of tit-for-tat sanctions and tariffs have the potential to derail global growth. We also think it will be critical how the Federal Reserve manages the continuation of the withdrawal of monetary policy without triggering a broader economic slowdown, or further panic in the markets. Meanwhile, political risks in the US, Europe and in the UK have the potential to disrupt what might otherwise be a positive growth story at both a domestic and international level.

It is important, therefore, to maintain a portfolio which can be robust across a range of different scenarios. There is no such thing as a perfect hedge, so it remains appropriate to have above-average levels of exposure to cash and equivalents, as well as selected defensive

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. Please see Disclaimer on page 143. You should be aware that past performance is not a guide to future performance.



## Investment Report cont.

positions in government bonds and infrastructure, set against some of the more traditional 'riskier' asset classes such as listed equities, emerging market bonds and property.

*Baillie Gifford & Co, 23 January 2019*

## Principal Holdings as at 31 December 2018

Investment	Percentage of total Fund
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	8.87
Baillie Gifford Global Income Growth Fund C Acc <sup>1</sup>	5.59
US TII 0.125% 15/04/2019	5.59
Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	5.38
US TII 0.625% 15/01/2026	4.74
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	3.24
Baillie Gifford Long Term Global Growth Investment Fund C Acc <sup>1</sup>	3.23
ETFS Nickel	2.85
Japan (Govt) 0.1% CPI Linked 10/03/2027	2.16
Baillie Gifford Worldwide Global Credit Fund C Acc USD <sup>1</sup>	2.11

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).

## Material Portfolio Changes for the year ended 31 December 2018

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
US TII 0.125% 15/04/2019	368,323	Allianz Merger Arbitrage	179,816
ETFS Nickel	227,841	Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	133,313
Japan (Govt) 0.1% CPI Linked 10/03/2027	138,428	Galene Fund	118,999
Brazil 0% 01/07/2021	135,462	Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	84,168
HICL Infrastructure Co.	73,634	John Laing Infrastructure Fund	78,232
UBS Crude Oil ETN	68,195	UBS Crude Oil ETN	74,324
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	67,974	Baillie Gifford Worldwide Global Credit Fund C Acc USD <sup>1</sup>	67,766
Goldman Sachs Crude Oil ETN	53,272	Henderson Secured Loans Fund	64,333
Argentina 4.5% 21/06/2019 (Dual)	34,955	Goldman Sachs Crude Oil ETN	60,245
South Africa 8.75% 31/01/2044	33,599	Credit Suisse Nova (Lux) Global Senior Loan Fund	60,159

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).

The largest purchases and sales have been shown, with the exception of UK Treasury Bills, which are used for cash management purposes, and derivatives.

# Portfolio Statement as at 31 December 2018

Stock description	Holding	Market value £'000	% of total net assets
<b>Absolute Return - 4.53% (7.32%)</b>			
Aspect Core Trend Fund	772,500	68,088	1.02
Boussard & Gavaudan	1,179,002	17,990	0.27
Credit Suisse Lux Multi-Trend Fund	87,400	67,430	1.01
Goldman Sachs Cross Asset Trend Portfolio	8,600,000	75,400	1.12
Nomura Cross Asset Momentum Fund	980,000	74,772	1.11
<b>Commodities - 2.85% (0.00%)</b>			
ETFS Nickel	23,700,000	191,483	2.85
<b>Emerging Market Bonds - 20.12% (18.06%)</b>			
Argentina 4.5% 21/06/2019 (Dual)	44,000,000	35,118	0.52
Argentina 6.875% 22/04/2021 (USD)	12,300,000	8,726	0.13
Argentina 7.5% 22/04/2026 (USD)	28,950,000	18,213	0.27
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	327,300,000	595,359	8.87
Brazil 0% 01/07/2021	676,000	113,609	1.69
Brazil 10% 01/01/2023	153,200	32,516	0.48
Colombia 3.875% 25/04/2027 (USD)	36,900,000	27,802	0.41
Dominican Republic 6% 19/07/2028 (USD)	18,700,000	14,675	0.22
Dominican Republic 6.875% 29/01/2026 (USD)	2,800,000	2,303	0.03
Dominican Republic 7.45% 30/04/2044 (USD)	13,000,000	10,616	0.16
Ecuador 10.5% 24/03/2020 (USD)	22,180,000	17,589	0.26
Egypt 7.5% 31/01/2027 (USD)	18,500,000	13,847	0.21
Egypt 8.5% 31/01/2047 (USD)	16,700,000	11,883	0.18
Egypt T Bill 15/01/2019	240,000,000	10,461	0.16
Ethiopia 6.625% 2024 (USD)	21,100,000	15,823	0.24
Ghana 10.75% 14/10/2030 (USD)	6,800,000	6,034	0.09
India 8.6% 02/06/2028	4,000,000,000	48,630	0.72
Indonesia 5.875% 15/01/2024 (USD)	33,300,000	27,875	0.41
Indonesia 7.5% 15/08/2032	280,000,000,000	14,306	0.21
Indonesia 8.75% 15/05/2031	411,000,000,000	23,339	0.35
KazAgro National Mgmt Hldg 4.625% 24/05/2023 (USD)	5,005,000	3,743	0.06
Mexico 5.75% 12/10/2110 (USD)	18,800,000	13,818	0.21
Mexico IL 4% 15/11/2040	1,000,000	24,301	0.36
Mongolia 8.75% 09/03/2024 (USD)	16,500,000	13,857	0.21

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Namibia 5.5% 03/11/2021 (USD)	21,450,000	16,640	0.25
Nigeria 7.875% 16/02/2032 (USD)	27,440,000	19,516	0.29
OCP Morocco 4.5% 22/10/2025 (USD)	16,028,000	12,049	0.18
OCP Morocco 6.875% 25/04/44 (USD)	17,171,000	13,993	0.21
Oman 3.875% 08/03/2022 (USD)	27,900,000	20,511	0.31
Peru 6.95% 12/08/2031	160,000	40,774	0.61
Petkim Petrokimya 5.875% 2023 (USD)	26,123,000	18,581	0.28
Petro TrinTobago 9.75 14/08/2019 (USD)	5,700,000	4,269	0.06
Petroleos Mexicanos 6.5% 13/03/2027	15,900,000	11,724	0.17
Senegal 6.25% 23/05/2033 (USD)	20,400,000	13,759	0.20
South Africa 8.75% 31/01/2044	476,000,000	23,165	0.34
Tajikistan 7.125% 14/09/2027 (USD)	23,000,000	15,811	0.24
Transnet SOC 4% 26/07/2022 (USD)	21,606,000	15,882	0.24
Ukraine 7.75% 01/09/2023 (USD)	27,800,000	19,562	0.29
<b>Government Bonds - 12.49% (4.45%)</b>			
Japan (Govt) 0.1% CPI Linked 10/03/2027	19,186,800,000	144,639	2.16
US TII 0.125% 15/04/2019	449,000,000	375,024	5.59
US TII 0.625% 15/01/2026	391,200,000	318,470	4.74
<b>High Yield Credit - 3.35% (7.89%)</b>			
ACI Worldwide 5.75% 2026 144A	285,000	220	0.00
Adient 4.875% 2026 (144A)	200,000	120	0.00
Antero Resources 5.125% 2022	368,000	272	0.00
APX Group Inc 7.875% 2022	139,000	103	0.00
Aramark 5% 2028 (144A)	293,000	217	0.00
Ardagh Packaging 7.25% 2024 (144A)	510,000	400	0.01
Aroundtown Properties 5.25% 2023 Perp	500,000	350	0.01
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	9,500,000	33,079	0.49
BlackRock Floating Rate Income Trust	802,170	7,275	0.11
Cable One 5.75% 2022 (144a)	270,000	213	0.00
Catalent 4.875% 2026 (144A)	422,000	314	0.01
CCO Holdings 5.25% 2022	456,000	354	0.01
Cemex 6% 2024	480,000	375	0.01
Centurylink 7.6% 2039	497,000	306	0.01

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Cirsa 7.875% 2023 (144A)	280,000	217	0.00
CNH Industrial 3.875% 2021	212,000	165	0.00
Codere 7.625% 2021 (144A)	460,000	306	0.01
Consolidated Energy 6.875% 2025 (144A)	290,000	217	0.00
Credit Suisse Nova (Lux) Global Senior Loan Fund	17,300	16,470	0.25
Deck Chassis 10% 2023 (144A)	605,000	456	0.01
Dell 7.125% 2024 (144A)	452,000	361	0.01
EDF 5.25% 2023 Perp	350,000	260	0.00
Enquest 7% 2022 PIK (USD) (144A)	359,243	188	0.00
Enviva Partners 8.5% 2021 (WI)	245,000	197	0.00
Fairfax Financial Holdings 4.875% 2024 (144A)	402,000	323	0.01
First Cash 5.375% 2024 (144A)	548,000	422	0.01
FMG Resources 4.75% 2022 (144A)	345,000	259	0.00
Freeport McMoran 3.55% 2022	289,000	215	0.00
Freeport McMoran 4.55% 2024	220,000	161	0.00
Frontdoor 6.75% 2026 144A	198,000	148	0.00
Frontier Communications 7.625% 2024	195,000	79	0.00
Frontier Communications 8.5% 2026	142,000	98	0.00
Goodyear 4.875% 2027	206,000	144	0.00
Graham Holdings 5.75% 2026 (144A)	561,000	449	0.01
Hanesbrands 4.625% 2024 (144A)	264,000	195	0.00
Henderson Secured Loans Fund	9,780,000	17,565	0.26
Herbalife Nutrition 7.25% 2026 144A	416,000	328	0.01
IMS Health 5% 2026 (144A)	342,000	256	0.00
Inmarsat 6.5% 2024 (144A)	510,000	374	0.01
International Game Tech 6.5% 2025 (144A)	370,000	286	0.00
Invesco Senior Income Trust	2,074,491	6,369	0.10
James Hardie 4.75% 2025 (144A)	420,000	303	0.01
JBS 5.75% 2025 (144A)	413,000	310	0.01
L Brands 6.875% 2035	340,000	223	0.00
Land O'Lakes 7.45% 2028 (144A)	327,000	264	0.00
Liberty Interactive 4% 2029 Convertible	472,000	250	0.00
LKQ Corp 4.75% 2023	280,000	209	0.00
Lycra 7.5% 2025 (144A)	350,000	257	0.00
Marfrig 8% 2023	270,000	214	0.00



## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Matador Resources 5.875% 2026	385,000	279	0.00
Match.com 5% 2027 144A	215,000	155	0.00
Mednax 5.25% 2023 (144A)	315,000	243	0.00
Meritor 6.25% 2024	389,000	292	0.00
Millicom 6% 2025 144A	485,000	376	0.01
Multi-Color Corp 4.875% 2025 144A	300,000	203	0.00
NB Distressed Debt Investment Fund EL	14,540,891	10,218	0.15
NB Global Floating Rate Income Fund	20,125,000	17,770	0.27
Netflix 4.375% 2026 Reg S	415,000	298	0.01
NN (L) Flex Senior Loans	620	40,043	0.60
Norbord 6.25% 2023	255,000	199	0.00
Nuveen Senior Income Fund	383,602	1,657	0.03
Olin 9.75% 2023	356,000	306	0.01
Penske Automotive Group 5.5% 2026	235,000	170	0.00
Pioneer Floating Rate Trust	550,936	4,261	0.06
PTC 6% 2024	425,000	335	0.01
QVC 4.375% 2023	265,000	200	0.00
Range Resources 5.75% 2021	420,000	313	0.01
Reynolds Group 7% 2024 (144A)	386,000	289	0.00
Sally 5.625% 2025	562,000	410	0.01
Scientific Games 5% 2025 144A	457,000	321	0.01
Sealed Air 5.5% 2025 (144A)	248,000	192	0.00
Sensata Technologies 5% 2025 (144A)	283,000	209	0.00
Sequoia Economic Infrastructure Income Fund	33,035,051	37,495	0.56
Sirius Radio 5.375% 2025 (144A)	435,000	324	0.01
Six Flags 4.875% 2024 (144A)	289,000	214	0.00
SNF 4.875% 2025(144A)	370,000	253	0.00
Solarcity 1.625% 2019 Convertible	440,000	323	0.01
Sprint 7.25% 2021	478,000	384	0.01
SQN Asset Finance Income Fund	10,511,373	10,133	0.15
SQN Asset Finance Income Fund C Shares	2,028,171	1,806	0.03
Stars Group 7% 2026 144A	282,000	214	0.00
Sunpower 4% 2023 Convertible	169,000	106	0.00
Teck Resources 8.5% 2024 (144A)	325,000	273	0.00
Telecom Italia 7.2% 2036	220,000	165	0.00

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Tempur Sealy 5.625% 2023	245,000	186	0.00
Townsquare 6.5% 2023 (144A)	456,000	329	0.01
Transdigm 6.5% 2024	406,000	310	0.01
TTM Technologies 5.625% 2025 144A	282,000	206	0.00
Unicredit 8% 2024 Perp	330,000	230	0.00
Verisign 5.25% 2025	480,000	377	0.01
Virgin Media 5.5% 2025 144A	355,000	268	0.00
Weight Watchers 8.625% 2025 (144A)	260,000	208	0.00
Wolverine 5% 2026 (144a)	165,000	120	0.00
XPO Logistics 6.5% 2022 (144A)	183,000	141	0.00
<b>Infrastructure - 10.31% (8.24%)</b>			
3i Infrastructure	5,631,578	14,558	0.22
Ameren	274,300	14,045	0.21
Avangrid	369,400	14,520	0.21
BBGI	28,370,600	43,974	0.65
Bluefield Solar Income Fund	17,674,472	21,651	0.32
Consolidated Edison	234,200	14,055	0.21
Edison International	257,500	11,472	0.17
EDP RENOVAVEIS	2,900,000	19,679	0.29
Eversource Energy	285,000	14,552	0.22
Exelon Corporation	415,000	14,692	0.22
Foresight Solar Fund	31,300,000	33,647	0.50
Greencoat UK Wind	21,200,000	26,627	0.40
HICL Infrastructure Co.	67,000,000	105,324	1.57
Hydro One	1,800,000	20,934	0.31
International Public Partnerships	35,768,144	54,797	0.82
Italgas S.p.A	3,400,000	15,228	0.22
John Laing Environmental Assets Group	25,400,000	26,670	0.40
John Laing Group	20,950,000	69,303	1.03
Keppel Infrastructure Trust	50,600,000	14,137	0.21
Korea Electric Power	742,800	17,301	0.26
NextEnergy Solar Fund	31,300,000	35,682	0.53
Renewables Infrastructure Group	30,312,693	34,253	0.51
Tenaga Nasional	5,160,000	13,314	0.20

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
TerraForm Power	3,250,000	28,606	0.42
WEC Energy Group	256,300	13,934	0.21
<b>Insurance Linked - 3.47% (3.43%)</b>			
Blue Capital Global Reinsurance Fund	10,010,000	4,378	0.07
Blue Capital Reinsurance Holdings Fund	629,438	2,778	0.04
Blue Halo Re 2016-2 C <sup>2</sup>	21,250,000	16,702	0.25
Caelus Re V Limited 2018-1 C <sup>2</sup>	9,000,000	5,300	0.08
Caelus Re V Limited 2018-1 D <sup>2</sup>	4,000,000	1,099	0.02
CatCo Reinsurance Opportunities Fund C Shares 2017	18,000,000	5,653	0.08
CatCo Reinsurance Opportunity Fund	34,016,258	5,342	0.08
Frontline Re 2018-1 A <sup>2</sup>	11,500,000	8,705	0.13
Golden State Re II 2014-1 <sup>2</sup>	12,500,000	9,815	0.15
Golden State Re II 2018-1A <sup>2</sup>	21,000,000	16,354	0.24
Horse Capital 1 B <sup>2</sup>	6,000,000	5,462	0.08
Horse Capital 1 C <sup>2</sup>	12,750,000	11,729	0.17
IBRD CAR 111-Class A <sup>2</sup>	18,000,000	14,174	0.21
IBRD CAR 112-Class B <sup>2</sup>	6,500,000	3,700	0.06
IBRD CAR 114-Class B <sup>2</sup>	6,000,000	4,707	0.07
Kilimanjaro II Re 2017-1 C <sup>2</sup>	32,150,000	25,034	0.37
Kilimanjaro II Re 2017-2 C <sup>2</sup>	20,600,000	15,896	0.24
Manatee Re II 2018-1 - A <sup>2</sup>	15,000,000	11,603	0.17
Manatee Re II 2018-1 - B <sup>2</sup>	3,500,000	2,734	0.04
Operational Re A <sup>2</sup>	11,000,000	8,783	0.13
Operational Re B <sup>2</sup>	11,000,000	8,827	0.13
Operational Re II 2018 A <sup>2</sup>	5,000,000	3,963	0.06
Operational Re II 2018 B <sup>2</sup>	10,000,000	7,925	0.12
Residential Re Ltd 2018-I Class 11 <sup>2</sup>	8,250,000	842	0.01
Sanders Re 2018-1 A <sup>2</sup>	17,500,000	13,519	0.20
Vitality Re VII A <sup>2</sup>	14,000,000	11,034	0.16
Vitality Re VII B <sup>2</sup>	9,000,000	7,114	0.11
<b>Listed Equities - 18.92% (21.49%)</b>			
Baillie Gifford Global Alpha Growth Fund C Acc <sup>1</sup>	130,960,000	361,188	5.38
Baillie Gifford Global Income Growth Fund C Acc <sup>1</sup>	27,500,000	375,100	5.59

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Baillie Gifford Long Term Global Growth Investment Fund C Acc <sup>1</sup>	39,835,225	216,704	3.23
Baillie Gifford Pacific Fund C Acc	12,080,000	85,997	1.28
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	12,500,000	217,390	3.24
Fondul Proprietatea GDR	1,710,079	13,830	0.20
<b>Other Bonds - 2.11% (3.02%)</b>			
Baillie Gifford Worldwide Global Credit Fund C Acc USD <sup>1</sup>	12,850,000	141,525	2.11
<b>Private Equity - 0.55% (0.66%)</b>			
Better Capital	1,722,354	861	0.01
Better Capital 2012	5,871,000	499	0.01
Dunedin Enterprise Investment Trust	1,461,877	4,620	0.07
Eurovestech <sup>2</sup>	1,356,949	54	0.00
HarbourVest Global Private Equity	203,738	2,746	0.04
ICG Graphite Enterprise Trust	1,975,000	15,800	0.24
NB Private Equity Partners (USD)	1,266,042	12,227	0.18
<b>Property - 7.46% (7.57%)</b>			
ADO Properties	456,000	18,607	0.28
Alstria Office	2,241,253	24,503	0.36
Beni Stabili REIT	19,510,000	11,873	0.18
British Land	2,950,000	15,729	0.23
Cofinimmo	250,400	24,364	0.36
Deutsche Wohnen	1,235,000	44,374	0.66
Ediston Property Investment Company	10,516,665	10,885	0.16
Gecina	231,557	23,486	0.35
Hammerson	5,730,000	18,875	0.28
Hibernia	18,275,000	20,701	0.31
Icade	423,500	25,221	0.38
Immobiliare	2,201,510	10,596	0.16
Impact Healthcare REIT	10,392,000	10,600	0.16
Invista 9% 2016 Pref <sup>3</sup>	23,800	-	0.00
Land Securities	3,010,500	24,216	0.36

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
LEG Immobilien	538,700	44,330	0.66
Local Shopping REIT	777,134	216	0.00
LondonMetric Property	14,662,260	25,512	0.38
LXi REIT	11,100,230	13,376	0.20
Merlin Properties	1,700,000	16,457	0.25
Target Healthcare REIT	16,096,000	17,142	0.26
Terra Catalyst Fund	1,462,970	384	0.01
Tritax Big Box REIT	17,870,000	23,463	0.35
UK Commercial Property Trust	20,516,000	17,028	0.25
Vastned Retail	507,000	14,198	0.21
Vonovia SE	1,236,700	44,191	0.66
<b>Special Opportunities - 0.63% (0.62%)</b>			
Amedeo Air Four Plus Limited	22,423,077	23,544	0.35
Doric Nimrod Air Two	2,511,945	5,376	0.08
DP Aircraft I	16,500,000	13,214	0.20
Juridica Investments	8,404,904	126	0.00
<b>Structured Finance - 4.12% (6.17%)</b>			
Fair Oaks Income Fund	5,308,000	3,230	0.05
Galene Fund	591,000	87,326	1.30
HSBC Global Asset Backed High Yield Bond Fund	4,300,001	38,466	0.57
Metreta Fund	1,160,000	132,333	1.97
TwentyFour Income Fund	13,620,584	15,187	0.23
<b>Derivatives - -1.36% (0.10%)</b>			
Forward currency contracts (see Table 1)		(91,416)	(1.36)
Futures contracts (see Table 2)		-	0.00
<b>Portfolio of investments</b>		<b>6,011,296</b>	<b>89.56</b>
<b>Cash Equivalents - 1.12% (5.69%)</b>			
UK T Bill 04/03/2019	75,000,000	74,910	1.12

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>Other Assets - 9.33% (5.29%)</b>		<b>626,043</b>	<b>9.33</b>
<b>Net assets</b>		<b>6,712,249</b>	<b>100.00</b>

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).

<sup>2</sup>This stock has been valued using a single broker quote.

<sup>3</sup>This stock was in liquidation at the year end and has been valued at the Investment Adviser's valuation.

Please note: figures are based on market values rather than economic exposure.

All investments are listed on recognised stock exchanges or are fixed interest securities and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

Figures in brackets in the investment category headings refer to 31 December 2017.



## Portfolio Statement as at 31 December 2018 cont.

Table 1: Unrealised gains/(losses) on open forward currency contracts

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Barclays	16/01/19	GBP	236,004,664	EUR	267,000,000	(3,783)	(0.06)
Barclays	16/01/19	GBP	273,708,823	KRW	398,000,000,000	(6,430)	(0.10)
Barclays	31/01/19	GBP	66,427,167	KRW	98,000,000,000	(2,568)	(0.04)
Barclays	13/02/19	GBP	299,884,900	EUR	343,000,000	(8,460)	(0.13)
Barclays	13/02/19	GBP	177,608,814	USD	233,000,000	(4,937)	(0.07)
Barclays	27/02/19	GBP	186,150,454	USD	240,000,000	(1,749)	(0.03)
Barclays	28/02/19	GBP	66,758,116	MYR	365,000,000	(2,406)	(0.04)
Barclays	28/02/19	JPY	14,800,000,000	GBP	102,894,288	3,206	0.05
Barclays	13/03/19	GBP	117,239,886	EUR	131,300,000	(920)	(0.01)
Barclays	14/03/19	GBP	66,666,880	EUR	73,600,000	430	0.01
Barclays	14/03/19	NOK	810,000,000	GBP	73,745,903	(325)	0.00
Deutsche Bank	20/02/19	GBP	169,948,469	KRW	249,000,000,000	(5,288)	(0.08)
Deutsche Bank	27/02/19	GBP	107,036,509	USD	138,000,000	(1,006)	(0.01)
Deutsche Bank	28/02/19	GBP	269,634,156	EUR	301,800,000	(1,815)	(0.03)
HSBC	20/02/19	GBP	139,481,291	BRL	690,000,000	593	0.01
HSBC	13/03/19	GBP	187,512,383	EUR	210,000,000	(1,472)	(0.02)
HSBC	14/03/19	COP	508,173,900,000	GBP	121,950,036	49	0.00
HSBC	14/03/19	GBP	117,909,825	USD	149,840,800	674	0.01
JP Morgan Chase	09/01/19	GBP	169,700,992	JPY	24,400,000,000	(4,962)	(0.07)
JP Morgan Chase	27/02/19	GBP	41,883,852	USD	54,000,000	(394)	(0.01)
JP Morgan Chase	28/02/19	CLP	61,400,000,000	GBP	71,246,229	(1,923)	(0.03)
JP Morgan Chase	13/03/19	GBP	154,776,782	USD	200,000,000	(1,711)	(0.03)
National Australia Bank	09/01/19	GBP	226,381,257	USD	298,000,000	(7,494)	(0.11)
National Australia Bank	16/01/19	GBP	204,477,740	AUD	380,000,000	(5,472)	(0.08)
National Australia Bank	13/02/19	GBP	133,298,754	AUD	239,000,000	1,369	0.02
National Australia Bank	28/02/19	GBP	132,362,893	HUF	48,000,000,000	(2,091)	(0.03)
National Australia Bank	28/02/19	SEK	791,400,000	GBP	68,687,578	1,532	0.02
National Australia Bank	13/03/19	GBP	87,523,151	AUD	155,000,000	2,042	0.03
National Australia Bank	14/03/19	AUD	246,500,000	GBP	139,381,136	(3,443)	(0.05)
Royal Bank of Canada	09/01/19	GBP	147,499,820	EUR	169,000,000	(4,239)	(0.06)
Royal Bank of Canada	09/01/19	GBP	91,109,957	JPY	13,100,000,000	(2,664)	(0.04)
Royal Bank of Canada	09/01/19	GBP	20,959,104	MXN	560,000,000	(1,325)	(0.02)
Royal Bank of Canada	28/02/19	JPY	4,620,000,000	GBP	32,119,704	1,001	0.02
Royal Bank of Canada	07/03/19	GBP	58,070,993	USD	74,300,000	(81)	0.00
Royal Bank of Scotland	09/01/19	GBP	131,422,676	USD	173,000,000	(4,351)	(0.06)

## Portfolio Statement as at 31 December 2018 cont.

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Royal Bank of Scotland	23/01/19	GBP	316,659,711	USD	417,240,000	(10,564)	(0.16)
Royal Bank of Scotland	07/02/19	NOK	2,177,000,000	GBP	200,837,005	(3,463)	(0.05)
Royal Bank of Scotland	13/02/19	GBP	164,650,229	USD	216,000,000	(4,577)	(0.07)
Royal Bank of Scotland	28/02/19	GBP	68,373,405	SEK	790,000,000	(1,722)	(0.03)
Royal Bank of Scotland	28/02/19	JPY	9,700,000,000	GBP	67,437,474	2,101	0.03
Royal Bank of Scotland	28/02/19	PEN	294,000,000	GBP	67,200,000	782	0.01
Royal Bank of Scotland	07/03/19	GBP	347,433,363	USD	444,530,000	(485)	(0.01)
Royal Bank of Scotland	13/03/19	GBP	215,139,728	USD	278,000,000	(2,378)	(0.03)
Royal Bank of Scotland	14/03/19	CHF	171,000,000	GBP	136,404,971	261	0.00
Royal Bank of Scotland	27/03/19	GBP	327,444,019	USD	420,000,000	(958)	(0.01)
Unrealised gains/(losses) on open forward currency contracts						(91,416)	(1.36)

Table 2: Unrealised gains/(losses) on futures contracts

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Euro Stoxx 50 Index Dividend Futures 19	20/12/19	4,010	-	0.00
Euro Stoxx 50 Index Dividend Futures 20	18/12/20	3,862	-	0.00
Euro Stoxx 50 Index Dividend Futures 21	17/12/21	3,738	-	0.00
Euro Stoxx 50 Index Dividend Futures 22	16/12/22	4,466	-	0.00
Euro Stoxx 50 Index Dividend Futures 23	15/12/23	5,119	-	0.00
Euro Stoxx 50 Index Dividend Futures 24	20/12/24	3,755	-	0.00
Euro-Bobl Future March 2019	11/03/19	(454)	-	0.00
Japan 10yr Bond (OSE) Future March 2019	20/03/19	(169)	-	0.00
S&P 500 Index Future March 2019	14/03/19	(615)	-	0.00
US Ultra 10 Year Note Future March 2019	29/03/19	(2,723)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

## Portfolio Statement as at 31 December 2018 cont.

### Breakdown of portfolio of investments

	2018		2017	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	1,829,274	27.26	1,816,379	26.53
Bonds - Indirect	1,503,256	22.40	1,380,853	20.17
Commodities - Indirect	191,483	2.85	-	0.00
Derivatives	(91,416)	(1.36)	7,053	0.10
Equities - Direct	692,955	10.31	564,479	8.24
Equities - Indirect	1,385,417	20.64	1,808,871	26.42
Property - Indirect	500,327	7.46	518,222	7.57
Portfolio of investments	6,011,296	89.56	6,095,857	89.02

# Comparative Tables

## Comparative Table: A Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	196.93	185.29	175.16
Return before operating charges*	(8.07)	14.83	13.52
Operating charges	(3.21)	(3.19)	(2.99)
Return after operating charges*	(11.28)	11.64	10.53
Distributions	(3.75)	(2.33)	(2.00)
Retained distributions on accumulation shares	3.75	2.33	1.60
<b>Closing net asset value per share</b>	<b>185.65</b>	<b>196.93</b>	<b>185.29</b>
*After direct transaction costs of:	0.04	0.02	0.03
<b>Performance:</b>			
Return after charges	(5.73)%	6.28%	6.01%
<b>Other Information:</b>			
Closing net asset value (£'000)	467	818	779
Closing number of shares	251,315	415,495	420,131
Operating charges	1.64%	1.65%	1.69%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	200.5	198.1	186.4
Lowest share price (pence)	184.5	185.7	166.2

## Comparative Tables cont.

### Comparative Table: A Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	175.04	166.67	158.95
Return before operating charges*	(7.14)	13.34	12.78
Operating charges	(2.84)	(2.87)	(2.71)
Return after operating charges*	(9.98)	10.47	10.07
Distributions on income shares	(3.32)	(2.10)	(2.35)
<b>Closing net asset value per share</b>	<b>161.74</b>	<b>175.04</b>	<b>166.67</b>
 *After direct transaction costs of:	 0.03	 0.02	 0.03
<b>Performance:</b>			
Return after charges	(5.70)%	6.28%	6.34%
<b>Other Information:</b>			
Closing net asset value (£'000)	25	34	32
Closing number of shares	15,584	19,429	19,100
Operating charges	1.64%	1.65%	1.71%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	178.2	177.9	168.3
Lowest share price (pence)	163.0	166.9	150.8

## Comparative Tables cont.

### Comparative Table: B1 Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	208.59	194.60	182.55
Return before operating charges*	(8.64)	15.62	14.18
Operating charges	(1.62)	(1.63)	(1.55)
Return after operating charges*	(10.26)	13.99	12.63
Distributions	(5.75)	(4.20)	(3.65)
Retained distributions on accumulation shares	5.75	4.20	3.07
<b>Closing net asset value per share</b>	<b>198.33</b>	<b>208.59</b>	<b>194.60</b>
*After direct transaction costs of:	0.04	0.02	0.03
<b>Performance:</b>			
Return after charges	(4.92)%	7.19%	6.92%
<b>Other Information:</b>			
Closing net asset value (£'000)	529,778	493,842	431,588
Closing number of shares	267,123,795	236,758,020	221,785,853
Operating charges	0.78%	0.80%	0.83%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	212.5	209.7	195.8
Lowest share price (pence)	197.1	195.1	173.4

## Comparative Tables cont.

### Comparative Table: B2 Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Period Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	209.21	195.19	182.00 <sup>2</sup>
Return before operating charges*	(8.64)	15.66	14.74
Operating charges	(1.65)	(1.64)	(1.55)
Return after operating charges*	(10.29)	14.02	13.19
Distributions	(5.78)	(4.20)	(3.64)
Retained distributions on accumulation shares	5.78	4.20	3.64
<b>Closing net asset value per share</b>	<b>198.92</b>	<b>209.21</b>	<b>195.19</b>
*After direct transaction costs of:	0.04	0.02	0.03
<b>Performance:</b>			
Return after charges	(4.92)%	7.18%	7.25%
<b>Other Information:</b>			
Closing net asset value (£'000)	2,835,552	3,196,950	2,522,420
Closing number of shares	1,425,485,112	1,528,119,902	1,292,298,018
Operating charges	0.79%	0.80%	0.83%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	213.1	210.4	196.1
Lowest share price (pence)	197.6	195.5	173.4



## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	175.12	166.74	158.96
Return before operating charges*	(7.20)	13.53	12.28
Operating charges	(1.35)	(1.40)	(1.34)
Return after operating charges*	(8.55)	12.13	10.94
Distributions on income shares	(4.81)	(3.75)	(3.16)
<b>Closing net asset value per share</b>	<b>161.76</b>	<b>175.12</b>	<b>166.74</b>
 *After direct transaction costs of:	 0.03	 0.02	 0.03
<b>Performance:</b>			
Return after charges	(4.88)%	7.27%	6.88%
<b>Other Information:</b>			
Closing net asset value (£'000)	343,129	220,321	68,889
Closing number of shares	212,121,741	125,814,222	41,315,992
Operating charges	0.78%	0.80%	0.82%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	178.4	178.9	169.3
Lowest share price (pence)	164.0	167.0	151.0

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	232.56	215.57	200.19
Return before operating charges*	(9.69)	17.33	15.75
Operating charges	(0.30)	(0.34)	(0.37)
Return after operating charges*	(9.99)	16.99	15.38
Distributions	(7.99)	(6.13)	(5.37)
Retained distributions on accumulation shares	7.99	6.13	5.37
<b>Closing net asset value per share</b>	<b>222.57</b>	<b>232.56</b>	<b>215.57</b>
*After direct transaction costs of:	0.05	0.02	0.03
<b>Performance:</b>			
Return after charges	(4.30)%	7.88%	7.68%
<b>Other Information:</b>			
Closing net asset value (£'000)	3,003,298	2,935,537	3,404,852
Closing number of shares	1,349,363,648	1,262,274,682	1,579,440,540
Operating charges	0.13%	0.15%	0.18%
Direct transaction costs <sup>1</sup>	0.02%	0.01%	0.02%
<b>Prices:</b>			
Highest share price (pence)	237.0	233.8	216.6
Lowest share price (pence)	221.1	215.9	190.0

<sup>1</sup>The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions. Commission is also payable to the counterparty on the trading of futures contracts.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

<sup>2</sup>Class B2 Accumulation Shares were launched on 4 January 2016.

# Financial Statements

## Statement of Total Return for the year ended 31 December 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(533,735)		318,601
Revenue	3	239,047		184,218	
Expenses	4	(27,130)		(25,030)	
Net revenue before taxation		211,917		159,188	
Taxation	5	(3,724)		(3,103)	
Net revenue after taxation			208,193		156,085
Total return before distributions			(325,542)		474,686
Distributions	6		(208,213)		(156,169)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(533,755)</b>		<b>318,517</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>6,847,502</b>		<b>6,428,562</b>
Amounts receivable on issue of shares	823,483		402,543	
Amounts payable on cancellation of shares	(630,616)		(455,513)	
		192,867		(52,970)
Dilution adjustment		2,977		1,589
Change in net assets attributable to shareholders from investment activities		(533,755)		318,517
Retained distributions on accumulation shares		202,658		151,804
<b>Closing net assets attributable to shareholders</b>		<b>6,712,249</b>		<b>6,847,502</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	6,116,752	6,143,216
Current assets:			
Debtors	8	141,231	41,689
Cash and bank balances	9	496,195	337,173
Cash equivalents		74,910	389,678
<b>Total assets</b>		<b>6,829,088</b>	<b>6,911,756</b>
<b>Liabilities:</b>			
Investment liabilities	13	(105,456)	(47,359)
Creditors:			
Distributions payable		(7,022)	(3,334)
Other creditors	10	(4,361)	(13,561)
<b>Total liabilities</b>		<b>(116,839)</b>	<b>(64,254)</b>
<b>Net assets attributable to shareholders</b>		<b>6,712,249</b>	<b>6,847,502</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2018			2017		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	64,569	(382,548)	(317,979)	213,235	61,417	274,652
Derivative contracts	57,030	-	57,030	(86,519)	-	(86,519)
Forward currency contracts	(184,241)	(91,416)	(275,657)	127,332	7,053	134,385
Currency gains/(losses)	2,244	639	2,883	(2,681)	(1,227)	(3,908)
Custodian transaction costs			(12)			(9)
<b>Net capital gain/(losses)</b>			<b>(533,735)</b>			<b>318,601</b>

Where realised gains/(losses) include gains/(losses) arising from prior years, a corresponding (loss)/gain is included within the unrealised gains/(losses) presented.

## 2 Purchases, sales and transaction costs

	2018	2017
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of bonds excluding transaction costs <sup>1</sup>	1,412,919	828,908
Gross purchases of equities excluding transaction costs	354,476	232,182
Commissions	174	118
Taxes	99	32
<b>Total transaction costs on equity purchases<sup>2</sup></b>	<b>273</b>	<b>150</b>
Gross purchases of funds excluding transaction costs	457,048	622,851
Commissions on purchases of funds	163	1
Taxes on purchases of funds	-	-
<b>Total transaction costs on fund purchases<sup>2</sup></b>	<b>163</b>	<b>1</b>
<b>Purchases including transaction costs</b>	<b>2,224,879</b>	<b>1,684,092</b>

<sup>1</sup>There were no transaction costs on the purchase or sale of bonds.

<sup>2</sup>These amounts have been deducted in determining net capital gains/(losses).

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.05	0.05
Taxes on equity purchases	0.03	0.01
Commission on fund purchases	0.04	0.00
Taxes on fund purchases	0.00	0.00
	2018	2017
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of bonds excluding transaction costs <sup>1</sup>	597,992	586,327
Gross sales of equities excluding transaction costs	241,754	191,111
Commissions	(75)	(75)
Taxes	(4)	(2)
<b>Total transaction costs on equity sales<sup>2</sup></b>	<b>(79)</b>	<b>(77)</b>
Gross sales of funds excluding transaction costs	1,165,171	1,059,991
Commissions on sales of funds	(104)	(118)
Taxes on sales of funds	(300)	(257)
<b>Total transaction costs on fund sales<sup>2</sup></b>	<b>(404)</b>	<b>(375)</b>
<b>Sales net of transaction costs</b>	<b>2,004,434</b>	<b>1,836,977</b>

<sup>1</sup>There were no transaction costs on the purchase or sale of bonds.

<sup>2</sup>These amounts have been deducted in determining net capital gains/(losses).

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.03)	(0.04)
Taxes on equity sales	(0.00)	(0.00)
Commission on fund sales	(0.01)	(0.01)
Taxes on fund sales	(0.03)	(0.02)

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	2018		2017	
	£'000		£'000	
Transaction cost on derivative contracts				
Commission on trading futures contracts	280		373	
	2018		2017	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	796	0.01	685	0.01
Taxes	403	0.01	34	0.00
Total direct transaction costs	1,199	0.02	719	0.01
	2018		2017	
	%		%	
Average portfolio dealing spread	0.26		0.21	

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions. Commission is also payable to the counterparty on the trading of futures contracts.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying Funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.



## Notes to the Financial Statements cont.

### 3 Revenue

	2018	2017
	£'000	£'000
UK dividends <sup>1</sup>	22,585	22,074
Overseas dividends <sup>1</sup>	58,389	45,422
Property income distributions <sup>1</sup>	9,162	6,288
Interest on debt securities <sup>1</sup>	146,480	108,141
Bank interest	1,257	232
Management fee rebates from third party funds	1,082	2,061
Underwriting commission	92	-
<b>Total revenue</b>	<b>239,047</b>	<b>184,218</b>

<sup>1</sup>Includes income from relevant Collective Investment Schemes.

### 4 Expenses

	2018	2017
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	25,041	23,432
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	745	730
Bank charges	1,302	833
	<b>2,047</b>	<b>1,563</b>
<b>Other expenses:</b>		
Audit fee	15	12
Professional fees	27	23
	<b>42</b>	<b>35</b>
<b>Total expenses</b>	<b>27,130</b>	<b>25,030</b>

## Notes to the Financial Statements cont.

### 5 Taxation

	2018	2017
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	1,964	1,933
Irrecoverable tax on property income distributions	1,760	1,321
Prior year tax reclaims not previously recognised	-	(151)
<b>Total taxation</b>	<b>3,724</b>	<b>3,103</b>

The Fund is subject to corporation tax at 20% (2017: 20%), however, the Fund operates under the Tax Elected Fund regime, and therefore the Fund has made distributions divided between dividend distributions and non-dividend distributions. The non-dividend distributions made by the Fund are allowable in arriving at the amount of revenue liable to tax. As a result, this has reduced the corporation tax liability of the Fund to nil.

The deduction of non-dividend distributions has been restricted to reflect the priority utilisation of the management expenses incurred by the Fund in the year, as per regulation 13 (1A) of SI2006/964. This results in no excess management expenses or non-dividend distributions being carried forward.

The tax charge is explained as follows:

	2018	2017
	£'000	£'000
Net revenue/(expense) before taxation	211,917	159,188
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2017: 20%)	42,383	31,838
Effects of:		
Non-taxable UK dividends	(4,517)	(4,415)
Non-taxable overseas dividends	(11,271)	(8,664)
Non-taxable property income distributions	(1,832)	(1,258)
Non-dividend distributions	(24,756)	(17,484)
Overseas tax on dividends	1,132	1,478
Irrecoverable tax on property income distributions	1,760	1,321
Overseas tax on coupons	832	455
Prior year tax reclaims not previously recognised	-	(151)
Expense relief claimed on overseas tax	(7)	(17)
<b>Total taxation</b>	<b>3,724</b>	<b>3,103</b>

## Notes to the Financial Statements cont.

### 6 Distributions

	2018	2017
	£'000	£'000
Interim to 30 June	56,778	34,476
Final to 31 December	155,828	121,289
	<b>212,606</b>	<b>155,765</b>
Amounts deducted on cancellation of shares	8,615	8,703
Amounts added on issue of shares	(13,008)	(8,299)
<b>Total distributions</b>	<b>208,213</b>	<b>156,169</b>

The distributions take account of income revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

### 7 Reconciliation of net revenue to net distributions for the year

	2018	2017
	£'000	£'000
Net revenue after taxation for the year	208,193	156,085
Add distributable revenue brought forward	351	435
Less distributable revenue carried forward	(331)	(351)
<b>Net distributions for the year</b>	<b>208,213</b>	<b>156,169</b>

### 8 Debtors

	2018	2017
	£'000	£'000
Receivable for issue of shares	230	1,850
Sales awaiting settlement	2,854	5,671
Accrued income	20,831	14,469
Overseas tax recoverable	1,965	682
VAT recoverable	10	25
Collateral held by counterparties	115,140	18,650
Other debtors	201	342
<b>Total debtors</b>	<b>141,231</b>	<b>41,689</b>

## Notes to the Financial Statements cont.

### 9 Cash and bank balances

	2018	2017
	£'000	£'000
Sterling amounts held at clearing houses and brokers	3,215	858
Foreign amounts held at clearing houses and brokers	26,514	51,709
Sterling bank accounts	461,231	278,124
Foreign currency bank accounts	5,235	9,195
Foreign currency bank accounts overdrawn	-	(2,713)
<b>Total cash and bank balances</b>	<b>496,195</b>	<b>337,173</b>

### 10 Other creditors

	2018	2017
	£'000	£'000
Payable for cancellation of shares	1,444	1
Purchases awaiting settlement	70	6
Due to the ACD or associates	2,051	1,985
Due to the Depositary or associates	760	266
Collateral held on behalf of counterparty	-	11,290
Other accrued expenses	36	13
<b>Total other creditors</b>	<b>4,361</b>	<b>13,561</b>

## Notes to the Financial Statements cont.

### 11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

The Fund invests in other funds for whom Baillie Gifford & Co, the ultimate parent company of the ACD, act as Investment Adviser and these funds are therefore considered to be related parties. Transactions with these related party funds are noted in the table below.

	2018			2017		
	Purchases	Sales	Income	Purchases	Sales	Income
	£'000	£'000	£'000	£'000	£'000	£'000
Baillie Gifford Emerging Markets Bond Fund C Acc	67,974	133,313	45,587	253,377	113,453	39,261
Baillie Gifford Global Alpha Growth Fund C Acc	-	84,168	4,278	53,182	48,840	4,580
Baillie Gifford Global Income Growth Fund C Acc	-	34,176	12,085	53,640	-	10,118
Baillie Gifford High Yield Bond Fund C Acc	-	36,910	1,440	-	195,470	3,759
Baillie Gifford Long Term Global Growth Fund C Acc <sup>1</sup>	-	-	-	-	-	350
Baillie Gifford Long Term Global Growth Investment Fund C Acc <sup>1</sup>	-	-	307	-	-	494
Baillie Gifford Pacific Fund C Acc	-	-	838	-	48,675	830
Baillie Gifford Worldwide Active Cash Plus Fund C Acc GBP	-	-	-	-	47,313	-
Baillie Gifford Worldwide Global Credit Fund C Acc USD	-	67,766	-	128,990	95,554	-
Baillie Gifford Worldwide Japanese Fund C Acc GBP	-	33,709	3,196	27,011	33,273	2,631

<sup>1</sup>On 8 April 2017 the Fund's holding in Baillie Gifford Long Term Global Growth Fund C Acc was converted into shares in Baillie Gifford Long Term Global Growth Investment Fund C Acc.

#### Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2018	2017
	%	%
ACD and associates of the ACD	0.71	4.21

## Notes to the Financial Statements cont.

### 12 Reconciliation of shares in issue

	2018					
	A Accumulation Shares	A Income Shares	B1 Accumulation Shares	B2 Accumulation Shares	B Income Shares	C Accumulation Shares
Opening shares in issue	415,495	19,429	236,758,020	1,528,119,902	125,814,222	1,262,274,682
Shares issued	56,618	1,509	33,856,294	123,080,733	13,402,563	211,085,215
Shares cancelled	(192,164)	(5,354)	(3,513,904)	(189,455,933)	(911,903)	(101,063,301)
Shares converted	(28,634)	-	23,385	(36,259,590)	73,816,859	(22,932,948)
<b>Closing shares in issue</b>	<b>251,315</b>	<b>15,584</b>	<b>267,123,795</b>	<b>1,425,485,112</b>	<b>212,121,741</b>	<b>1,349,363,648</b>

### 13 Basis of valuation

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	2,275,799	-	1,536,697	-
Level 2: Observable market data	3,625,877	(105,456)	4,443,011	(47,359)
Level 3: Unobservable data <sup>1</sup>	215,076	-	163,508	-
<b>Total</b>	<b>6,116,752</b>	<b>(105,456)</b>	<b>6,143,216</b>	<b>(47,359)</b>

<sup>1</sup>For further information on the assets included in Level 3, as at 31 December 2018, please refer to the Portfolio Statement.

### 14 Credit ratings

Rating Block	2018		2017	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	1,108,876	16.52	545,772	7.97
High Yield	498,222	7.42	377,944	5.52
Unrated	222,176	3.31	138,295	2.02
<b>Total Bonds - Direct</b>	<b>1,829,274</b>	<b>27.25</b>	<b>1,062,011</b>	<b>15.51</b>
Other	4,882,975	72.75	5,785,491	84.49
<b>Net Assets</b>	<b>6,712,249</b>	<b>100.00</b>	<b>6,847,502</b>	<b>100.00</b>

## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments

#### Currency exposures

A substantial proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2018			2017		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Argentine peso	-	-	-	-	268,330	268,330
Australian dollar	-	(291,422)	(291,422)	-	(561,211)	(561,211)
Brazilian real	-	7,237	7,237	-	67,015	67,015
Canadian dollar	-	20,934	20,934	-	13,805	13,805
Chilean peso	-	69,323	69,323	-	-	-
Colombian peso	5	121,999	122,004	5	-	5
Egyptian pound	28	10,461	10,489	-	33,092	33,092
Euro	14,641	(911,670)	(897,029)	14,237	(1,046,119)	(1,031,882)
Hungarian forint	-	(134,454)	(134,454)	-	-	-
Indian rupee	48	48,630	48,678	50	61,113	61,163
Indonesian rupiah	-	37,645	37,645	-	51,976	51,976
Japanese yen	363	84,962	85,325	-	(205,492)	(205,492)
Malaysian ringgit	-	(55,850)	(55,850)	-	283,250	283,250
Mexican peso	-	2,017	2,017	-	66,618	66,618
Norwegian krona	-	270,795	270,795	-	202,439	202,439
Peruvian nuevo sol	-	108,755	108,755	-	51,283	51,283
Polish zloty	-	-	-	-	133,948	133,948
Russian ruble	-	-	-	-	133,177	133,177
Singapore dollar	-	14,137	14,137	-	27,854	27,854
South African rand	-	23,165	23,165	-	-	-
South Korean won	-	(507,069)	(507,069)	-	(226,575)	(226,575)
Swedish krona	-	124	124	-	205,820	205,820
Swiss franc	-	166,164	166,164	-	16,877	16,877
Turkish lira	-	-	-	-	140,902	140,902
UK sterling	579,586	7,501,167	8,080,753	286,342	7,912,478	8,207,820
US dollar	16,665	(575,755)	(559,090)	43,898	(1,154,044)	(1,110,146)

Short term debtors and creditors have not been disclosed.



## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments (continued)

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund was:

Currency	2018				2017			
	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Argentine peso	-	-	-	-	33,847	107,630	126,854	268,331
Australian dollar	-	-	135,939	135,939	-	-	-	-
Brazilian real	-	146,126	-	146,126	-	-	67,015	67,015
Canadian dollar	-	-	20,934	20,934	-	-	13,805	13,805
Chilean peso	-	-	69,323	69,323	-	-	-	-
Colombian peso	5	-	121,999	122,004	5	-	-	5
Egyptian pound	28	10,461	-	10,489	-	33,092	-	33,092
Euro	73,330	-	375,798	449,128	83,034	-	355,450	438,484
Indian rupee	48	48,630	-	48,678	50	61,113	-	61,163
Indonesian rupiah	-	37,645	-	37,645	-	51,976	-	51,976
Japanese yen	145,002	-	208,760	353,762	-	-	-	-
Malaysian ringgit	-	-	13,314	13,314	-	-	283,250	283,250
Mexican peso	24,301	-	-	24,301	-	30,573	66,199	96,772
Norwegian krona	-	-	270,795	270,795	-	-	202,439	202,439
Peruvian nuevo sol	-	40,774	67,982	108,756	-	51,283	-	51,283
Polish zloty	-	-	-	-	-	-	133,948	133,948
Russian ruble	-	-	-	-	-	-	133,177	133,177
Singapore dollar	-	-	14,137	14,137	-	-	27,854	27,854
South African rand	-	23,165	-	23,165	-	-	-	-
South Korean won	-	-	17,301	17,301	-	-	13,970	13,970
Swedish krona	-	-	70,220	70,220	-	-	205,820	205,820
Swiss franc	29,498	-	136,666	166,164	-	16,877	-	16,877
Turkish lira	-	-	-	-	-	-	140,902	140,902
UK sterling	1,620,393	74,910	7,542,264	9,237,567	1,756,723	389,678	7,444,375	9,590,776
US dollar	1,207,889	445,860	404,559	2,058,308	591,395	499,552	296,716	1,387,663

## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments (continued)

Currency	2018				2017			
	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Australian dollar	-	-	427,360	427,360	-	-	561,211	561,211
Brazilian real	-	-	138,889	138,889	-	-	-	-
Euro	1,455	-	1,344,701	1,346,156	-	-	1,470,365	1,470,365
Hungarian forint	-	-	134,454	134,454	-	-	-	-
Japanese yen	-	-	268,437	268,437	-	-	205,492	205,492
Malaysian ringgit	-	-	69,164	69,164	-	-	-	-
Mexican peso	-	-	22,285	22,285	-	-	30,155	30,155
South Korean won	-	-	524,370	524,370	-	-	240,545	240,545
Swedish krona	-	-	70,095	70,095	-	-	-	-
UK sterling	-	-	1,081,904	1,081,904	11,290	-	1,371,666	1,382,956
US dollar	4,818	-	2,612,580	2,617,398	-	-	2,497,809	2,497,809

The Fund invests in a generally diversified portfolio of assets, including derivatives that are used for efficient portfolio management purposes (including hedging) and for investment purposes. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

### 16 Derivative exposure

The exposure to derivative counterparties was:

Counterparty	2018			2017		
	Forward currency contracts £'000	Cash collateral held £'000	Total exposure £'000	Forward currency contracts £'000	Cash collateral held £'000	Total exposure £'000
Barclays	3,636	-	3,636	3,421	-	3,421
Deutsche Bank	-	-	-	9,001	(1,520)	7,481
HSBC	1,316	-	1,316	979	-	979
JP Morgan Chase	-	-	-	9,272	(2,770)	6,502
National Australia Bank	4,943	-	4,943	5,603	-	5,603
Royal Bank of Canada	1,001	-	1,001	3,864	(3,095)	769
Royal Bank of Scotland	3,144	-	3,144	22,272	(3,905)	18,367

In addition the Fund trades futures contracts through UBS. Fair value movements are offset by movements in the variation margin account which reduces the derivative counterparty exposure to nil.

## Notes to the Financial Statements cont.

### 16 Derivative exposure (continued)

Collateral pledged on derivatives was:

	2018	2017
	£'000	£'000
<b>Cash collateral pledged on derivatives</b>		
Barclays	34,695	155
Deutsche Bank	11,020	-
HSBC	990	7,080
JP Morgan Chase	6,870	-
National Australia Bank	17,305	11,415
Royal Bank of Canada	8,370	-
Royal Bank of Scotland	35,890	-

### 17 Leverage

The term "leverage" is defined under AIFMD as any method by which the ACD increases the exposure of a fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The ACD has, in accordance with the Regulations, set the maximum level of leverage which the Fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of scheme property resulting from fluctuations in the value of assets in which it invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the Fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the Fund while the "commitment" method takes into account netting or hedging arrangements put in place.

There have been no changes to the maximum level of leverage that can be employed by the Fund under both the gross and commitment methods during the year. The leverage limits have not been exceeded during the year. The Fund's maximum and actual leverage levels at 31 December 2018 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	1,000%	300%
Actual	215%	164%

Typical types and sources of leverage which the Fund employs include: (i) borrowing cash; (ii) derivatives for efficient portfolio management purposes (including hedging); and (iii) derivatives for investment purposes. For information on the associated risks with these types and sources of leverage please refer to the Prospectus which is available by contacting Client Relations.

# Distribution Tables

Interim dividend distribution for the period ended 30 June 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 30 June 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.18)	Distribution (paid/accumulated 31.08.17)
	30.06.18 pence per share	30.06.18 pence per share	30.06.18 pence per share	30.06.17 pence per share
A Accumulation				
Group 1	-	-	-	0.30000
Group 2	-	-	-	0.30000
A Income				
Group 1	-	-	-	0.30000
Group 2	-	-	-	0.30000
B1 Accumulation				
Group 1	0.60000	-	0.60000	0.60000
Group 2	0.04257	0.55743	0.60000	0.60000
B2 Accumulation				
Group 1	0.60000	-	0.60000	0.60000
Group 2	0.06567	0.53433	0.60000	0.60000
B Income				
Group 1	0.50000	-	0.50000	0.50000
Group 2	-	0.50000	0.50000	0.50000
C Accumulation				
Group 1	0.70000	-	0.70000	0.70000
Group 2	-	0.70000	0.70000	0.70000

## Distribution Tables cont.

Final dividend distribution for the period ended 31 December 2018

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased 1 July 2018 to 31 December 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
A Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
A Income				
Group 1	-	-	-	-
Group 2	-	-	-	-
B1 Accumulation				
Group 1	0.71000	-	0.71000	0.30000
Group 2	-	0.71000	0.71000	0.30000
B2 Accumulation				
Group 1	0.63000	-	0.63000	0.23000
Group 2	-	0.63000	0.63000	0.23000
B Income				
Group 1	0.69000	-	0.69000	0.94000
Group 2	-	0.69000	0.69000	0.94000
C Accumulation				
Group 1	2.19000	-	2.19000	1.69000
Group 2	0.67141	1.51859	2.19000	1.69000

## Distribution Tables cont.

### Interim Non-Dividend Distribution for the period ended 30 June 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 30 June 2018

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.18)	Distribution (paid/accumulated 31.08.17)
	30.06.18 pence per share	30.06.18 pence per share	30.06.18 pence per share	30.06.17 pence per share
<b>A Accumulation</b>				
Group 1	1.00000	-	1.00000	-
Group 2	0.93724	0.06276	1.00000	-
<b>A Income</b>				
Group 1	1.00000	-	1.00000	-
Group 2	0.92429	0.07571	1.00000	-
<b>B1 Accumulation</b>				
Group 1	1.00000	-	1.00000	0.30000
Group 2	0.56763	0.43237	1.00000	0.30000
<b>B2 Accumulation</b>				
Group 1	1.00000	-	1.00000	0.30000
Group 2	0.60106	0.39894	1.00000	0.30000
<b>B Income</b>				
Group 1	1.00000	-	1.00000	0.60000
Group 2	0.33856	0.66144	1.00000	0.60000
<b>C Accumulation</b>				
Group 1	1.50000	-	1.50000	0.70000
Group 2	0.37778	1.12222	1.50000	0.70000

## Distribution Tables cont.

### Final Non-Dividend Distribution for the period ended 31 December 2018

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased 1 July 2018 to 31 December 2018

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
<b>A Accumulation</b>				
Group 1	2.75000	-	2.75000	2.03000
Group 2	2.75000	-	2.75000	2.03000
<b>A Income</b>				
Group 1	2.32000	-	2.32000	1.80000
Group 2	2.32000	-	2.32000	1.80000
<b>B1 Accumulation</b>				
Group 1	3.44000	-	3.44000	3.00000
Group 2	2.21922	1.22078	3.44000	3.00000
<b>B2 Accumulation</b>				
Group 1	3.55000	-	3.55000	3.07000
Group 2	1.81418	1.73582	3.55000	3.07000
<b>B Income</b>				
Group 1	2.62000	-	2.62000	1.71000
Group 2	1.96937	0.65063	2.62000	1.71000
<b>C Accumulation</b>				
Group 1	3.60000	-	3.60000	3.04000
Group 2	1.77733	1.82267	3.60000	3.04000



# BAILLIE GIFFORD

## Baillie Gifford Long Term Global Growth Investment Fund

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a sub-fund of Baillie Gifford Investment Funds ICVC

*Annual Report and Financial Statements  
for the year ended 31 December 2018*



# Baillie Gifford Long Term Global Growth Investment Fund

## Investment Objective

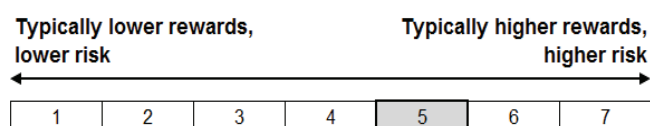
The Fund aims to produce capital returns over the long term.

## Investment Policy

To invest mainly in shares in a small number of companies worldwide. The Fund will be concentrated.

## Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.



Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash. Where no share price history is available for any part of the last five years (and thus no returns), the returns of the Fund's sector are used in its place to calculate the Risk and Reward Indicator.

The indicator does not take into account the following relevant material risks:

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 you may not get back the amount invested.

The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.

Custody of assets, particularly in emerging markets, involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

The Fund invests in emerging markets where difficulties in trading could arise, resulting in a negative impact on the value of your investment.

The Fund's concentrated portfolio and long-term approach to investment may result in large movements in the share price.

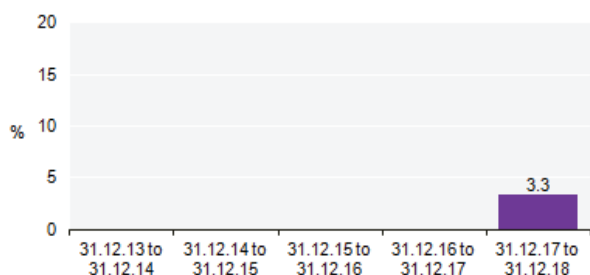
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations.

# Investment Report

## Past Performance<sup>1</sup>



The performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.62% (until 30 September 2017, the ACD's annual fee on Class B Shares was 0.70%), but exclude any initial charge paid. Please note these returns differ from the return quoted in the Investment Report, which is based on the closing net asset value at the year end. There are not five full years of performance shown as the Fund launched on 8 April 2017. Performance figures for the share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

For the year to 31 December 2018, the return on B Accumulation Shares was 4.6%<sup>2</sup> compared to the return on the MSCI All Country World Index of -3.8%<sup>3</sup>, in sterling terms. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance.

During the year we acquired four new holdings for the Fund – Delivery Hero which is a European based, online food delivery business; Spotify Technology – the global leader in music streaming services; NIO – a Chinese manufacturer of electric vehicles with ambitions to transform the experience of car ownership; and Meituan Dianping – which provides numerous services, from food delivery to bike hire, to Chinese consumers through its mobile app. All four of these businesses were new listings in 2018 and we had known all of them as private businesses before their listings. We also added to positions in established Chinese names such as Alibaba and Tencent. Many investors continue to view China through the Western political and cultural prism and are focused on downside scenarios which preclude thinking about the upside. Whilst acknowledging the risks which have been present for two decades, we prefer to focus on the huge opportunity set available and the fascinating and intrinsically motivated entrepreneurs whom we can back at lower valuations.

These purchases were funded by a complete sale of Seattle Genetics and money received from the takeover of Juno Therapeutics by Celgene as well as reductions to Amazon, Baidu, Facebook and Intuitive Surgical. In the case of the two healthcare companies, we have become more sanguine on the prospects of developing their innovative drugs into other therapeutic areas.

We have been pleased by the strong operational performance achieved by the companies in the portfolio. 2018 saw continued strong growth from companies as diverse as Kering, Netflix, Illumina and Alibaba. At a time of increased market anxiety, we find that such underlying operational performance is increasingly valuable in displaying that secular growth opportunities continue to abound despite macro concerns. With the lower valuations attached to such growth, we remain optimistic about the long-term potential of the portfolio.

*Mark A. Urquhart, 18 January 2019*

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. <sup>3</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 143. You should be aware that past performance is not a guide to future performance.

## Principal Holdings as at 31 December 2018

Investment	Percentage of total Fund
Illumina	8.63
Amazon.com	8.29
Tencent	7.65
Tesla Inc	6.59
Alibaba	6.32
Facebook	4.70
Kering	4.49
Netflix Inc	3.95
Alphabet Inc Class C	3.78
Intuitive Surgical	3.09

## Material Portfolio Changes for the year ended 31 December 2018

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Meituan Dianping	66,740	Amazon.com	196,900
TAL Education Group ADR	64,103	Illumina	92,530
Spotify Technology SA	62,575	Facebook	86,412
Delivery Hero AG	60,891	Tencent	71,788
Alibaba	29,893	Juno Therapeutics	68,773
Ctrip.com International	23,526	Alibaba	65,141
Tencent	18,099	Baidu.com ADR	64,653
NIO Inc ADR	16,822	NVIDIA	61,086
Ionis Pharmaceuticals	12,312	Tesla Inc	59,960
Amazon.com	8,853	Intuitive Surgical	49,775

## Portfolio Statement as at 31 December 2018

Stock description	Holding	Market value £'000	% of total net assets
<b>China - 24.07% (25.51%)</b>			
Alibaba	1,418,230	152,625	6.32
Baidu.com ADR	537,066	66,977	2.77
Ctrip.com International	1,883,081	40,024	1.66
Meituan Dianping	8,654,200	38,057	1.58
NetEase.com ADR	223,393	41,285	1.71
NIO Inc ADR	3,180,307	15,682	0.65
TAL Education Group ADR	2,001,018	41,903	1.73
Tencent	5,875,000	184,900	7.65
<b>France - 7.41% (7.16%)</b>			
Hermes International	99,709	43,209	1.79
Kering	293,861	108,513	4.49
L'Oreal	151,443	27,309	1.13
<b>Germany - 2.17% (0.86%)</b>			
Delivery Hero AG	1,200,566	34,742	1.44
Rocket Internet SE	965,470	17,627	0.73
<b>Hong Kong - 1.65% (1.69%)</b>			
AIA Group	6,116,400	39,870	1.65
<b>India - 2.17% (2.00%)</b>			
HDFC Corp	2,370,579	52,478	2.17
<b>Netherlands - 2.48% (2.74%)</b>			
ASML	488,094	60,064	2.48
<b>Spain - 2.28% (3.12%)</b>			
Inditex	2,743,167	55,031	2.28
<b>Sweden - 2.48% (1.36%)</b>			
Atlas Copco A	990,771	18,418	0.76
Spotify Technology SA	465,778	41,505	1.72

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
<b>United States - 54.31% (54.42%)</b>			
Alphabet Inc Class C	112,234	91,382	3.78
Amazon.com	169,649	200,247	8.29
Atlassian Corp Plc	775,432	54,175	2.24
Bluebird Bio Inc	357,309	27,828	1.15
Dexcom Inc	454,390	42,742	1.77
Facebook	1,100,132	113,416	4.70
Illumina	884,732	208,401	8.63
Intuitive Surgical	198,332	74,591	3.09
Ionis Pharmaceuticals	897,989	38,124	1.58
Netflix Inc	454,063	95,412	3.95
NVIDIA	520,323	54,537	2.26
Salesforce.com	549,860	59,131	2.45
Tesla Inc	609,447	159,291	6.59
Under Armour Inc Class A	1,778,775	24,665	1.02
Workday Inc	542,356	67,973	2.81
<b>Portfolio of investments</b>		<b>2,392,134</b>	<b>99.02</b>
<b>Net other assets - 0.98% (1.14%)</b>		<b>23,618</b>	<b>0.98</b>
<b>Net assets</b>		<b>2,415,752</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 31 December 2017.



# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	475.06	391.75 <sup>1</sup>
Return before operating charges*	25.14	85.60
Operating charges	(3.47)	(2.29)
Return after operating charges*	21.67	83.31
Distributions	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00
<b>Closing net asset value per share</b>	<b>496.73</b>	<b>475.06</b>
*After direct transaction costs of:	0.16	0.09
<b>Performance:</b>		
Return after charges	4.56%	21.27%
<b>Other Information:</b>		
Closing net asset value (£'000)	563,053	77,869
Closing number of shares	113,351,306	16,391,215
Operating charges	0.64%	0.69% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.03%	0.02%
<b>Prices:</b>		
Highest share price (pence)	603.2	500.8
Lowest share price (pence)	469.2	382.9



## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	517.00	424.26 <sup>1</sup>
Return before operating charges*	27.15	92.85
Operating charges	(0.18)	(0.11)
Return after operating charges*	26.97	92.74
Distributions	(1.70)	(1.25)
Retained distributions on accumulation shares	1.70	1.25
<b>Closing net asset value per share</b>	<b>543.97</b>	<b>517.00</b>
*After direct transaction costs of:	0.18	0.10
<b>Performance:</b>		
Return after charges	5.22%	21.86%
<b>Other Information:</b>		
Closing net asset value (£'000)	1,795,345	2,971,656
Closing number of shares	330,046,195	574,789,231
Operating charges	0.03%	0.03%
Direct transaction costs <sup>3</sup>	0.03%	0.02%
<b>Prices:</b>		
Highest share price (pence)	659.1	544.7
Lowest share price (pence)	511.5	414.8

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	478.93	393.97 <sup>1</sup>
Return before operating charges*	25.11	86.22
Operating charges	(0.11)	(0.10)
Return after operating charges*	25.00	86.12
Distributions on income shares	(1.58)	(1.16)
<b>Closing net asset value per share</b>	<b>502.35</b>	<b>478.93</b>
 *After direct transaction costs of:	 0.16	 0.09
<b>Performance:</b>		
Return after charges	5.22%	21.86%
<b>Other Information:</b>		
Closing net asset value (£'000)	57,354	61,722
Closing number of shares	11,417,120	12,887,340
Operating charges	0.02%	0.03%
Direct transaction costs <sup>3</sup>	0.03%	0.02%
<b>Prices:</b>		
Highest share price (pence)	610.6	505.8
Lowest share price (pence)	473.8	385.2

<sup>1</sup>Class B Accumulation Shares, Class C Accumulation Shares and Class C Income Shares were launched on 8 April 2017.

<sup>2</sup>With effect from 1 October 2017, the ACD's annual fee for Class B shares was decreased from 0.70% to 0.62%. As at 31 December 2017 the ACD considered 0.65% to be a more indicative rate for the ongoing charges figure.

<sup>3</sup>The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

# Financial Statements

## Statement of Total Return for the year ended 31 December 2018

	Notes	1 January 2018 to 31 December 2018		8 April 2017 to 31 December 2017	
		£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		207,032		312,355
Revenue	3	9,961		3,548	
Expenses	4	(4,090)		(681)	
Net revenue before taxation		5,871		2,867	
Taxation	5	(151)		(82)	
Net revenue after taxation			5,720		2,785
Total return before distributions			212,752		315,140
Distributions	6		(7,745)		(2,918)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>205,007</b>		<b>312,222</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2018

	1 January 2018 to 31 December 2018		8 April 2017 to 31 December 2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>3,111,247</b>		<b>-</b>
Amounts receivable on issue of shares	226,480		40,808	
Amounts payable on cancellation of shares	(661,432)		(204,430)	
Creation of shares settled by transfer of stocks	-		2,384,091	
Scheme of Arrangement transfer in on issue of shares	-		570,705	
Stocks transferred out on cancellation of shares	(471,702)		-	
		(906,654)		2,791,174
Dilution adjustment		541		666
Change in net assets attributable to shareholders from investment activities		205,007		312,222
Retained distributions on accumulation shares		5,611		7,185
<b>Closing net assets attributable to shareholders</b>		<b>2,415,752</b>		<b>3,111,247</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	2,392,134	3,075,728
Current assets:			
Debtors	8	3,251	2,932
Cash and bank balances	9	21,212	34,429
<b>Total assets</b>		<b>2,416,597</b>	<b>3,113,089</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(180)	(149)
Other creditors	10	(665)	(1,693)
<b>Total liabilities</b>		<b>(845)</b>	<b>(1,842)</b>
<b>Net assets attributable to shareholders</b>		<b>2,415,752</b>	<b>3,111,247</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	1 January 2018 to 31 December 2018			8 April 2017 to 31 December 2017		
	Realised £'000	Unrealised £'000	Total £'000	Realised £'000	Unrealised £'000	Total £'000
Non-derivative securities	272,559	(71,245)	201,314	28,939	285,745	314,684
Currency gains/(losses)	5,742	(20)	5,722	(2,328)	-	(2,328)
Custodian transaction costs			(4)			(1)
<b>Net capital gain/(losses)</b>			<b>207,032</b>			<b>312,355</b>

## 2 Purchases, sales and transaction costs

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
<b>Purchases and transaction costs</b>		
Purchases of equities	432,606	177,659
Equity transferred in	-	2,852,198
Gross purchases of equities excluding transaction costs	432,606	3,029,857
Commissions	429	47
Taxes	87	58
Total transaction costs on equity purchases <sup>1</sup>	516	105
<b>Purchases including transaction costs</b>	<b>433,122</b>	<b>3,029,962</b>

<sup>1</sup>These amounts have been deducted in determining net capital gains/(losses).

## Notes to the Financial Statements cont.

**2 Purchases, sales and transaction costs (continued)**

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.10	0.00
Taxes on equity purchases	0.02	0.00

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
<b>Sales and transaction costs</b>		
Equity transferred out	467,621	-
Gross sales of equities excluding transaction costs	1,318,353	269,078
Commissions	(216)	(81)
Taxes	(77)	(79)
Total transaction costs on equity sales <sup>1</sup>	(293)	(160)
<b>Sales net of transaction costs</b>	<b>1,318,060</b>	<b>268,918</b>

<sup>1</sup>These amounts have been deducted in determining net capital gains/(losses).

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.02)	(0.03)
Taxes on equity sales	(0.01)	(0.03)

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	1 January 2018 to 31 December 2018		8 April 2017 to 31 December 2017	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	645	0.02	128	0.01
Taxes	164	0.01	137	0.01
<b>Total direct transaction costs</b>	<b>809</b>	<b>0.03</b>	<b>265</b>	<b>0.02</b>
			1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
			%	%
Average portfolio dealing spread			0.06	0.07

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

### 3 Revenue

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
Overseas dividends	9,648	3,508
Bank interest	313	40
<b>Total revenue</b>	<b>9,961</b>	<b>3,548</b>

## Notes to the Financial Statements cont.

### 4 Expenses

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	3,476	296
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	304	159
Bank charges	296	214
	600	373
<b>Other expenses:</b>		
Audit fee	7	5
Professional fees	7	7
	14	12
<b>Total expenses</b>	<b>4,090</b>	<b>681</b>

### 5 Taxation

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	180	82
Tax recoverable on overseas dividends	(29)	-
<b>Total taxation</b>	<b>151</b>	<b>82</b>

The Fund is subject to corporation tax at 20% (2017: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

At 31 December 2018, the Fund had excess management expenses of £4,417,000 (2017: £641,000) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.



## Notes to the Financial Statements cont.

### 5 Taxation (continued)

The tax charge is explained as follows:

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
Net revenue/(expense) before taxation	5,871	2,867
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2017: 20%)	1,174	573
Effects of:		
Non-taxable overseas dividends	(1,930)	(701)
Overseas tax on dividends	180	82
Excess management expenses	756	128
Tax recoverable on overseas dividends	(29)	-
<b>Total taxation</b>	<b>151</b>	<b>82</b>

### 6 Distributions

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
Final to 31 December	5,791	7,334
Amounts deducted on cancellation of shares	1,673	424
Amounts added on issue of shares	281	(4,840)
<b>Total distributions</b>	<b>7,745</b>	<b>2,918</b>

The distributions take account of income revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Table.

### 7 Reconciliation of net revenue to net distributions for the year

	1 January 2018 to 31 December 2018	8 April 2017 to 31 December 2017
	£'000	£'000
Net revenue after taxation for the year	5,720	2,785
Add capital transfers for deficits of income	2,019	168
Add distributable revenue brought forward	35	-
Less distributable revenue carried forward	(29)	(35)
<b>Net distributions for the year</b>	<b>7,745</b>	<b>2,918</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2018	2017
	£'000	£'000
Receivable for issue of shares	2,272	889
Overseas tax recoverable	962	643
VAT recoverable	11	13
Other debtors	6	1,387
<b>Total debtors</b>	<b>3,251</b>	<b>2,932</b>

### 9 Cash and bank balances

	2018	2017
	£'000	£'000
Sterling bank accounts	19,653	34,429
Foreign currency bank accounts	1,559	-
<b>Total cash and bank balances</b>	<b>21,212</b>	<b>34,429</b>

### 10 Other creditors

	2018	2017
	£'000	£'000
Payable for cancellation of shares	152	1,572
Due to the ACD or associates	307	37
Due to the Depositary or associates	140	74
Capital gains tax provision	48	-
Other accrued expenses	18	10
<b>Total other creditors</b>	<b>665</b>	<b>1,693</b>

### 11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10.

## Notes to the Financial Statements cont.

### 11 Related party transactions (continued)

#### Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2018	2017
	%	%
ACD and associates of the ACD	9.24	84.04

During the year ended 31 December 2018, all shares in the Fund which were owned by Baillie Gifford Life Limited, an associate of the ACD, were transferred to the direct ownership of the relevant policyholders of Baillie Gifford Life Limited.

### 12 Reconciliation of shares in issue

	2018		
	B Accumulation Shares	C Accumulation Shares	C Income Shares
Opening shares in issue	16,391,215	574,789,231	12,887,340
Shares issued	25,730,304	14,098,408	-
Shares cancelled	(20,233,622)	(174,857,753)	(1,470,220)
Shares converted	91,463,409	(83,983,691)	-
<b>Closing shares in issue</b>	<b>113,351,306</b>	<b>330,046,195</b>	<b>11,417,120</b>

### 13 Basis of valuation

	2018	2017
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	2,392,134	3,075,728
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>2,392,134</b>	<b>3,075,728</b>

## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

A substantial proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2018			2017		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Euro	-	346,495	346,495	-	431,730	431,730
Hong Kong dollar	-	262,828	262,828	-	337,612	337,612
Indian rupee	-	52,478	52,478	-	62,250	62,250
Swedish krona	-	18,418	18,418	-	42,224	42,224
UK sterling	19,653	-	19,653	34,429	-	34,429
US dollar	1,559	1,711,915	1,713,474	-	2,201,912	2,201,912

Short term debtors and creditors have not been disclosed.

The Fund invests in a generally diversified portfolio of assets. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

### 15 Leverage

The term "leverage" is defined under AIFMD as any method by which the ACD increases the exposure of a fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The ACD has, in accordance with the Regulations, set the maximum level of leverage which the Fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of scheme property resulting from fluctuations in the value of assets in which it invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the Fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the Fund while the "commitment" method takes into account netting or hedging arrangements put in place.

There have been no changes to the maximum level of leverage that can be employed by the Fund under both the gross and commitment methods during the year. The leverage limits have not been exceeded during the year. The Fund's maximum and actual leverage levels at 31 December 2018 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	120%	110%
Actual	99%	100%

Typical types and sources of leverage which the Fund employs include: (i) borrowing cash; (ii) derivatives for efficient portfolio management purposes (including hedging); and (iii) derivatives for investment purposes. For information on the associated risks with these types and sources of leverage please refer to the Prospectus which is available by contacting Client Relations.

# Distribution Table

Final distribution for the year ended 31 December 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 31 December 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
B Accumulation				
Group 1	-	-	-	-
Group 2	-	-	-	-
C Accumulation				
Group 1	1.70000	-	1.70000	1.25000
Group 2	0.43704	1.26296	1.70000	1.25000
C Income				
Group 1	1.58000	-	1.58000	1.16000
Group 2	1.58000	-	1.58000	1.16000



# BAILLIE GIFFORD

## Baillie Gifford Multi Asset Growth Fund

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a sub-fund of Baillie Gifford Investment Funds ICVC

*Annual Report and Financial Statements  
for the year ended 31 December 2018*



# Baillie Gifford Multi Asset Growth Fund

## Investment Objective

The Fund aims to achieve attractive returns, mainly through capital growth, over the long-term at a level of risk lower than investment in shares of companies.

## Investment Policy

To invest in a variety of asset classes, either directly or indirectly or through other funds. The asset classes include, but are not limited to, shares, bonds, property, infrastructure, commodities, and currencies. Investment may be in transferable securities (such as bonds and shares), other funds, money market instruments, cash and near cash. Currency forwards and derivatives, which are types of financial contract, are used to protect or enhance the return of the Fund, including for investment purposes. Other bonds are used for investment purposes. The Fund is exposed to foreign currencies.

## Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator.

Typically lower rewards, lower risk			Typically higher rewards, higher risk			
1	2	3	4	5	6	7

Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases. The Fund is classified in the category above because it invests in a variety of asset classes which generally provide higher rewards and higher risks than other investments such as investment solely in bonds or cash. Where no share price history is available for any part of the last five years (and thus no returns), the returns of the Fund's sector are used in its place to calculate the Risk and Reward Indicator. The indicator does not take into account the following relevant

material risks which may affect income and reduce the capital value of the Fund. You might not get back the amount originally invested.

The Fund does not guarantee positive returns. It aims to limit the extent of loss in any short-term period to a lower level than equities, however this is not guaranteed. Investment markets can go down as well as up and market conditions can change rapidly.

The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise.

The Fund invests in emerging markets where difficulties in trading could arise, resulting in a negative impact on your investment. Custody of assets, particularly in emerging markets, involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

Bonds issued by companies and governments may be adversely affected by changes in interest rates, expectations of inflation and a decline in the creditworthiness of the bond issuer. The issuers of bonds in which the Fund invests, particularly in emerging markets, may not be able to pay the bond income as promised or could fail to repay the capital amount.

In certain circumstances it can be difficult to buy or sell the Fund's holdings and even small purchases or sales can cause their prices to move significantly. Market values for securities which are difficult to trade, or value less frequently than the Fund, such as holdings in weekly or monthly dealt funds, may not be readily available. There can be no assurance that any value assigned to them will reflect the price the Fund might receive upon their sale.

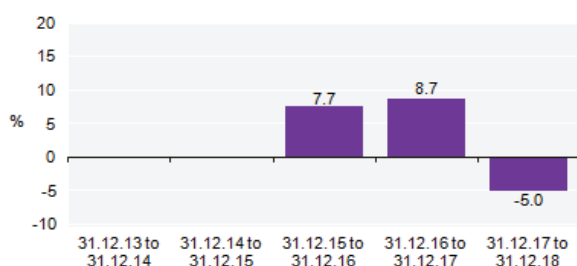
The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations.



# Investment Report

## Past Performance<sup>1</sup>



The performance figures shown in this graph are for Class B1 Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.50%, but exclude any initial charge paid. Please note these returns differ from the return quoted in the Investment Report, which is based on the closing net asset value at the year end. There are not five full years of performance shown as the Fund was launched on 8 December 2015. Performance figures for the other share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

For the year to 31 December 2018, the return on B1 Accumulation Shares was -4.8%<sup>2</sup>. We believe that shorter-term performance measurements are of limited relevance in assessing investment ability and would suggest that five years is a more sensible timeframe over which to judge performance. The Fund was launched on 8 December 2015, so the timeframe over which returns are quoted is particularly short.

After several good years when most asset classes have performed well, 2018 served as a reminder to us all that we should never become complacent. Most asset classes struggled as the buoyant sentiment of the past few years was overwhelmed by the weight of perceived risks to the macroeconomic environment.

Listed equities was the biggest detractor for the Fund over the year, with the final quarter being particularly challenging. Emerging market government bonds was the second largest detractor, despite a late rally which failed to outweigh the losses sustained earlier in the year. In a similar vein, active currency also detracted over the year.

Historically, asset classes such as infrastructure and absolute return securities have provided diversifying benefits when other economic assets are falling. Indeed, infrastructure and absolute return have fulfilled this role over 2018, both generating a positive return. Within

absolute return our positions in volatility futures proved to be beneficial during the rise in market volatility back in February, as well as during the final quarter of the year.

In terms of our outlook, despite a central case of reasonable global growth, we have long been cautious on the number of risks that could derail this progress. In particular, we will monitor the US/Chinese relationship, where rounds of tit-for-tat sanctions and tariffs have the potential to derail global growth. We also think it will be critical how the Federal Reserve manages the continuation of the withdrawal of monetary policy without triggering a broader economic slowdown, or further panic in the markets. Meanwhile, political risks in the US, Europe and in the UK have the potential to disrupt what might otherwise be a positive growth story at both a domestic and international level.

It is important, therefore, to maintain a portfolio which can be robust across a range of different scenarios. There is no such thing as a perfect hedge, so it remains appropriate to have above-average levels of exposure to cash and equivalents, as well as selected defensive positions in government bonds and infrastructure, set against some of the more traditional 'riskier' asset classes such as listed equities, emerging market bonds and property.

*Baillie Gifford & Co, 23 January 2019*

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. Please see disclaimer on page 143. You should be aware that past performance is not a guide to future performance.

## Principal Holdings as at 31 December 2018

Investment	Percentage of total Fund
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	8.31
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	5.81
US TII 0.625% 15/01/2026	5.55
Baillie Gifford European Fund C Acc <sup>1</sup>	4.81
Baillie Gifford Worldwide Japanese Fund C GBP Acc <sup>1</sup>	4.42
Goldman Sachs Cross Asset Trend Portfolio	4.36
US TII 0.125% 15/04/2019	3.99
ETFS Nickel	3.23
Japan (Govt) 0.1% CPI Linked 10/03/2027	3.11
Baillie Gifford UK Equity Alpha Fund C Acc <sup>1</sup>	2.42

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).

## Material Portfolio Changes for the year ended 31 December 2018

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	53,177	John Laing Infrastructure Fund	8,984
US TII 0.125% 15/04/2019	47,033	UBS Crude Oil ETN	8,790
ETFS Nickel	44,099	Goldman Sachs Crude Oil ETN	7,436
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	38,928	Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	6,374
US TII 0.625% 15/01/2026	38,447	Indonesia 7.5% 15/08/2032	6,175
Goldman Sachs Cross Asset Trend Portfolio	37,683	Brazil 0% 01/07/2021	5,700
Japan (Govt) 0.1% CPI Linked 10/03/2027	35,910	Blackstone/GSO Strategic Credit Fund	5,006
Baillie Gifford Worldwide Japanese Fund C Acc GBP <sup>1</sup>	30,347	Argentina T Bill 19/12/2018	4,491
Baillie Gifford European Fund C Acc <sup>1</sup>	28,913	Nuveen Credit Strategies Income Fund	4,324
HICL Infrastructure Co.	20,047	Egypt T Bill 19/02/2019	4,261

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).

The largest purchases and sales have been shown, with the exception of UK Treasury Bills, which are used for cash management purposes, and derivatives.

# Portfolio Statement as at 31 December 2018

Stock description	Holding	Market value £'000	% of total net assets
<b>Absolute Return - 4.36% (3.00%)</b>			
Goldman Sachs Cross Asset Trend Portfolio	5,950,000	52,167	4.36
<b>Commodities - 3.23% (0.00%)</b>			
ETFS Nickel	4,772,412	38,558	3.23
<b>Emerging Market Bonds - 18.92% (19.97%)</b>			
Argentina 4.5% 21/06/2019 (Dual)	4,550,000	3,631	0.30
Argentina 6.875% 22/04/2021 (USD)	2,200,000	1,561	0.13
Argentina 7.5% 22/04/2026 (USD)	5,200,000	3,271	0.27
Baillie Gifford Emerging Markets Bond Fund C Acc <sup>1</sup>	54,592,998	99,305	8.31
Brazil 0% 01/07/2021	86,000	14,453	1.21
Brazil 10% 01/01/2023	13,700	2,908	0.24
Colombia 3.875% 25/04/2027 (USD)	6,600,000	4,973	0.42
Dominican Republic 6% 19/07/2028 (USD)	3,300,000	2,590	0.22
Dominican Republic 6.875% 29/01/2026 (USD)	200,000	164	0.01
Dominican Republic 7.45% 30/04/2044 (USD)	2,700,000	2,205	0.18
Ecuador 10.5% 24/03/2020 (USD)	4,000,000	3,172	0.27
Egypt 7.5% 31/01/2027 (USD)	3,300,000	2,470	0.21
Egypt 8.5% 31/01/2047 (USD)	3,000,000	2,134	0.18
Egypt T Bill 15/01/2019	34,000,000	1,482	0.12
Ethiopia 6.625% 2024 (USD)	3,800,000	2,850	0.24
Ghana 10.75% 14/10/2030 (USD)	980,000	870	0.07
India 8.6% 02/06/2028	1,020,500,000	12,407	1.04
Indonesia 5.875% 15/01/2024 (USD)	6,200,000	5,190	0.43
Indonesia 7.5% 15/08/2032	20,500,000,000	1,047	0.09
Indonesia 8.75% 15/05/2031	54,287,000,000	3,083	0.26
KazAgro National Mgmt Hldg 4.625% 24/05/2023 (USD)	665,000	497	0.04
Mexico 5.75% 12/10/2110 (USD)	2,850,000	2,095	0.17
Mexico IL 4% 15/11/2040	249,600	6,066	0.51
Mongolia 8.75% 09/03/2024 (USD)	3,000,000	2,519	0.21
Namibia 5.5% 03/11/2021 (USD)	4,000,000	3,103	0.26
Nigeria 7.875% 16/02/2032 (USD)	4,922,000	3,501	0.29
OCP Morocco 4.5% 22/10/2025 (USD)	2,722,000	2,046	0.17
OCP Morocco 6.875% 25/04/44 (USD)	3,465,000	2,824	0.24

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Oman 3.875% 08/03/2022 (USD)	5,200,000	3,823	0.32
Peru 6.95% 12/08/2031	31,920	8,134	0.68
Petkim Petrokimya 5.875% 2023 (USD)	4,527,000	3,220	0.27
Petro TrinTobago 9.75 14/08/2019 (USD)	900,000	674	0.06
Petroleos Mexicanos 6.5% 13/03/2027	2,400,000	1,770	0.15
Senegal 6.25% 23/05/2033 (USD)	3,700,000	2,495	0.21
South Africa 8.75% 31/01/2044	91,700,000	4,463	0.37
Tajikistan 7.125% 14/09/2027 (USD)	4,100,000	2,818	0.24
Transnet SOC 4% 26/07/2022 (USD)	3,844,000	2,826	0.24
Ukraine 7.75% 01/09/2023 (USD)	5,000,000	3,518	0.29
<b>Government Bonds - 12.65% (4.75%)</b>			
Japan (Govt) 0.1% CPI Linked 10/03/2027	4,934,900,000	37,201	3.11
US TII 0.125% 15/04/2019	57,078,600	47,675	3.99
US TII 0.625% 15/01/2026	81,489,900	66,340	5.55
<b>High Yield Credit - 2.45% (6.11%)</b>			
ACI Worldwide 5.75% 2026 144A	102,000	79	0.01
Antero Resources 5.125% 2022	153,000	113	0.01
APX Group Inc 7.875% 2022	50,000	37	0.00
Aramark 5% 2028 (144A)	104,000	77	0.01
Baillie Gifford High Yield Bond Fund C Acc <sup>1</sup>	2,100,000	7,312	0.61
Cable One 5.75% 2022 (144a)	99,000	78	0.01
Catalent 4.875% 2026 (144A)	154,000	115	0.01
CCO Holdings 5.25% 2022	217,000	168	0.01
Centurylink 7.6% 2039	183,000	113	0.01
CNH Industrial 3.875% 2021	101,000	79	0.01
Darling Ingredients 5.375% 2022	101,000	79	0.01
Deck Chassis 10% 2023 (144A)	250,000	188	0.01
Dell 7.125% 2024 (144A)	163,000	130	0.01
Enquest 7% 2022 PIK (USD) (144A)	140,250	73	0.01
Enviva Partners 8.5% 2021 (WI)	102,000	82	0.01
Fairfax Financial Holdings 4.875% 2024 (144A)	156,000	125	0.01
First Cash 5.375% 2024 (144A)	198,000	153	0.01
FMG Resources 4.75% 2022 (144A)	153,000	115	0.01

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Freeport McMoran 3.55% 2022	131,000	97	0.01
Freeport McMoran 4.55% 2024	75,000	55	0.00
Frontdoor 6.75% 2026 144A	77,000	57	0.00
Frontier Communications 7.625% 2024	74,000	30	0.00
Frontier Communications 8.5% 2026	54,000	37	0.00
Goodyear 4.875% 2027	133,000	93	0.01
Graham Holdings 5.75% 2026 (144A)	199,000	159	0.01
Hanesbrands 4.625% 2024 (144A)	111,000	82	0.01
Herbalife Nutrition 7.25% 2026 144A	144,000	114	0.01
IMS Health 4.875% 2023 (144A)	99,000	76	0.01
Invesco Senior Income Trust	923,628	2,836	0.24
JBS 5.75% 2025 (144A)	167,000	125	0.01
L Brands 6.875% 2035	163,000	107	0.01
Land O'Lakes 7.45% 2028 (144A)	133,000	108	0.01
Liberty Interactive 4% 2029 Convertible	208,000	110	0.01
LKQ Corp 4.75% 2023	101,000	75	0.01
Matador Resources 5.875% 2026	147,000	106	0.01
Match.com 5% 2027 144A	75,000	54	0.00
Mednax 5.25% 2023 (144A)	217,000	167	0.01
Meritor 6.25% 2024	129,000	97	0.01
Multi-Color Corp 4.875% 2025 144A	108,000	73	0.01
NB Global Floating Rate Income Fund	6,009,000	5,306	0.44
Netflix 4.375% 2026 Reg S	172,000	123	0.01
Netflix 4.875% 2028	79,000	57	0.00
Norbord 6.25% 2023	99,000	77	0.01
Olin 9.75% 2023	142,000	122	0.01
Penske Automotive Group 5.5% 2026	215,000	156	0.01
PTC 6% 2024	262,000	207	0.02
QVC 4.375% 2023	83,000	63	0.00
Range Resources 5.75% 2021	160,000	119	0.01
Reynolds Group 7% 2024 (144A)	264,000	198	0.02
Sally 5.625% 2025	214,000	156	0.01
Scientific Games 5% 2025 144A	212,000	149	0.01
Sealed Air 5.5% 2025 (144A)	206,000	160	0.01
Sensata Technologies 5% 2025 (144A)	172,000	127	0.01

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Sequoia Economic Infrastructure Income Fund	4,124,545	4,681	0.39
Sirius Radio 5.375% 2025 (144A)	284,000	211	0.02
Six Flags 4.875% 2024 (144A)	110,000	81	0.01
Solarcity 1.625% 2019 Convertible	171,000	126	0.01
Sprint 7.25% 2021	230,000	185	0.01
Stars Group 7% 2026 144A	99,000	75	0.01
Sunpower 4% 2023 Convertible	59,000	37	0.00
Teck Resources 8.5% 2024 (144A)	151,000	127	0.01
Telecom Italia 7.2% 2036	133,000	100	0.01
Tenet 4.625% 2024	136,000	100	0.01
Townsquare 6.5% 2023 (144A)	158,000	114	0.01
Transdigm 6.5% 2024	162,000	124	0.01
TTM Technologies 5.625% 2025 144A	101,000	74	0.01
Verisign 5.25% 2025	284,000	223	0.02
Voya Prime Rate Trust	571,000	2,022	0.17
Weight Watchers 8.625% 2025 (144A)	99,000	79	0.01
Wolverine 5% 2026 (144a)	88,000	64	0.00
XPO Logistics 6.5% 2022 (144A)	158,000	122	0.01
<b>Infrastructure - 10.90% (9.07%)</b>			
3i Infrastructure	1,642,098	4,245	0.36
Ameren	48,664	2,492	0.21
Avangrid	64,775	2,546	0.21
BBGI	4,468,080	6,926	0.58
Consolidated Edison	61,427	3,686	0.31
Edison International	57,583	2,565	0.22
EDP RENOVAVEIS	582,334	3,952	0.33
Eversource Energy	73,410	3,748	0.31
Exelon Corporation	73,012	2,585	0.22
Foresight Solar Fund	6,329,780	6,804	0.57
Greencoat UK Wind	4,382,178	5,504	0.46
HICL Infrastructure Co.	14,927,803	23,466	1.96
Hydro One	262,733	3,056	0.26
International Public Partnerships	7,974,290	12,217	1.02
Italgas S.p.A	597,934	2,678	0.22

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
John Laing Group	4,359,095	14,420	1.21
Keppel Infrastructure Trust	9,986,400	2,790	0.23
Korea Electric Power	118,990	2,772	0.23
NextEnergy Solar Fund	4,445,761	5,068	0.42
Renewables Infrastructure Group	6,158,704	6,959	0.58
Tenaga Nasional	1,080,400	2,788	0.23
TerraForm Power	748,995	6,592	0.55
WEC Energy Group	45,730	2,486	0.21
<b>Listed Equities - 19.23% (23.22%)</b>			
Baillie Gifford American Fund C Acc <sup>1</sup>	2,726,687	21,156	1.77
Baillie Gifford Emerging Markets Leading Companies Fund C Acc <sup>1</sup>	15,858,591	69,461	5.81
Baillie Gifford European Fund C Acc <sup>1</sup>	2,756,470	57,445	4.81
Baillie Gifford UK Equity Alpha Fund C Acc <sup>1</sup>	4,406,013	28,952	2.42
Baillie Gifford Worldwide Japanese Fund C GBP Acc <sup>1</sup>	3,036,549	52,809	4.42
<b>Other Bonds - 2.29% (3.04%)</b>			
Baillie Gifford Worldwide Global Credit Fund C USD Acc <sup>1</sup>	2,490,000	27,424	2.29
<b>Property - 7.72% (7.76%)</b>			
ADO Properties	69,895	2,852	0.24
Alstria Office	413,000	4,515	0.38
Beni Stabili REIT	3,661,346	2,228	0.19
British Land	1,480,325	7,893	0.66
Cofinimmo	47,734	4,644	0.39
Deutsche Wohnen	186,667	6,707	0.56
Gecina	42,671	4,328	0.36
Hammerson	2,293,068	7,553	0.63
Hibernia	3,903,618	4,422	0.37
Icade	78,831	4,695	0.39
Immobiliare	464,759	2,237	0.19
Land Securities	994,949	8,003	0.67
LEG Immobilien	80,132	6,594	0.55



## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
LondonMetric Property	2,624,127	4,566	0.38
Merlin Properties	357,302	3,459	0.29
Tritax Big Box REIT	2,253,400	2,959	0.25
UK Commercial Property Trust	5,720,469	4,748	0.40
Vastned Retail	117,559	3,292	0.27
Vonovia SE	185,112	6,615	0.55
<b>Structured Finance - 2.55% (5.62%)</b>			
ALME 4X BR <sup>2</sup>	1,800,000	1,615	0.14
Babson CLO 2014-2X B1R <sup>2</sup>	2,000,000	1,795	0.15
GLGE 3X B1 <sup>2</sup>	2,000,000	1,786	0.15
HSBC Global Asset Backed High Yield Bond Fund	980,000	8,767	0.73
LWMC 2016-FL1 B <sup>2</sup>	1,500,000	1,526	0.13
LWMC 2017-FL1 C <sup>2</sup>	990,000	990	0.08
Metreta Fund	122,700	13,998	1.17
<b>Derivatives - -0.73% (0.27%)</b>			
Forward currency contracts (see Table 1)		(8,759)	(0.73)
Futures contracts (see Table 2)		-	0.00
<b>Portfolio of investments</b>		<b>999,058</b>	<b>83.57</b>
<b>Cash Equivalents - 10.97% (11.88%)</b>			
UK T Bill 14/01/2019	20,400,000	20,396	1.71
UK T Bill 04/03/2019	15,100,000	15,082	1.26
UK T Bill 01/04/2019	24,100,000	24,058	2.01
UK T Bill 11/03/2019	15,100,000	15,079	1.26
UK T Bill 25/03/2019	18,900,000	18,870	1.58
UK T Bill 24/06/2019	18,900,000	18,830	1.58
UK T Bill 21/01/2019	18,800,000	18,793	1.57
<b>Other Assets - 5.46% (5.31%)</b>		<b>65,248</b>	<b>5.46</b>
<b>Net assets</b>		<b>1,195,414</b>	<b>100.00</b>

<sup>1</sup>Baillie Gifford Investment Funds ICVC related party (please refer to note 11).<sup>2</sup>This stock has been valued using a single broker quote.

## Portfolio Statement as at 31 December 2018 cont.

Please note: figures are based on market values rather than economic exposure.

All investments are listed on recognised stock exchanges or are fixed interest securities and are approved securities or regulated collective investment schemes within the meaning of the FCA rules unless otherwise stated.

Figures in brackets in the investment category headings refer to 31 December 2017.

**Table 1: Unrealised gains/(losses) on open forward currency contracts**

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Barclays	09/01/19	GBP	91,698,833	USD	118,780,000	(1,522)	(0.13)
Barclays	16/01/19	GBP	40,643,697	KRW	59,100,000,000	(955)	(0.08)
Barclays	31/01/19	GBP	9,171,882	KRW	13,600,000,000	(403)	(0.03)
Barclays	13/02/19	GBP	182,833,029	USD	233,400,000	(27)	0.00
Barclays	20/02/19	GBP	6,863,560	KRW	10,000,000,000	(174)	(0.02)
Barclays	28/02/19	GBP	11,278,197	MYR	61,000,000	(281)	(0.02)
Barclays	28/02/19	JPY	1,430,000,000	GBP	9,967,709	284	0.02
Barclays	07/03/19	GBP	4,378,252	USD	5,600,000	(5)	0.00
Barclays	14/03/19	GBP	14,855,120	EUR	16,400,000	96	0.01
Barclays	14/03/19	NOK	143,000,000	GBP	13,019,338	(57)	(0.01)
Deutsche Bank	20/02/19	GBP	24,983,359	KRW	36,400,000,000	(634)	(0.05)
Deutsche Bank	28/02/19	GBP	8,034,064	EUR	8,990,000	(52)	(0.01)
Deutsche Bank	28/02/19	SEK	112,320,000	GBP	9,750,041	216	0.02
HSBC	09/01/19	GBP	84,934,123	EUR	97,300,000	(2,428)	(0.20)
HSBC	13/02/19	GBP	74,689,463	EUR	83,530,000	(401)	(0.03)
HSBC	20/02/19	GBP	17,788,918	BRL	88,000,000	76	0.01
HSBC	28/02/19	GBP	35,290,903	EUR	39,490,000	(228)	(0.02)
HSBC	14/03/19	COP	89,550,000,000	GBP	21,489,943	9	0.00
HSBC	14/03/19	GBP	22,788,641	USD	28,960,000	130	0.01
JP Morgan Chase	09/01/19	GBP	41,550,271	JPY	5,960,000,000	(1,113)	(0.09)
JP Morgan Chase	09/01/19	GBP	2,979,942	USD	3,860,000	(49)	0.00
JP Morgan Chase	28/02/19	CLP	7,900,000,000	GBP	9,166,860	(247)	(0.02)
JP Morgan Chase	28/02/19	JPY	1,190,000,000	GBP	8,294,807	236	0.02
National Australia Bank	09/01/19	GBP	31,940,925	AUD	57,200,000	331	0.03
National Australia Bank	13/02/19	GBP	39,740,862	AUD	70,300,000	935	0.08
National Australia Bank	28/02/19	GBP	19,854,434	HUF	7,200,000,000	(314)	(0.03)
National Australia Bank	07/03/19	GBP	1,516,752	USD	1,940,000	(2)	0.00
National Australia Bank	14/03/19	AUD	42,900,000	GBP	24,188,643	(530)	(0.04)
Royal Bank of Canada	09/01/19	GBP	21,402,572	JPY	3,070,000,000	(573)	(0.05)
Royal Bank of Canada	09/01/19	GBP	5,426,911	MXN	145,000,000	(343)	(0.03)

## Portfolio Statement as at 31 December 2018 cont.

Counterparty	Settlement	Buy	Buy Amount	Sell	Sell Amount	Unrealised gains/(losses) £'000	% of total net assets
Royal Bank of Canada	28/02/19	JPY	750,000,000	GBP	5,227,819	149	0.01
Royal Bank of Canada	07/03/19	GBP	10,163,800	USD	13,000,000	(11)	0.00
Royal Bank of Scotland	09/01/19	GBP	13,973,303	USD	18,100,000	(232)	(0.02)
Royal Bank of Scotland	07/02/19	NOK	373,000,000	GBP	34,389,949	(573)	(0.05)
Royal Bank of Scotland	28/02/19	GBP	9,719,409	SEK	112,300,000	(245)	(0.02)
Royal Bank of Scotland	28/02/19	JPY	1,550,000,000	GBP	10,804,160	308	0.03
Royal Bank of Scotland	28/02/19	PEN	43,600,000	GBP	9,965,714	116	0.01
Royal Bank of Scotland	07/03/19	GBP	53,438,134	USD	68,350,000	(57)	(0.01)
Royal Bank of Scotland	14/03/19	CHF	26,000,000	GBP	20,739,937	40	0.00
Standard Chartered Bank	09/01/19	GBP	13,818,901	USD	17,900,000	(229)	(0.02)
Unrealised gains/(losses) on open forward currency contracts						(8,759)	(0.73)

Table 2: Unrealised gains/(losses) on futures contracts

Futures	Maturity	Notional	Unrealised gains/(losses) £'000	% of total net assets
Euro-Bobl Future March 2019	11/03/19	(78)	-	0.00
Japan 10yr Bond (OSE) Future March 2019	20/03/19	(37)	-	0.00
S&P 500 Index Future March 2019	14/03/19	(11)	-	0.00
US Ultra 10 Year Note Future March 2019	29/03/19	(445)	-	0.00
Unrealised gains/(losses) on futures contracts			-	0.00

## Breakdown of portfolio of investments

	2018		2017	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Bonds - Direct	292,963	24.51	93,222	17.02
Bonds - Indirect	171,650	14.36	123,058	22.47
Commodities - Indirect	38,559	3.23	-	0.00
Derivatives	(8,759)	(0.73)	1,463	0.27
Equities - Direct	130,345	10.90	49,689	9.07
Equities - Indirect	281,990	23.59	143,615	26.22
Property - Indirect	92,310	7.72	42,530	7.76
Portfolio of investments	999,058	83.57	453,577	82.81

# Comparative Tables

## Comparative Table: B1 Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	116.86	107.63	99.69
Return before operating charges*	(4.92)	9.90	8.83
Operating charges	(0.69)	(0.67)	(0.60)
Return after operating charges*	(5.61)	9.23	8.23
Distributions	(2.93)	(1.92)	(1.69)
Retained distributions on accumulation shares	2.93	1.92	1.40
<b>Closing net asset value per share</b>	<b>111.25</b>	<b>116.86</b>	<b>107.63</b>
*After direct transaction costs of:	0.06	0.05	0.11
<b>Performance:</b>			
Return after charges	(4.80)%	8.58%	8.26%
<b>Other Information:</b>			
Closing net asset value (£'000)	378,042	158,473	7,441
Closing number of shares	339,800,630	135,614,925	6,913,724
Operating charges	0.60%	0.58%	0.61%
Direct transaction costs <sup>1</sup>	0.05%	0.04%	0.11%
<b>Prices:</b>			
Highest share price (pence)	119.4	117.3	108.1
Lowest share price (pence)	110.5	108.0	93.57

## Comparative Tables cont.

### Comparative Table: B2 Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	117.43	108.17	99.79
Return before operating charges*	(4.93)	9.93	8.98
Operating charges	(0.70)	(0.67)	(0.60)
Return after operating charges*	(5.63)	9.26	8.38
Distributions	(2.95)	(1.92)	(1.61)
Retained distributions on accumulation shares	2.95	1.92	1.61
<b>Closing net asset value per share</b>	<b>111.80</b>	<b>117.43</b>	<b>108.17</b>
*After direct transaction costs of:	0.06	0.05	0.11
<b>Performance:</b>			
Return after charges	(4.79)%	8.56%	8.40%
<b>Other Information:</b>			
Closing net asset value (£'000)	164,358	190,070	123,590
Closing number of shares	147,016,411	161,864,628	114,253,800
Operating charges	0.60%	0.59%	0.60%
Direct transaction costs <sup>1</sup>	0.05%	0.04%	0.11%
<b>Prices:</b>			
Highest share price (pence)	119.9	117.9	108.6
Lowest share price (pence)	111.0	108.4	93.66

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	114.93	112.40 <sup>2</sup>
Return before operating charges*	(4.81)	4.13
Operating charges	(0.67)	(0.41)
Return after operating charges*	(5.48)	3.72
Distributions on income shares	(2.87)	(1.19)
<b>Closing net asset value per share</b>	<b>106.58</b>	<b>114.93</b>
 *After direct transaction costs of:	 0.06	 0.05
<b>Performance:</b>		
Return after charges	(4.77)%	3.31%
<b>Other Information:</b>		
Closing net asset value (£'000)	160,884	13,802
Closing number of shares	150,947,694	12,009,136
Operating charges	0.60%	0.58%
Direct transaction costs <sup>1</sup>	0.05%	0.04%
<b>Prices:</b>		
Highest share price (pence)	117.4	116.6
Lowest share price (pence)	107.6	112.4

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	118.61	108.71	99.79
Return before operating charges*	(5.00)	10.00	9.03
Operating charges	(0.12)	(0.10)	(0.11)
Return after operating charges*	(5.12)	9.90	8.92
Distributions	(3.57)	(2.50)	(2.13)
Retained distributions on accumulation shares	3.57	2.50	2.13
<b>Closing net asset value per share</b>	<b>113.49</b>	<b>118.61</b>	<b>108.71</b>
*After direct transaction costs of:	0.06	0.05	0.11
<b>Performance:</b>			
Return after charges	(4.32)%	9.11%	8.94%
<b>Other Information:</b>			
Closing net asset value (£'000)	479,363	172,793	39,604
Closing number of shares	422,379,376	145,685,669	36,428,962
Operating charges	0.10%	0.09%	0.11%
Direct transaction costs <sup>1</sup>	0.05%	0.04%	0.11%
<b>Prices:</b>			
Highest share price (pence)	121.2	119.1	109.1
Lowest share price (pence)	112.7	109.0	93.71

## Comparative Tables cont.

### Comparative Table: C Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	116.63	114.10 <sup>3</sup>
Return before operating charges*	(4.86)	3.96
Operating charges	(0.12)	(0.05)
Return after operating charges*	(4.98)	3.91
Distributions on income shares	(3.49)	(1.38)
<b>Closing net asset value per share</b>	<b>108.16</b>	<b>116.63</b>
 *After direct transaction costs of:	 0.06	 0.05
<b>Performance:</b>		
Return after charges	(4.27)%	3.43%
<b>Other Information:</b>		
Closing net asset value (£'000)	8,828	9,082
Closing number of shares	8,161,652	7,786,388
Operating charges	0.10%	0.09%
Direct transaction costs <sup>1</sup>	0.05%	0.04%
<b>Prices:</b>		
Highest share price (pence)	119.2	118.5
Lowest share price (pence)	109.6	114.0



## Comparative Tables cont.

### Comparative Table: P Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Year Ended 31 December 2017 (pence per share)	Financial Year Ended 31 December 2016 (pence per share)
<b>Change in net assets per share:</b>			
Opening net asset value per share	117.46	108.09	99.79
Return before operating charges*	(4.94)	9.93	8.80
Operating charges	(0.58)	(0.56)	(0.50)
Return after operating charges*	(5.52)	9.37	8.30
Distributions	(3.05)	(2.03)	(1.66)
Retained distributions on accumulation shares	3.05	2.03	1.66
<b>Closing net asset value per share</b>	<b>111.94</b>	<b>117.46</b>	<b>108.09</b>
*After direct transaction costs of:	0.06	0.05	0.11
<b>Performance:</b>			
Return after charges	(4.70)%	8.67%	8.32%
<b>Other Information:</b>			
Closing net asset value (£'000)	3,939	3,461	2
Closing number of shares	3,518,445	2,946,529	1,905
Operating charges	0.50%	0.48%	0.51%
Direct transaction costs <sup>1</sup>	0.05%	0.04%	0.11%
<b>Prices:</b>			
Highest share price (pence)	120.0	117.9	108.5
Lowest share price (pence)	111.2	108.3	93.65

<sup>1</sup>The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions. Commission is also payable to the counterparty on the trading of futures contracts.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

<sup>2</sup>Class B Income Shares were launched on 22 May 2017.

<sup>3</sup>Class C Income Shares were launched on 30 June 2017.

# Financial Statements

## Statement of Total Return for the year ended 31 December 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(67,322)		19,684
Revenue	3	23,436		9,020	
Expenses	4	(2,573)		(1,419)	
Net revenue before taxation		20,863		7,601	
Taxation	5	(578)		(296)	
Net revenue after taxation			20,285		7,305
Total return before distributions			(47,037)		26,989
Distributions	6		(20,264)		(7,277)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(67,301)</b>		<b>19,712</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>547,681</b>		<b>170,644</b>
Amounts receivable on issue of shares	729,341		360,866	
Amounts payable on cancellation of shares	(40,197)		(13,114)	
		689,144		347,752
Dilution adjustment		996		563
Change in net assets attributable to shareholders from investment activities		(67,301)		19,712
Retained distributions on accumulation shares		24,894		9,010
<b>Closing net assets attributable to shareholders</b>		<b>1,195,414</b>		<b>547,681</b>

## Financial Statements cont.

### Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	1,010,742	456,891
Current assets:			
Debtors	8	16,747	3,699
Cash and bank balances	9	52,001	27,885
Cash equivalents		131,108	65,040
<b>Total assets</b>		<b>1,210,598</b>	<b>553,515</b>
<b>Liabilities:</b>			
Investment liabilities	13	(11,684)	(3,314)
Creditors:			
Distributions payable		(2,855)	(250)
Other creditors	10	(645)	(2,270)
<b>Total liabilities</b>		<b>(15,184)</b>	<b>(5,834)</b>
<b>Net assets attributable to shareholders</b>		<b>1,195,414</b>	<b>547,681</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2018			2017		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	(8,229)	(34,052)	(42,281)	1,493	14,191	15,684
Derivative contracts	4,458	-	4,458	(3,211)	-	(3,211)
Forward currency contracts	(20,731)	(8,759)	(29,490)	5,951	1,463	7,414
Currency gains/(losses)	(36)	40	4	(124)	(66)	(190)
Custodian transaction costs			(13)			(13)
<b>Net capital gain/(losses)</b>			<b>(67,322)</b>			<b>19,684</b>

Where realised gains/(losses) include gains/(losses) arising from prior years, a corresponding (loss)/gain is included within the unrealised gains/(losses) presented.

## 2 Purchases, sales and transaction costs

	2018	2017
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of bonds excluding transaction costs <sup>1</sup>	279,899	107,940
Gross purchases of equities excluding transaction costs	154,328	60,826
Commissions	55	21
Taxes	232	87
<b>Total transaction costs on equity purchases<sup>2</sup></b>	<b>287</b>	<b>108</b>
Gross purchases of funds excluding transaction costs	293,096	187,259
Commissions on purchases of funds	35	19
Taxes on purchases of funds	-	-
<b>Total transaction costs on fund purchases<sup>2</sup></b>	<b>35</b>	<b>19</b>
<b>Purchases including transaction costs</b>	<b>727,645</b>	<b>356,152</b>

<sup>1</sup>There were no transaction costs on the purchase or sale of bonds.

<sup>2</sup>These amounts have been deducted in determining net capital gains/(losses).

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.04	0.03
Taxes on equity purchases	0.15	0.14
Commission on fund purchases	0.01	0.01
Taxes on fund purchases	0.00	0.00
	2018	2017
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of bonds excluding transaction costs <sup>1</sup>	78,299	43,586
Gross sales of equities excluding transaction costs	18,614	5,203
Commissions	(4)	(2)
Taxes	-	-
<b>Total transaction costs on equity sales<sup>2</sup></b>	<b>(4)</b>	<b>(2)</b>
Gross sales of funds excluding transaction costs	44,157	34,456
Commissions on sales of funds	(7)	(3)
Taxes on sales of funds	-	-
<b>Total transaction costs on fund sales<sup>2</sup></b>	<b>(7)</b>	<b>(3)</b>
<b>Sales net of transaction costs</b>	<b>141,059</b>	<b>83,240</b>

<sup>1</sup>There were no transaction costs on the purchase or sale of bonds.

<sup>2</sup>These amounts have been deducted in determining net capital gains/(losses).

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	(0.02)	(0.04)
Taxes on equity sales	0.00	0.00
Commission on fund sales	(0.02)	(0.01)
Taxes on fund sales	0.00	0.00

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	2018		2017	
	£'000		£'000	
Transaction cost on derivative contracts				
Commission on trading futures contracts	25		16	
	2018		2017	
	£'000	% of average NAV	£'000	% of average NAV
Portfolio transaction costs				
Commissions	126	0.02	61	0.02
Taxes	232	0.03	87	0.02
Total direct transaction costs	358	0.05	148	0.04
	2018		2017	
	%		%	
Average portfolio dealing spread	0.11		0.10	

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions. Commission is also payable to the counterparty on the trading of futures contracts.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying Funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

## Notes to the Financial Statements cont.

### 3 Revenue

	2018	2017
	£'000	£'000
UK dividends <sup>1</sup>	1,623	545
Overseas dividends <sup>1</sup>	5,086	2,117
Property income distributions <sup>1</sup>	882	390
Interest on debt securities <sup>1</sup>	15,631	5,907
Bank interest	193	32
Management fee rebates from third party funds	12	29
Underwriting commission	9	-
<b>Total revenue</b>	<b>23,436</b>	<b>9,020</b>

<sup>1</sup>Includes income from relevant Collective Investment Schemes.

### 4 Expenses

	2018	2017
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	2,338	1,321
Expenses rebate	(18)	(12)
	<b>2,320</b>	<b>1,309</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	73	41
Bank charges	159	59
	<b>232</b>	<b>100</b>
<b>Other expenses:</b>		
Audit fee	14	12
Professional fees	7	(2)
	<b>21</b>	<b>10</b>
<b>Total expenses</b>	<b>2,573</b>	<b>1,419</b>

## Notes to the Financial Statements cont.

### 5 Taxation

	2018	2017
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	408	218
Irrecoverable tax on property income distributions	170	78
<b>Total taxation</b>	<b>578</b>	<b>296</b>

The Fund is subject to corporation tax at 20% (2017: 20%), however, the Fund operates under the Tax Elected Fund regime, and therefore the Fund has made distributions divided between dividend distributions and non-dividend distributions. The non-dividend distributions made by the Fund are allowable in arriving at the amount of revenue liable to tax. As a result, this has reduced the corporation tax liability of the Fund to nil.

The deduction of non-dividend distributions has been restricted to reflect the priority utilisation of the management expenses incurred by the Fund in the year, as per regulation 13 (1A) of SI2006/964. This results in no excess management expenses or non-dividend distributions being carried forward.

The tax charge is explained as follows:

	2018	2017
	£'000	£'000
Net revenue/(expense) before taxation	20,863	7,601
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2017: 20%)	4,173	1,520
Effects of:		
Non-taxable UK dividends	(325)	(109)
Non-taxable overseas dividends	(965)	(373)
Non-taxable property income distributions	(176)	(78)
Non-dividend distributions	(2,703)	(954)
Overseas tax on dividends	295	189
Irrecoverable tax on property income distributions	170	78
Overseas tax on coupons	113	29
Expense relief claimed on overseas tax	(4)	(6)
<b>Total taxation</b>	<b>578</b>	<b>296</b>



## Notes to the Financial Statements cont.

### 6 Distributions

	2018	2017
	£'000	£'000
Interim to 30 June	6,514	1,808
Final to 31 December	21,661	7,452
	<b>28,175</b>	<b>9,260</b>
Amounts deducted on cancellation of shares	752	231
Amounts added on issue of shares	(8,663)	(2,214)
<b>Total distributions</b>	<b>20,264</b>	<b>7,277</b>

The distributions take account of income revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Tables.

### 7 Reconciliation of net revenue to net distributions for the year

	2018	2017
	£'000	£'000
Net revenue after taxation for the year	20,285	7,305
Add distributable revenue brought forward	42	14
Less distributable revenue carried forward	(63)	(42)
<b>Net distributions for the year</b>	<b>20,264</b>	<b>7,277</b>

### 8 Debtors

	2018	2017
	£'000	£'000
Receivable for issue of shares	418	157
Sales awaiting settlement	418	304
Accrued income	3,063	1,300
Overseas tax recoverable	64	29
VAT recoverable	3	2
Collateral held by counterparties	12,740	1,885
Amounts due from ACD	18	12
Other debtors	23	10
<b>Total debtors</b>	<b>16,747</b>	<b>3,699</b>

## Notes to the Financial Statements cont.

### 9 Cash and bank balances

	2018	2017
	£'000	£'000
Sterling amounts held at clearing houses and brokers	218	21
Foreign amounts held at clearing houses and brokers	519	2,653
Sterling bank accounts	49,630	24,192
Foreign currency bank accounts	1,634	1,019
<b>Total cash and bank balances</b>	<b>52,001</b>	<b>27,885</b>

### 10 Other creditors

	2018	2017
	£'000	£'000
Payable for cancellation of shares	191	-
Purchases awaiting settlement	8	6
Due to the ACD or associates	291	142
Due to the Depositary or associates	103	24
Collateral held on behalf of counterparty	-	2,085
Capital gains tax provision	33	-
Other accrued expenses	19	13
<b>Total other creditors</b>	<b>645</b>	<b>2,270</b>

## Notes to the Financial Statements cont.

### 11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10. During the year Baillie Gifford & Co Limited deemed it appropriate to reimburse expenses to the Fund. The amount of expenses reimbursed is given in note 4 with amounts receivable at the year end given in note 8.

The Fund invests in other funds for whom Baillie Gifford & Co, the ultimate parent company of the ACD, act as Investment Adviser and these funds are therefore considered to be related parties. Transactions with these related party funds are noted in the table below.

	2018			2017		
	Purchases	Sales	Income	Purchases	Sales	Income
	£'000	£'000	£'000	£'000	£'000	£'000
Baillie Gifford American Fund C Acc	4,478	-	27	8,711	-	15
Baillie Gifford Emerging Markets Bond Fund C Acc	53,177	6,374	4,546	38,809	1,892	2,196
Baillie Gifford Emerging Markets Leading Companies Fund C Acc	38,928	-	342	20,836	-	75
Baillie Gifford European Fund C Acc	28,913	-	500	20,052	-	142
Baillie Gifford High Yield Bond Fund C Acc	4,244	-	178	2,414	12,963	111
Baillie Gifford UK Equity Alpha Fund C Acc	15,543	-	259	5,896	-	88
Baillie Gifford Worldwide Global Credit Fund C Acc USD	9,976	-	-	11,264	5,807	-
Baillie Gifford Worldwide Japanese Fund C Acc GBP	30,347	-	275	13,330	-	53

#### Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2018	2017
	%	%
ACD and associates of the ACD	0.00	0.00

## Notes to the Financial Statements cont.

### 12 Reconciliation of shares in issue

	2018					
	B1 Accumulation Shares	B2 Accumulation Shares	B Income Shares	C Accumulation Shares	C Income Shares	P Accumulation Shares
Opening shares in issue	135,614,925	161,864,628	12,009,136	145,685,669	7,786,388	2,946,529
Shares issued	220,067,420	18,158,458	123,776,875	275,290,309	375,264	3,217,089
Shares cancelled	(1,705,419)	(11,777,418)	(237,995)	(18,606,537)	-	(2,645,173)
Shares converted	(14,176,296)	(21,229,257)	15,399,678	20,009,935	-	-
<b>Closing shares in issue</b>	<b>339,800,630</b>	<b>147,016,411</b>	<b>150,947,694</b>	<b>422,379,376</b>	<b>8,161,652</b>	<b>3,518,445</b>

### 13 Basis of valuation

	2018		2017	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Level 1: Quoted prices	388,716	-	214,663	-
Level 2: Observable market data	614,314	(11,684)	236,239	(3,314)
Level 3: Unobservable data <sup>1</sup>	7,712	-	5,989	-
<b>Total</b>	<b>1,010,742</b>	<b>(11,684)</b>	<b>456,891</b>	<b>(3,314)</b>

<sup>1</sup>For further information on the assets included in Level 3, as at 31 December 2018, please refer to the Portfolio Statement.

### 14 Credit ratings

Rating Block	2018		2017	
	Market value £'000	Percentage of total Fund	Market value £'000	Percentage of total Fund
Investment Grade	171,564	14.35	57,079	10.42
High Yield	117,768	9.85	36,143	6.60
Unrated	3,631	0.30	-	-
<b>Total Bonds - Direct</b>	<b>292,963</b>	<b>24.51</b>	<b>93,222</b>	<b>17.02</b>
Other	902,451	75.49	454,459	82.98
<b>Net Assets</b>	<b>1,195,414</b>	<b>100.00</b>	<b>547,681</b>	<b>100.00</b>

## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments

#### Currency exposures

A substantial proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2018			2017		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Argentine peso	-	-	-	-	23,196	23,196
Australian dollar	-	(46,757)	(46,757)	-	(46,134)	(46,134)
Brazilian real	-	(352)	(352)	-	5,242	5,242
Canadian dollar	-	3,056	3,056	-	1,369	1,369
Chilean peso	-	8,919	8,919	-	-	-
Colombian peso	-	21,499	21,499	-	-	-
Egyptian pound	-	1,482	1,482	-	3,559	3,559
Euro	63	(152,403)	(152,339)	50	(87,545)	(87,495)
Hungarian forint	-	(20,168)	(20,168)	-	-	-
Indian rupee	1	12,407	12,408	2	5,938	5,940
Indonesian rupiah	-	4,130	4,130	-	6,438	6,438
Japanese yen	79	7,833	7,913	-	(21,063)	(21,063)
Malaysian ringgit	-	(8,771)	(8,771)	-	22,035	22,035
Mexican peso	-	296	296	-	4,973	4,973
Norwegian krona	-	46,779	46,779	-	15,337	15,337
Peruvian nuevo sol	-	18,216	18,216	-	6,591	6,591
Polish zloty	-	-	-	-	10,461	10,461
Russian ruble	-	-	-	-	10,503	10,503
Singapore dollar	-	2,790	2,790	-	1,790	1,790
South African rand	-	4,463	4,463	-	-	-
South Korean won	-	(81,056)	(81,056)	-	(15,959)	(15,959)
Swedish krona	-	2	2	-	16,439	16,439
Swiss franc	-	20,780	20,780	-	-	-
Turkish lira	-	-	-	-	11,057	11,057
UK sterling	62,588	1,386,301	1,448,889	24,013	629,173	653,186
US dollar	2,009	(99,277)	(97,268)	3,620	(84,780)	(81,160)

Short term debtors and creditors have not been disclosed.

## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments (continued)

#### Interest rate risk profile of financial assets and financial liabilities

The interest rate risk profile of the Fund was:

Currency	2018				2017			
	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000	Floating Rate financial assets £'000	Fixed Rate financial assets £'000	Financial assets not carrying interest £'000	Total £'000
Argentine peso	-	-	-	-	2,455	10,887	9,855	23,197
Australian dollar	-	-	23,658	23,658	-	-	-	-
Brazilian real	-	17,361	-	17,361	-	-	5,242	5,242
Canadian dollar	-	-	3,056	3,056	-	-	1,369	1,369
Chilean peso	-	-	8,919	8,919	-	-	-	-
Colombian peso	-	-	21,499	21,499	-	-	-	-
Egyptian pound	-	1,482	-	1,482	-	3,559	-	3,559
Euro	5,275	-	63,218	68,493	4,491	-	28,849	33,340
Indian rupee	1	12,407	-	12,408	2	5,938	-	5,940
Indonesian rupiah	-	4,130	-	4,130	-	6,438	-	6,438
Japanese yen	37,329	-	35,271	72,600	-	-	-	-
Malaysian ringgit	-	-	2,788	2,788	-	-	22,035	22,035
Mexican peso	6,066	-	-	6,066	-	3,420	5,285	8,705
Norwegian krona	-	-	46,779	46,779	-	-	15,337	15,337
Peruvian nuevo sol	-	8,134	10,082	18,216	-	6,591	-	6,591
Polish zloty	-	-	-	-	-	-	10,461	10,461
Russian ruble	-	-	-	-	-	-	10,503	10,503
Singapore dollar	-	-	2,790	2,790	-	-	1,790	1,790
South African rand	-	4,463	-	4,463	-	-	-	-
South Korean won	-	-	2,772	2,772	-	-	1,450	1,450
Swedish krona	-	-	9,966	9,966	-	-	16,439	16,439
Swiss franc	-	-	20,780	20,780	-	-	-	-
Turkish lira	-	-	-	-	-	-	11,057	11,057
UK sterling	237,886	131,108	1,256,900	1,625,894	119,021	66,589	575,733	761,343
US dollar	152,554	79,993	70,117	302,664	27,526	47,945	25,091	100,562

## Notes to the Financial Statements cont.

### 15 Derivatives and other financial instruments (continued)

Currency	2018				2017			
	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000	Floating Rate financial liabilities £'000	Fixed Rate financial liabilities £'000	Financial liabilities not carrying interest £'000	Total £'000
Australian dollar	-	-	70,416	70,416	-	-	46,134	46,134
Brazilian real	-	-	17,713	17,713	-	-	-	-
Euro	16	-	220,816	220,832	-	-	120,834	120,834
Hungarian forint	-	-	20,168	20,168	-	-	-	-
Japanese yen	48	-	64,640	64,687	-	-	21,063	21,063
Malaysian ringgit	-	-	11,559	11,559	-	-	-	-
Mexican peso	-	-	5,770	5,770	-	-	3,732	3,732
South Korean won	-	-	83,828	83,828	-	-	17,409	17,409
Swedish krona	-	-	9,964	9,964	-	-	-	-
UK sterling	-	-	177,005	177,005	2,085	-	106,073	108,158
US dollar	340	-	399,592	399,933	-	-	181,723	181,723

The Fund invests in a generally diversified portfolio of assets, including derivatives that are used for efficient portfolio management purposes (including hedging) and for investment purposes. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

### 16 Derivative exposure

The exposure to derivative counterparties was:

Counterparty	2018			2017		
	Forward currency contracts £'000	Cash collateral held £'000	Total exposure £'000	Forward currency contracts £'000	Cash collateral held £'000	Total exposure £'000
Barclays	380	-	380	2,257	(1,310)	947
Deutsche Bank	216	-	216	323	-	323
HSBC	214	-	214	78	-	78
JP Morgan Chase	236	-	236	689	(105)	584
National Australia Bank	1,266	-	1,266	214	-	214
Royal Bank of Canada	149	-	149	619	(475)	144
Royal Bank of Scotland	463	-	463	396	-	396
Standard Chartered Bank	-	-	-	201	(195)	6

In addition the Fund trades futures contracts through UBS. Fair value movements are offset by movements in the variation margin account which reduces the derivative counterparty exposure to nil.

## Notes to the Financial Statements cont.

### 16 Derivative exposure (continued)

Collateral pledged on derivatives was:

	2018	2017
	£'000	£'000
<b>Cash collateral pledged on derivatives</b>		
Barclays	4,940	-
Deutsche Bank	675	175
HSBC	3,880	820
JP Morgan Chase	845	-
National Australia Bank	-	670
Royal Bank of Canada	825	-
Royal Bank of Scotland	1,225	220
Standard Chartered Bank	350	-

### 17 Leverage

The term "leverage" is defined under AIFMD as any method by which the ACD increases the exposure of a fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The ACD has, in accordance with the Regulations, set the maximum level of leverage which the Fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of scheme property resulting from fluctuations in the value of assets in which it invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the Fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the Fund while the "commitment" method takes into account netting or hedging arrangements put in place.

There have been no changes to the maximum level of leverage that can be employed by the Fund under both the gross and commitment methods during the year. The leverage limits have not been exceeded during the year. The Fund's maximum and actual leverage levels at 31 December 2018 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	1,000%	500%
Actual	202%	154%

Typical types and sources of leverage which the Fund employs include: (i) borrowing cash; (ii) derivatives for efficient portfolio management purposes (including hedging); and (iii) derivatives for investment purposes. For information on the associated risks with these types and sources of leverage please refer to the Prospectus which is available by contacting Client Relations.



# Distribution Tables

Interim dividend distribution for the period ended 30 June 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 30 June 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.18)	Distribution (paid/accumulated 31.08.17)
	30.06.18 pence per share	30.06.18 pence per share	30.06.18 pence per share	30.06.17 pence per share
B1 Accumulation				
Group 1	0.30000	-	0.30000	0.30000
Group 2	-	0.30000	0.30000	0.30000
B2 Accumulation				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.09567	0.20433	0.30000	0.30000
B Income				
Group 1	0.30000	-	0.30000	-
Group 2	0.20419	0.09581	0.30000	-
C Accumulation				
Group 1	0.45000	-	0.45000	0.30000
Group 2	0.12913	0.32087	0.45000	0.30000
C Income				
Group 1	0.45000	-	0.45000	-
Group 2	-	0.45000	0.45000	-
P Accumulation				
Group 1	0.30000	-	0.30000	0.30000
Group 2	0.08844	0.21156	0.30000	0.30000

## Distribution Tables cont.

Final dividend distribution for the period ended 31 December 2018

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased 1 July 2018 to 31 December 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
B1 Accumulation				
Group 1	0.55000	-	0.55000	0.31000
Group 2	-	0.55000	0.55000	0.31000
B2 Accumulation				
Group 1	0.28000	-	0.28000	-
Group 2	-	0.28000	0.28000	-
B Income				
Group 1	0.62000	-	0.62000	0.23000
Group 2	-	0.62000	0.62000	0.23000
C Accumulation				
Group 1	0.73000	-	0.73000	0.60000
Group 2	0.10389	0.62611	0.73000	0.60000
C Income				
Group 1	0.73000	-	0.73000	0.24000
Group 2	0.13313	0.59687	0.73000	0.24000
P Accumulation				
Group 1	0.33000	-	0.33000	0.63000
Group 2	-	0.33000	0.33000	0.63000

## Distribution Tables cont.

### Interim Non-Dividend Distribution for the period ended 30 June 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 30 June 2018

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 31.08.18)	Distribution (paid/accumulated 31.08.17)
	30.06.18 pence per share	30.06.18 pence per share	30.06.18 pence per share	30.06.17 pence per share
<b>B1 Accumulation</b>				
Group 1	0.80000	-	0.80000	0.15000
Group 2	0.30860	0.49140	0.80000	0.15000
<b>B2 Accumulation</b>				
Group 1	0.80000	-	0.80000	0.15000
Group 2	0.52790	0.27210	0.80000	0.15000
<b>B Income</b>				
Group 1	0.80000	-	0.80000	-
Group 2	0.64495	0.15505	0.80000	-
<b>C Accumulation</b>				
Group 1	0.80000	-	0.80000	0.30000
Group 2	0.28501	0.51499	0.80000	0.30000
<b>C Income</b>				
Group 1	0.80000	-	0.80000	-
Group 2	0.06550	0.73450	0.80000	-
<b>P Accumulation</b>				
Group 1	0.80000	-	0.80000	0.15000
Group 2	0.49950	0.30050	0.80000	0.15000

## Distribution Tables cont.

Final Non-Dividend Distribution for the period ended 31 December 2018

Group 1 : shares purchased prior to 1 July 2018

Group 2 : shares purchased 1 July 2018 to 31 December 2018

	Net Revenue (non-dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
<b>B1 Accumulation</b>				
Group 1	1.28000	-	1.28000	1.16000
Group 2	0.70387	0.57613	1.28000	1.16000
<b>B2 Accumulation</b>				
Group 1	1.57000	-	1.57000	1.47000
Group 2	1.10139	0.46861	1.57000	1.47000
<b>B Income</b>				
Group 1	1.15000	-	1.15000	0.96000
Group 2	0.82511	0.32489	1.15000	0.96000
<b>C Accumulation</b>				
Group 1	1.59000	-	1.59000	1.31000
Group 2	0.51305	1.07695	1.59000	1.31000
<b>C Income</b>				
Group 1	1.51000	-	1.51000	1.14000
Group 2	0.33333	1.17667	1.51000	1.14000
<b>P Accumulation</b>				
Group 1	1.62000	-	1.62000	0.95000
Group 2	1.20440	0.41560	1.62000	0.95000

# BAILLIE GIFFORD

## Baillie Gifford Positive Change Fund

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a sub-fund of Baillie Gifford Investment Funds ICVC

*Annual Report and Financial Statements  
for the year ended 31 December 2018*



# Baillie Gifford Positive Change Fund

## Investment Objective

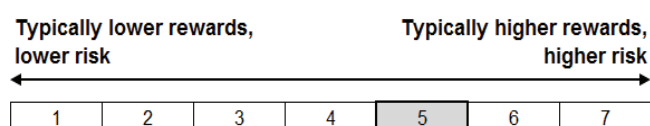
The Fund aims to produce capital growth over the long term.

## Investment Policy

To invest in the shares of companies globally whose products or behaviour make a positive impact. This will include companies addressing critical challenges in areas such as, but not limited to; education, social inclusion, healthcare and the environment. The Fund will be concentrated.

## Risk and Reward Profile

The Risk and Reward Indicator table demonstrates where the Fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Fund. The shaded area in the table below shows the Fund's ranking on the Risk and Reward Indicator:



Please note that even the lowest risk class can lose you money and that extreme adverse market circumstances can mean you suffer severe losses in all cases.

The Fund is classified in the category above because it invests in company shares which generally provide higher rewards and higher risks than other investments such as bonds or cash. Where no share price history is available for any part of the last five years (and thus no returns), the returns of the Fund's sector are used in its place to calculate the Risk and Reward Indicator.

The indicator does not take into account the following relevant material risks:

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 you may not get back the amount invested.

The Fund has exposure to foreign currencies and changes in the rates of exchange will cause the value of any investment, and income from it, to fall as well as rise and you may not get back the amount invested.

Custody of assets, particularly in emerging markets, involves a risk of loss if the custodian becomes insolvent or breaches duties of care.

The Fund invests in emerging markets where difficulties in trading could arise, resulting in a negative impact on the value of your investment.

The Fund's concentrated portfolio and long-term approach to investment may result in large movements in the share price.

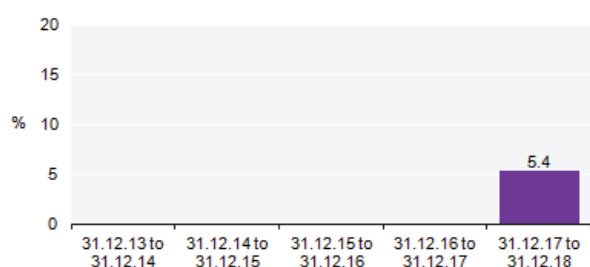
Where possible, charges are taken from the Fund's revenue. Where there is insufficient revenue, the remainder will be taken from capital. This will reduce the capital value of the Fund.

The result of the UK Referendum on membership of the European Union introduces elements of political uncertainty and may have practical consequences for the Fund. Developments will be closely monitored.

Further details of the risks associated with investing in the Fund can be found in the Prospectus which is available by contacting Client Relations.

# Investment Report

## Past Performance<sup>1</sup>



The Performance figures shown in this graph are for Class B Accumulation Shares. Performance figures reflect the ACD's annual fee of 0.50% (until 30 September 2017, the ACD's annual fee on Class B Shares was 0.55%), but exclude any initial charge paid. Please note these returns differ from the return quoted in the Investment Report, which is based on the closing net asset value at the year end. There is not five full years of performance shown as the Fund was launched on 3 January 2017. Performance figures for the share classes in issue can be obtained by contacting Client Relations. You should be aware that past performance is not a guide to future performance.

For the year to 31 December 2018, the return on B Accumulation Shares was 6.7%<sup>2</sup> compared to the return on the MSCI All Country World Index of -3.8%<sup>3</sup>, in sterling terms. While it is pleasing to see a strong year for the Fund, we believe that shorter-term performance measurements are of limited relevance in assessing investment ability and we remain focused on our investment horizon of five years plus.

Of course, investment performance is only one of our two equally important goals. The Fund aims to achieve attractive investment returns and to deliver positive change by contributing toward a more sustainable and inclusive world. We believe that every company within the portfolio has the potential to deliver positive impact as well as strong financial returns. In general, companies in the portfolio are delivering good operational results which suggests progress towards long-term impact. We published our first Positive Change Impact Report in the second quarter of 2018 which provided a comprehensive analysis of the impact of the holdings within the portfolio. The report combined bespoke metrics for individual companies along with the portfolio's overall contribution to the 17 UN Sustainable Development Goals. A copy of our Impact Report is available on request by contacting Client Relations.

Over 2018, the stocks which both contributed and detracted most to investment performance fall into our 'Healthcare and Quality of Life' impact theme which is focused on improving the quality of life in developed and developing countries. The top contributor was Abiomed, a healthcare company which makes the world's smallest heart pump, Impella. The pump allows the heart to rest, enabling patients to undergo surgery, providing a superior level of clinical care. Abiomed outperformed over the year thanks to strong sales growth due to increased applications for the pump and international expansion.

Another healthcare company which contributed significantly to performance was Dexcom, the maker of continuous glucose monitoring (CGM) devices. Dexcom experienced strong revenue growth in 2018 due to the launch of its new G6 model. This new model can be worn for longer before it needs to be changed, does not require finger stick tests, and is the only CGM model approved for children over the age of two. It has the potential to revolutionise how children living with diabetes (and their parents) can monitor their conditions.

Detractors over the 12 months included Alnylam Pharmaceuticals and Sysmex. Biotech company Alnylam is focused on developing drugs which use the approach of RNAi therapeutics, a new class of innovative medicines which aim to effectively silence faulty genes

<sup>1</sup>Source: FE, 10am dealing prices, income accumulated. <sup>2</sup>Source: Baillie Gifford & Co Limited, closing net asset value, income accumulated. <sup>3</sup>Source: FE and relevant underlying index provider, total return. Please see Disclaimer on page 143. You should be aware that past performance is not a guide to future performance.

## Investment Report cont.

and so offer treatment for a range of diseases where options are currently limited or simply do not exist. This is not a straightforward process and Alnylam's share price was weak in 2018 following a Food and Drug Administration (FDA) review examining the safety profile of one of their drugs. Longer term, we remain optimistic for Alnylam's drugs which have demonstrated early proof of concept and have the ability to significantly improve patient outcomes.

Sysmex makes the instruments, reagents and software used in a range of diagnostic tests. The company's share price has been weak following lower sales and operating profit over the year. Japanese sales declined due to the dissolution of a joint venture with bioMérieux, and Chinese instrument sales slowed in the haematology field. Despite this, we believe that Sysmex is well positioned longer term to benefit from the growth in the blood testing market. The company's development of new testing and diagnostic technologies will help the development of personalised medicine representing a significant growth opportunity which should also improve patient outcomes.

All in all, we are very pleased with the progress that the companies in the portfolio are making. Providing the fundamental investment and impact case remain intact, we are happy to own companies that are experiencing short-term setbacks. In fact, being patient owners of the companies in which we invest and encouraging management teams to take a long-term view are how we, as investors, can add value. Ultimately, change takes time; an ability to look beyond quarterly results and focus on long-term operational growth and positive impact is essential.

We firmly believe that purpose complements profits and that the Fund will continue to deliver both strong investment performance and positive change over the long term.

*Baillie Gifford & Co, 7 January 2019*



## Principal Holdings as at 31 December 2018

Investment	Percentage of total Fund
Illumina	7.38
Tesla Inc	6.64
Abiomed	5.44
TSMC	5.24
Chr Hansen Holding A/S	5.06
Dexcom Inc	4.66
ASML	4.28
Umicore	4.26
Bank Rakyat Indonesia	4.18
Novozymes	4.17

## Material Portfolio Changes for the year ended 31 December 2018

Largest Purchases	Cost £'000	Largest Sales	Proceeds £'000
Abiomed	3,479	Abiomed	1,453
Illumina	3,355	Dexcom Inc	1,021
Tesla Inc	3,104	Illumina	83
Umicore	2,767	Tesla Inc	61
TSMC	2,645	ASML	59
M3	2,568	Chr Hansen Holding A/S	58
Chr Hansen Holding A/S	2,517	TSMC	56
Dexcom Inc	2,473	Umicore	56
ASML	2,447	M3	55
Novozymes	2,240	Novozymes	52

# Portfolio Statement as at 31 December 2018

Stock description	Holding	Market value £'000	% of total net assets
<b>Belgium - 4.26% (4.76%)</b>			
Umicore	85,721	2,666	4.26
<b>Brazil - 0.67% (1.64%)</b>			
Kroton Educacional	235,300	422	0.67
<b>China - 3.91% (4.55%)</b>			
Tencent	77,800	2,449	3.91
<b>Denmark - 11.54% (13.05%)</b>			
Chr Hansen Holding A/S	45,812	3,168	5.06
Novozymes	74,718	2,610	4.17
Orsted	27,679	1,449	2.31
<b>India - 3.41% (0.00%)</b>			
HDFC Corp	96,351	2,133	3.41
<b>Indonesia - 4.18% (4.53%)</b>			
Bank Rakyat Indonesia	13,129,700	2,617	4.18
<b>Ireland - 4.06% (4.34%)</b>			
Kingspan Group	76,799	2,538	4.06
<b>Japan - 8.98% (11.41%)</b>			
Euglena	87,600	364	0.58
M3	213,400	2,251	3.60
Pigeon	47,200	1,588	2.54
Sysmex Corp.	37,400	1,412	2.26
<b>Kenya - 0.44% (0.52%)</b>			
Safaricom Ltd	1,746,200	277	0.44
<b>Netherlands - 5.52% (6.85%)</b>			
ASML	21,777	2,680	4.28

## Portfolio Statement as at 31 December 2018 cont.

Stock description	Holding	Market value £'000	% of total net assets
Signify NV	42,152	774	1.24
<b>South Africa - 2.98% (3.56%)</b>			
Discovery Ltd	214,099	1,867	2.98
<b>Sweden - 2.96% (2.83%)</b>			
Nibe Industrier AB 'B' Shares	230,276	1,855	2.96
<b>Taiwan - 5.24% (5.58%)</b>			
TSMC	571,000	3,282	5.24
<b>United Kingdom - 0.35% (0.00%)</b>			
FDM Group	29,601	220	0.35
<b>United States - 40.91% (34.67%)</b>			
Abiomed	13,346	3,407	5.44
Alnylam Pharmaceuticals	26,794	1,534	2.45
Alphabet Inc Class A	2,995	2,459	3.93
Dexcom Inc	31,028	2,919	4.66
Ecolab	14,929	1,727	2.76
Glaukos Corp	40,495	1,786	2.85
Illumina	19,608	4,619	7.38
Moderna Inc	58,135	695	1.11
Tesla Inc	15,913	4,159	6.64
Xylem	44,060	2,308	3.69
<b>Portfolio of investments</b>		<b>62,235</b>	<b>99.41</b>
<b>Net other assets - 0.59% (1.71%)</b>		<b>369</b>	<b>0.59</b>
<b>Net assets</b>		<b>62,604</b>	<b>100.00</b>

All investments are listed on recognised stock exchanges and are approved securities or regulated collective investment schemes within the meaning of the FCA rules, unless otherwise stated.

Figures in brackets refer to 31 December 2017.

# Comparative Tables

## Comparative Table: B Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	141.85	100.00 <sup>1</sup>
Return before operating charges*	10.43	42.68
Operating charges	(0.94)	(0.83)
Return after operating charges*	9.49	41.85
Distributions	(0.64)	(0.30)
Retained distributions on accumulation shares	0.64	0.30
<b>Closing net asset value per share</b>	<b>151.34</b>	<b>141.85</b>
*After direct transaction costs of:	0.18	0.18
<b>Performance:</b>		
Return after charges	6.69%	41.85%
<b>Other Information:</b>		
Closing net asset value (£'000)	42,994	6,624
Closing number of shares	28,408,733	4,669,757
Operating charges	0.59%	0.60% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.11%	0.13%
<b>Prices:</b>		
Highest share price (pence)	178.3	143.4
Lowest share price (pence)	137.5	100.0

## Comparative Tables cont.

### Comparative Table: B Income Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	141.55	100.00 <sup>1</sup>
Return before operating charges*	10.37	42.71
Operating charges	(0.92)	(0.74)
Return after operating charges*	9.45	41.97
Distributions on income shares	(0.64)	(0.42)
<b>Closing net asset value per share</b>	<b>150.36</b>	<b>141.55</b>
 *After direct transaction costs of:	 0.17	 0.16
<b>Performance:</b>		
Return after charges	6.68%	41.97%
<b>Other Information:</b>		
Closing net asset value (£'000)	19,609	8,150
Closing number of shares	13,041,580	5,757,616
Operating charges	0.58%	0.60% <sup>2</sup>
Direct transaction costs <sup>3</sup>	0.11%	0.13%
<b>Prices:</b>		
Highest share price (pence)	177.9	143.4
Lowest share price (pence)	137.2	100.0

## Comparative Tables cont.

### Comparative Table: C Accumulation Shares

	Financial Year Ended 31 December 2018 (pence per share)	Financial Period Ended 31 December 2017 (pence per share)
<b>Change in net assets per share:</b>		
Opening net asset value per share	116.65	100.00 <sup>1</sup>
Return before operating charges*	8.51	16.70
Operating charges	(0.10)	(0.05)
Return after operating charges*	8.41	16.65
Distributions	(1.18)	(0.22)
Retained distributions on accumulation shares	1.18	0.22
<b>Closing net asset value per share</b>	<b>125.06</b>	<b>116.65</b>
*After direct transaction costs of:	0.14	0.14
<b>Performance:</b>		
Return after charges	7.21%	16.65%
<b>Other Information:</b>		
Closing net asset value (£'000)	1	1
Closing number of shares	1,000	1,000
Operating charges	0.08%	0.10%
Direct transaction costs <sup>3</sup>	0.11%	0.13%
<b>Prices:</b>		
Highest share price (pence)	147.1	117.8
Lowest share price (pence)	113.1	99.79

<sup>1</sup>Class B Shares were launched on 3 January 2017. Class C Accumulation Shares were launched on 14 July 2017.

<sup>2</sup>With effect from 1 March 2017, the ACD's annual fee for Class B shares was decreased from 0.70% to 0.55%. With effect from 1 October 2017, this rate was reduced further to 0.50%. As at 31 December 2017 the ACD considered 0.60% to be a representative rate for the ongoing charges figure.

<sup>3</sup>The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

A dilution adjustment is made whenever dealings in the shares of the Fund result in shares being issued or cancelled by the Company. The adjustment will take account of any spread between the buying and selling prices of the Fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments. Please note that the direct transaction cost disclosures above do not include the dilution adjustment charges. For further details on dilution adjustment charges please see the General Information section.

# Financial Statements

## Statement of Total Return for the year ended 31 December 2018

		2018		2017	
	Notes	£'000	£'000	£'000	£'000
Income					
Net capital gains/(losses)	1		(2,428)		2,324
Revenue	3	375		67	
Expenses	4	(217)		(37)	
Net revenue before taxation		158		30	
Taxation	5	(48)		(9)	
Net revenue after taxation			110		21
Total return before distributions			(2,318)		2,345
Distributions	6		(108)		(20)
<b>Change in net assets attributable to shareholders from investment activities</b>			<b>(2,426)</b>		<b>2,325</b>

## Statement of Change in Net Assets Attributable to Shareholders for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to shareholders</b>		<b>14,775</b>		<b>-</b>
Amounts receivable on issue of shares	53,356		12,427	
Amounts payable on cancellation of shares	(3,352)		(1)	
		50,004		12,426
Dilution adjustment		69		10
Change in net assets attributable to shareholders from investment activities		(2,426)		2,325
Retained distributions on accumulation shares		182		14
<b>Closing net assets attributable to shareholders</b>		<b>62,604</b>		<b>14,775</b>



## Financial Statements cont.

### Balance Sheet as at 31 December 2018

	Notes	2018 £'000	2017 £'000
<b>Assets:</b>			
Fixed assets:			
Investments	13	62,235	14,523
Current assets:			
Debtors	8	147	400
Cash and bank balances	9	471	301
<b>Total assets</b>		<b>62,853</b>	<b>15,224</b>
<b>Liabilities:</b>			
Creditors:			
Distributions payable		(83)	(24)
Other creditors	10	(166)	(425)
<b>Total liabilities</b>		<b>(249)</b>	<b>(449)</b>
<b>Net assets attributable to shareholders</b>		<b>62,604</b>	<b>14,775</b>

# Notes to the Financial Statements

## 1 Net capital gains/(losses)

	2018			2017		
	Realised	Unrealised	Total	Realised	Unrealised	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Non-derivative securities	670	(3,066)	(2,396)	387	1,955	2,342
Currency gains/(losses)	(5)	1	(4)	(10)	-	(10)
Custodian transaction costs			(28)			(8)
<b>Net capital gain/(losses)</b>			<b>(2,428)</b>			<b>2,324</b>

## 2 Purchases, sales and transaction costs

	2018	2017
	£'000	£'000
<b>Purchases and transaction costs</b>		
Gross purchases of equities excluding transaction costs	53,513	12,930
Commissions	12	3
Taxes	32	7
Total transaction costs on equity purchases <sup>1</sup>	44	10
<b>Purchases including transaction costs</b>	<b>53,557</b>	<b>12,940</b>

<sup>1</sup>These amounts have been deducted in determining net capital gains/(losses).

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity purchases	0.02	0.02
Taxes on equity purchases	0.06	0.05

## Notes to the Financial Statements cont.

### 2 Purchases, sales and transaction costs (continued)

	2018	2017
	£'000	£'000
<b>Sales and transaction costs</b>		
Gross sales of equities excluding transaction costs	3,466	759
Commissions	-	-
Taxes	-	-
Total transaction costs on equity sales <sup>1</sup>	-	-
<b>Sales net of transaction costs</b>	<b>3,466</b>	<b>759</b>

<sup>1</sup>These amounts have been deducted in determining net capital gains/(losses).

	2018	2017
	%	%
<b>Transaction costs as a percentage of principal amount</b>		
Commission on equity sales	0.00	0.00
Taxes on equity sales	0.00	0.00

	2018		2017	
	£'000	% of average NAV	£'000	% of average NAV
<b>Portfolio transaction costs</b>				
Commissions	12	0.03	3	0.04
Taxes	32	0.08	7	0.09
<b>Total direct transaction costs</b>	<b>44</b>	<b>0.11</b>	<b>10</b>	<b>0.13</b>

	2018	2017
	%	%
Average portfolio dealing spread	0.19	0.26

The Fund incurs broker commission and transfer taxes/stamp duty as a necessary part of buying and selling the Fund's underlying investments in order to achieve the investment objective. In the case of shares; broker commissions, transfer taxes and stamp duty may be paid by the Fund on transactions.

Dilution adjustment charges, which do not form part of the direct transaction costs disclosures above, may be incurred as a result of trading in underlying funds. For further details on dilution adjustment charges please see the General Information section.

Dealing spread is the difference in the buying and selling prices of the underlying investments. Dealing spreads vary considerably depending on the transaction value and market sentiment. The Fund may have holdings in single priced funds. The notional spread on these holdings is not included in the average dealing spread calculated for this Fund.

## Notes to the Financial Statements cont.

### 3 Revenue

	2018	2017
	£'000	£'000
UK dividends	3	-
Overseas dividends	371	67
Bank interest	1	-
<b>Total revenue</b>	<b>375</b>	<b>67</b>

### 4 Expenses

	2018	2017
	£'000	£'000
<b>Payable to the ACD, associates of the ACD and agents of either of them:</b>		
ACD's periodic charge	210	40
Expenses rebate	(17)	(17)
	<b>193</b>	<b>23</b>
<b>Payable to the Depositary, associates of the Depositary and agents of either of them:</b>		
Depositary's fee	4	1
Bank charges	8	2
	<b>12</b>	<b>3</b>
<b>Other expenses:</b>		
Audit fee	8	7
Professional fees	4	4
	<b>12</b>	<b>11</b>
<b>Total expenses</b>	<b>217</b>	<b>37</b>

### 5 Taxation

	2018	2017
	£'000	£'000
<b>Analysis of charge in the year</b>		
Corporation tax	-	-
Overseas tax	48	9
<b>Total taxation</b>	<b>48</b>	<b>9</b>

The Fund is subject to corporation tax at 20% (2017: 20%), however, the majority of dividends received by the Fund are not liable to corporation tax. Accordingly, the tax deductible expenses substantially exceed the taxable income of the Fund and, as a result, there is no corporation tax charge.

## Notes to the Financial Statements cont.

### 5 Taxation (continued)

At 31 December 2018, the Fund had excess management expenses of £254,000 (2017: £38,000 ) which have not been recognised as a deferred tax asset. This is because the Fund is not expected to generate taxable income in a future period in excess of the deductible expenses of that future period and, accordingly, the Fund is unlikely to be able to reduce future tax liabilities through the use of existing excess expenses.

The tax charge is explained as follows:

	2018	2017
	£'000	£'000
Net revenue/(expense) before taxation	158	30
Net revenue before taxation multiplied by the standard rate of corporation tax of 20% (2017: 20%)	32	6
Effects of:		
Non-taxable UK dividends	(1)	-
Non-taxable overseas dividends	(74)	(13)
Overseas tax on dividends	48	9
Excess management expenses	43	7
<b>Total taxation</b>	<b>48</b>	<b>9</b>

### 6 Distributions

	2018	2017
	£'000	£'000
Final to 31 December	265	38
Amounts deducted on cancellation of shares	15	-
Amounts added on issue of shares	(172)	(18)
<b>Total distributions</b>	<b>108</b>	<b>20</b>

The distributions take account of income revenue transactions on the issue and cancellation of shares. Details of the distributions per share are set out in the Distribution Table.

### 7 Reconciliation of net revenue to net distributions for the year

	2018	2017
	£'000	£'000
Net revenue after taxation for the year	110	21
Add distributable revenue brought forward	1	-
Less distributable revenue carried forward	(3)	(1)
<b>Net distributions for the year</b>	<b>108</b>	<b>20</b>

## Notes to the Financial Statements cont.

### 8 Debtors

	2018	2017
	£'000	£'000
Receivable for issue of shares	103	176
Sales awaiting settlement	-	205
Accrued income	4	1
Overseas tax recoverable	23	4
Amounts due from ACD	17	14
<b>Total debtors</b>	<b>147</b>	<b>400</b>

### 9 Cash and bank balances

	2018	2017
	£'000	£'000
Sterling bank accounts	471	295
Foreign currency bank accounts	-	6
<b>Total cash and bank balances</b>	<b>471</b>	<b>301</b>

### 10 Other creditors

	2018	2017
	£'000	£'000
Payable for cancellation of shares	98	-
Purchases awaiting settlement	-	408
Due to the ACD or associates	27	6
Due to the Depositary or associates	14	4
Capital gains tax provision	17	-
Other accrued expenses	10	7
<b>Total other creditors</b>	<b>166</b>	<b>425</b>

### 11 Related party transactions

Baillie Gifford & Co Limited, as ACD, is regarded as a related party by virtue of the services provided to the Company. Baillie Gifford & Co Limited acts as principal in respect of all transactions of shares in the Company, except where stocks are transferred on the issue or cancellation of shares. The aggregate monies received through issue and paid on cancellation are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Amounts receivable and payable on the issue and cancellation of shares have been disclosed in notes 8 and 10 respectively.

Amounts paid to Baillie Gifford & Co Limited in respect of ACD fees are disclosed in note 4 with amounts due at the year end given in note 10. During the year Baillie Gifford & Co Limited deemed it appropriate to reimburse expenses to the Fund. The amount of expenses reimbursed is given in note 4 with amounts receivable at the year end given in note 8.

## Notes to the Financial Statements cont.

### 11 Related party transactions (continued)

#### Shares held by the ACD and associates of the ACD

The shares held by the ACD and associates of the ACD as a percentage of the Fund's NAV were:

	2018	2017
	%	%
ACD and associates of the ACD	0.00	0.01

### 12 Reconciliation of shares in issue

	2018		
	B Accumulation Shares	B Income Shares	C Accumulation Shares
Opening shares in issue	4,669,757	5,757,616	1,000
Shares issued	25,692,805	7,516,250	1,000
Shares cancelled	(1,953,829)	(232,286)	(1,000)
Shares converted	-	-	-
<b>Closing shares in issue</b>	<b>28,408,733</b>	<b>13,041,580</b>	<b>1,000</b>

### 13 Basis of valuation

	2018	2017
	Assets	Assets
	£'000	£'000
Level 1: Quoted prices	62,235	14,523
Level 2: Observable market data	-	-
Level 3: Unobservable data	-	-
<b>Total</b>	<b>62,235</b>	<b>14,523</b>

## Notes to the Financial Statements cont.

### 14 Derivatives and other financial instruments

#### Currency exposures

A substantial proportion of the net assets of the Fund are denominated in currencies other than sterling, with the effect that the balance sheet and total return can be significantly affected by currency movements.

Currency	Net foreign currency assets/(liabilities)			Net foreign currency assets/(liabilities)		
	2018			2017		
	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000	Monetary exposures £'000	Non-monetary exposures £'000	Total £'000
Brazilian real	-	422	422	-	243	243
Danish krone	-	7,227	7,227	-	1,929	1,929
Euro	-	8,659	8,659	-	2,356	2,356
Hong Kong dollar	-	2,449	2,449	-	672	672
Indian rupee	-	2,133	2,133	-	-	-
Indonesian rupiah	-	2,617	2,617	-	669	669
Japanese yen	-	5,615	5,615	-	1,686	1,686
Kenyan shilling	-	277	277	-	77	77
South African rand	-	1,867	1,867	-	526	526
Swedish krona	-	1,855	1,855	-	418	418
Taiwanese dollar	-	3,282	3,282	5	825	830
UK sterling	471	220	691	295	-	295
US dollar	-	25,613	25,613	1	5,123	5,124

Short term debtors and creditors have not been disclosed.

The Fund invests in a generally diversified portfolio of assets. Consequently the ACD considers that a single measure of market sensitivity does not accurately reflect the risks faced by the Fund.

### 15 Leverage

The term "leverage" is defined under AIFMD as any method by which the ACD increases the exposure of a fund whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means. The ACD has, in accordance with the Regulations, set the maximum level of leverage which the Fund will employ. This is intended to reduce the extent that leverage may magnify a loss in value of scheme property resulting from fluctuations in the value of assets in which it invests, exposure to other market participants or to systemic risks. The maximum level of leverage is expressed as a percentage of "exposure" compared to the net asset value of the Fund, with "exposure" being calculated in accordance with a "gross" and "commitment" method. The "gross" method, generally speaking, takes account of the absolute exposure of the Fund while the "commitment" method takes into account netting or hedging arrangements put in place.

There have been no changes to the maximum level of leverage that can be employed by the Fund under both the gross and commitment methods during the year. The leverage limits have not been exceeded during the year. The Fund's maximum and actual leverage levels at 31 December 2018 are shown below:

Leverage exposure	Gross method	Commitment method
Maximum Limit	120%	110%
Actual	100%	100%



## Notes to the Financial Statements cont.

### 15 Leverage (continued)

Typical types and sources of leverage which the Fund employs include: (i) borrowing cash; (ii) derivatives for efficient portfolio management purposes (including hedging); and (iii) derivatives for investment purposes. For information on the associated risks with these types and sources of leverage please refer to the Prospectus which is available by contacting Client Relations.

# Distribution Table

Final distribution for the year ended 31 December 2018

Group 1 : shares purchased prior to 1 January 2018

Group 2 : shares purchased 1 January 2018 to 31 December 2018

	Net Revenue (dividend distribution)	Equalisation	Distribution (paid/accumulated 28.02.19)	Distribution (paid/accumulated 28.02.18)
	31.12.18 pence per share	31.12.18 pence per share	31.12.18 pence per share	31.12.17 pence per share
B Accumulation				
Group 1	0.64000	-	0.64000	0.30000
Group 2	0.15795	0.48205	0.64000	0.30000
B Income				
Group 1	0.64000	-	0.64000	0.42000
Group 2	-	0.64000	0.64000	0.42000
C Accumulation				
Group 1	1.18000	-	1.18000	0.22000
Group 2	1.18000	-	1.18000	0.22000

## General Information

### Dilution Adjustment

A sub-fund suffers dilution (reduction) in the value of the Scheme Property attributable to it because the actual costs of buying or selling investments for the sub-fund deviate from the mid-market values generally used in calculating the price of shares in the sub-fund. Such deviation may occur as a result of the costs (which may include dealing charges and taxes) incurred in dealing in such investments and of any spread between the buying and selling prices of such investments. It is not possible to predict accurately whether dilution is likely to occur.

The COLL Rules allow the cost of dilution to be (1) met directly from the Scheme Property attributable to the sub-fund or (2) addressed by the imposition on investors of a dilution levy on the issue by the Company, sale by the ACD, cancellation by the Company or redemption by the ACD of shares in the sub-fund or (3) dealt with by means of a dilution adjustment, which is the policy which has been adopted by the ACD in relation to the sub-funds of the Company. With a view to mitigating the effects of dilution, the ACD therefore reserves the right, at its sole discretion, to make a dilution adjustment in the calculation of the dealing price, and thereby swing the dealing price, of shares in any sub-fund of the Company if in its opinion the existing shareholders (for net purchases of shares) or remaining shareholders (for net redemptions of shares) might otherwise be adversely affected. By 'purchases' of shares we mean issues by the Company and sales by the ACD and by 'redemptions' of shares we mean cancellations by the Company and redemptions by the ACD.

The COLL Rules acknowledge that the need to make a dilution adjustment may depend on the volume of purchases of shares or redemptions of shares. Accordingly, the ACD reserves the right at its sole discretion to impose a dilution adjustment in the following circumstances:

- (a) If the sub-fund is experiencing steady decline (net outflow of investment).
- (b) If the sub-fund is experiencing steady growth (net inflow of investment).

- (c) If the sub-fund is experiencing large levels of net purchases or net redemptions relative to its size.
- (d) Where the sub-fund experiences net purchases or net redemptions on any Dealing Day exceeding a particular value or a particular percentage of the value of the sub-fund.
- (e) In any other circumstances where the ACD believes it will be in the interests of shareholders to make a dilution adjustment.

The ACD is currently of the opinion that it is in the best interests of shareholders in the Company to make a dilution adjustment whenever dealings in the shares of any sub-fund result in shares in that sub-fund being issued or cancelled by the Company. The ACD believes that this policy should result in no significant dilution occurring. The adjustment will take account of any spread between the buying and selling prices of the relevant sub-fund's investments and the costs (which may include dealing charges and taxes) of acquiring or disposing of such investments, as the case may be.

The level of the dilution adjustment is set by the ACD based on prevailing market conditions. Where liquidity is restricted and trading in size in the portfolio's investments results in significant movement in the prices of these investments the ACD may adjust the level of the dilution adjustment to protect the interests of the ongoing investors in a sub-fund. The ACD has thresholds for the sub-funds for daily net inflows or outflows of cash into or out of the sub-funds. Above these thresholds, which vary by sub-fund and according to market conditions, the ACD may increase the dilution adjustment to reflect the increased dealing costs incurred by the sub-funds as a result of larger inflows and outflows. A consequence of this policy is, however, that smaller transactions made on any day that the relevant threshold is exceeded may also trade at the price incorporating the higher adjustment and this may lead to increased dealing costs. Whether an adjustment may be necessary will depend upon the net movement into or out of a sub-fund on any given day and on the underlying market conditions on that day and it is therefore not possible to predict when an adjustment may be made.

## General Information cont.

### Dilution Adjustment cont.

On any Dealing Day when the Company neither issues nor cancels shares in a sub-fund the price of shares in that sub-fund will not contain any dilution adjustment.

This policy to swing the dealing price will be subject to regular review and may change. The ACD's decision on whether or not to make a dilution adjustment, and on what level of adjustment to make in particular circumstances or generally, will not prevent it from making a different decision in similar circumstances in the future.

Where a dilution adjustment is applied, it will increase the dealing price when there are net inflows into the relevant sub-fund and decrease the dealing price when there are net outflows. The dealing price of each class of share in a sub-fund will be calculated separately but any dilution adjustment will in percentage terms affect the dealing price of shares of each class identically.

On the occasions when no dilution adjustment is made there may be an adverse impact on the value of the Scheme Property attributable to the relevant sub-fund.

### Stamp Duty Reserve Tax ('SDRT')

Generally, there will be no SDRT charge when shareholders surrender or redeem shares. However, where the redemption is satisfied by a non-pro rata in-specie redemption, then a charge to SDRT may apply.

### Taxation Reporting

In order to fulfil its legal obligations, the ACD is required to collect and report certain information about shareholders, including their identity, tax residency and tax status. Shareholders must provide the ACD with any information required to meet these obligations, and may also be asked to provide self-certifications and tax reference numbers or the equivalent. The ACD reserves the right to refuse an application for shares or a transfer

of shares until it receives a declaration as to the shareholder's tax residency or status in the form prescribed by the ACD.

The ACD is also required to provide to HMRC certain information regarding shareholders, payments made to shareholders and proceeds arising on the disposal of shares, and HMRC may pass such information on to the tax authorities of another jurisdiction.

While the ACD is not required to report income payments in the form of interest payments made to corporate bodies, such corporate bodies may have reporting obligations of their own if they are receiving payments on behalf of reportable persons.

### Share Classes

The net asset value per share of each share class and the number of shares in each class are shown in the Comparative Tables section of the relevant sub-fund. The distributions per share class are shown in the Distribution Tables. In each sub-fund all share classes have the same rights on winding up.

Where Class C Shares are available, they are only available to persons to whom an associate of the ACD provides services under an investment management agreement or who has a separate fee arrangement with the ACD or one of its associates.

In the case of Baillie Gifford Multi Asset Growth Fund, Class P Shares are available to persons who: (i) are considered by the ACD to be institutional pension platforms and who have a relevant agreement with the ACD or an associate of the ACD; or (ii) are otherwise considered appropriate by the ACD at its sole discretion.

The minimum lump sum investment amounts are shown in the table on page 145.

## General Information cont.

### Fund Charges and Costs

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A further explanation of charges and costs relating to sub-funds of the ICVC can be found in the Enhanced Disclosure of Fund Charges and Costs document for each sub-fund on our website.

### Equalisation

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The Company will operate grouping for equalisation. Each class of shares will operate its own equalisation account. Shares purchased during an accounting period are called Group 2 shares. Shares purchased during any previous accounting period are called Group 1 shares. Group 2 shares contain in their purchase price an amount called equalisation which represents a proportion of the net income of the relevant sub-fund that has accrued up to the date of purchase. The amount of equalisation is averaged across all the shareholders of Group 2 shares and is refunded to them as part of their first distribution and is treated as a return of capital for tax purposes. Being capital it is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

An 'income equalisation-like' mechanism will be operated by the ACD for conversions. The ACD will ensure that the mechanism is operated to ensure fair treatment of those converting their shares and other shareholders in the affected classes.

### Conflicts of Interest

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From time to time, there may be situations that give rise to a material interest or conflict of interest. Such interests can arise between the interests of the ACD, the Investment Adviser, other persons associated with them and the interests of the sub-funds and their shareholders. A material interest or a conflict of interest can also arise between the interests of different shareholders. In such circumstances the ACD will put in place effective organisational and administrative arrangements to manage and monitor the material interest or conflict of

interest in a way that ensures shareholders are treated fairly, or where it is impractical to manage the conflict, it will be disclosed.

The ACD, the Investment Adviser and other associated persons may, from time to time, act as authorised corporate directors, investment managers or advisers to other persons, companies or funds which follow similar investment objectives to the sub-funds. It is therefore possible that the ACD and/or the Investment Adviser may in the course of their business have potential conflicts of interest with the Company or a particular sub-fund. Each of the ACD and the Investment Adviser will, however, have regard in such event to, amongst other things, its obligation to act in the best interest of the Company so far as practicable, having regard to our obligations to other clients, when undertaking any investment where potential conflicts of interest may arise. The Depositary may, from time to time, act as the depositary or trustee of other companies or funds.

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## General Information cont.

### Third Party Data Provider Disclaimers cont.

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## General Information cont.

### Minimum Lump Sum Investment Amounts and ACD's Annual Fee

	Class A	Class B	Class C	Class P
<b>Minimum lump sum investments</b>				
Baillie Gifford Diversified Growth Fund	£1,000	£1,000	£250,000	n/a
Baillie Gifford Long Term Global Growth Investment Fund	n/a	£1,000	£250,000	n/a
Baillie Gifford Multi Asset Growth Fund	n/a	£1,000	£250,000	£250,000
Baillie Gifford Positive Change Fund	n/a	£1,000	£250,000	n/a
<b>ACD's annual charge</b>				
Baillie Gifford Diversified Growth Fund	1.50%	0.65%	Nil	n/a
Baillie Gifford Long Term Global Growth Investment Fund	n/a	0.62%	Nil	n/a
Baillie Gifford Multi Asset Growth Fund	n/a	0.50%	Nil	0.40%
Baillie Gifford Positive Change Fund	n/a	0.50%	Nil	n/a

### Active Share

Active Share is a measure of how actively managed a sub-fund is and is calculated by taking 100 minus the % of the sub-fund that overlaps with the comparative index. The Active Share as at the year end and the comparative index for each sub-fund is shown in the table below. The Active Share has been shown against these indices to highlight the active management style against what is deemed to be the most relevant index for each sub-fund.

Fund	Active Share	Comparative Index
Baillie Gifford Long Term Global Growth Fund	94%	MSCI All Country World Index
Baillie Gifford Positive Change Fund	97%	MSCI All Country World Index

Baillie Gifford Diversified Growth Fund and Baillie Gifford Multi Asset Growth Fund do not have a comparable index and therefore Active Share is not applicable for these funds.



## General Information cont.

### Corporate Governance

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The Investment Adviser has a clear and considered policy towards its shareholder responsibilities, following its own detailed guidelines, when addressing corporate governance matters at the companies in which it invests and actively exercising its votes. The Investment Adviser recognises that companies operate under significantly differing conditions and for this reason it takes a pragmatic and flexible approach to corporate governance, whereby it applies its guidelines with care and gives due consideration to the specific circumstances of individual companies.

The Investment Adviser looks to have confidence in the quality and integrity of management. Consequently, its investment process involves keeping closely in touch with company management, learning how it plans to take the company's business forward and seeking to understand its goals and attitude towards shareholders. It believes that such dialogue is important in selecting successful investments and that it gets at the substance of corporate governance rather than concentrating merely on matters of form. Nevertheless, where the formal aspects of a company's corporate governance fall short of best practice and this is not fully supported by its circumstances, the Investment Adviser encourages improvements in face to face meetings and, where appropriate, votes against management recommendations at general meetings.

The Investment Adviser recognises that the right to vote on corporate proposals is the key formal mechanism by which shareholders play a role in a company's governance. It makes considered use of these votes and endeavours to contact companies to encourage improvements before it votes against management recommendations. Although the Investment Adviser generally supports management, it assesses each company proposal on its merits and avoids voting in a routine or mechanistic manner. In general, the Investment Adviser focuses on the issues it feels are most significant and where it can be most effective. Such issues include the alignment of management's interests

with those of shareholders, the effective operation of the board and its committees and the protection of shareholder rights.

The Investment Adviser's policy on social, environmental and ethical matters is integrated with its approach to corporate governance and, as such, it is based on dialogue and engagement rather than exclusion. Where appropriate, it discusses with company management those areas that may be most closely related to shareholder value such as sustainability, environmental impact, human rights and employee welfare. It also takes account of these matters in the selection, retention and realisation of investments, as part of its normal investment research and analysis process, where it thinks they may have a material impact on current or future valuations.



## The Group's Funds

### Baillie Gifford Bond Funds ICVC

Baillie Gifford Active Gilt Investment Fund <sup>1</sup>
Baillie Gifford Active Index-Linked Gilt Investment Fund <sup>2</sup>
Baillie Gifford Active Long Gilt Investment Fund <sup>3</sup>
Baillie Gifford Emerging Markets Bond Fund
Baillie Gifford High Yield Bond Fund
Baillie Gifford Investment Grade Bond Fund
Baillie Gifford Investment Grade Long Bond Fund
Baillie Gifford Strategic Bond Fund <sup>4</sup>

### Baillie Gifford Investment Funds ICVC

Baillie Gifford Diversified Growth Fund
Baillie Gifford Long Term Global Growth Investment Fund
Baillie Gifford Multi Asset Growth Fund
Baillie Gifford Positive Change Fund

### Baillie Gifford Investment Funds II ICVC

Baillie Gifford Global Stewardship Fund <sup>5</sup>
Baillie Gifford Japanese Income Growth Fund
Baillie Gifford Multi Asset Income Fund <sup>6</sup>
Baillie Gifford Sterling Aggregate Bond Fund
Baillie Gifford Sterling Aggregate Plus Bond Fund
Baillie Gifford UK Equity Core Fund <sup>7</sup>

### Baillie Gifford Overseas Growth Funds ICVC

Baillie Gifford American Fund
Baillie Gifford Developed Asia Pacific Fund
Baillie Gifford Emerging Markets Growth Fund
Baillie Gifford Emerging Markets Leading Companies Fund
Baillie Gifford European Fund
Baillie Gifford Global Discovery Fund
Baillie Gifford Greater China Fund
Baillie Gifford Japanese Fund
Baillie Gifford Japanese Smaller Companies Fund
Baillie Gifford Pacific Fund

### Baillie Gifford UK & Balanced Funds ICVC

Baillie Gifford British Smaller Companies Fund
Baillie Gifford Global Alpha Growth Fund
Baillie Gifford Global Income Growth Fund
Baillie Gifford International Fund
Baillie Gifford Managed Fund
Baillie Gifford Responsible Global Equity Income Fund <sup>8</sup>
Baillie Gifford UK and Worldwide Equity Fund
Baillie Gifford UK Equity Alpha Fund
Baillie Gifford UK Equity Focus Fund
Glenfinlas Global Fund <sup>9</sup>

<sup>1</sup>With effect from 1 November 2018 the name of Baillie Gifford Active Gilt Plus Fund was changed to Baillie Gifford Active Gilt Investment Fund.

<sup>2</sup>With effect from 1 November 2018 the name of Baillie Gifford Active Index-Linked Gilt Plus Fund was changed to Baillie Gifford Active Index-Linked Gilt Investment Fund.

<sup>3</sup>With effect from 1 November 2018 the name of Baillie Gifford Active Long Gilt Plus Fund was changed to Baillie Gifford Active Long Gilt Investment Fund.

<sup>4</sup>With effect from 1 May 2018 the name of Baillie Gifford Corporate Bond Fund was changed to Baillie Gifford Strategic Bond Fund.

<sup>5</sup>With effect from 1 November 2018 the name of Baillie Gifford Global Select Fund was changed to Baillie Gifford Global Stewardship Fund.

<sup>6</sup>Baillie Gifford Multi Asset Income Fund launched on 31 August 2018.

<sup>7</sup>Baillie Gifford UK Equity Core Fund launched on 17 January 2018.

<sup>8</sup>Baillie Gifford Responsible Global Equity Income Fund launched on 7 December 2018.

<sup>9</sup>Glenfinlas Global Fund is no longer available for subscription.

**For further information about the Funds or  
Baillie Gifford's range of OEICs, please:**

Contact us at: Client Relations Team  
Baillie Gifford & Co Limited,  
Calton Square, 1 Greenside Row,  
Edinburgh EH1 3AN

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), or email us on [trusenquiries@bailliegifford.com](mailto:trusenquiries@bailliegifford.com).

Or fax us on 0131 275 3955.

